

## The European Optical

### Market 2010-2011,

### SWV Consolidated Report

#### Introduction

**Strategy with Vision (SWV)**, the international consultancy, recently completed its annual research into the top 5 optical markets in Europe – France, Germany, Italy, Spain and the U.K. (referred to from here as the Top 5). The research is published as *International Market Models*. The information that follows in this article has been made available to EyeWear Intelligence by consolidating data from SWV's individual country reports.

#### Population And Demographics

The population of the Top 5 countries stood at 314.0 million people in 2010, with an average age of 41.7 years. Forty five per cent of this population is now over 45 years old. With aging, the population in these countries means will have grown by 2015 by 1.5 percent to 318.6 million, with an increase in average age to 43.1 years, so by then 47 percent of the population will be more than 45 years old.

SWV has estimated that 54 percent of the total population in the Top 5 countries, or a total of 169.65 million people, needed vision correction in 2010. Of these people, 97.9 percent actually used aids to correct their vision, and that 94 percent of them – or a total of 159.71 million people – wore spectacles.

In France, Italy and Spain, the average population for each optical outlet is under 6,000 people. While the ratio is around 6,800 people per store, it reaches 8,900 people per optical outlet in the U.K.. France has the highest retail spend on ophthalmic optic products per capita – in 2010 this was €80, in contrast with €56 in Germany. Annual expenditures were even lower in the U.K., Italy and Spain, where they are estimated at €43, €41, and €34, respectively.

#### The Lens Market

How does this relate to lens sales? In 2010, the volume of the lens market in the Top 5 was 134.6 million. Of these, 70.1 percent were single-vision lenses, 4.2 percent bifocals, and 25.7 percent progressive lens designs. Out of all the progressive lenses sold in these countries, the number of conventionally designed lenses has decreased to 21.1 million units from 28.1 million in 2006. There has been growth in advanced and individualized lens designs, which now command 8.0 percent and 2.0 percent of the total progressive design lens market, respectively.

SWV estimates that 28 percent of all the lenses sold in 2010 will have progressive designs in the Top 5 countries, for a total of 39.5 million lenses.

The ophthalmic lens market had a value of €1,870.2 million in the Top 5 in 2010. Sixty three per cent of the value was represented by progressive designs, 32.8 percent by single-vision lenses, and just 4 percent by bifocal lens types. The fig-

ures for bifocals have decreased steadily since 2006 and SWV estimates that this will further go down to just 3 percent of the market in terms of value by 2015. The value of the conventional and advanced progressive design segments of the market was almost equivalent last year at 26.7 and 27.1 percent, respectively, with sales of €500.1 million and €505.9 million.

Manufacturers charged last year average net selling prices across the Top 5 countries of €6.50 for single-vision lenses, €13.36 for bifocals, €23.75 for conventional progressive lenses, €46.74 for advanced progressives and €64.98 for individualized progressives.

In terms of the materials used, there has been a decline in mineral lenses since 2006, from 9.8 percent to 4.7 percent of the total market. Polycarbonate has decreased from 6.3 to 4.7 percent of the market, Trivex has increased although it still has a low market share at just 1.3 percent. Plastic lenses still have a market share of 89.3 percent. The largest growth has taken place in 1.6-1.66 high-index lenses, which now represent 18.2 percent of the total lens market. Super-high-index plastic lenses are also showing growth and now have 7.2 percent of the total market. Instead, low-index 1.5 and medium-index 1.51-1.59 lenses have seen a reduction in their market share by volume to 61.8 percent and 2.1 percent, respectively.

Photochromic lenses lost some market share in 2010 and stood at 9.1 percent of the market, due to the relatively poor performance of mineral lenses in this sector. Across the Top 5 countries, in the last few years, AR coatings have shown growth and now account for 54 percent of the market.

Across the Top 5 countries, it is estimated that the Essilor group held high market shares of 42 percent by volume and 46 percent by value in 2010 if we include the sales of its latest acquisitions, Signet Armorlite and Shamir. Hoya performed well, increasing its market share by 3 percentage points to 13 percent. Other manufacturers, such as Rodenstock and Seiko, maintained the status quo.

#### Frames And Sunglasses

In 2010, 49.4 million ophthalmic frames, 7.2 million Rx sunglasses and 89.6 million sunglasses were sold in the Top 5 European markets, for a total value of €1,197.7 million in ophthalmic frames and €766.5 million in sunglasses. Sales of ophthalmic frames have remained fairly static in terms volume since 2006. There has been a decline in sunglass sales from 94.2 million in 2006.

#### Contact Lenses And Solutions

Just over 14 million people – or 8.4 percent of the population – wear contact lenses in the Top 5 European countries. By value, this market is worth €933.2 million at net manufacturer selling prices. There is a small trend across The Top 5 in favor of daily disposable lenses, which now account for 37 percent of the market in value, up from 34 percent in 2006. However, there are differences between countries. Spain and France have a daily disposable share in value close to 20 percent. In

the U.K., the figure is just under 60 percent. The market for contact lens solutions is estimated to be worth €122 million at net manufacturer selling prices.

#### Refractive Surgery

Economic difficulties in Europe have negatively affected the refractive surgery market. The number of operation now stands at 588,000 operations (one per eye) per year. This is a reduction of 11.7 percent from 2006, when the figure was estimated at 657,000.

Taken individually, the five countries have fared differently and are now showing some divergence in the treatments that are offered – which may in future affect the way these markets will develop. There has been some growth in the number of refractive surgery clinics in the U.K., where there are still heavy promotion and many special offers. There is apparently less discounting in the German market, which like the U.K. is dominated by chains. The French market, which is made up of individual private clinics, is now offering Intracor for the treatment of presbyopia, which is not available in the U.K. And in Spain, where the total number of refractive surgery operations has declined by about 6 percent, there is strong growth in Clear Lens Extraction (the procedure where a clear crystalline lens is removed and replaced with an artificial intraocular lens) The ratio between standard Lasik and these newer operations is currently 85 to 15.

#### Retail Market

The total value of the optical market in the Top 5 markets across all channels in 2010 was €4,582.4 million in terms of net manufacturer selling prices. When the cost of sight tests in the U.K. and VAT are included, the consumption of these products at retail equated to €16,883.5 million.

The top 10 retailers in the five countries have a market share of 43 percent. Their growth has been at the expense of the smaller independent opticians. GrandVision heads the list of the Top 10 Retail Chains with a total market share of 9 percent by value, closely followed by Specsavers and Fielmann with 6 percent each, and by the Krys Group (ex La Guilde des Lunetiers) and PRI with market shares if 5 percent. Of these companies, both Specsavers and Fielmann have shown a growth in market share of about one percentage point year on year.

In total, there are currently 49,548 optical retail outlets throughout the Top 5 countries. Twenty percent are integrated retail chains, almost 15 percent are marketing groups, and 63 percent are Independents and members of buying groups. The remainder are 676 Mutuelles, or optical retail outlets operated by mutual funds, which have shown a small increase year on year. By value, the integrated retail Chains now have 44 percent of the market, up by one percentage point from 2009. Independent opticians and members of buying groups account for 35 percent of the market and they are followed by marketing groups with 18 percent and Mutuelles at just 3 percent.