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A view of the development of the global ophthalmic lens market

A market with stable growth

Dipl.-Phys.
Werner Köppen

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A market with stable growth

The continuous development of the global market at 2-3% per year has led to a current volume of almost one billion lenses per year. This stable growth has been only slightly influenced by other products such as contact lenses or developments such as Lasik or implants for presbyopia correction. This constant growth is characterised by the ongoing penetration of added values such as progressive surfaces, new lens materials, antireflexion coatings, photochromism and so on. For example, the last 10 years have seen the market for progressive lenses roughly double in Europe and North America . Latest developments include digitally produced personalised progressive lenses and single vision lenses such as special occupational lenses to enable strain-free computer screen work. In an interview we asked Dipl. Phys Werner Köppen how the market for spectacle lenses is likely to change in the future.

DOZ: Mr Köppen, how do you view the recent changes in market structure?

Köppen: On the one hand, the new opportunities offered by the digital manufacture of lenses enable customers to be offered innovative products that take account of their specific vision habits (e.g. head and eye movements) as well as characteristics in centering and frames, on the other hand, progressive lenses are also being marketed by manufacturers that do not possess the necessary experience required for the development and manufacture of a good varifocal lens.

May I remind you that at Essilor we have developed a special iterative method on the basis of physiological analyses ("boucle dioptrique") in order to realise the best possible design (Multi Design [1], Varilux Comfort [2]). .

The example that I stated previously is an indication of a general current phenomenon that is becoming increasingly apparent, namely the bipolarisation of the product range. Where products of the medium price category are growing more and more scarce, a quality and price structure is emerging that is characterised by high-quality branded lenses on the one side and cheaper products with a lower performance and quality level - primarily of Asian origin - on the other. This quality and price structure is similar to the geometry of an hourglass, with a broad base top and bottom and a constriction in the middle.

DOZ: What other influential factors do you see?

Köppen: Where contact lenses, Lasik and implants have only a limited influence on the development of the spectacle lens market, there is increasing concern about the growth in ready-made glasses,even with bifocal and progressive lenses. Worldwide, around one in five pairs of corrective spectacles sold is a pair of so-called "ready readers". In this respect it should be noted that in recent years we attempted to slow this negative development in the scope of international standards.

A standard was created that aimed to render the spread of low-quality ready-made glasses more difficult and to exclude the use of progressive lenses in the "ready readers" as unsuitable and risky for spectacle wearers. This means that ready-made glasses with progressive lenses receive no CE marking and may consequently not be marketed in Europe.

DOZ: Could you give us a forecast for the future?

Köppen: The global market for spectacle lenses will continue to be characterised by great stability as far as volume growth is concerned. Worldwide we can expect to see average growth rates of several percent per year, the development of eye surgery will have no significant impact, at least in the short to medium term. This continuous growth is driven by the changes in the demographic age pyramid, by the continually growing share of added values, innovative products and the strongly expanding markets of Asia and South America.

Already today, Essilor achieves around half of all sales with products that are younger than 5 years old. This means that the continued development of performance and quality of the products can be anticipated, primarily via innovative surface coatings with additional and improved functions and new, revolutionary materials, for example those enabling to control properties (such as progressive power, photochromism, ...) point by point on the lens surface.

DOZ: What possibilities do you see for maintaining the high market standard?

Köppen: This is certainly an absolutely decisive question, because the major challenge will be maintaining the high level of today's spectacle lens market.

We are currently seeing a negative example with the evolution of the Japanese market. We should recall that the Japanese market is a premium market with an overwhelming proportion of high-index plastic materials, exclusively Hard and AR coated, and the market is home to major worldwide manufacturers such as Hoya or Seiko.

"Novel" sales concepts such as the so-called one-price shops have led to a progressive price erosion, accompanied by an increasing reduction in product and service quality for the customer. In response to this, that segment of the Japanese distribution, traditionally specialising in premium branded products, requires to support them in becoming stronger and more effective in selling these products to the end consumer. And this is undoubtedly a decisive approach in avoiding a similar development in other markets in the future.

DOZ: How do you assess the significance of branded lenses vs. non-branded in this situation?

Köppen: Recent analyses have shown that the sale of non-branded products is increasing steadily in general, and also in Germany specifically. In Europe and the US this share now makes up around one third of sales, and is far higher in Asia. The share of non-branded products will very probably continue its growth in the future, but we need to avoid them from being lumped together with the high-quality lenses.

DOZ: What significance does brand policy have for you in this?

Köppen: It is evident that in this context product brand policy is set to play a leading role. Studies show that in markets with a high brand awareness of a product a higher price level is achieved. It is important that manufacturers together with opticians and optometrists all pull in the same direction here, in order to raise and reinforce the brand awareness.

DOZ: Is it possible for us to involve the end consumer more?

Köppen: Yes, of course, we need to convincingly communicate to the end consumer that premium branded products guarantee superior visual performance and vision comfort. Let me give you an example: we are living in an age characterised by high levels of health awareness, and eye strain caused by omnipresent work in front of computer screens is a much-discussed subject. Today, digital manufacturing techniques enable brand manufacturers to offer personalized occupational lenses , protecting the eyes effectively against tiredness, better than standard lenses are able to. The branded lens is developed with a high level of research effort and expense and is therefore superior in performance to a standard lens. That may sound trivial, but communicating this convincingly is the challenge. And today we are still rather far from achieving satisfactory solutions.

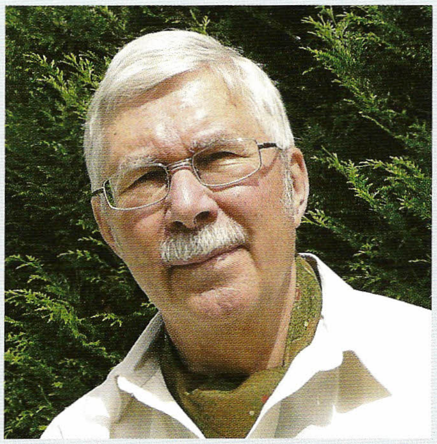
DOZ: Are changes in communication and information policies required?

Köppen: Communication and information policies need to progress considerably if they are to convince the end consumer of the superiority of the branded lenses. This is a key component of a sales policy that in future needs to offer the product of spectacle lenses embedded in a series of attractive services . In the Eye Care Practitioner shop the customer, who today is overwhelmed with innovation in all areas of life, needs to be guided through an experience environment, where with the help of modern technology, customer information, optometric analysis, product demonstration and customer-specific product selection form a single unit, making the sale of lenses to a customer a memorable experience. We are still some way from that point at the moment and reaching it is no easy task: the lens manufacturers in particular are required to step up to the plate here. As far as the product demonstration is concerned, an initial step has been taken with devices such as Visioprint or Visioffice, which enable the specific vision characteristics of the customer to be determined in an impressive fashion. This should be augmented, however, by devices for product simulation and demonstration, with these clarifying the superior performance of personalised progressive lenses in comparison to standard products, for example. Concepts and prototypes of such machines based on virtual reality already exist.

We need to utilise the opportunities offered by today's information and communication technology, which astounds us on a daily basis with advances in modern media, such as television, internet, cinema and telephony. Let us exploit these to inform the end consumer about the products in an attractive manner, to present their benefits convincingly and adapt them quickly and efficiently.

DOZ: Thank you for your time

- 30 years in ophthalmic optics (February 2009: end of professional activity)
- Begins developing spectacle lenses at Rodenstock, key involvement in the development and market introduction of the first progressive lens designed in Germany, the Progressif R.
- Following a brief interlude in the German Essilor subsidiary, in 1986 joins the main Essilor operation in Paris
- Head of Product Marketing and the Central Marketing department
- Establishment of a team of product managers, development and market launch of the Varilux Comfort, the best-selling progressive lens to date
- Differentiation of specific product ranges for the various sales channels (Essilor, BBGR, Varilux Corp, Silor. ...)
- As head of the ISO working group WG 3 "Spectacle Lenses", drafting of the first ISO standards for surface coatings and properties.



Werner Köppen

- Subsequently responsible for the worldwide quality organisation and international standards work
- Creation of a global, decentralised and reactive quality organisation
- Expansion of the mission, largely directed towards product quality, to include service quality, development of a policy to systematically analyse and improve customer satisfaction and loyalty

[1] DOZ 9/88, [2] DOZ 9/93