INTERNATIONAL MARKET MODEL 2011

FINLAND

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Consultants to Eyecare & Eyewear

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HOW TO GET THE MOST OUT OF THE IMM

Every year from 2001 through to 2011, Strategy with Vision (SWV) has gathered data on the five largest vision care markets in Europe. These are France, Germany, Italy, Spain and the UK. In addition, other markets are researched, on a less frequent basis. This information is collated in this document, which is known as “The International Market Model (IMM)”. It has been prepared, specifically for use by people working in organisations, who wish to research the Vision Care Industry. The objective of the IMM is to measure sales by manufacturers and distributors to optical retailers.

SWV INCLUDES THE FOLLOWING VISION CARE PRODUCTS IN THIS ANALYSIS:

- Ophthalmic lenses
- Ophthalmic frames
- Contact lenses
- Contact lens solutions
- Sunglasses (both plano and Rx)
- Accessories (such as chains to hang a frame from, plano coloured contact lenses and low vision aids).

These data have been used in the following situations:

1. During budget meetings, in order to have a neutral set of figures available
2. In benchmarking an organisations’ progress against the total market
3. To look at long term trends on the basis of standardised analysis
4. To obtain a basic understanding of the vision care market in a country
5. For checking different sources of data published and making comparisons
6. As a neutral source in presenting financial plans to investors.

The methodology uses face to face or telephone interviews with manufacturers and distributors in the market to conduct the research. The objective is to interview 80% of all unit volume sold in a market segment, for example ophthalmic lenses.

Estimates are made of the remaining 20%, based on SWV knowledge of companies of a similar size. Successfully identifying as many distributors as possible, including the small ones, is key to the success of the IMM. SWV uses a questionnaire where the majority of the answers are given as percentages. This is usually simpler than asking absolute figures. Obviously, a benchmark figure has to be made for the company concerned. In addition, where necessary, optical retailers are also interviewed. This is necessary where optical retail chains import ophthalmic lenses directly from the Far East or from suppliers located outside of the country.

Where reliable data for a product segment exists, for instance contact lenses and solutions, SWV uses published data. SWV then tries to improve the quality of that data by interviewing companies selling conventional contact lenses which are often underestimated in, for example, the EuromContact data, as well as estimating the percentage of contact lens and solution sales made through non-optical channels.

To estimate the size of the ophthalmic frame market SWV uses data it obtains from its ophthalmic lens research. This has now been going on for eight years and in the opinion of SWV, provides fairly accurate figures. This is a more reliable method of research than trying to interview a representative sample of suppliers and distributors. In France, there are approximately 250+ companies supplying frames to optical retail, in Germany, the figure is over 300.

To calculate the number of ophthalmic frames sold, interviews are conducted with cut, edge and fit laboratories and retailers and the following calculations are made:

- The number of ophthalmic lenses sold to optical retailers
- The numbers of breakages and returns
- The percentage of new ophthalmic lenses put into old frames

THE OTHER VISION CARE PRODUCTS COVERED IN THE INTERNATIONAL MARKET MODEL ARE:

SUNGLASSES

There are three different types of company supplying the optical retailer:

- Manufacturers and distributors of branded and non-branded plano sunglasses
- Sun Rx companies – these are companies supplying prescription sun lenses
- Rx sun companies – these are companies supplying plano and prescription sun lenses in a frame.

These sectors are surveyed on a regular basis as part of an on-going long-term study for the European Sunglass Association (ESA).

REFRACTIVE SURGERY

A refractive surgery clinic sells directly to the end consumer. The values of goods, delivered to clinics, are minor in comparison to the value added, generated within the clinic. Therefore, for this industry, SWV makes estimates based on number of operations carried out and the average price of the operation. It is a useful benchmark to have, as refractive surgery can be an alternative to other vision care products.

THE STRUCTURE OF RETAIL OPTICAL SALES

Demand for information regarding the structure of retail sales has grown. SWV has a detailed breakdown of the retail structure by country (See also Internet Sales below). Individual chains and their market shares in volume and value are shown, as well as other independents. An estimate is made of the total value of optical retail sales by starting at the value of manufacturer and distributor sales to opticians, applying the mark ups that have been identified and then adding the appropriate level of Value Added Tax.

INTERNET SALES

This is an established sales channel for contact lenses for the UK and other European countries. The impact of internet sales on ophthalmic lenses, ophthalmic frames and sunglasses has been studied since 2009.

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SWV Strategy with Vision GmbH & Co. KG

Am Burgacker 23
69488 Birkenau
Germany

Tel +49 6201 872 00 63

www.swv4u.com
info@swv4u.com