Rx-Sunglasses in Europe

WIDE SPREAD OF FIGURES IN DIFFERENT MARKETS

BASED ON A LECTURE GIVEN AT THE 11TH CONFERENCE OF THE ESA IN CAMOGLI, ITALY.

To carry out a measurement of plano sunglass unit sales for 2004 in the five European Markets, Italy, France, United Kingdom, Germany and Spain.

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To our knowledge few studies exist in this area. Firstly we defined what we would measure. The decision was to limit the study to quality sunglasses. A quality sunglass is defined as a sunglass selling for at least € 2.50 net to a retailer. In this study we have only measured the market for sunglasses priced at € 8 or above to the consumer.

This, assuming the retailer has done their homework, excludes cheap CR 39 and acetate lenses and poor quality frames. The objective was to separate the quality sunglass market from the lower priced end of the market such as the bazaar market in Spain. Than we had to define what kind of sunglasses we are talking about (Fig. 1). A plano sunglass has no corrective power. Sunglasses with corrective lenses are called here Rx.

To carry out the study we used information from the following sources (Fig. 2): The objective in 2005 was to make a first estimate of total sales in 2004 which can then be benchmarked against a further study in 2006. All figures in the study can be traced back to original data, guesses were not allowed!

Italy based on manufacturer estimated domestic sales of plano quality sunglasses in 2004 achieved a healthy 15.5 million (Fig. 3). This figure puts the Italian market in first place in the European League table. The prescription sunglass figure is based on total sales of ophthalmic lenses of 16.3 million pieces in Italy in 2004.

The top figure of 13,600,000 in the UK market shows sales of plano quality sunglasses (Fig. 4) the second figure of 1,760,000 relates to sales of Rx sunglasses (sunglasses with a prescription). One in two sunglasses sold in the UK are purchased in a chemist, department store or a fashion store. Opticians represent only 12 % of units sold (Sofres study). Rx sunglasses in the UK are becoming increasingly popular due to 2 for 1 promotions.

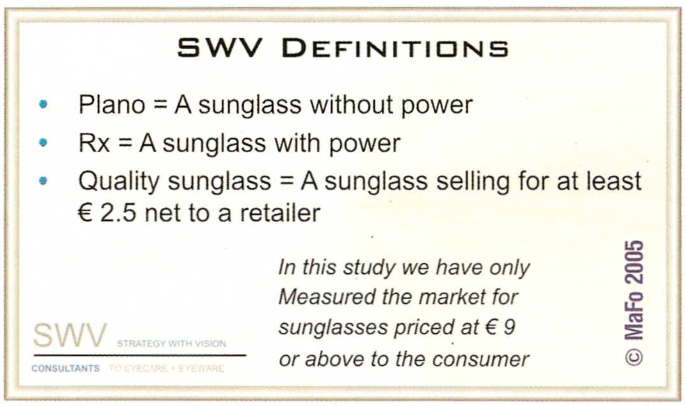

Fig. 1

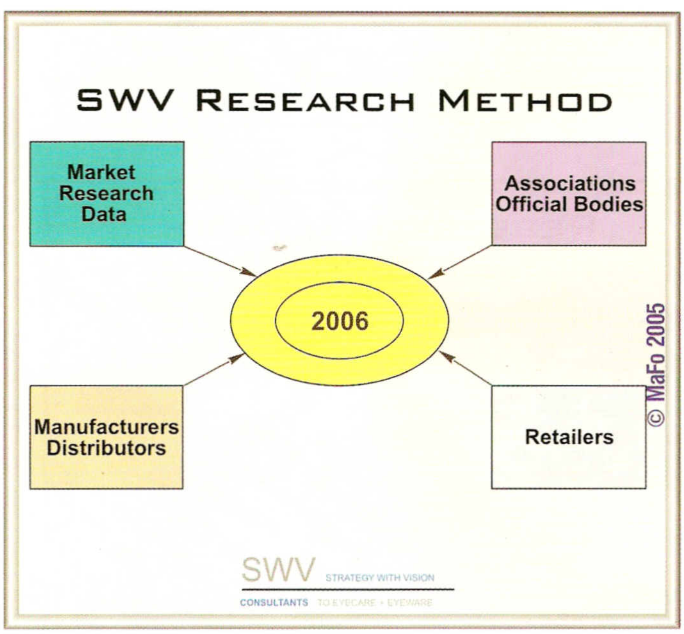

Fig. 2

France is the market which is the hardest to measure accurately in Europe, the reason here is not the lack of but the abundance of market data. GFK measured the French Market for 2004 at 2,940,000 pairs of plano sunglasses sold

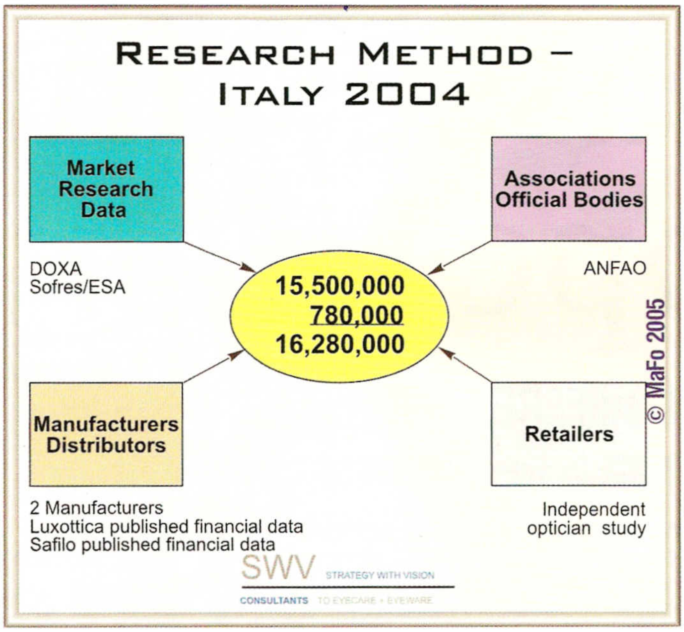

Fig. 3

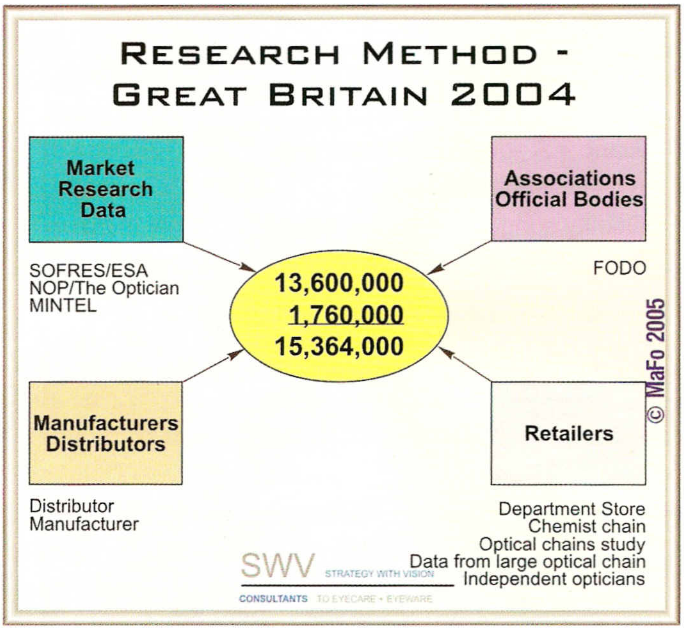

Fig. 4

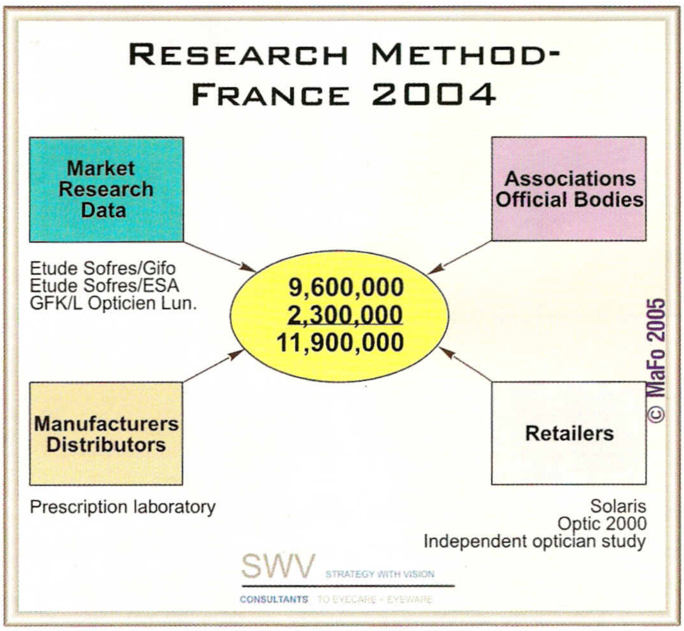

Fig. 5

Fig. 6

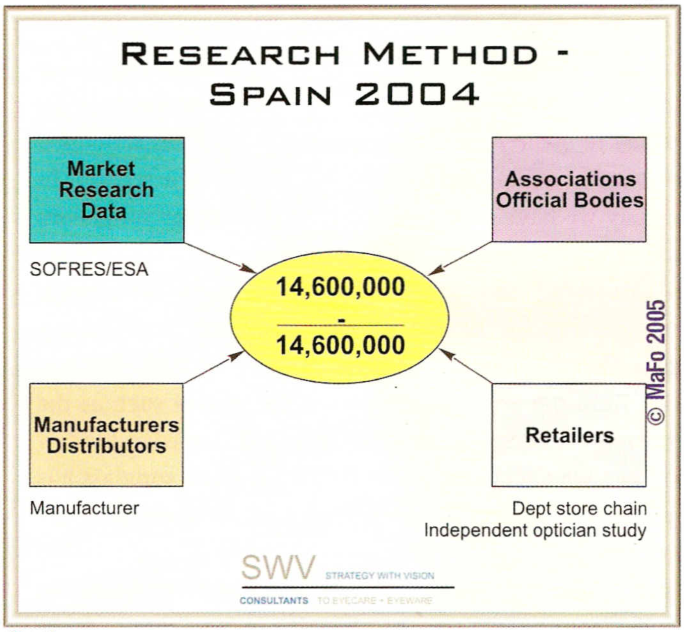

Fig. 7

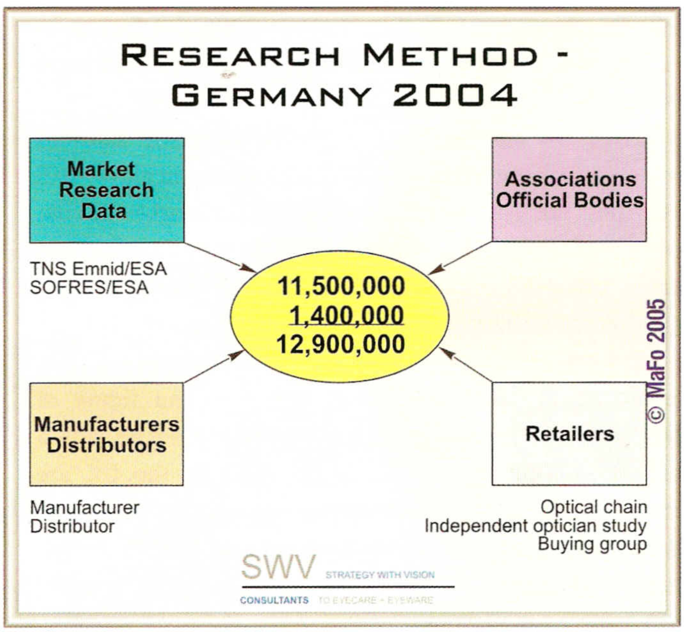

Fig. 8

Total est. Sunglass Sales in Europe 2004

Country	Plano	Rx	Total
D	11,500,000	1,400,000	12,900,000
E	14,600,000	0	14,600,000
F	9,600,000	2,300,000	11,900,000
I	15,500,000	780,000	16,280,000
GB	13,600,000	1,760,000	15,360,000
80% of Europe	**64,800,000**	**6,240,000**	**71,040,000**
20% of Europe	**16,200,000**	**1,560,000**	**17,760,000**
Total Europe (15)*	**81,000,000**	**7,800,000**	**88,800,000**

** 15 countries of Europe not including new members of 1.5.2004*

Fig. 9

Plano Sunglasses - Average Selling Price to Consumer and Retailer

Country	Sofres/ESA 2003/04	Net to Retail
D	45.20 €	15.07 €
E	75.70 €	25.23 €
F	57.50 €	19.17 €
I	84.15 €	28.05 €
GB	54.20 €	18.07 €

*Estimated mark up of *3 including sales tax*

Fig. 10

European Vision Care League Table

Position	Product Category	Volume sold 2004	Av. Net. Manuf. Selling price per unit	Total Net. Sales 2004 in Billion
1	Ophthalmic Lenses	142,000,000	15.30 €	**2.173 €**
2	Plano Sunglasses	81,000,000	21.70 €	**1.760 €**
3	Ophthalmic Frames	54,250,000	29.20 €	**1.504 €**
4	Contact Lenses			**0.880 €**

** Comprises Europe of the 15 countries, not including new entrants from 1.5.2004*

Source of data: SWV International Market Models

Fig. 11

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through opticians. According to studies carried out by SOFRES for the European Sunglass Association 44.5% of all sunglasses are sold via opticians. This would give a total demand of 6,607,000 plano sunglasses in 2004.

This would make France the smallest sunglass market per capita of all the European countries measured. This low figure is not realistic especially as France registered the highest percentage of sunglass owners in the Sofres study. If one includes data supplied by a specialist sunglass retail chain and a major retailer we see a total market size of 9,600,000 units (Fig. 5). This we believe is on the low side but in keeping with the principle of the study not to allow guesses, we must stick to this figure until more evidence becomes available.

Of particular interest is the very high number of Rx sunglasses sold in France. Retail optical chains offer good incentives (Fig. 6).

For Spain we were able, in addition to FEDAO and manufacturer data (Fig. 7), to obtain sales in units from a major department store chain. As no reliable data was available for sales of prescription sunglasses we have left this position blank. To give the reader a feel for the size of the Spanish 'Bazaar' Market, 28,000,000 million sunglasses were imported into Spain last year; this would suggest a bazaar market in excess of 13 million pairs.

The German plano sunglass market (Fig. 8) was less badly hit than the ophthalmic spectacle lens market in 2004. Ophthalmic lenses were impacted by the reduction in health care subsidies on spectacle lenses. Sales of plano sunglasses did not grow due to a reduction in spending by consumers. Rx sunglass sales are still low due, up to now, to the absence of 2 for 1 spectacle promotions by optical retailers.

The above five countries represent 80% of the total GDP and population for the 15 countries of European Union, before May 1 2004. To make a rough calculation of total volume sales for Europe we grossed the figures up by 20 % (Fig. 9).

To put these volume figures into a financial perspective SWV took the average selling prices reported by the 10,000 respondents who took part in the ESA/Sofres study (Fig. 10). Then we compared the four main vision care product categories, at manufacturer selling prices. This shows the tremendous importance of the sunglass industry (Fig. 11).