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Market Insight from CSA

The retail optical eye products and eye care sector in the UK

We are getting older, putting on weight... and can't see what we are doing! The UK's population is currently 65m and it is expected to reach 75m in the next 25 years. Folks aged 65 and over are set to make up an increasingly high proportion, something like 25%, of that increased population. Additionally, the NHS predicts that half of all Britons will be obese by 2050 which is linked to increased diabetes and glaucoma.



The UK's 7,000 optometry practices on the high street and in hospital eye departments are going to be increasingly busy places. This is creating fresh market opportunities for direct eye care products and services providers in addition to the suppliers of the supporting equipment and technology, and the sector's financial backers.

The global ophthalmology equipment and eye care health services market is forecast to reach £30bn by the end of the decade, with compound average growth of between five and seven percent. Demographic changes in the population are certainly a key driver of this growth, but other factors are also at play.

Optical retail practices make their money from three components of the retail mix, specifically: the eye test, the spectacles themselves and any further ophthalmic healthcare services provided by the optician to the consumer.

Technological developments in the design and manufacture of optical equipment, eg digitalisation and automation can be deployed to reduce the amount of time spent with the customer, aiding foot traffic and retail throughput in a greater volume play. Equally, it can allow more time to be spent with the customer permitting greater healthcare services value-add and up-sell.

Within the context of the national economy, the ebb and flow of these divergent market models have served to radically alter the structure of the optical retail market sector over the last decade. To a greater or lesser extent, sales of spectacles are a discretionary consumer item to be deferred when money is tight. Secondly, when customer foot traffic is light opticians react by sweating their assets and holding onto older equipment for longer.



The drive to consumer value, manifest by free eye tests and BOGOF deals on frames, was a reaction by the sector to the retail downturn that followed the financial crisis. It played to the advantage of the specialist optical retail chains and their grocer-as-optician brethren to the significant demise of the smaller or independent provider.

Today, the market broadly segments between about 10 major retail chains and supermarkets who maintain a collective market estate of some 2500 eye care stores and the independent opticians holding a long tail of 4500 stores.

In the next three to five years, one may hypothesize that the major optical retail chains will not want to continue to expand the size of their estates much further in line with the effects of market saturation. They will want to attract more customers into existing stores and increase sales per customer, per store location.

Emerging from a recession induced consolidation rout, the ability of the remaining independents to survive will be determined extensively by their ability to select premises in locations convenient for the consumer, but not overtly adjacent to the corporate majors, ie tier-II towns and villages and not necessarily metropolitan city centres. To thrive, the independent will need to provide a higher level of service by offering something competitors do not and achieving shop-floor upwards driven customer loyalty.

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