

# Italy

## Key figures 2008



# General information 2008\*

- **Population:** **60,045,068**
- **GDP per capita:** **26,000€**
- **Population over-40:** **32,274,000 (54% of population)**
- **Population with visual defects:** **60%**
- **Number of optical shops:** **10,336**
- **Population/shops:** **5,809**
- **Rx eyeglasses average price\*\*:** **196€ (frames and lenses)**  
**With PAL lenses:** **329€**  
**Renovation period:** **3.4 y**
- **Sunglasses average price\*\*:** **125€**  
**Renovation period:** **3.0 y**

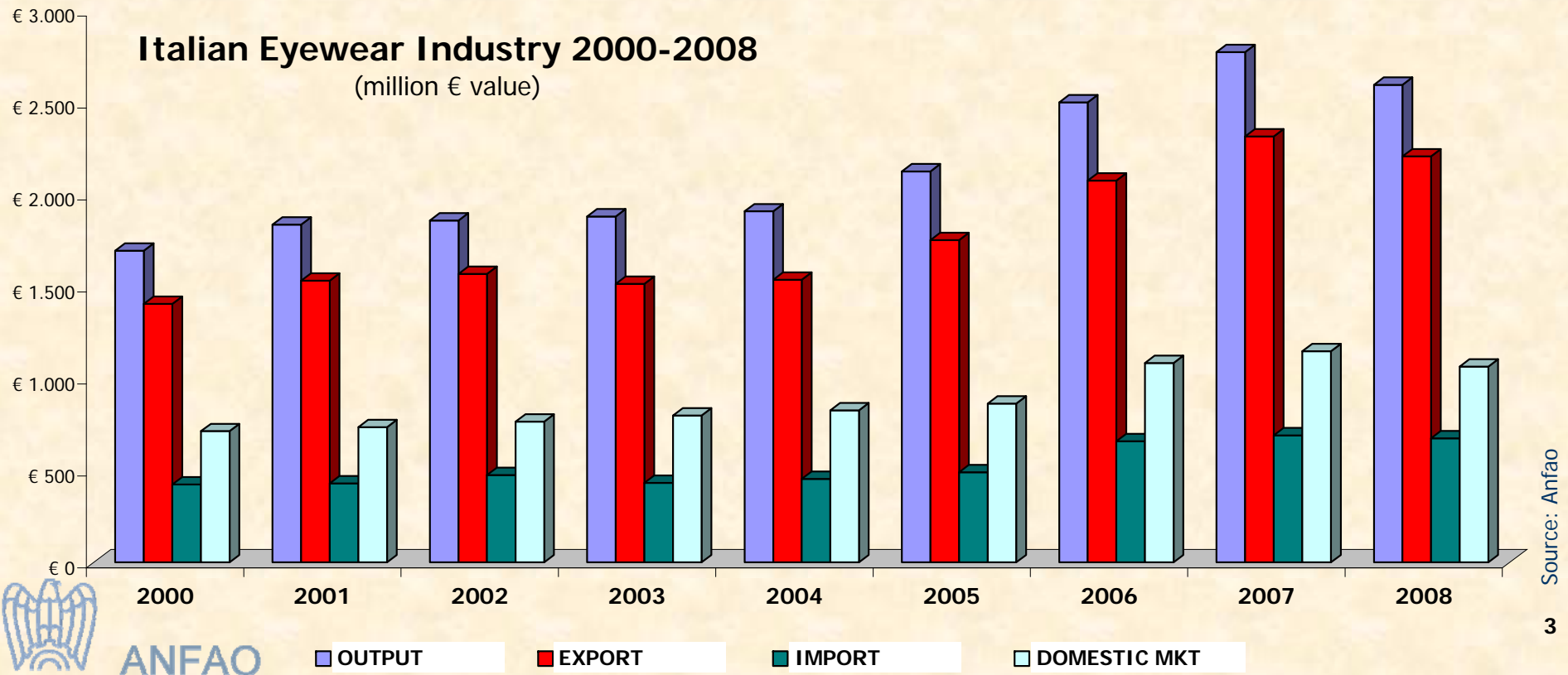
\*: Population data: ISTAT – GDP data: IMF – Optical shops data: GfK – Others data: CRA analysis on customers for Anfao

\*\* : sell-out



# After 5 years of constant growth the industry felt the effects of the global crisis

- **1,005 companies (-4.3% over 2007)**
- **17,500 people employed (-5.4% over 2007)**
- **2,597 millions euro production (-6.4% over 2007)**
- **2,207 millions euro export (-4.7% over 2007)**
- **675 millions euro import (-2.3% over 2007)**
- **1,064 millions euro domestic market (-7.3% over 2007)**



# Italian eyewear industry: details of last 5 years

(Value in millions €)	2004	2005	2006	2007	2008	08 vs 07
<b>Output</b>	1,908.08	2,125.76	2,500.67	2,773.62	2,596.63	<b>-6.4%</b>
<b>Export</b>	1,536.00	1,751.62	2,075.56	2,315.98	2,207.13	<b>-4.7%</b>
<b>Import</b>	454.47	489.27	658.91	690.51	674.89	<b>-2.3%</b>
<b>Domestic market</b>	826.55	863.40	1,084.02	1,148.16	1,064.38	<b>-7.3%</b>

The global economic situation has inevitably also affected the eyewear industry which has always led the way for Italian-made products and is very popular on all international markets.

# Italian eyewear industry structure

Year	Output (Million € Value)	Employees (number)	Firms (number)	Industrial Firms (employment contract: industry)
<b>2008</b>	<b>2,597</b>	<b>17,500</b>	<b>1,005</b>	<b>185</b>
2007	2,774	18,500	1,050	195
2006	2,501	18,000	1,098	199
2005	2,105	16,900	1,130	200
2004	1,908	16,980	1,180	201
2003	1,881	17,800	1,270	215
2002	1,859	19,200	1,350	220
2001	1,836	19,000	1,400	230
2000	1,694	18,900	1,410	240
1999	1,472	18,000	1,500	250
1998	1,545	17,900	1,500	250

While small companies, especially in the Cadore eyewear district, had no other alternative but to close, the difficulty being experienced by medium and large companies could be seen in the temporary closure of production facilities, a reduction in working hours, temporary layoffs and the non-renewal of fixed-term employment contracts



## Italian eyewear industry: 2008 export – value €

PRODUCTS	2007	2008	2008 VS 2007
LENSES OF GLASS	13,266,145	11,872,705	-10.5%
LENSES OF OTHER MATERIAL	35,696,483	37,879,550	6.1%
<b>LENSES</b>	<b>48,962,628</b>	<b>49,752,256</b>	<b>1.6%</b>
FRAMES	738,194,720	734,790,569	-0.5%
SUNGLASSES	1,528,817,675	1,422,589,802	-6.9%
<b>FRAMES+SUNGLASSES</b>	<b>2,267,012,395</b>	<b>2,157,380,371</b>	<b>-4.8%</b>
<b>TOTAL EYEWEAR</b>	<b>2,315,975,023</b>	<b>2,207,132,626</b>	<b>-4.7%</b>

# Italian eyewear industry: 2008 export details

- **Exports of frames, sunglasses and lenses, which now account for about 85% of the industry's production, fell by 4.7% compared to 2007.** This comes after 5 years of exports constantly growing.
- **Exports accounted for more than €2,207 million,** a figure about €10 million less than the 2007 values. The performance of exports was seen in the **severe impact on sunglasses and the more modest drop in frame exports.**
- More than **80,000,000 pairs of Italian glasses exported in the world: 30,610,000 frames and 49,517,000 sunglasses.** There was also a drop in terms of quantity, overall of 2.4% compared with 2007. In contrast to the relative stability of prescription frame exports a larger drop in the amount of exported sunglasses was recorded (-5.1%).
- **Leading export market area: Europe with a 53.3% share.** Here while the sunglasses sector suffered a slight decline in exports (-2.5%), that of eyewear frames held up well and increased by of 5 percentage points.
- In the **United States (the leading market country with a share of 21%)** overall export of sunglasses and prescription eyewear posted a consistent -20.5% compared to 2007 with a huge gap between the two sectors: **exports of frames posted a drop of 10.9% while sunglasses exports shrank by more than double at -24.7%.**



# Italian eyewear export 2008: first 10 mkt and share

Sunglasses		
1	United States	21.1%
2	France	10.0%
3	Spain	9.8%
4	Germany	4.3%
5	United Kingdom	4.3%
6	Mexico	3.7%
7	Greece	3.1%
8	Emirates	3.0%
9	South Korea	2.5%
10	Hong Kong	2.5%

Frames		
1	United States	20.8%
2	France	15.1%
3	Spain	8.3%
4	United Kingdom	7.4%
5	Germany	6.1%
6	Netherlands	3.0%
7	Slovenia	3.0%
8	Portugal	2.4%
9	Greece	2.3%
10	Hong Kong	2.1%

**The first 10 export markets count about for 65% of the total Italian exports of sunglasses and 70% for frames.**

# Italian eyewear import 2008: 10 leading suppliers

Sunglasses		
1	China	48.3%
2	Slovenia	20.6%
3	United States	7.3%
4	France	7.1%
5	Taiwan	3.2%
6	Germany	3.0%
7	United Kingdom	2.3%
8	Switzerland	1.4%
9	Japan	1.3%
10	Netherlands	0.9%

Frames		
1	China	74.1%
2	Germany	5.2%
3	Slovenia	4.8%
4	France	2.6%
5	Austria	2.3%
6	Japan	1.9%
7	Switzerland	1.6%
8	Hong Kong	1.3%
9	Romania	1.0%
10	United States	1.0%

**China is the leader supplier for both sectors.**

The Italian trade balance for the eyewear industry closed 2008 largely in the black (the **import/export balance was about €1,532 million**), but profit is still down by 5.7% compared to 2007 confirming the difficulty posted by exports in 2008.

**The drop in imports to -2.3% on 2007 was also significant.**



# Italian retail market structure

	1999	2005	2007	2008
optical shops				
chains	318	351	570	634
groups	2,606	4,372	4,568	5,425
independents	6,538	4,624	5,582	4,277
total	9,462	9,347	10,720	10,336

**From 1999 to 2008 (end of the year) optical points of sales\* rose about 9%.**

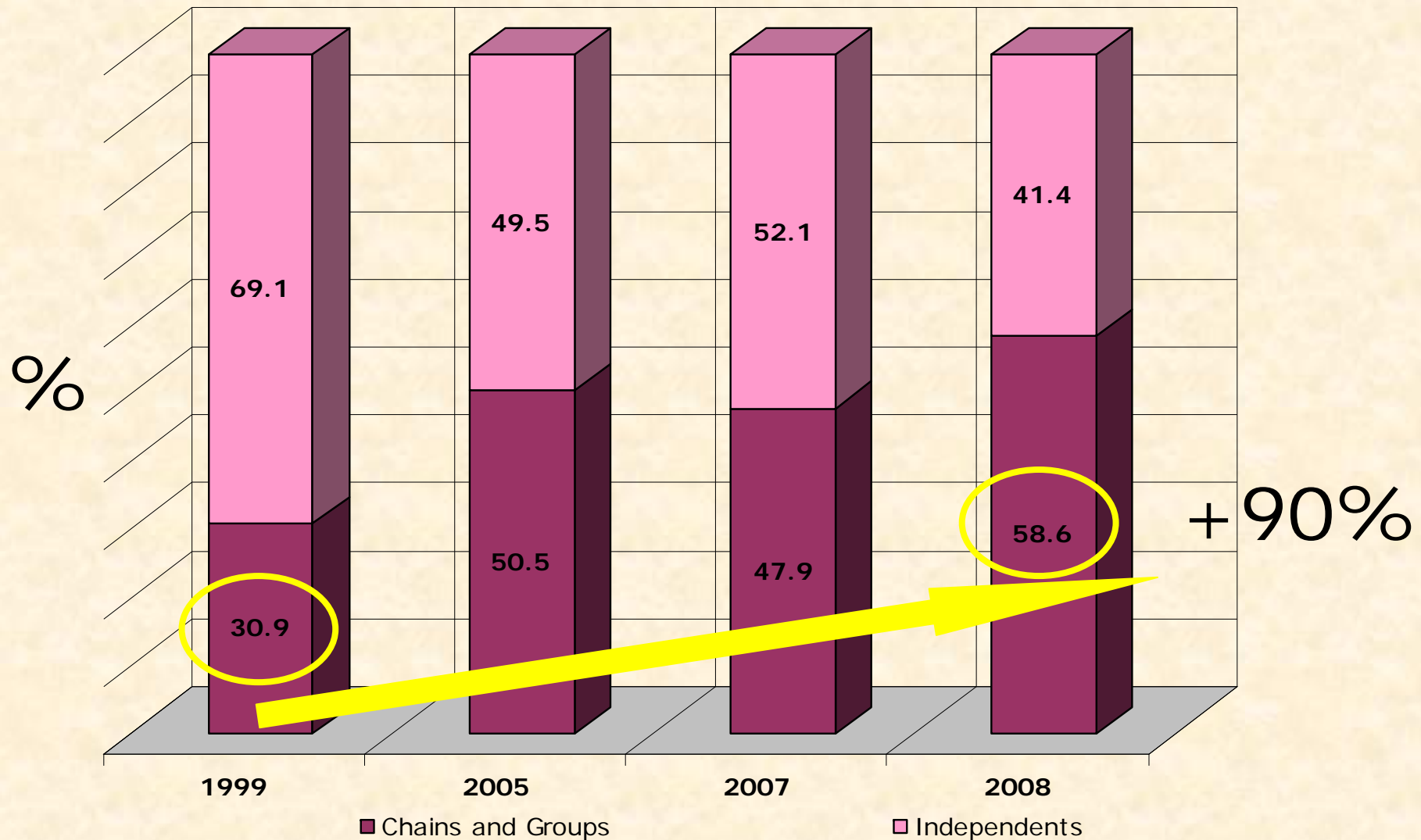
**This growth is due to the great increase of organised retailers (chains and groups) that during ten years redoubled and more their number of shops.**

**Groups and chains represent now a share of more than 60% in terms of turnover.**

\*: shops dealing sunglasses, frames, ophthalmic lenses, contact lenses and solutions except duty free shops, fashion shops, department stores, sport stores and internet)



# Italian retail market structure: organization

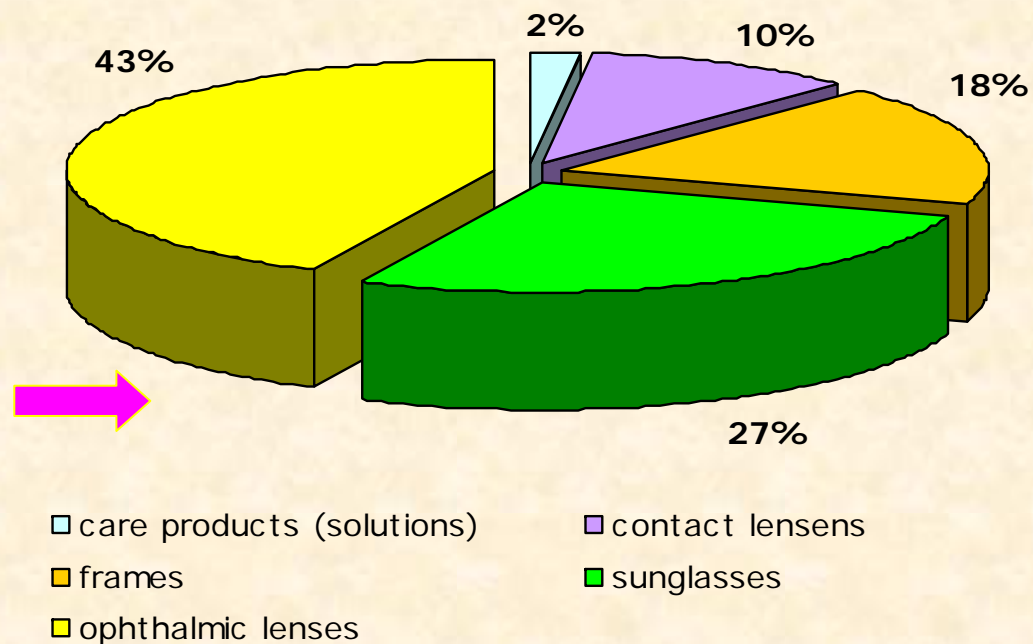


**From 1999 to 2009 (end of 2008) optical sales points joined in chains or big groups rose about 90%.**

# Italian retail market structure: turnover

	2007	2008
Point of sales	10,720	10,336
Pos' turnover (average)	€ 319,000	€ 317,000

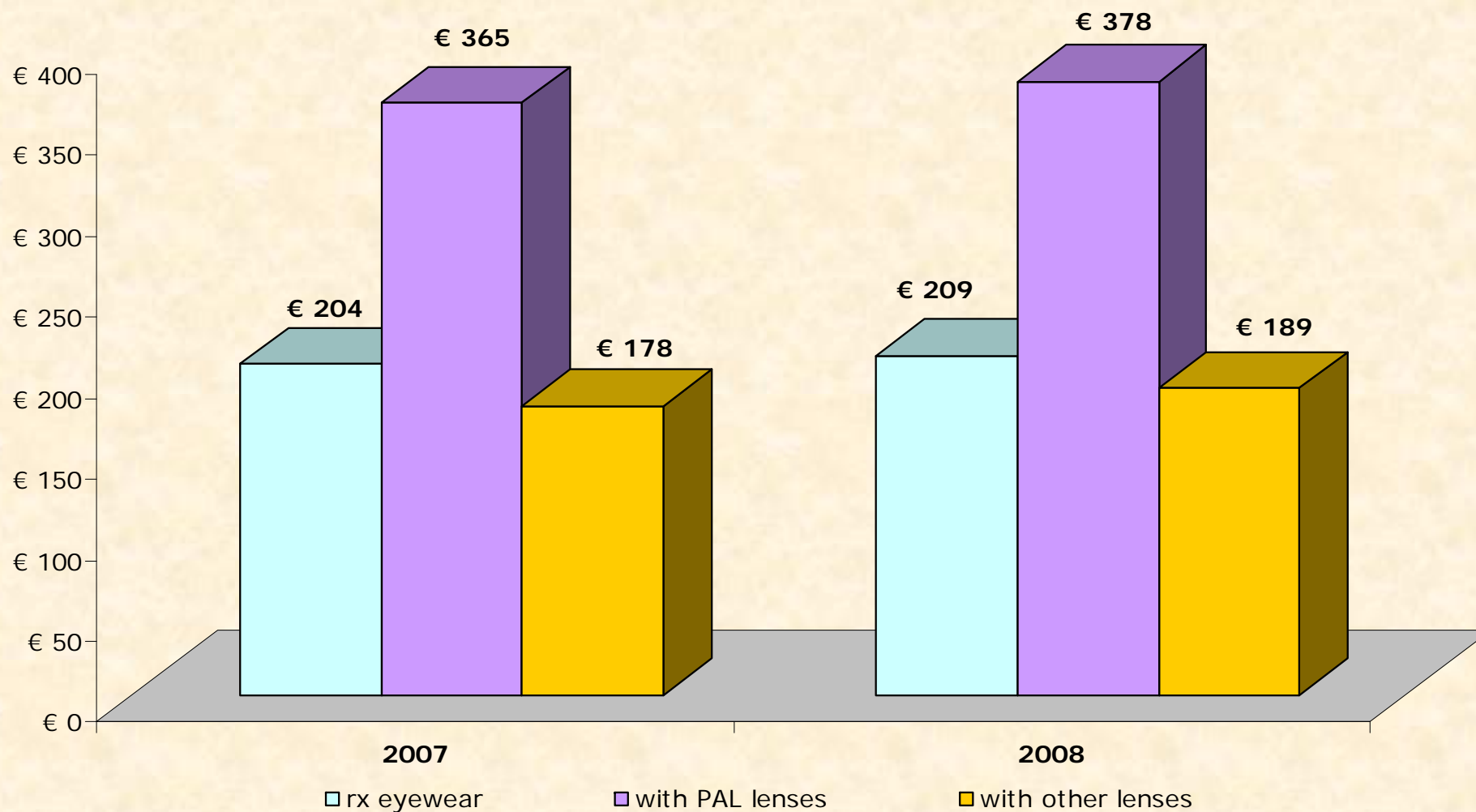
Share of turnover	2007	2008
care products (solutions)	1.8%	2.0%
contact lenses	9.1%	10.1%
frames	20.5%	17.8%
sunglasses	24.7%	27.1%
ophthalmic lenses	43.9%	43.0%



**Pos' turnover average in 2008 was 317,000€ (-0.6% vs 2007).  
Ophthalmic lenses represent the 43% of pos' turnover.**

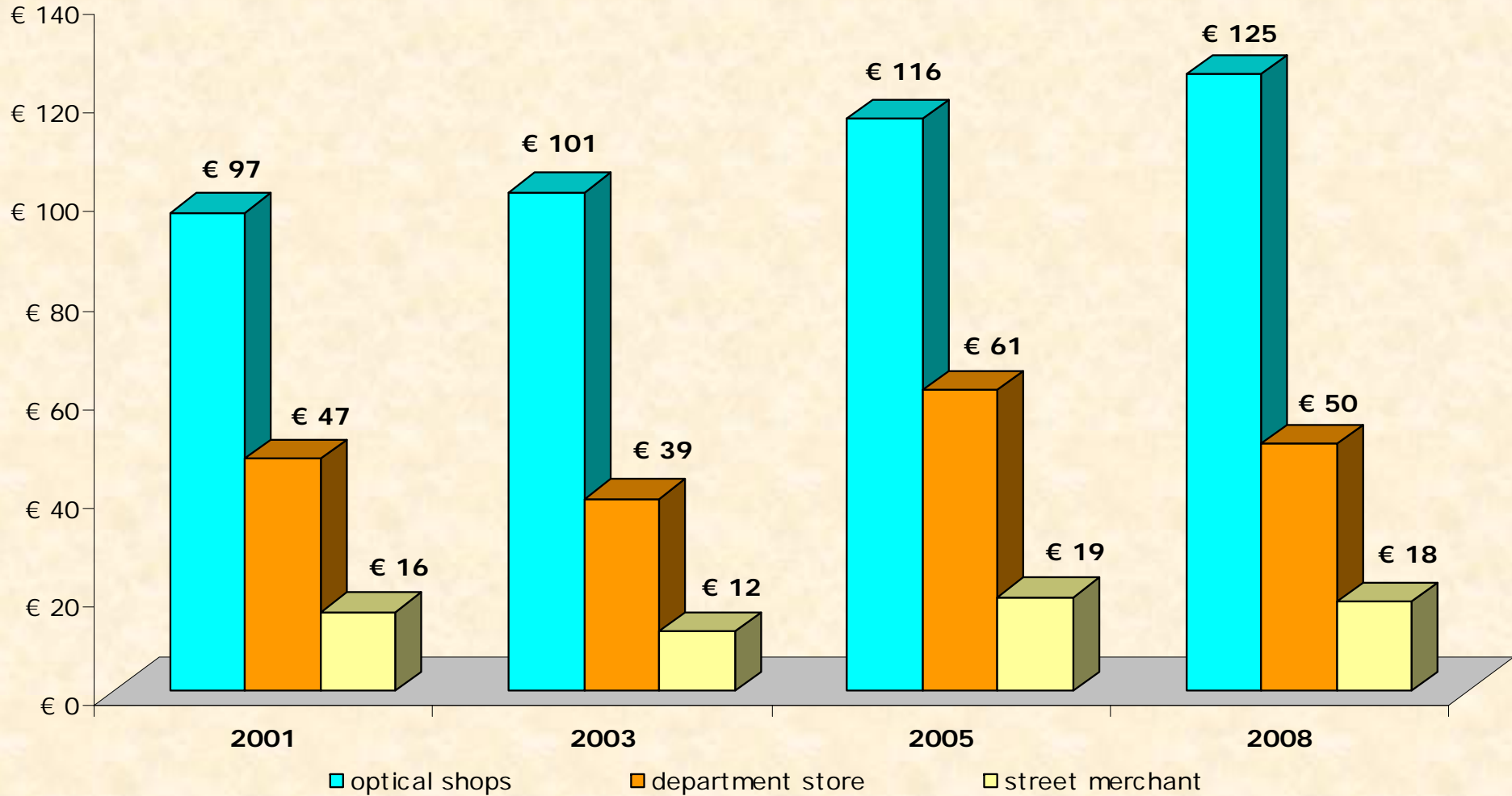
**2008 Italian sales value was about 3,300 millions €.**

# Italian retail market: rx eyewear average price



**The average price of a corrective spectacle (sell in optical shops) in Italy was 209€ in 2008. There is a big difference for PAL lenses.**

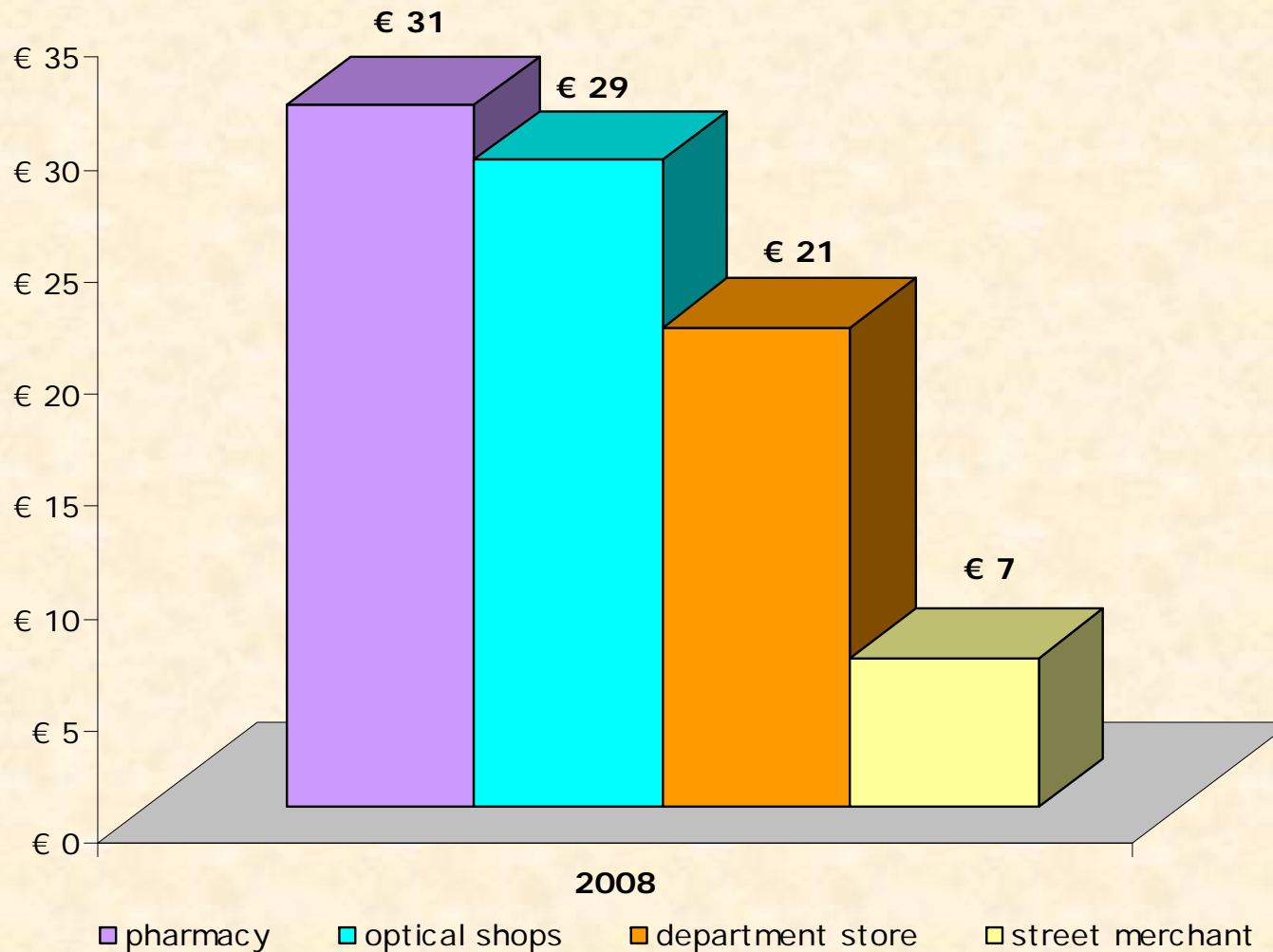
# Italian retail market: sunglasses average price



**The average price of sunglasses in Italy was 100€ in 2008. There is a big difference from optical shops and other retailers in price. This difference reflects the different quality (and safety) of sunglasses!**

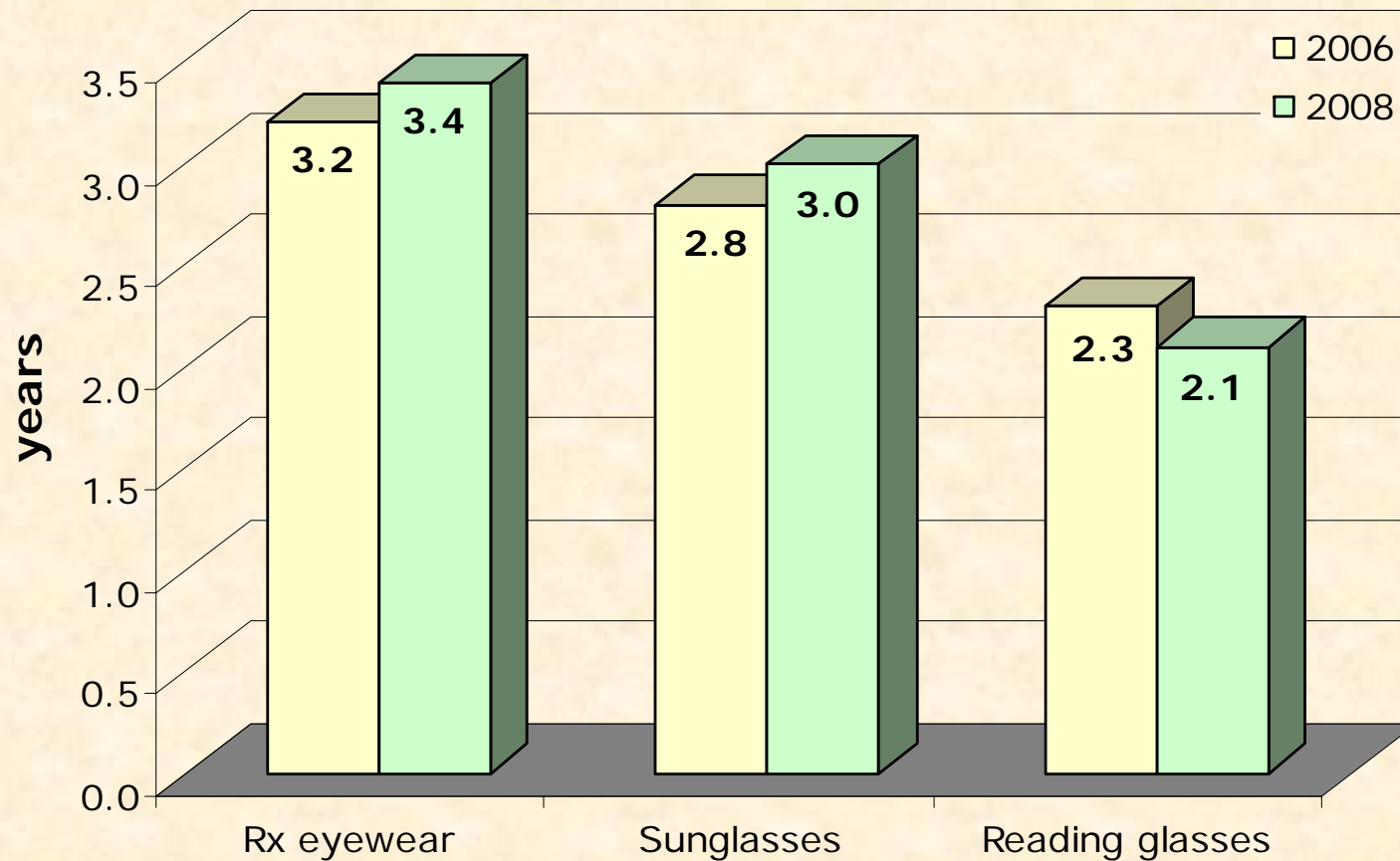


# Italian retail market: reading glasses average price



**The average price of reading glasses in Italy was 23€ in 2008. There is a big difference from optical shops and other retailers in price. This difference reflects the different quality (and safety) most of all for street merchant!**

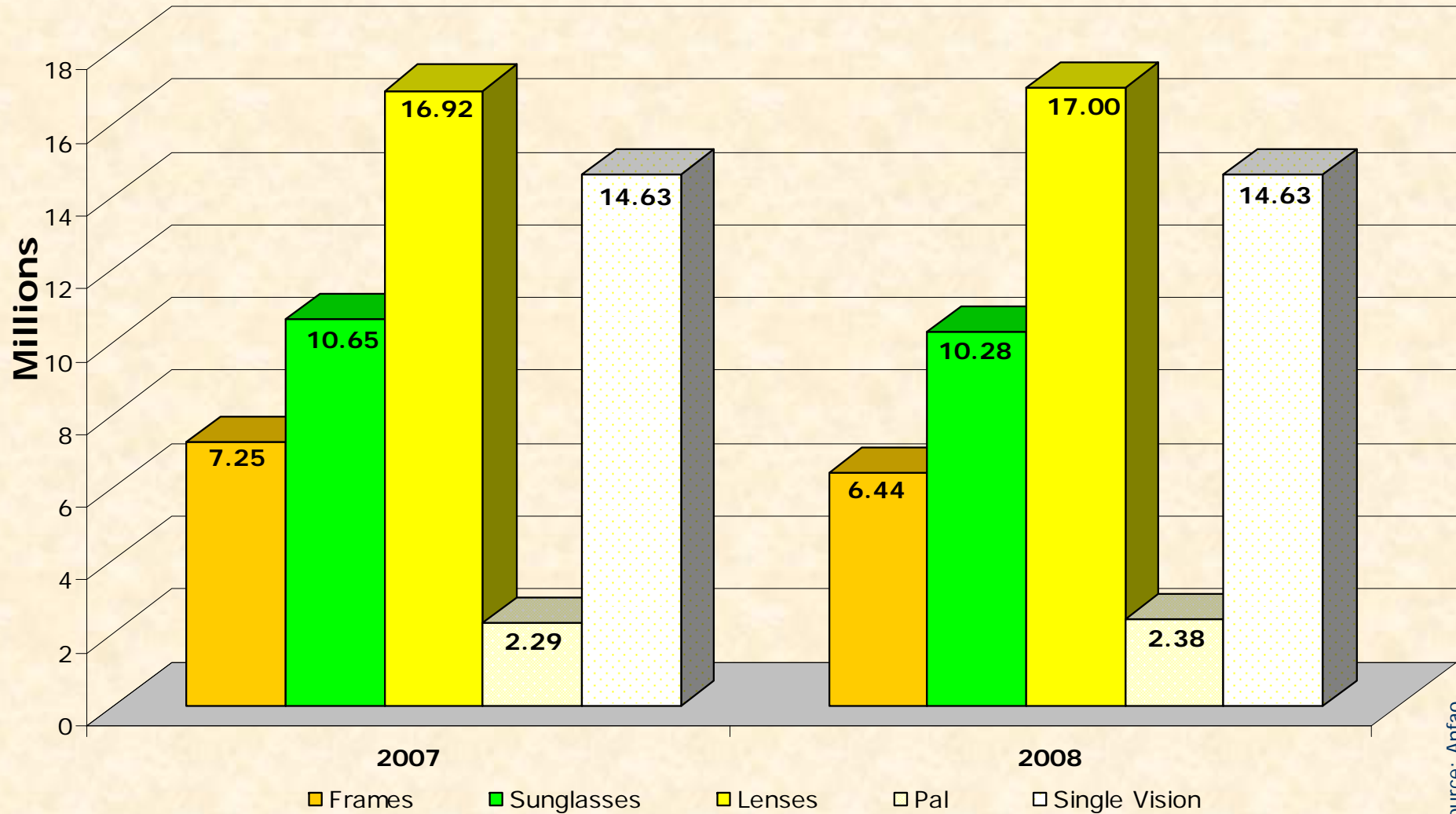
# Italian retail market: renovation period



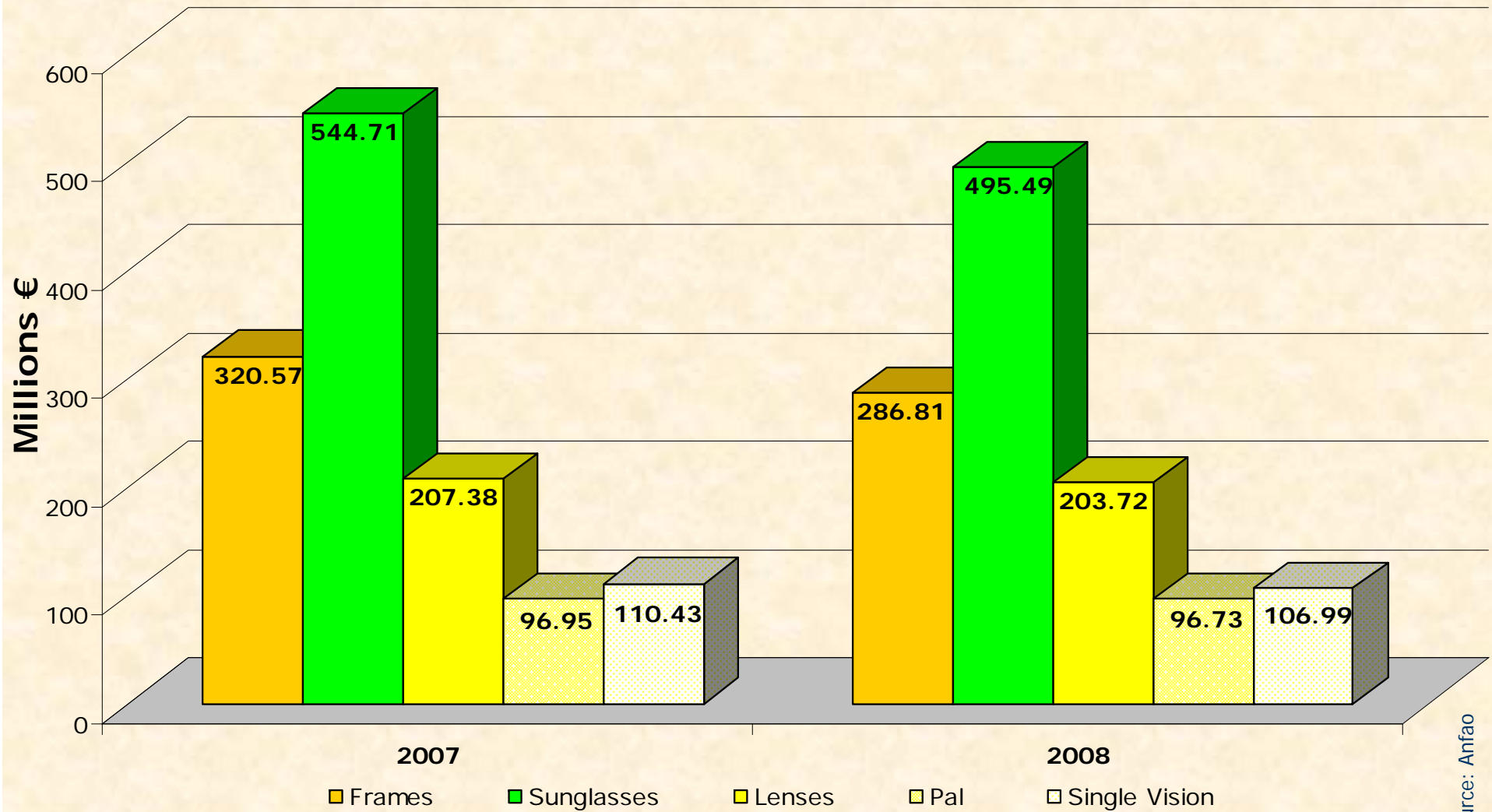
**The renovation period in eyewear products reflected consumption's reduction.**



# 2008 Italian eyewear industry sell-in by units



# 2008 Italian eyewear industry sell-in by value



Source: Anfaio



## Italian eyewear industry sell-in 08 vs 07

Products	2007	2008	08 vs 07
Frames	7.25	6.44	-11.2%
Sunglasses	10.65	10.28	-3.5%
Lenses	16.92	17.00	0.5%
<i>Pal</i>	2.29	2.38	3.9%
<i>Single Vision</i>	14.63	14.63	0.0%

**UNITS**

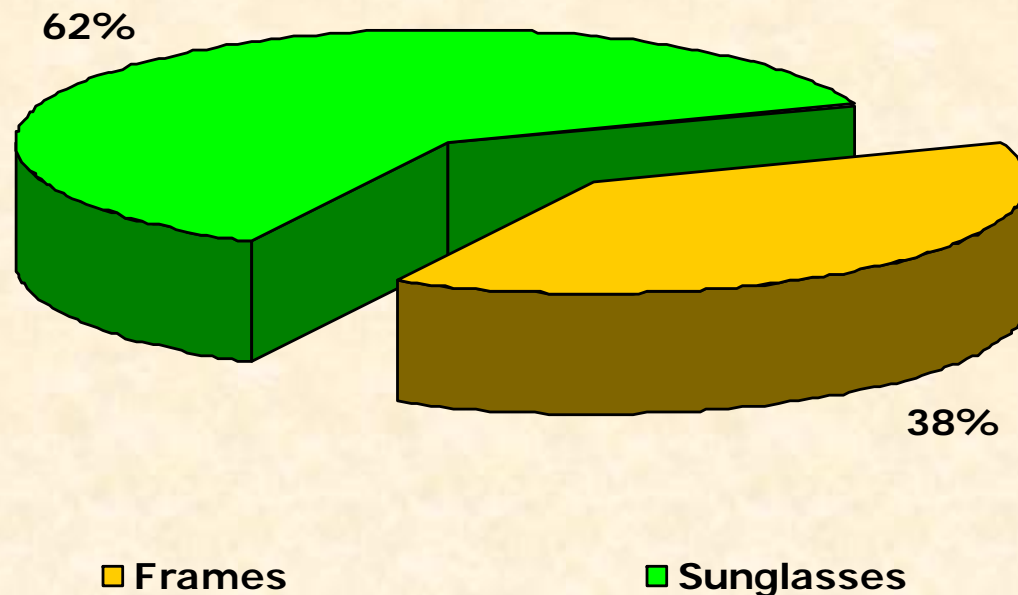
**VALUE**

Products	2007	2008	08 vs 07
Frames	€ 320.57	€ 286.81	-10.5%
Sunglasses	€ 544.71	€ 495.49	-9.0%
Lenses	€ 207.38	€ 203.72	-1.8%
<i>Pal</i>	€ 96.95	€ 96.73	-0.2%
<i>Single Vision</i>	€ 110.43	€ 106.99	-3.1%

**The domestic market dropped by about -7% in 2008; proof of the fall in consumption. It is interesting to see close up how the different sectors of the industry reacted. Sunglasses and frames were undoubtedly heavily affected by the negative economic situation, while ophthalmic lenses responded better: about 17 million of them went in retail outlets (in line with 2007).**



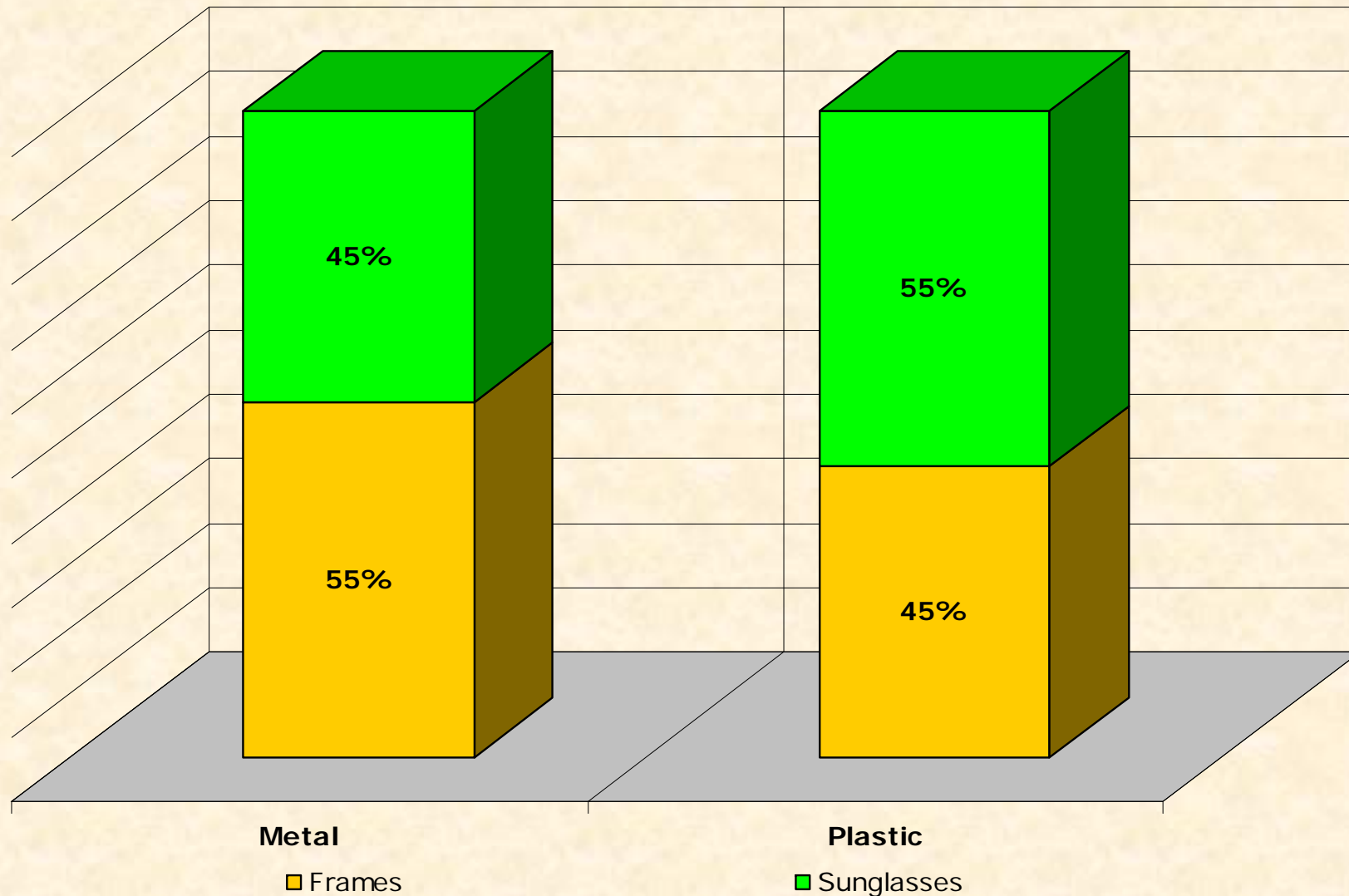
# Italian eyewear industry sell-in market share



**In 2008 prescription frames and sunglasses shared the domestic market share with a share of 38% and 62% respectively.**

**Total domestic distribution was more than 16 million pairs of glasses (-7% vs 2007).**

# Italian eyewear industry sell-in: plastic and metal



Source: Anfao

**As regards materials the market share in 2008 is estimated to be: 45% for plastic and 55% for metal for prescription frames, it is the exact opposite for sunglasses**



## A glance at 2009: I quarter export – value €

PRODUCTS	2008	2009	2009 VS 2008
LENSES OF GLASS	3,125,549	3,708,824	18.7%
LENSES OF OTHER MATERIAL	8,891,109	8,924,317	0.4%
<b>LENSES</b>	<b>12,016,658</b>	<b>12,633,141</b>	<b>5.1%</b>
FRAMES	191,750,238	159,280,816	-16.9%
SUNGLASSES	462,984,888	336,308,309	-27.4%
<b>FRAMES+SUNGLASSES</b>	<b>654,735,126</b>	<b>495,589,125</b>	<b>-24.3%</b>
<b>TOTAL EYEWEAR</b>	<b>666,751,784</b>	<b>508,222,266</b>	<b>-23.8%</b>

Source: Anfao

**The difficult situation seems to be confirmed in the first months of 2009. The end of the negative downturn is still a long way off and forecasts are bleak at least for all of 2009.**

## A glance at 2009: I quarter domestic market

PRODUCTS	UNIT	VALUE
FRAMES	-22.5%	-0.5%
SUNGLASSES	-21.6%	-22.2%
<b>FRAMES+ SUNGLASSES</b>	<b>-22.1%</b>	<b>-21.9%</b>
<b>LENSES</b>	<b>-1.4%</b>	<b>-3.5%</b>
PAL LENSES	2.6%	-2.1%
<b>TOTAL MKT</b>		<b>-18.1%</b>

**The difficult situation seems to be confirmed in the first months of 2009 in the domestic market too.**

**A better result seems to be reported by lenses, in which PAL lenses slowly increase in terms of volume and keep a good level of turnover.**

**Thank you for your attention!**

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