

For the Record

20 Trends In 20 Years

By Marge Axelrad
Editorial Director

What do you see and how do you see it?

What's happening and what will it mean?

In 20 years, **Vision Monday** has carved its role in the optical industry community by attempting to answer those questions, reporting, analyzing and chronicling literally thousands of stories, photos and special reports. We cover a field that touches the lives of every American, a business that blends science and strategy, art and fashion, economics and competition.

In two decades, the vision care industry has been transformed, day by day, year by year, as professionals, retailers, designers and developers have found new ways to cater to a fundamental thing — providing the products and services and educated advice that help people see better and look good doing it.

The business is big, and has virtually doubled in that time, now accounting for some \$27 billion in revenues, according to Jobson Research/VCA VisionWatch estimates. That number reflects the increased value of eye care exams and refractions, the higher value of products and the wider scope of the consumers and patients that use its services.

What changed? And more importantly, what does the future hold?

We start our anniversary year of special reports with this one that reflects our perspective on key events with those of 20 industry leaders, a fraction of those, we acknowledge, among our readers who are involved participants and agents of that change.

One way to look at the 20-year landscape is in terms of the players and the competition. Traditional optometry and opticianry were joined by commercial retailers just a few years before **Vision Monday** began publishing news regularly in 1987. So some of our stories cover those developments and how they influence today's business.

Another way is to trace change through the style and technology of products, programs and strategies for distributing those via eye care professionals and optical retailers.

And then we reach into the field of vision correction itself. From eyeglasses to contact lenses to refractive surgery and disease management, options are developing that were mere kernels of ideas 20 years ago, sped along by engineers and designers, doctors and marketers into this 21st century.

This is a start. We'll delve deeper as the year goes on. As always, we welcome your insights.

A Year-Long Celebration of Leadership

Throughout this year, **VM** will produce four special Anniversary Reports all within the theme of "Celebrating Leadership." They are:

April 16: Product Innovation—Breakthrough Products, Technologies and Trends

June 18: Retailers and ECPs—Evolution of the Professional and Retail Landscape

Sept. 10: 20 Years of Fashion—Evolution

and Revolution of Eyewear and Sunwear Design and Brands

Nov. 19: Labs and Wholesalers—Technology, Processing and Distribution Trends

Look for our Reader Survey later this month on the **VM** Web site at www.visionmonday.com where we'll be asking for reader input to shape our Anniversary Reports.



The Optical Chain Revolution The growth of optical chains has forever altered the eyewear/eyecare landscape. Since the first superoptical, Eyelab, opened in 1980, followed in 1983 by a Precision LensCrafters store offering one-hour eyeglass service, chains have impacted consumers' perceptions of how and where to buy eyewear.

Early optical chains brought merchandising showmanship to the eyewear marketplace, previously a more "medical" environment. Chains offered high-fashion frames, unique decor and, later, computerized dispensing options—retailing elements savvy independents soon took up as well. As multiple locations—via store openings, acquisitions, franchising and licensed departments—brought economies of scale, optical chains also adopted the flash and dash of consumer advertising, promoting designer names and stylish frames to newly interested customers.

The store-count explosion at the chain level has been one of the most significant developments of the optical industry's last 20 years, believes Dave Pierson, a 19-year eyewear-retailing veteran.

Pierson, a former Cole Vision executive who is now president and chief executive officer of Refac Optical Group (parent of leased-department giant U.S. Vision and the OptiCare chain), told **VM**, "The chains' evolution brought convenience, price advantages and more product assortment to the eyewear consumer. Optical chains offered more choices for the customer from a retailing perspective; they changed the face of managed vision as well, in terms of how the plans delivered eyecare to the consumer. And the early chains were clearly the drivers of the whole segment of the industry that uses price as the cornerstone of its merchandising strategy."

Optical's national and regional chains have benefitted the supplier and laboratory branches of the industry as well, according to Pierson. "The chains, with their in-store labs, have provided a market for the manufacturing and technology areas, allowing them to fund research and development," he said. "And the whole 'eyewear-as-fashion-accessory' market has been well-served by the advent and expansion of the optical chains into malls, major department stores and high-profile shopping centers—as these locations proliferated, they helped develop the concept of eyewear as less a 'destination' and more an 'impulse' shopping category. The industry has also benefited from the chains' increased emphasis on fashion, name brands and add-on lens options."

The escalation in store count among the chains that began in the mid-1980s was followed by a wave of acquisition and consolidation, which kicked off in the late 1980s, continued throughout the turbulent 1990s and is still going on today. Noted Pierson, "That consolidation allowed the chains more flexibility to change their positions in the marketplace—

when one owner has a lot of retail brands, it can position those brands as it sees fit."

The mid-1980s also saw chain executives turning to other growth strategies beyond acquisitions and opening new stores. Franchising became an increasingly popular approach among national and regional players such as Pearle Vision, Texas State Optical, Sterling Optical and NuVision; by the end of the decade the optical industry boasted more than 1,000 franchised locations. Other chains—including U.S. Vision and Cole Vision—turned to operating leased vision centers in department stores and other general-merchandise hosts. Even supermarkets played host to vision centers in some markets.

Both of these approaches—franchising and leased departments—were "a logical transition" for eyewear retailing, according to Pierson. "As

"A more competitive environment makes everyone look for better methods of doing things."

—Dave Pierson

in retailing in general, these changes were driven by voids in the existing shopping environment for consumers," he said. "There's always an opportunity for a better way to get to the customer, and a more competitive environment makes everyone look for better methods of doing things."

Despite predictions that the advent of the eyewear chain would mean the demise of the eyewear independent, that has not happened, Pierson points out: "Over the last 20 years the market-share penetration by the chains has been a lot slower than it was when they first started. In 1988, when I started in optical, the retail balance was 70 percent independents, 30 percent chains; everyone thought that would drop to 50/50 overnight, but it still hasn't reached that level. I give credit to the independents who have slowed the chains' market-share gains."

—Cathy Ciccolella



Dave Pierson
President and
CEO,
Refac Optical
Group

1987

- Superopticals emerge as an industry power.
- Medicare begins reimbursing ODs for eyecare services.
- Sears buys Eye Care Centers of America.
- J&J debuts disposable contact lenses to the general public.
- Pilkington buys Coburn.

■ Following its first edition as a news daily at the first Vision Expo in New York in the fall of '86, **Vision Monday** launches as the optical industry's newspaper in January 1987.



■ U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev sign the I.N.F. treaty marking the beginning of the end of the Cold War, ushering in 'glasnost.'



■ The largest stock-market drop in Wall Street history occurs on Oct. 19, which came to be known as "Black Monday."

■ "Take My Breath Away" the theme song from the movie *Top Gun*, wins the Academy Award for best song.

■ Prozac is released for use in the U.S.

1988



■ First Vision Expo West is held in Long Beach, Calif.

■ Pearle Vision buys Vision Express, Eye + Tech chains.

■ MD's are encouraged to dispense.

The Rise of Direct-Sellers and Designer Brands The change of eyeglasses from medical device to fashion accessory accelerated in the late '80s and '90s, as older, traditional styling, U.S.-based manufacturing and methods of distribution gave way to new approaches from global players—international fashion, European, Japanese and, eventually, Chinese production and direct sales.

The rise of direct selling, ushered into the U.S. in the late '60s and '70s, had challenged classic wholesaler distribution to ECPs; in the '80s it took flight. At the same time, the expansion of commercial chains led to new buying clout and dynamics. And the advent of designer brands changed the game completely.

The arrival of familiar consumer brands into the eyewear arena altered consumers' perceptions of eyewear and how it is bought, displayed and sold.



Al Berg
CEO
Marchon Eyewear

The shift in frame distribution enabled the growth of new companies and brands in the U.S. market over the last two decades. Observes Al Berg, CEO, Marchon Eyewear, which is marking its 25th anniversary in 2007, "When we started planning Marchon in the early '80s, some long term trends, like direct selling, were already visible. We weren't Einstein to see that. Wholesale meant less risk, less reward and less control. Direct selling gives you more control of your distribution, direct feedback on your product performance, better control of retail presentation and ties you directly to the retailer without a middleman trying to translate.

"What really changed, and one of the things Marchon recognized very early, was computerization. Back then about a third to half of our initial capital was to make the investment in systems to set up service for the future. And, sales training and marketing became paramount from the start."

"And, while owning factories was the norm for the bigger international players, another approach that worked was the recognition that we would create products from many different countries, sourcing from a variety of places, which has become a real asset for us; we eventually did open our own factory, but we still enjoy the flexibility of multiple sourcing options which works to differentiate brands."

Actually, Berg continued, "that flexibility gave us the process and the DNA to be able to work with licensors and meet their various needs. Our first brands were really house brands, we had Disney early on, but our first major license was Calvin Klein. It was the advent of designer licenses that brought identity to the collections, brought consumer fashion influences to eyewear and enabled us and others to enter the sunglass market.

"That was a pivotal change. The consumer marketing imagery that came along with it enabled companies to create more refined, polished presentations, too. The industry was tilting towards fashion and in the early '90s the race really began. ECPs recognized the importance of fashion for their own competitive image."

Berg added, "We went relatively slowly in terms of adding new brands because of the need to invest to do them properly. And we were expanding internationally at the same time. None of the leading global players were American-based. Really, only us and Oakley have established that kind of international presence; others are selling frames but the international paradigm really shifted by the end of the '90s in terms of what it takes—computerization, sales force, training, service, product development – to compete on a global level. As an American company, we had access to great American brands—along with Calvin, Nike, Nautica, Coach and Michael Kors. We took over the worldwide rights to Fendi two years ago, which has added another dimension to our global business."

Today, he adds, the diversity of brands and their images are the differentiators. But, he points out, sunwear has been the most dramatic change in the posture of the leading optical players. Driven by licensing, "sunwear is brilliantly synergistic. Sun has tremendous potential, for plano or Rx suns, the brands have brought prestige and visibility to the category."

"The advent of designer licenses brought identity to the collections, brought consumer fashion influences to eyewear and enabled us and others to enter the sunglass market."

—Al Berg

There are still opportunities for smaller frame companies, Berg says, companies who can find niches by targeting a small selection of retailers. "It's the middle ground today that's the challenge."

"Smart retailers today, including more of the 30's, are recognizing that brands give their opticals or retail area credibility. Lots of companies, Marchon included, are working to help their good customers succeed and help them grow via education, marketing and systems support. The future looks bright for eyewear fashion."

—Marge Axelrad



■ Eye Care Centers acquires Binyon's, develops Eyemasters brand.

■ U.S. Shoe, parent co. of LensCrafters, puts itself on the block.

■ George Bush Sr. becomes the 41st President of the U.S.



■ U.S. and Canada reach free a trade agreement, known as NAFTA.

■ CDs outsell vinyl records for the first time.

1989

■ Sunglass-only retailers eye bright future.

■ Eyeglasses II is passed.

■ Benson Optical chain files for Chapter 11 bankruptcy protection.

■ Eckerd Corp to expand Vision-Works.

■ Pearle to acquire EyeLab.

■ Sàfilo buys Optique du Monde.

■ FDA seeks voluntary seven-day limit on extended-wear CLs.

■ The super-tanker Exxon Valdez runs aground off the Alaska coast spilling 11 million gallons of oil into Prince William Sound.



■ Thousands of Chinese students take over Beijing's Tiananmen Square in a rally for democracy.

■ After 28 years, the Berlin Wall opens to the West.

■ Academics and the military invent the World Wide Web.

1990

■ Transitions launches first successful plastic photo-chromic lenses; Essilor, PPG plan joint venture.

■ AR Council holds its first meeting.

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Advances in Ophthalmic Lenses Since 1987, the introduction of new technologies in ophthalmic lens design, materials and treatments has completely changed our perception of lenses and the way they are dispensed. Today, it's hard to conceive of a world without lenses that are ultra-thin, lightweight, impact resistant, photochromic, anti-reflective and come in almost any color imaginable. The same goes for progressive lenses that are easy to wear, fit into fashionably small frames and can be customized for individual wearers.

Yet all these lenses are now widely available and are an integral part of every up-to-date dispenser's premium product mix. With an ever-expanding array of lens options to choose from, eyeglass and sunglass wearers can satisfy virtually any optical or cosmetic need.

From his vantage point as president of Essilor Lenses, Mike Daley, aka "Mr. Varilux," has not only witnessed these advances first-hand, he has played an active role in promoting premium lenses. Daley sees the evolution of lens technology as a positive force that has enhanced the lives of millions of eyeglasses wearers by enabling them to look and see better.

"There have been so many important developments in lenses over the past 20 years. But the biggest breakthrough consumers talk about are thinner lenses, especially if they have higher prescriptions like minus 7 or minus 10," said Mike Daley, president of Essilor Lenses. "Twenty years ago, patients with these types of prescriptions would have had so many restrictions on what kind of lenses and frames they could wear. When high-index and polycarbonate came in, patients really noticed, because it allowed them to wear nice frames."

Although progressive addition lenses were available from several manufacturers before 1987, patients often had difficulty adapting to the relatively "hard" designs of the lenses. Yet many patients were willing to go through the adaptation period in order to experience the benefits of PALs.

"Patients, when given the choice of bifocals or progressives, usually preferred progressives," said Daley. But there was always a bias against progressives among professionals. A lot of the optometry schools said they were not going to teach about progressives because they were terrible designs that were aberrated."

The situation began to change in the mid-'90s with Essilor's introduction of Varilux Comfort and the introduction of other "soft" progressive designs by Zeiss, Rodenstock, SOLA and Hoya and others. "One of the things we did to grow the market was getting patient trial by offering free fits," recalled Daley.

Ironically, the computer modeling software that enabled lens manufacturers to overcome previous design limitations also created problems, he noted.

"The new design capabilities were both a plus and minus," said Daley. "The consequences were

that some designs weren't well researched, and therefore didn't work well with patients. This confused some doctors, just as they were beginning to get comfortable with PALs. They tried and failed, and this hurt the growth of PALs."

As better PAL designs emerged, the doctors' confidence increased. Today, the progressive lens market continues to expand in the U.S., as manufacturers further segment the market with new, specialized designs. Progressives accounted for 27 percent of all lens pair sales in the U.S. for the 12 months ending September, 2006, according to Jobson/VCA.

"There's great confidence in progressives among doctors and opticians now that we've trained them how to fit the lenses," said Daley.

Anti-reflective lenses have followed a similar trajectory. "Our production and distribution system for AR in the U.S. was different than in Europe and other parts of the world, where everything is self contained," Daley observed. "They have a huge clean room and can match the AR coating to the substrate. We didn't have that at first, and that led to quality issues."

The key to growing the AR market was creating a package combining AR with the hard coating and the substrate, Daley noted. "Once we integrated our production facilities and had better quality and more distribution, the doctors loved it."

"When high-index and polycarbonate came in, patients really noticed, because it allowed them to wear nice frames."

—Mike Daley

Daley also cited photochromics as one of the breakthrough lens products in recent years. "Photochromics opened up whole new arena for doctors and patients to see where fashion and technology can come together," he said.

"The key for the next 20 years in how the industry will develop the tools to get these products to consumers. There's no way in a half-hour office visit to learn about it all."

—Andrew Karp



Mike Daley
President
Essilor Lenses

■ Wal-Mart debuts first optical center.

■ National Vision Associates Ltd. opens first leased optical store in Wal-Mart.

■ Benedict Optical is founded.

■ Benson emerges from Ch. 11.

■ Investors acquire Texas State Optical from Pearle.

■ Doug Barnes, formerly of Vision Express, opens EyeMart Express, new "everyday, low-price" superstores.

■ Royal Optical, U.S. Vision merge, creating 865-unit chain.

■ "The Simpsons" debuts as a comedy on the FOX Network.

■ The 'mouse' is introduced by Microsoft.

■ South Africa frees Nelson Mandela.

■ Milli Vanilli admits to lip-synching hits and has their Grammy revoked.



1991

■ After acquiring exclusive rights from CVI/Beta, Marchon registers Flexon memory metal trademark.

■ Optical industry pitches in for Desert Storm.

■ Three retail chains—Sterling Optical, E.B. Meyerowitz, Galeski Optical—file for Ch. 11.

■ Pearle buys FastCast.

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■ Gorbachev resigns, Soviet Union is officially dissolved and 14 regions become independent nations, ending 74 years of Communist rule.



■ The “Grunge” music scene emerges, headed by bands like Nirvana and Jane’s Addiction.

■ Mariah Carey wins the Grammy for best new artist.

1992

■ Sunglass Hut tops 500 stores; buys 135 Sun Mark units.

■ LensCrafters tops Pearle as top chain in retail sales for first time.

■ Varilux plans national ads for multifocals.

■ LensCrafters enters managed care arena.

■ D.O.C goes private again.

■ Vision Monday publishes first Top 25 Wholesale Labs Report.



■ Four Los Angeles police officers videotaped beating black motorist Rodney King are acquitted; leading to several days of rioting in South-Central Los Angeles.

■ Bill Clinton is elected President beating out incumbent George Bush Sr.



■ After 20 years, Johnny Carson hosts *The Tonight Show* for the last time.

■ “The Silence of the Lambs” sweeps the Oscars.



1993

■ First daily disposable CLs introduced by Vistakon, later B&L.

■ Signet signs with Kodak.

■ Sears sells ECCA to Desai Capital Management.

■ Sterling Optical buys Site for Sore Eyes.

■ VSP explores frames biz with Altair.

The Evolution of the Modern OD Dramatic changes in the scope of practice have created new horizons for optometrists in 20 years. While the battle for Eyeglasses II still raged in the early ‘80s, which removed some practice marketing restrictions, additional changes, like the right to administer some therapeutic drugs in all 50 states, in addition to diagnostics, opened many new doors. Contact lens developments also offered new opportunities for specialization as did the advent of refractive surgery in the areas of co-management of pre- and post-op patients.

The changing competitive landscape created different demands for dispensaries as well. Today’s optometrists, men and many more women, are exploring new practice scenarios not considered two decades ago.



Jack Schaeffer, OD
President,
Schaeffer
Eye Center

Dr. Jack Schaeffer’s first practice had one exam room, one contact lens room and he recalls dispensing eyeglasses at the cost of materials plus \$25, based on the selection his local lab chose for the office. Two years later, after studying some of the country’s leading optical contact lens and medically-based practices, along with innovative superstore ideas, Schaeffer opened his first freestanding Eye Center. Years later, today, with 13 Eye Centers, including Schaeffer EyeWorks (an updated take on upscale retailing), Schaeffer Laser Vision, and his community involvement, Schaeffer’s Birmingham, AL practice is one of the largest in the Southeast and his visibility among his peers through a variety of educational, consulting and association activities (he heads the AOA’s Contact Lens Section) reflects the definition of a modern, progressive OD.

“Drug legislation, Medicare parity and glaucoma management have created enormous change,” Schaeffer said. “We saw a shift in practice to a more medical orientation and involvement, including diabetes, glaucoma and cataract co-management.

“Over the same period, I personally felt that we wanted to evolve our dispensary towards the high-end and we’ve always grown that side of our business.” This is reflected in modern design and exclusive frames but also in spectacle lenses. “The choice of lenses has exploded,” Schaeffer notes. “Back in ‘80s, there were one or two progressives, the majority of patients were wearing bifocals and the AR coating scratched. Today, there are 24 lens choices for everyone that walks in. Your optical staff has to be constantly trained and you have to stay on top of those changes, too. Patients want and expect a higher level of expertise from the private practice OD.”

Managed care, Schaeffer observed, has affecting economics for all. “If you were going to survive in the long term, you needed multiple locations to be in a better situation to serve more patients in town. Multiple locations also had advantages in terms of marketing, but to succeed you needed a larger staff, computerization and equipment to support it all.”

Refractive surgery, too, has added “a new dimension to optometry and has become another part of the refractive system. It created a new dynamic with ophthalmology and opened a lot of

doors for optometrists. We’re just scratching the surface now; new multi-focal IOLs will be another whole new level of co-management. ODs have also become more involved in the pre-management of cataract surgeries, not just post-care. ODs are demanding more education on the surgical side to learn how to help patients in their decision-making process – not just whether to have refractive surgery, but what type.

“And contact lenses, wow. At the Section, we’ve declared 2007 as ‘the year of the contact lens.’ It’s been an amazing CL ride in the past year. Two decades ago, contact lenses were available only from doctors, were replaced once a year and patients came back when they had problems. Then the market slowly got commercialized, there was a lack in profitability and professionalism, docs got disenchanted and patients saw them as commodity products.

“But we’ve seen a resurgence of CLs as a medical vision correction device. This year’s fusarium infection issue opened everyone’s eyes; it showed everyone that non-compliance can cause problems, that lenses and lens care solutions form a complex. They are aware that doctors have to match a solution to a lens to a patient, patients need to be checked more frequently and in general patients have a new respect for the product.

“On top of that, there are material choices, from HEMA to PC technology or silicone hydrogels. Patients can go daily or extended, can go monovision or multifocal. We’re really taking a higher road which means that ODs can have multiple levels of care, which helps fees and creates a real potential for true specialty levels of practice.”

Schaeffer made another point. “Ninety-five percent of the average professional practice’s eye exams are booked appointments; it’s rare to see walk-ins, except for eye infections and emergencies. And I don’t mean ‘emergencies’ as they used to be—my glasses broke or I lost a contact. We’re seeing patients who are seeing spots or floaters or want info about IOLs. Optometry is truly the primary eye care provider. In the ‘80s, we thought we were; but today, it’s changed dramatically and that’s the big change, perhaps the biggest.”

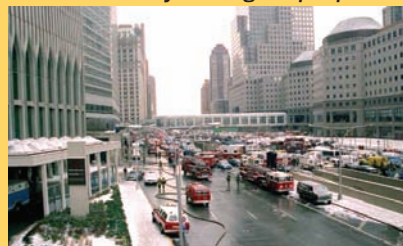
—Marge Axelrad



■ B&L buys Revo.

■ Mass merchants/clubs hit \$314 million in optical sales.

■ On Feb. 26, explosives shake the north tower of the World Trade Center in New York City leaving six people



dead, and more than 1,000 injured—marking the first time since World War II a terrorist attack is launched on U.S. soil.

■ The FBI and U.S. Army mount a 51-day siege on David Koresh's Branch Davidian compound at Waco, Texas, after an unsuccessful raid by the U.S. Bureau of Alcohol, Tobacco and Firearms. All 74 cult members perish.

■ Eric Clapton wins Grammys for Best Album, Best Record, Best Song and Best Male Pop and Rock Performances.



1994

■ MDs mobilize to build dispensaries.

■ American Vision Centers looks to expand.

■ Marchon buys OfficeMate.

■ U.S. national champion figure

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The Effect of Managed Vision Care Although managed vision care has been around more than 50 years, the concept languished until the 1980s. As recently as 15 years ago, less than one-third of U.S. employers offered employees some sort of vision plan.

Today all that has changed. About 77 percent of companies with 100 or more employees offer vision plans, while nearly 50 percent of U.S. adults are covered by vision insurance. The managed-vision industry now even has its own trade organization, the four-year-old National Association of Vision Care Plans.

Still, not all eyecare providers embrace managed vision even today; some chafe under its paperwork requirements or complain of what they perceive as low reimbursements. Most acknowledge, however, that vision plans boost their patient flow and can increase their practice revenues.



Rob Lynch
President and CEO,
Vision Service Plan

Managed vision care has evolved from simply a way to provide consumers with discounted eyecare services and eyewear purchases to a weapon in the prevention and treatment of eye disease.

Over the past 20 years, as vision plans have broadened their coverage to include more eyewear products and additional professional services, more U.S. employers have taken note and begun offering eyecare insurance. At the same time, escalating costs in other health-care areas have made the relatively lower cost of managed-vision programs more attractive to employers and consumers alike.

"While the general medical-insurance business has remained somewhat consistent in terms of penetration of the population, the big story in managed vision care is that the number of Americans covered by vision plans has grown tremendously, to the point where it's starting to approach the level of penetration of other types of coverage," such as medical or dental insurance, said Rob Lynch, a health-benefits veteran who is chief executive officer and president of Vision Service Plan (VSP). The not-for-profit company—the industry's leader in terms of funded lives, with close to 50 million members—was founded in 1955. Lynch joined VSP as president in February 2006 and became its CEO last July, succeeding retiring managed-vision legend Roger Valine.

Another significant evolution in managed vision care over the past decade or so has been the shift toward totally or partially "voluntary" plans, through which an employer is the gatekeeper of what its plan offers, while it is up to the employee to choose which services he or she wants (and will pay for). Lynch said 43 percent of VSP's plans through employers last year were 100-percent voluntary, up from 23 percent in 2003.

Increased inclusion of vision care in the overall

health-care continuum has shifted more attention to the issues of credentialing consistency and broadened scope of practice by eyecare professionals, many of whom are now focusing more on the medical and preventative aspects of vision care.

"We see a definite linkage between regular, comprehensive eye exams and disease diagnosis and management," Lynch told *VM*. "And we've found that consumers with vision coverage are more likely to seek out care—our research indicates that half of all people with a vision plan get an eye exam, versus the one in three people with medical insurance who gets a physical." (To help consumers not covered by employers' plans get coverage, this year VSP will roll out a new vision-care plan for individuals such as retirees and the self-employed, a move Lynch calls "the next logical step in managed vision's maturing.")

Added the VSP executive, "We believe optometry has a major role to play in health-care delivery."

As for managed vision's relationship with eyecare professionals, "ECPs have gone from resistance to

"We've found that consumers with vision coverage are more likely to seek out care."

—Rob Lynch

acceptance to engagement regarding managed care," Lynch said, adding, "Different practitioners are at different levels of that process." Looking toward the future, he credits the nation's optometry schools for doing "a really good job of educating optometric students about what managed vision is."

Overall, Lynch noted, in recent years VSP and other vision-plan providers have helped foster "a better understanding of how managed vision can help integrate the ECP into health-care delivery" among practitioners on their provider panels.

—Cathy Ciccolella

Sunwear Soars Two different worlds: that was the contrast market observers—and consumers—often described of the plano sunwear market and the optical market before the mid-80s. Distinct supplier groups, distribution policies and pricing marked the two worlds of ‘retail’ sun and optical sunwear. The advent of designer licensing and sports-specific performance sunwear changed all that. Movies, music videos and celebrity culture also played a role in shining a major media spotlight on shades. On the technology side, new coatings and lens technologies are providing options for both plano and Rx sun’s continued potential. Optical sells the highest proportion of premium sunglasses even as department and specialty retailers build their presence in the category. And, in terms of style influence, sunwear’s shapes, colors and detailing continue to influence ophthalmic frames and the perception of eyewear in general.

“In 1987, sunwear and optical were different animals,” noted Claudio Gottardi, co-CEO of Italy-based Sàfilo Group. “At the time, the optical companies were emerging as European and global players, people like Luxottica, Sàfilo, L’Amy, Menrad and Optyl, while the sunglass companies were really much more local or country-specific players—B&L with Ray-Ban, Corning with Serengeti, De Rigo in Italy with Police and Sting and U.S. players like Lantis and Riviera. There represented different points of view. Optical companies were focusing on their own production, doing their own design and distribution; sunglass companies usually didn’t have their own production and outsourced their products.”

Optyl, Gottardi observed, had started the licensing business many years before with Porsche Carrera and Christian Dior, and saw sun’s potential far ahead of others. But as more companies based in optical started eyeing growth opportunities, licensing came into the fold in a big way. Two significant events, Gottardi cites, the licensing of Giorgio Armani by Luxottica in the late ‘80s and the licensing of Gucci by Sàfilo, propelled those companies, and soon others, into the opportunities of higher-end optical and with it, sunwear. “They started to see how they could use their enormous design and production capabilities to move into a more premium interpretation of sunglasses.”

Initially, Gottardi recalls, it was a challenge. “I did a market study in 1989 and we saw that the sunwear companies’ cost structure was very different than ours; they were putting out a much cheaper product, and it was a challenge at first to compete.

“But it was the brands that had a power beyond the optical distribution channel and the entrance of the big optical players changed the paradigm of what sold to the consumer.

“Eventually, it became a race to find or create brands.”

Sunwear’s new character also pointed out distinctions between male and female customers, who, Gottardi points out, “are very different in their attitudes and buy different products.” They don’t always buy in the same locations, women favor buying sunglasses in department stores or boutiques while men prefer sport specialty or gift stores.

“In the beginning of the ‘90s, the explosion of Sunglass Hut helped propel such brands as Oakley and Maui Jim for the male customers and also provided a showcase for brands like Ray-Ban and, eventually, thousands of windows for some designer/fashion brands.” In reality, Gottardi acknowledged, such ‘70s sport-oriented phenomenons as Porsche Carrera, Alpina and Bolle created a trend in Europe for sports sun to be cool. The emergence of that trend is what led Sàfilo to complement its designer fashion offerings with the strategic acquisitions of Smith Sport and Optyl Carrera, he noted.

But until the ‘90s, there hadn’t been a real way to get the message of sunwear excitement to the consumer in North America. Sunglass Hut and, soon, other specialty sun chains, provided that avenue.

Luxottica soon acquired Sunglass Hut and Ray-Ban. Gottardi saw the opportunity in specialty, too, and approached LVMH, the luxury goods giant, who had launched Sephora and established a small sunwear chain, Solstice, to target that trend. Today, via Sàfilo’s Solstice Marketing Concepts operation, Solstice has 85 luxury sunwear stores, and is planning 35 new locations this year.

As for sunwear’s potential within the optical channel, things are improving but it continues to be a huge effort for Sàfilo, Luxottica, Marchon and other companies. Notes Gottardi, “We have worked hard to convince optical retailers about the opportunities

“[Companies] started to see how they could use their enormous design and production capabilities to move into a more premium interpretation of sunglasses.”

—Claudio Gottardi

in sun and have worked to show them the logic of sun fashion, merchandising and displays.”

He continued, “Sunglasses are the most visible fashion accessory out there. The access to fashion and luxury is a real and proven need among consumers; it makes sense that if you have a captured audience in your store for prescription eyewear that you offer them a small piece of that world. Sunwear will only grow, its role is now iconic in our culture.”

—Marge Axelrad



Claudio Gottardi
Co-CEO,
Sàfilo Group

skater Nancy Kerrigan, a 1992 Olympic bronze medalist and a favorite for the gold, is attacked after a practice at the U.S. Olympic trials in a plot devised by skating rival Tonya Harding and her husband.

■ U.S. sends forces to Persian Gulf on Oct. 7.

■ The World Series is not held as Major League Baseball players strike.



1995

■ Luxottica to buy U.S. Shoe, parent of LensCrafters, for \$1.4 billion.

■ LensCrafters acquires 61-store OptiWorld chain.

■ Summit Laser gets final OK for PRK.

■ AVC to acquire NuVision chain.

■ Bacou to purchase Titmus.



■ Davis Vision acquires Empire Vision Center chain.

■ SOLA to go public.

■ Bain Capital buys Wesley-Jessen.

■ FDA approves laser for PRK.

■ Pro Football Hall of Famer and television celebrity O. J. Simpson goes on trial for the murder of his ex-wife Nicole Brown Simpson and Ronald Goldman. A Los Angeles jury later finds him not guilty.

■ A massive bomb inside a rental truck explodes outside the Murrah Federal Building in downtown Oklahoma City, demolishing half of the nine-story structure and killing 168 people.

■ Grateful Dead frontman Jerry Garcia dies.



■ Amazon.com launches. It won't make its first annual profit until 2003.

Continued on page 32

■ DVD are announced as an industry standard in November 1995 and backed by major players in the CE, IT and movie industries.

The first players appeared in Japan in November 1996, followed by U.S. players in March, 1997.

1996

■ Essilor buys Omega Optical Lab, Southern Optical, W.O.S. Optical, and Duffens Optical.

■ Cole National buys Pearle Vision.

■ Davis Vision becomes subsidiary of Highmark.

■ Sterling buys D&K Optical.

■ B&L buys Arnette.

■ W-J buys Pilkington-Barnes Hind.

■ ECCA buys Visionworks.

■ Sàfilo acquires Smith.

■ SOLA moves to purchase American Optical.

■ Sàfilo wins bid for Optyl/Carrera.

■ *Ted Kaczynski, otherwise known as the Unabomber, is captured in a remote cabin after his own brother recognizes his writing style in a lengthy manifesto that he anonymously submitted to the Washington Post.*

■ *A 20-year-old Tiger Woods turns pro and wins two tournaments for \$790,594 in prize money. Sports Illustrated selects Woods as the 1996 Sportsman of the Year.*

■ *Dr. Ian Wilmut and his team clone the world's first sheep from adult cells. The lamb, born in July 1996, is named Dolly.*

1997

■ Vistakon, Ciba Vision, B&L face antitrust suits in 22 states.



The Impact of Wal-Mart and Other Mass Merchants Attracted by margins considerably higher than they had been accustomed to, various U.S. mass merchandisers have entered the optical business over the past 20 years...and many have pulled right back out again.

From drugstore chains to supermarkets, from discount stores to membership warehouse clubs, a number of mass merchants have targeted optical as an opportunity for expanded revenues and profits, both in the form of company-owned in-store dispensaries or by leasing space as a host environment to traditional eyewear retailers.

Those who have stayed in optical—including venerable retail brands such as Wal-Mart, Target, ShopKo and Costco—have made it work for them, and have done much to legitimize the “value” segment of the eyewear business. The largest impact came from Wal-Mart, which moved quickly in the 1990s to expand its corporate vision centers in both its Wal-Mart and Sam’s Club locations as well as the leased departments inside its discount stores.



Reade Fahs
President and CEO,
National Vision

Wal-Mart’s 1990 opening of its first optical departments—both as company-owned vision centers and through its primary lessee, National Vision Associates Ltd. (ancestor of today’s National Vision)—sent a chill down the spines of many eyewear retailers and eyecare practitioners. The retail giant’s entry into optical was not the first by a mass merchandiser: discounter ShopKo and warehouse clubs Costco and Price Club (which merged in 1993) had already been in the optical business for several years. Other general-merchandise retailers—including drugstore chains and even supermarkets—had also dabbled in eyewear to some degree during the 1980s.

But Wal-Mart’s rapidly expanding store count and low pricing for eyewear and exams—in both its discount stores and its Sam’s Club warehouse chain—were cause for trepidation; industry pessimists predicted a severe impact on the bottom lines of traditional eyewear chains and independent dispensers alike. The company was seen by some at the time as a giant wind about to blow across the industry, destroying everything in its path.

Seventeen years later, Wal-Mart is now optical’s second-largest player in both sales and store count, and mass merchants hold three of the top 15 spots on VM’s latest Top 50 Optical Retailers listing. But the world’s largest retailer and its discount/warehouse peers have not wiped out their more traditional eyewear/eyecare competition, although they have brought significant changes to the optical retailing landscape.

Says Reade Fahs, chief executive officer and president of National Vision, which currently operates leased vision centers in about 250 U.S. Wal-Mart stores, “The entry of the mass merchants into optical has led to greater segmentation within the industry—before they came along, the bulk of eyewear sales came in the mid-price range. Now optical retailers are carving out different niches, from high-end to budget, and

consumers are finding their natural places in the market.”

The rock-bottom pricing by mass merchants so feared by other eyewear retailers did help many discounters and warehouse clubs establish themselves in optical, but today “low price” is not their whole story, according to Fahs.

“While a single-vision customer can get a complete pair of glasses in the mass-merchant channel for \$49, this is in no way the bulk of the business,” he told VM. Fahs said most of his firm’s Wal-Mart customers “know what they want to spend on glasses, and come to us knowing that at their budget level they can get a whole lot more of what they want in their eyewear (in terms of frame styles and lens features) via us than via the fancier mall stores or the ECP channel.

“The mass merchants tend to carry a broad range of pricing, so the entry price is lower, and one group of consumers wants that,” he added. “Other consumers have more money and are inclined to pay more to get higher-end products.”

“Now optical retailers are carving out different niches, from high-end to budget, and consumers are finding their natural places in the market.”

—Reade Fahs

Mass merchants entering optical took market share primarily from the chains, which in the previous decade stole share from independent dispensers, Fahs noted: “The chains got consumers used to buying eyewear in a retail environment, so shopping at a mass merchant was a logical step and a smaller step.

“Before chains, optical retailing had no segmentation. The chains began the snowball effect of segmentation. Today there’s more segmentation than ever, which is good for consumers.”

—Cathy Ciccolella

■ TSO parent Consolidated Vision to acquire America's Best.

■ Marine buys Wilshire.

■ J&J eyes spectacle lenses, buys Innotech.



■ Western Optical files Ch. 11.

■ Cole to buy AVC/NuVision chain.

■ Galleria launched at Vision Expo West in Anaheim.

■ Signature Eyewear files for IPO.

■ Marchon, Marcolin to go separate ways; Marcolin USA debuts.

■ Optical Women's Association (OWA) is formed.



■ Diana, Princess of Wales, and her male companion Dodi Fayed die in car accident in Paris.

■ "Titanic" crashes into theaters. It later becomes the highest-grossing film of all time.

■ U.S. spacecraft begins exploration of Mars on July 4.

1998

■ Investment firm to buy Sierra, Benedict for new ORI lab network.

■ Gerber Optical acquires Coburn.

■ TPAs passed in D.C.; laws now cover ODs across entire U.S.

■ BMC seals

Orcolite acquisition; name changed to Vision-Ease Lens Azusa.

■ First Vision Expo East edition of Galleria in New York.

■ NVAL buys Frame-n-Lens, New West optical chains, changes name to Vista Eyecare.

■ FDA approves laser for LASIK.

■ Expo West held in L.A.

Advances in Lens Processing Technology The spectacle lens revolution of the past two decades would not have been possible without a parallel revolution in lens processing technology. The development of automated, high-precision surfacing, finishing and coating systems has enabled optical laboratories to efficiently produce the latest lens designs, materials and treatments.



Larry Clarke
President,
Satisloh
North America

"We've seen a big cultural change over the last 10 years in which labs have become more like manufacturing facilities," said Larry Clarke, president of Satisloh North America. "In order to lower costs, labs are abandoning the job-shop mentality and moving into a true production mentality. That requires more focus on training, management of equipment and preventive maintenance."

Implementing more efficient production methods requires the lab to concentrate more on statistical analysis of deviation from standards, and metrics that are more consistent with other industries, according to Clarke. "It's more about quality control and equipment maintenance as opposed to managing operators, which is more in line with other industries," he said. "The goal is to lower the cost per lens with higher quality, and well as to be less reliant on operator skill and education. The less a lab relies on employee expertise and the more reliant it is on systems and automation, the accuracy

improves and the redo rate is lowered. Ultimately, service improves."

One of the most dramatic changes has been in the production and distribution of AR lenses. "Twenty years ago the industry was dominated by custom coating houses," Clarke noted. "Now individual labs are producing high quality AR in-house."

"In order to lower costs, labs are abandoning the job-shop mentality and moving into a true production mentality."

—Larry Clarke

As Clarke pointed out, eye care professionals are benefiting from advanced lens processing technologies by getting higher quality products produced at a lower cost per unit. "Although that doesn't necessarily translate into lower cost lenses for the ECP, it has allowed for the introduction of premium lenses," he said. —Andrew Karp

The Refractive Surgery Option With the advent of laser vision correction surgery, a new, innovative and at times uncertain chapter in vision care began, leaving eyewear dispensers fearful that this new technology would seriously harm the market for eyeglasses and contact lenses. Major developments in vision correction surgery moved from PRK to LASIK and new research continues in the IOL category. From 1996 through September 2006, some 6.43 million Americans have opted for refractive surgery.



Michael Lange, OD
President,
Lange Eye Institute

Despite dire predictions, the eyeglass/CL market has continued to thrive despite this competition for consumers' eyecare dollar. Doomsayers who predicted that laser vision correction would erode the prescription eyewear and contact lens business generally found themselves off target, as optical chains and ECPs across the U.S. embraced the procedures as a way to expand their customer bases. Slowly but surely, select chains and practices in the U.S. have added vision correction surgery to their lineup of services in an effort to attract and retain patients, appealing to both young and old.

Michael Lange, OD, in practice since the late 1990s, has six locations in Central Florida. Late last year, Lange cut the ribbon on the Lange Eye Institute, with an ambulatory surgical center as the main attraction of the 25,000 square-foot facility. Within six months, Lange predicts the center will be doing about 200 LASIK procedures every month.

"LASIK surgery techniques have evolved dra-

matically, and today's lasers have really been improved to track the movement of the eye. As the technology improved and the approvals from the FDA broadened, refractive surgery has increased," Lange said.

"I've waited for the technology to advance—the most dramatic improvement has been in the last five years." He points to laser technologies offered by Nidek, Alcon Radar Wave and VISX as having the most influence on his practice procedures. And new advances in LASIK have prompted Lange to fine-tune vision correction for older patients following cataract surgeries.

As for the marketing aspect, offering vision correction surgery "has helped get people in the door and stay there. I used to have to refer patients to outside surgeons; now, we're offering everything under one roof. It's more convenient and it definitely keeps patients coming back." —Mary Kane

ODs Explore New Business Models The advantages of strength in numbers—including breadth of services offered, increased marketing and advertising reach, and reduced overhead—as well as expansion of their scope of practice have led many independent optometrists to band together in various configurations over the past two decades via franchising or other collaborative strategies, including those with MDs.

As the nature of eyecare and eyecare practices has changed, progressive optometrists have moved from a co-management role in disease treatment and surgery to participation in a single vision-care delivery system, according to Ken Hollis, president of Rocky Mount, N.C.-based Doctors Vision Center. The outgrowth of an independent office opened by Peter Hollis, OD (Ken Hollis' brother), in 1980, Doctors Vision Center today has 25 corporate and 35 franchised locations housing both ODs and ophthalmologists.

The 1990s growth of managed vision and laser vision correction led Doctors Vision Center and other practices to bring ODs together—often joined by MDs—through franchising and other means, to benefit from economies of scale while offering broadened services: a “one-stop shopping” approach for patients that is also profitable for the providers.

Advances in digital record-keeping and diagnostic/treatment technology have helped foster this cooperative effort. Another factor has been increased competitive pressures on the dispensing sides of independent ODs' practices, leading

many to turn to the “medical” side of optometry for a larger share of their income.

Such cooperation is “a wonderfully ‘patient-centric’ approach through which both optometrists and ophthalmologists can collaborate on a patient’s care, while the patient stays in the system with a single electronic medical record,” Hollis noted. “Technology is also available so consultations can take place electronically, with eyecare professionals in various locations

“Cooperation is ‘a wonderfully patient-centric’ approach through which both optometrists and ophthalmologists can collaborate on a patient’s care.”—Ken Hollis, MD

within an integrated practice seeing the same retinal image and patient history, for example.”

With this collaborative approach, he added, “we don’t view ourselves as an optometric group, but as a single channel for all vision care.”

—Cathy Ciccolella



Ken Hollis, OD
President,
Doctor's Vision
Center

The Wholesale Lab Business Consolidates In 1996, ophthalmic lens giant Essilor International shook the U.S. wholesale lab market by purchasing four of its biggest independent distributors—Omega Optical, Southern Optical, W.O.S. Optical and Duffens Optical. Essilor's bold move unleashed an ongoing wave of lab acquisitions by Essilor and its major competitors, Hoya and Zeiss/SOLA. The consolidation created vertically integrated lab networks that manufacture, process, market and distribute lenses with greater economies of scale and improved efficiency.

“The decision to purchase wholesale laboratories made by each of the three leading lens manufacturers—Essilor, Hoya and Zeiss—was simply an evolutionary process, according to Barney Dougher, president, Hoya Visioncare North America. “In the rest of the world these companies own their own labs,” he pointed out. “In our market they didn’t. Each had to expand its market, and this is how they chose to do it.”

Integrating lens manufacturing with lens processing and distribution allows Hoya and the other supplier-owned lab networks to streamline their operations, Dougher pointed out. “We can bring products to market much more quickly and efficiently,” he said. Often, these products require a heavy investment in capital in both the manufacturing and processing sides.

“Some of these futuristic technologies, such as freeform, are complex and require a high skill level of the scientists and engineers who develop them. We want to make sure

those technologies work before we introduce them.”

Supplier-owned lab networks have distinct advantages over independent labs when introducing a new product or technology.

“You need to get into the core of the customer base, down to the local level,” Dougher said. “If you’re an independent, you can reach those levels

“We can bring products to market much more quickly and efficiently.”

—Barney Dougher



Barney Dougher
President,
Hoya Visioncare
North America

in your local market, but you can’t support the R&D unless you’re a national organization. It’s all about size. You want to be small enough to be close to the customer, but large enough to support R&D. We’re able to tap more resources, bring a better product to market and ultimately bring more value to the consumer.” —Andrew Karp

■ Vision Service Plan passes \$1 billion in revenues.

■ **Vision Monday** debuts Web site and launches VMail.



■ Some 76 million people tunes in to view the last installment of Seinfeld.

■ Europeans agree on single currency, the Euro, on May 3.



■ Frank Sinatra dies at age 82.

■ President Clinton is accused in a White House sex scandal and denies allegations of an affair with White House intern Monica Lewinsky.

■ Netflix, the largest online DVD rental service, is established offering flat rate rental-by-mail to customers in the U.S.

1999

■ Vision Expo West heads to Las Vegas.

■ Luxottica buys B&L Sunwear (Ray-Ban, Killer Loop, Arnette, Revvo).

■ Marcolin prepares IPO.

■ D.O.C rolls out all-private-label SEE stores.



■ Vision Twenty-One sells buying group back to Michael Block.

■ ECCA to buy EyeDRx, Stein Optical, Vision World from Vision Twenty-One.

■ VICA Board Votes for Merger with OMA

■ Cole Vision opens first opticals in Target stores.

■ Vision Council of America formed from OMA and VICA.

■ Two students enter Columbine High School with an arsenal of weapons and explosives killing 13 classmates before taking their own lives.

■ John F. Kennedy Jr., his wife and

her sister are killed at sea when a plane he was piloting disappears near Martha's Vineyard, off the coast of Massachusetts.



■ George Clooney leaves his role as Dr. Doug Ross on ER after five years.

■ The Blair Witch Project emerges as an instant cult classic and becomes the most profitable film of all time, grossing more than \$125 million. The film cost \$30,000 to make.

■ Star Wars Episode I—The Phantom Menace opens and breaks a string of box office records.



2000

- Hoya buys ORI Lab network.
- Vista Eyecare (formerly NVAL) files for Ch. 11.
- Ciba buys Wesley Jessen.

- Bushnell acquires Serengeti.
- Ambassador Eyewear files for Ch. 11.
- Laser makers cut royalty fees.
- "Y2K", which spawned a world-

wide paranoid phenomenon due to the impending threat of the world's computers crashing, amounts to nothing.

- The U.S. presidential race between Republican candidate George W. Bush and Democratic hopeful Al Gore ends amid controversy in the most evenly divided recent presidential election in recent history.



George W. Bush and Democratic hopeful Al Gore ends amid controversy in the most evenly divided recent presidential election in recent history.

- The International Space Station is finally operating in orbit thanks to a

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The Vertically Integrated Retailer The shockwave to the optical industry of Luxottica's announcement in 1995 that it would seek to acquire the parent company of LensCrafters has quieted tremendously at the outset of 2007. Today, there are several examples of "vertical integrations" where a supplier controls a major portion of its distribution – from Essilor in the laboratory arena to Viva/Davis/Highmark, Oakley/Iacon/Optical Shop of Aspen, and many other examples in the world of retailing, from Sears/Land's End to Louis Vuitton. It's more commonly understood today that companies and brands are marketed via several channels, some of which involve controlling or vested equity positions. But in optical, tied together via managed care, retail, medical, fashion and technology, the ripple effects of vertical integration are still in motion.



Kerry Bradley
COO,
Luxottica Retail

"Some retail brands out there are truly a value proposition," observes Kerry Bradley, COO, Luxottica Retail. "That's why they exist. They ask the consumer, 'Why pay more?'"

"And then there are other brands, which position themselves on something other than value, it could be fashion or service, much like LensCrafters. In fact, for LensCrafters and Pearle, and the majority of independents out there, the proposition is the message that 'your eyes and eyeglasses are not a commodity.' There has been a move to more differentiation in 20 years."

Kerry acknowledges, "Clearly it was a shock to the industry when Luxottica acquired LensCrafters and introduced the notion of vertical integration. But in the 10-plus years since then, I think Luxottica has demonstrated by its actions that this was a pro-industry move. And I think you'd have to include the subsequent Sunglass Hut and Cole deals in that. It's not only about acquiring these store brands for their distribution, but how do we leverage these assets for the good of Luxottica and the everyone else? We have a large wholesale business, Luxottica has to be for everybody."

Adds Pierre Fay, senior vice president of Luxottica's N.A. wholesale operation, "Our strategy is to continue to invest heavily in marketing initiatives for our fashion and house brands reinforcing consumer advertising, point-of-sale and window campaigns. For example, when Sunglass Hut runs a window campaign for Prada, it not only makes consumers aware of Prada eyewear, but also drives them to purchase eyewear wherever Prada is carried, including the ECPs that leverage the power of the brand at their location. We believe independents will continue to be the largest segment of the market."

Kerry continued, "Being a manufacturer/retailer has helped us change the nature of consumer messaging, from the promotional wars that dominated the business at one time, to a very high ground, around great products, brands, style and

service. While there was initial concern and skepticism, I think it's subsided."

How does managed care and Luxottica's creation of EyeMed come into play?

"Because we have some of the efficiencies and synergies of being vertically-integrated, we can share some of these benefits, too. For ECPs as well as for EyeMed, we'd like reimbursements be healthy, for there to be freedom of what products to prescribe. We'd rather have it that way rather than have the insurance companies tell providers what to do and, in fact, most of managed vision care players are now owned by large insurance companies who don't always have a vested interest in the provider's health but in utilization numbers. We're changing the dialogue in the vision insurance business, to encourage people to use their benefits more frequently and get reimbursements back to the providers to keep them healthy."

One trend, Kerry points out, that has stayed constant over 20 years is the purchasing frequency. "As an industry," he says, "we've done a terrible job of educating and persuading North Americans to value their eyewear. People are still on

"Being a manufacturer/retailer has helped us change the nature of consumer messaging."

—Kerry Bradley

two and a half-year cycles for their eyeglasses and eye exams; shame on us that we haven't come together in ways to encourage people to invest more in their eyes."

"On that same note," Kerry added, "America still has not awoken to the need for quality sunwear. Over 90 percent of Americans are still buying cheap products. We are targeting the Rx sun business at LensCrafters and now the Cole brands; the rest of the industry needs to join us in that voice. We, and independents too, should be passionate about that."

—Marge Axelrad

combined effort of technological resources from the U.S., Canada, Japan, Russia, 11 nations of the European Space Agency and Brazil.

2001

- Luxottica buys Sunglass Hut, First America Health Concepts.
- Ocular Sciences acquires Essilor's contact lens business.
- Vista Eyecare (now National Vision) emerges from Ch. 11.
- Vistakon settlement ends CL class action suit.
- Tabacchi family to take Sàfilo private.
- VCA launches "Check Yearly. See Clearly." campaign.
- United Health buys Spectera.
- Oakley acquires 40-unit Iacon sunwear chain.
- After Sept 11 attack, VEW is cancelled.
- VMail now issued twice a week.
- Vision Monday produces special post-9/11 issue titled "Moving Forward."
- The Apple iPod debuts. By October of 2006, 67,635,000 iPods have been sold.
- George W. Bush is sworn in as 43rd president.
- On Sept. 11, two hijacked airplanes are flown into the World Trade Center's twin towers and a third airplane hits the Pentagon in Washington D.C. A fourth plane is brought down before reaching its intended target by a heroic group of passengers in a field in western Pennsylvania. In the end, over 3,300 people are killed and the U.S., along with a coalition of over 60 countries, declare war on terrorism.



Check Yearly.
See Clearly.



Continuing Education Grows for ECPs The original idea of buying groups was strength in numbers and independent ECPs initially joined these organizations to improve their buying power and exchange ideas on best business practices. When organizations such as Primary Eyecare Network (PEN) were formed, ODs were shifting their focus to include both clinical education and the nuts and bolts needed to run a practice on a day-to-day basis. As the competition from big box stores and chains grew more sophisticated, ECPs realized they not only needed to provide good service, but had to sharpen their business prowess in order to survive and prosper. Over the past 10 years, there has been a serious increase in professional and business-related, accredited, continuing education for both ODs and opticians. Major industry meetings, such as Vision Expo, SECO and the American Optometric Association have provided a much needed venue for ECPs to fulfill their education needs.



Carl Moore
President
Primary Eyecare
Network

Oddly enough, when the PEN group was founded in 1984 by Leonard Osias, OD, education was not uppermost in his mind, according to current PEN president Carl Moore. Osias felt that the teaching of diagnostic and therapeutic techniques was better left to state organizations. How times have changed. Although PEN started out offering buying group and educational services to its members, the pendulum has decidedly swung more toward the education side.

Today, with the focus more firmly rooted toward education PEN holds about 100 classes annually on a variety of topics for both optometrists and their staffs, and issues about 15 educational guidebooks each year. In addition, the group offers merchandise discounts from a cross-section of industry vendors for the practices on its current membership roster.

"The big box stores and chains are very good businesspeople and they have become strong competitors to independent ECPs," according to PEN president Carl Moore. "In addition to worrying about doing a good eye exam, today's ECPs also need to worry about the day-to-day business needs. We're here to give them the tools to help them do their jobs better today by helping them analyze their procedures, grow their practices and take care of their staffing needs."

The foundation of an organization like PEN rests on regional meetings, newsletters and classes offering tips on everything from Medicare billing to specialty frames to adding partners to a practice. "Some buying groups are only concerned with taking invoices, blending them together to send the vendor one bill and coming away with a volume discount," Moore said. "Groups like PEN gives ECPs the tools to put together the best staff and offers customers good products."

Moore points to examples of what ECPs need: instruction on how to correctly process Medicare billing and finding new product lines to sell such as special eyewear geared to sports enthusiasts

like golfers and fishermen. "People not only want to see well, they want to look good too. We tell ECPs they need to take the fashion end and turn it into a part of their business plan," Moore said.

One of the biggest challenges independent ECPs have faced over the years is how to deal with the big competitors. To celebrate its 20th anniversary in 2004, PEN launched "Preserving Independent Optometry" a series of seminars to provide optometrists with new ideas on how to run their business in the face of stiff competition. "Today's competition is more sophisticated and these chains are run by serious businesspeople. ECPs need to better understand the financial aspects of their business and that's one area of consulting we'd like to expand upon. Basically, providing financial analysis for nonfinancial managers by teaching them something as basic as how to read a P&L statement," Moore said.

In Moore's view, the greatest change in education over the past 20 years has been the prolifera-

"In addition to worrying about doing a good eye exam, today's ECPs also need to worry about the day-to-day business needs."

—Carl Moore

tion of women in optometry schools. "Today, 60 percent to 65 percent of optometry students are women. They run the gamut from wanting to be partners, owners, associates or part-time workers."

This new generation of professionals has forced PEN to change their thinking since today's crop of ECPs think differently in terms of spending time with their families and taking time off to balance their personal and professional lives, Moore said.

"This new demographic is a good thing and they are looking for someone to mentor them. That's what an organization like PEN is here to do," he said.

—Mary Kane

2002

- CooperVision acquires Biocompatibles.
- Allergan spins off ophthalmic surgical/contact-lens-care businesses into independent, Advanced Medical Optics.
- VisionWeb industry portal launches at Vision Expo East.
- SOLA, Dupont sign agreement for 'Teflon'-brand AR coating.
- U.S. Vision management buyout takes company private again.
- Viva acquires Sunclip maker Miracle Optics.
- TLC Laser joins Laser Vision to form TLC Vision.
- New Midwest optical trade show replaces EyeQuest and NCSOC's Eyecare Conference, called the Midwest Vision Congress & Exposition.
- Enron, WorldCom and Xerox are all exposed in major accounting scandals.
- Bush signs legislation creating the cabinet-level Department of Homeland Security.
- "American Idol" debuts on Fox Channel.



- Former President Jimmy Carter wins the Nobel Peace Prize for his efforts to advance peace, democracy, human

rights, and economic and social development.

- Black actors win top honors at the Oscars. Denzel Washington and Halle Berry honored for Training Day and Monster's Ball, respectively



- The MTV reality show The Osbournes debuts and becomes an instant hit, delivering six million viewers a week to MTV.

2003

- 1-800 Contacts acquires Lens Express, Lens 1st.
- Vista Optical shuts stores after filing Ch. 11.
- Essilor acquires Nassau Lens.

The Resilience of Independent Labs Over the last 10 years, there's been a dramatic shift in the "landscape" due to consolidation. Major lens vendors such as Essilor, Hoya, SOLA and Zeiss began buying independent labs in an effort to vertically integrate their operations and develop a more efficient pipeline to the market. Independent labs suddenly found that their biggest vendors were often their biggest competitors. Consequently, many independent labs forged closer ties with a wider array of suppliers. Lab buying and information-sharing groups filled a growing need among independents to provide support through education and joint marketing programs. Independent labs began to differentiate themselves through personalized service, exclusive products and programs, always with an eye toward attracting and retaining their customers.



John Art
President
Interstate Optical

"While the principals and operations have stayed the same, the environment is definitely different as independent labs are faced with new issues to deal with as a result of our vendors becoming our competitors," according to John Art, president of Mansfield, Ohio-based Interstate Optical.

"Our focus on the customers' needs hasn't changed and we've turned that into an advantage for ourselves. Most ECPs are receptive to the fact that the characteristics of labs staying independent offer them an advantage: we can be more personal and responsive. And the fact that many independent labs are family owned plays a huge part in our success."

The family culture versus the corporate culture is often a deciding factor in a lab's success. "Independents' values are different and since we're smaller there can be better communication. The lab's employees sometimes feel more loyalty since there's a defined purpose and mission," he said.

Art admits that although some vendors have purchased labs, they've continued to treat independents fairly. "Take Essilor, for example. They created a separate division for independents and continued to give us support even while distancing themselves from us."

As things have changed throughout the years for independent labs, they have adapted by becoming more than just suppliers of a product. "Today, we provide information to ECPs on training and practice building. But we've still managed not to stray too far from our main purpose of serving our customers," he said.

Art agrees that a key ingredient to surviving in today's competitive market is diversification. "You can't have all your eggs in one basket. I am a firm believer you can control your own destiny. It all comes down to not being solely reliable on just one vendor," he said.

To that end, Interstate Optical has taken sev-

eral steps to give itself a competitive edge while keeping an eye on the bottom line. "Several years ago we became an authorized distributor for Smart Mirror after seeing a demo at Expo. We've also gotten into the readers market. A lot of labs shunned them but we embraced that market. We feel we offer a higher quality of readers than what you'd find in a drugstore and it's worked out very well for us," he said. In addition, Interstate also specializes in custom-made clip-ons for sunglasses as well as producing its own proprietary ARx coating.

While some labs have abandoned the frame business, Art points to frames as being a separate revenue stream for Interstate. "It's always given us a competitive edge because it allows us to package it along with the lenses. Customers can save money, we get the Rx and have another product to offer. It helps us remain competitive."

Over the years, one of the biggest challenges to independent labs was the advent of one-hour service. "That was a big challenge for us since we were used to delivering glasses in one to two weeks. Then there's the challenge of keeping up with the changes and the costs of technology but

"Today, we provide information for ECPs on training and practice building. But we've still managed not to stray too far from our main purpose of serving our customers."

—John Art

I have to say the vendors are good about keeping us up-to-date on new products. And we use shows like OLA to find out about new products and network with our colleagues. Everyone's always talking about our demise but I like to think independent labs will always find a way to thrive," Art said.

—Mary Kane



■ Vision Expo West debuts the 'Suites.'

■ The Fairness to Contact Lens Consumers Act (H.R. 3140) is passed by the House of Representatives and Congress.

■ VM publishes first Top 50 Optical Retailers listing.

■ VM publishes first 50 Most Influential Women in Optical.

■ VMail partners with Italy's EyesWay.



■ The space shuttle Columbia breaks up during re-entry 15 minutes before its scheduled landing at the Kennedy Space Center in Florida, killing seven astronauts.

■ The U.S. "Operation Iraqi Freedom" officially begins on March 20, 2003.

■ Actor Arnold Schwarzenegger is elected governor of California.

2004

■ Luxottica takes over Cole National, creating retail/managed-care powerhouse; Moulin unsuccessfully deal with last-minute offer.



- The 'Underground' debuts at VEE.
- Lantis files Ch. 11, gets bought by H.I.G. Capital.
- CooperVision/Ocular Sciences merger creates new CL power.
- AAi FosterGrant acquires Magnavision.
- Carl Zeiss AG and partner buy SOLA International.
- Moulin buys ECCA with Golden Gate Capital.
- BMC Industries sells Vision-Ease to

The Rise of Women in Leadership Roles

Women have been steadily rising through the optical ranks over the last two decades. The majority of graduating ODs are women, and, today, women have high-visibility roles in all phases of the industry. The Optical Women's Association was formed 10 years ago. **Vision Monday** launched its signature report "The 50 Most Influential Women in Optical" in 2003.



Diana Hall
President
Bard Optical

When it comes to charting milestones on the road to women's rise in optical, Diana Hall likes to use herself as an example. With the purchase of Bard Optical, a single-location dispensary in 1981, Hall counts herself as one of the first women owners of an optical retail business—a venture that has since grown to an 18-store operation. "If you look at VM's ranking of the top 50 retailers, I'm still the only sole female owner of a retail optical business and I have to admit it feels good," she said. One of the most significant developments over the past two decades is "there are more women in the work force and they eventually work themselves up to leadership roles."

Hall pointed out that women are staying in the work force for longer periods of time and are not necessarily opting out of their careers to raise a family. "Society now says that it's acceptable to be a working mother so more women are staying in the work force while they raise a family. Some career paths are more difficult to move in and out of but optical offers women flexibility. They can work part-time if needed and still feel they are connected to the industry," she said.

This June, Hall will take over as president of the Illinois chapter of the National Association of

Women Business Owners. Statistics from the federation show that more businesses are owned by women, Hall said. "Women business owners tend to be more successful. When you start a new business, a huge percentage of them fail, but the percentages for women running a successful business are significantly better," she said.

"This is a positive industry for women. Whether they're on the optometry or medical end, women tend to be good at the people skills and that factors into their success," Hall said. "Also, women have a good understanding of the industry and they've made the connection between fashion and business. I also think women have good analytical skills—they tend to weigh issues and people very carefully. Women foster more of a consensus building environment—it's a team effort. As the market gets more competitive, those team building skills are a real advantage."

As for the future, Hall said, "Several years from now, I predict I won't be unique. Within 5 to 10 years, women will be heavily involved in the ownership of optical businesses—they're already on the ladder to ownership so it's just a matter of time," Hall said.

—Mary Kane

Independent Opticians Tackle New Challenges

Savvy independent opticians have had to adjust their business methods since 1987 to address increasing challenges, including a shift into eyewear dispensing by the ophthalmologists who once sent them referrals, incursions into their market by national and regional eyewear chains, and more recently a loss of patients through exclusion from managed-vision programs.



Bob Stratton
Owner,
Chester County
Opticians

After tackling various challenges over the past 20 years, the biggest issue facing independent opticians today is managed vision care, according to Bob Stratton, owner of five-store Chester County Opticians in West Chester, Pa. Aside from the fact that many managed-vision plans do not accept independent opticians as providers in their network, Stratton, an optician for more than 40 years, feels managed care's price pressures put independents at a competitive disadvantage: "Nobody is prepared to face the huge discounts you have to provide to compete against managed vision."

Yet Stratton is optimistic about independent opticianry's ability to roll with the marketplace punches and survive.

"It's true independents can't compete on price, but quality and service have always given us an edge," he told VM. "Personalized service has been the strength of the independent, and that level of service that was unique about independent opticians 20 years ago is unique today."

Some independents have also prospered by tackling niche markets such as the high-end eyewear business or, as Stratton has done recently, reaching out to target demographic segments such as the Hispanic customer.

The eyecare/eyewear market's evolution has helped independent opticians survive as well, Stratton said: "The trend of eyewear as fashion accessory has made patients comfortable buying

"Independents can't compete on price, but quality and service have always given us an edge."

—Bob Stratton

new glasses with each eye exam rather than putting new lenses in their old frames. And the advance of progressive lenses in popularity and design may well have offset the negatives from the third-party hit. I like to think independents can do a better job measuring and adjusting, which is still critical to the success of progressives."

—Cathy Ciccolella

investment group.

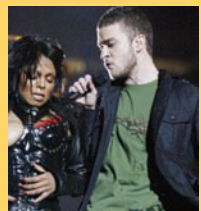
■ **VM Moves to 14 times a year in print, launches new print format.**



■ **A tsunami devastates Asia on Dec. 26; killing more than 200,000 people.**

■ **George W. Bush defeats John Kerry and is re-elected president.**

■ **Martha Stewart is sentenced to five months in prison after being found guilty on four counts of obstruction of justice and lying to federal investigators.**



■ **Janet Jackson and Justin Timberlake creates an enormous scandal during the Super Bowl XXXVII half-time show with the infamous "wardrobe malfunction."**

2005

■ **Shamir files for IPO.**

■ **Satis, Loh complete North American merger to become Satisloh.**

■ **Davis wins bidding battle, buys Sight Resources' remaining stores.**

■ **Walman, Soderberg combine business to become largest independent wholesale lab group.**

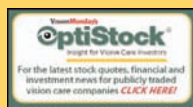
■ **Essilor acquires Spectacle Lens Group from J&J Vision Care.**

■ **Advanced Medical Optics acquires VISX.**

■ **National Vision acquires America's Best.**

■ **Highmark acquires Viva International.**

■ **Jobson acquires Optistock, incorporates into VMail.**



Continued on page 48

High-End Boutiques Flourish Seventies' culture influenced fashion retailing and gave rise to the optical boutique. Early starters, like Optical Shop of Aspen, Oliver Peoples, I.a. eye-works and Optica were followed by Tuckerman's Optique, Morgenthal-Frederics, Robert Marc and others who created "cool" niches in other cities. Today, consolidation has begun, while more brands target the limited high-end retail sector, which blends creativity, fashion and opticianry.



Norman Childs
President,
Eyetique

Upscale eyewear is "built on image," which is what owner Norman Childs focuses on through his own Eyetique operation in Pittsburgh.

"People perceive us as fashion forward. We're not just for the wealthy who carry Black American Express cards, but for those customers who enjoy fashion and want something unique. People think of us as expensive, which is not so bad, but it's our exclusivity and service that sets us apart."

Childs started as an optician, worked for Pearle and then applied for credit cards to finance his first store in Pittsburgh's Squirrel Hill area in 1979. He spent 15 years honing the formula. "Managing all aspects is the only way to be successful," he notes. "We waited a long time to open that second store." A fifth Eyetique just opened.

Eyetique added optometric services a few years after starting. "The doctor is an important authority to the patient, particularly when it comes to talking lenses for work and lifestyle.

"In our new upscale mall, there are five differ-

ent optical retailers, each one handling pretty much the same products. I don't mind opening near a LensCrafters or a Pearle; they do a fine job. But I want customers to visit, compare and then visit us. We embrace that, but we target the more discriminating customer."

To that end, Childs is eyeing other markets. "The number one factor in our position is the brand we've built. Our next store will not be in Pittsburgh."

"But I want customers to visit, compare, and then visit us. We embrace that, but we target the more discriminating customer."

—Norman Childs

Recent acquisitions have brought consolidation to the high end. Childs says, "Not for me personally, but consolidation can be great; a small chain needs to pull the resources together to compete on a different level with today's mainstream operations. There's a power in numbers, there's a place for it."

—Marge Axelrad

The Emergence of Modern Buying Groups Chains' growth concerned independent ECPs, including ways of getting competitive access to good pricing for a growing range of new eyewear collections. As a way of organizing discounts, managing credit and providing exposure to more accounts, major suppliers supported the U.S. concept of buying groups. Today, marketing services, online access and educational/training efforts are part of the mix of progressive buying groups.



Michael Block
President,
Block Buying Group

As an optician in New Jersey in the late '70s, Michael Block was not alone in witnessing the changes in the optical retail market, with chain competition increasing and new suppliers looking to make inroads in the market.

"I was active in the New Jersey Society of Dispensing Opticians. We started with a small group of about 10 people to pool our volume together and approach suppliers, and word spread as other companies started to ask us to get involved. We used an Apple 2, which was the first PC you didn't have to put together yourself, to create a basic receivables program where billing could be consolidated. Computers helped us grow and we upgraded with the times.

Today we adapt our programming every month to be able to reconcile statements to the penny."

The Block Buying Group, incorporated officially in 1983, serves more than 4,000 members.

Says Block, "Buying groups were formed when small groups of independent ECPs like us were concerned that chains were beginning to prolifer-

ate and many thought, while they were long-term customers, that chains were getting better deals."

"But," he added, "beyond providing access to discounts, we've traded up in terms of our marketing communications and even more in automation. With our website, members today can access their statements online, can pay online – which about 20 percent of our members are doing. We have a member chat room, the Block Exchange, where people can

"Beyond providing access to discounts, we've traded up in terms of our marketing communications and even more in automation."

—Michael Block

buy or sell products, search for backordered products, search for staff, and we'll continue to expand."

Observes Block, "The late '80s were more innocent times. Chains grew and dispensing ophthalmology has grown, too, but most independents have become more savvy and are finding ways to compete."

—Marge Axelrad

■ VM publishes first OLA Show Daily, the *Grapevine Gazette*.



■ VM publishes Rx Safety Series.

■ Pope John Paul II dies on April 2 after 26 years as head of the Roman Catholic church. Benedict XVI succeeds him on April 24.

■ As a Category 4 storm, Hurricane Katrina hits along the Central Gulf Coast near New Orleans, as a Category 4 storm on Aug. 29. Total damage to the coastal regions of Louisiana, Mississippi, and Alabama makes Katrina the most destructive and costliest natural disaster in the history of the U.S.

■ Rosa Parks, "the mother of the Civil Rights movement," dies.



■ "Brangelina" and "Tomkat" dominate celebrity news.

2006

■ Refac acquires U.S. Vision chain, OptiCare Health Systems.



■ Oakley acquires Oliver Peoples, later Buys Optical Shop of Aspen stores.

■ Highmark buys ECCA chain.

■ Following demise of China's Moulin, Metzler International files Chapter 7.

■ Bausch & Lomb permanently recalls ReNu with Moisture Loc contact lens solution from worldwide markets after large numbers of infection cases occur.

■ Luxottica to acquire D.O.C., deal to close in '07.

■ 'Give the Gift of Sight' helps five millionth recipient.

■ Nouveau founders sell firm to current management.

In-office Lens Finishing Evolves from Art to Science Finishing lenses once required not only a skilled hand, but a skilled eye. Although frame makers provided patterns for making the lenses, the patterns were often available only for a particular style, not necessarily for every model in that style. In addition, frame production was not always consistent. The measurements for the same model frame from the same supplier could vary from one lot or shipment to another. In the pre-digital era, that meant opticians had to use their judgment when edging the lens to get it to fit it snugly in the frame.



Gerard Santinelli
President,
Santinelli
International

"In-office edging was unequivocally more of an art in 1987," recalled Gerard Santinelli, president of Santinelli International, a leading supplier of finishing equipment. "Part of that art was measuring the distance between the pattern and the frame. There was a big interpretation of that differential, and that lent itself to a pretty laborious process."

Often, the person operating the edger would cut a lens too large or too small for the frame. "There was a lot of hand edging and guesswork," noted Santinelli. "Retouching was a gamble. Most retailers cringed because they didn't know what was going to happen to the original quality of the lens. A lot of jobs got ruined."

1987 was a pivotal year in evolution of finishing technology. That was when equipment makers began introducing pattern making machines that enabled in-office lab to make their own patterns using blanks instead of relying the ones supplied by the frame manufacturers.

Retailers embraced the concept for making a pattern for every specific frame because they realized the efficiency gains," explained Santinelli, adding that his company would sell more pattern makers than edgers in those days.

The concept of tracing every frame to make a pattern soon evolved into patternless edging. "Manufacturers wanted to take the art out of it," noted Santinelli. "When CNC technology came in, we got rid of patterns. In the late '80s, you saw an explosion in patternless edging. Manufacturers such as Briot, AIT and Weco were introducing new products every year."

In '91, Japanese manufacturer Nidek entered the market with a patternless edger featuring a voice-driven menu. The machine, distributed in North America by Santinelli International, made the patternless technology more user-friendly than ever.

By the mid-'90s, edger sales were climbing, with ODs and MDs were leading the pack. One reason for the trend, Santinelli noted, was that the federal government had set limits on reimbursements for cataract procedures, leading more MDs to look at dispensing eyeglass as a new form of revenue. Ironically, many opticians still clung to their pattern-driven edgers.

Throughout the mid to late '90s, patternless edger manufacturers continued to add features

to their machines, such as the ability to cut polycarbonate and the various high-index lens materials that were being introduced. This led to some large retail chains, particularly those promoting polycarbonate lenses, to also embrace patternless edging.

The next step for equipment manufacturers was to further computerize the edging process with features such as automatic safety beveling, grooving and decentering lenses.

"All of sudden you had multitasking finishing systems," said Santinelli. "You needed fewer instruments. The all-in-one-system took the place of several machines. And that further diminished the art of finishing by making the process more scientific."

The emergence of the Internet in the past decade, coupled with remote tracing technology, has taken in-office finishing to a new level.

"The marriage of these two technologies didn't replace in-office patternless edging, it has augmented it," Santinelli observed. "Some dispensers continue to use patternless edging and use remote tracing for certain jobs, such as the

"The emergence of the Internet, coupled with remote tracing technology, has taken in-office finishing to a new level."

—Gerard Santinelli

more expensive ones. For those who never did own edging, now remote tracing has become a viable solution to improve their process flow."

Manufacturers continue to push the envelope of patternless edging technology, incorporating automated lensometry, auto-blocking process as well as drills for rimless and three-piece mounted frames.

"Now the old school optician is leading the way," said Santinelli. "The master opticians are embracing the technology because it allows them to demonstrate their craftsmanship. Sales of luxury eyewear are growing because of the opticians have the confidence and capability to process all different substrates, coatings and materials. The technology is at point now where it is assisting in the fabrication and creativity in the production of luxury eyewear as never before. The art has returned."

—Andrew Karp



■ Optical chains win in 'one-stop shopping' case as judge deems Calif. law unconstitutional.

■ VM launches Business Essentials and Sun Advisor E-Newsletters.



■ Tower Records, founded in 1960, holds "going out of business" sales in all its stores before final shutdown on the night of Friday, Dec. 22, 2006.



■ The International Astronomical Union (IAU) votes to strip Pluto, discovered in 1930, of its planetary status and relegate it to a new "dwarf planet" classification.

■ The population of the U.S. officially passes the 300 million mark on Oct. 17, 2006. While it took almost two centuries for the U.S. population to reach 200 million, it took just 40 years to add the last 100 million. The U.S. is now the third most populous nation in the world, behind China and India. ■

Contact Lenses Take Off Since the advent of soft contact lenses in the 1960s, the growth of this vision correction category has been influenced by new materials and technology, fitting skills and patient compliance. The arrival of the disposable contact lens in the early '90s was a huge paradigm shift and added new concepts in wearing cycles and fitting fees. More recently, new materials such as silicone hydrogels, and new designs in multi-focal CLs have further fueled a contact lens resurgence. Patients are being fit with lenses at younger ages and are wearing them for more of their adult lives. Combined with most ODs' increased interest in expanding their primary eye care roles and in developing specialties to compete, many market observers feel that contact lenses are facing their rosiest future in a long time.



A. Thomas Bender
Chairman,
President, CEO,
The Cooper Cos.

From his years as a senior executive at Allergan, to his view from the vantagepoint heading The Cooper Cos., Thomas Bender brings a unique perspective to the changes in the contact lens field.

As new technologies, distribution issues and consolidation have transformed the business (Cooper itself acquired Ocular Sciences, Inc., another contact lens player, in 2005), Bender pointed out that the highly-fragmented business in early '80s has given way to a new tighter structure of the industry in this decade.

"At that time, there were many more players, vial lenses were common, contact lenses were replaced annually, and specialty lenses were very small. People who had astigmatism were told they were not contact lens candidates; there were some toric fits and these were made-to-order lenses

Bender pointed to several significant events in the past two decades.

"J&J's introduction of the disposable contact lens actually had little impact at first, but really was a major, major event. Once it caught on, it shifted attitudes about wearing cycles and today, most of the market is disposable lenses.

"The second event was the expansion of specialty lenses, driven by Cooper and, in the late '90s by Wesley-Jessen. Cooper changed the market with torics. Today, specialty lenses, including torics and cosmetics are about 30 percent of the market."

Thirdly, he continued, "Silicone materials also were introduced in the late '90s, originally as a 30-day extended wear niche product. But eventually, they broadened their penetration into the mainstream market. With J&J's Acuvue Advance and other players coming in, in a little over two years or more, more than 50 percent of all new fits for aspherical lenses are sihy products."

Multi-focal CLs, Bender observed, have had a "checkered history," noting, "everybody introduced a 'great one' every so often and many

failed." But in recent years, Cooper and others have introduced new multi-focals that work and adaptation rates are up. "Multi-focals are still small, but are one of the fastest-growing segments. The emerging presbyope is a prime candidate, while another target is the older patient who wants to wear contact lenses on occasion."

Daily disposables, much more of a factor in global markets than in North America, Bender reported, have a large upside. "Today, daily disposables, which have really changed the international market, are approximately 60 percent of the market in Asia, about 40 percent in Europe. In the U.S., daily disposables are perhaps just 8 to 10 percent of the business—there's still an opportunity here."

Cutting across all these trends, Bender noted, is that "they add value." Premium priced products that are demonstrably different to patients "let doctors serve a wider range of patients and build income for their practices," he said.

Today, Bender pointed out that probably 85 percent of all contact lens fits are driven by optometry, a big change from the late '80s when

"Multi-focal CLs are small, but are one of the fastest growing segments. The emerging presbyope is a prime candidate."

—A. Thomas Bender

MDs were less focused on lasers and IOLs and more involved in the business.

"Thinking ahead, it's important to remember that contact lenses primarily address myopia and the incidence of that, worldwide, is growing. In the early '90s, the median age of a single-vision contact lens wearer was about 17; today it's around 13, and it's not uncommon to find 10 year-olds in soft lenses." Stated Bender, "There are lots of ways to build practice income through the contact lenses to increase patient satisfaction."

—Marge Axelrad