

The optometric sector in Finland

25 May 2010



Business Opportunities and
Consulting Services for
International Companies

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1. Introduction

While the term “optometry” is often used in Finland to describe the business of opticians, this report understands it in wider terms as all health care professions concerned with eyes and related structures, as well as vision, visual systems, and vision information processing in humans.

For companies and entrepreneurs interested in setting up business in Finland, the Finnish optometric sector offers business opportunities for diversified chain concepts and add-on services. An increasing elderly population together with wealthy baby-boomers with purchasing power and a willingness to experiment with new inventions create good market conditions to operate in. Finland is seen as very interestingly positioned close to the Baltic States and Russian markets, which can offer great value to foreign investors.

2. The Finnish optometric market in figures

The Finnish optometric market, which is characterised by many large chain formations, has enjoyed a steady growth of 5 per cent since 2000 and every year the turnover in the retail sector has reached new records. Despite a darkening economic situation at the end of 2007 the total turnover for the optometric market grew by 5.2 per cent and reached a record of 287 million euros. The total turnover for 2008 was 1.3 per cent less than 2007; however, at 283 million euros it is historically the second best year in the optometric field measured by turnover. This figure was generated by 444 firms with a total of 812 optometric shops.

As well as being a remarkable year for business, 2008 was also a year of changes in the optometric market in Finland. The Finnish wholesaler, Kesko sold the Tähti Optikko- chain concept including 31 of their own shops to Specsavers, leading a number of entrepreneurs in the Tähti Optikko chain to join a new chain, Fenno Optiikka instead. Later that year, Direktoptiker Oy, the owner of the Finnish chain Eyen sold 26 of their shops to Specsavers. Through this acquisition, Specsavers increased their number of shops to more than 80. A month earlier, Synsam and Cazze announced plans for cooperation aiming to strengthen operations, increase market share and collect new members. In the same year, Instru Optiikka created the possibility of franchising by offering a ready franchise concept.

2.1. Market share in the optometric sector

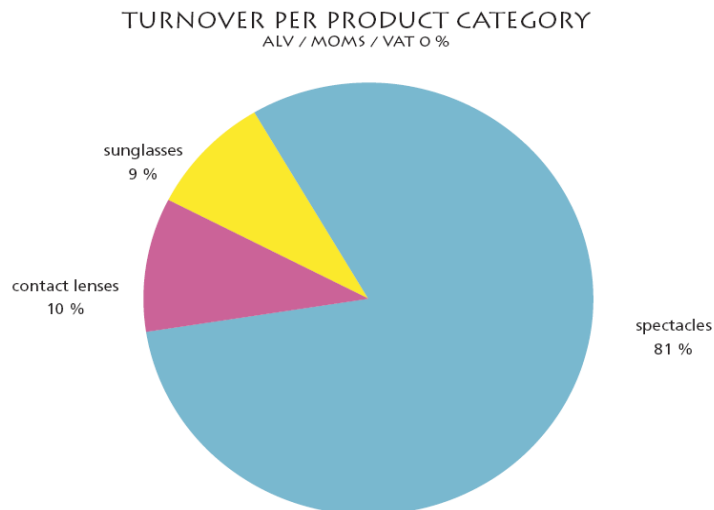
The largest player in the field is the over 100-year-old Instru Optiikka with an 80 million euros turnover and a market share of 28 per cent. In second place, the "other shops" category consists of 290 shops with a total turnover of 73 million euros and a market share of 26 per cent. The number three player in Finland is the Silmäasema chain with 57 million euros with a 20 per cent market share. The newest member among all the chains – Specsavers - increased their number of shops from 17 to 86 during 2008. All Specsavers shops compiled a turnover of 25 million euros and 9 per cent market share. Cazze had a turnover of 21 million euros and market share of 7 per cent. Synsam had a turnover of 14 million euros and market share of 5 per cent. Finally, the Eyen chain had a 13 million euros turnover and 5 per cent market share. However, in autumn of 2009 the Eyen chain filed for bankruptcy with their 40 shops.

Although profitability of the optometric firms has been reduced and consumer confidence weakened due to recent economic challenges, indicators suggest that the sector is slowly recovering. Competition for market share is nevertheless aggressive and has demanded and still demands continuous large media investments for the future. Increasing personnel expenses also represent a challenge for the optometric sector.

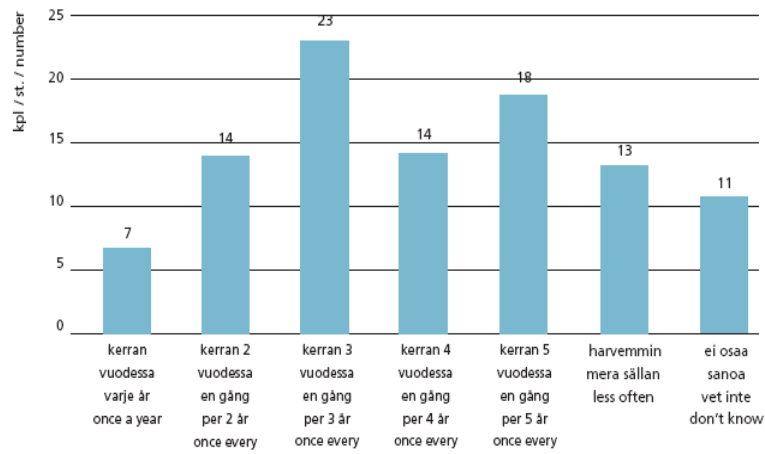
3. The Finnish consumer profile

The largest part of turnover in the optometric sector is generated by eyeglass purchasing, despite the fact that the majority of consumers still change their eyeglasses rather infrequently, typically between 3 to 5 years. As consumers, Finns are very quality conscious and prefer to buy brands that they know well and associate with being reliable. The younger generation of consumers seems to use optometrists for their vision testing, whereas the older generation more often uses the services of ophthalmologists for their vision testing.

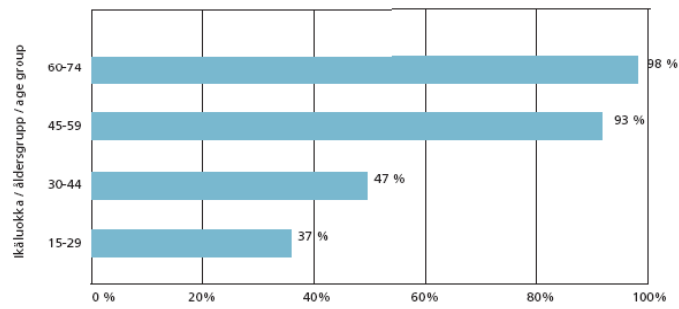
The largest segment of consumers with eyeglasses is those persons aged 45 years or older; approximately 45 per cent of the Finnish population belongs to this category. Baby-boomers have the highest level of disposable income and there are approximately 1.5 million baby-boomers in Finland. By 2015, 27 per cent of the population will be pensioners. (Euromonitor International, 2007).



REPURCHASE CYCLE FOR SPECTACLES



USE OF SPECTACLES PER AGE GROUP



Taloustutkimus

The number of spectacle users doubles in step with the need for correction of presbyopia.

Source: www.optometria.fi

4. Finland's core competences in the optometric field

Although limited in size, there is growth potential in the Finnish optometric market. The Finnish optometric market has enjoyed stable growth for many years now and is likely to continue the same path for the next 20 years as the population ages. Among the Finnish adult population, 1.6 per cent are visually impaired and 0.5 per cent are blind. Almost 90 per cent of the visually impaired are aged 65 or over. Despite advances in prevention and ophthalmologic care, the prevalence of visual impairment is expected to grow by one-third over the next two decades. Additional rehabilitation services need to be provided for the elderly with visual impairment in order to support their independent living at home (Health in Finland, 2006).

Finland is perceived as a stable and reliable economy to do business in. People are trustworthy and reliable as business-to-business customers and as end-users and Finns, in general are very adaptive to new technologies. Finnish customers have both stable purchasing power and a stable economy, which makes the optometric field less vulnerable to economic swings and more attractive as a business environment. Finnish optometric customers are also very quality-conscious valuing high-quality branded goods.

Finns as consumers are also increasingly realising the importance of eyewear solutions for different purposes, not only for fashion purposes, but also based on the pure technological functionality of the lenses. At the same time, corrective laser eye surgery is not considered a serious threat to the optometric sector at its current technological level. Since 1991 when the first laser eye surgeries were performed in Finland there have been approximately a further 100 000 eye operations. FemtoLasik, Zyoptix and Excimer, PRK technologies are the prevalent procedures.

5. Qualifying in optometry and ophthalmology in Finland

Optometry can be studied at two polytechnic level educational institutes in Finland, namely in Oulu and Helsinki. The optometric education takes 3.5 years and is rather competitive. Finnish optometrists have a reputation for high competence and an advanced level of knowledge. In particular, Finnish optometrists are very good at providing services for the occupational vision sub segment, this being organised in cooperation with the national occupational care system.

In Finland, the basic studies to become a doctor takes 6 years, after which physicians willing to become ophthalmologists must undergo a further five year specialisation studies, which includes practical training and theoretical studies. On average, between 25-30 new ophthalmologists graduate yearly from Finnish universities. Ophthalmologists in Finland mostly work as private doctors either through their own practice or in private medical clinics.

Ophthalmology is increasingly focused on evidence-based medicine and holistic treatment in Finland. Different medical branches work together to analyse for example, diabetes from the point of view of ophthalmology, internal medicine and so on in order to create a cross-scientific and holistic view of patient care in the Finnish health care system.

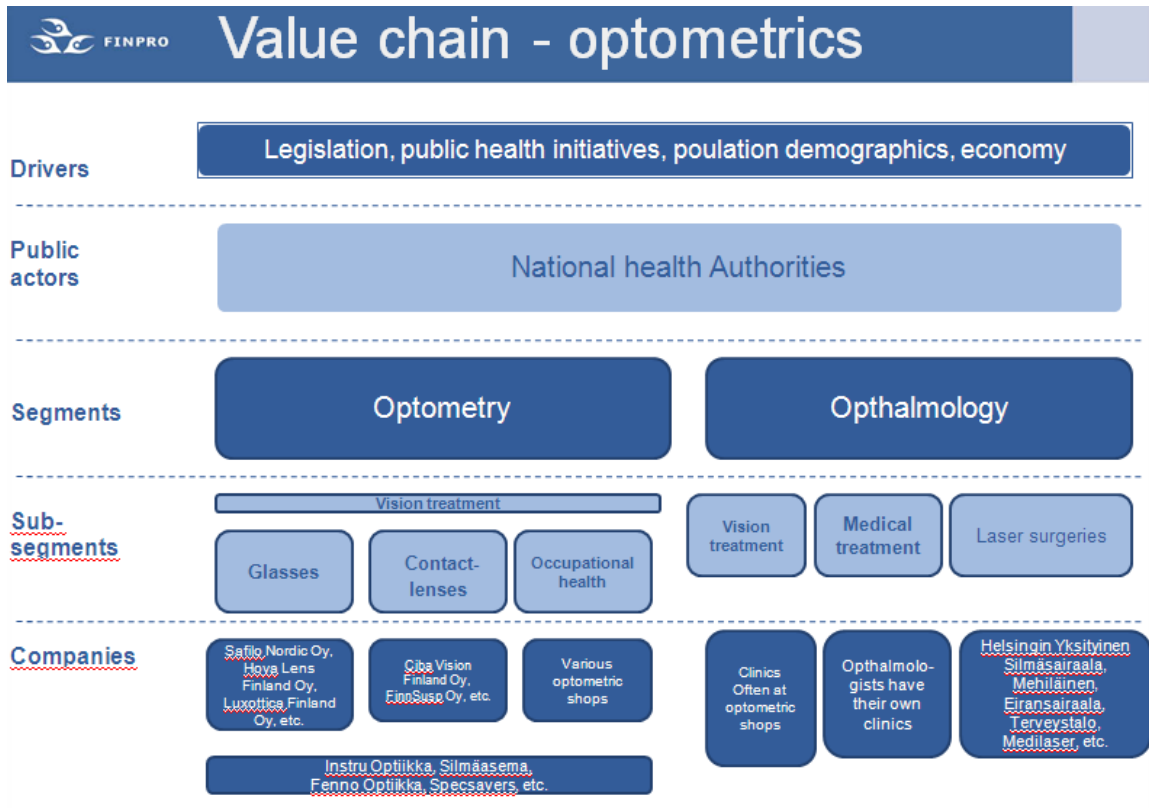
6. Future trends in optometry and opportunities for business

In the future it is estimated that the number and size of urban optometric shops will increase with senior citizens forming one of the key customer groups. It is also estimated that the general shortage of employees in the optometric sector will continue. While there are many chains and shops catering to the mass market segment business services addressing niche segments could offer opportunities in the Finnish market. For example, the contact lenses market and occupational vision services are not saturated in Finland yet.

The production of visual aids in Finland is also not sufficient to cover the local market potential. In 2008 the import was 66.1 million euros, the export 4.18 million euros. The trade balance in the ophthalmology sector was even worse. Finnish manufacturers only exported 0.62 million euros in 2008 but ophthalmic instruments with a value of 37.23 million euros were imported.

Overall, the challenge in operating in the Finnish market is the Finnish language. Finns in general in the optometric field still largely prefer communication and interaction in Finnish and are somewhat reluctant to use English as a business language. Having a local presence in Finland, when working with the optometric sector is highly recommended.

7. Value chain



8. Leading companies in the Finnish optometric sector

The following list has been made based on public sources and does not cover all companies in the sector.

Instru optiikka (retail)
Silmäasema (retail)
Specsavers (retail)
Fenno Optiikka (retail)
Synsam (retail)
Ciba Vision (contact lenses)
Bausch & Lomb (contact lenses)
Safilo Nordic (frames)
Luxottica Finland Oy (frames)
Essilor Oy (lenses)
Hoya Lens Finland Oy (lenses)
Piiliset by FinnSusp Oy (Contact lenses solutions, optical manufacturing, manufacturing of spectacle lenses)
Icare Finland (Intra Ocular Pressure, optometric equipment)

Foreign companies in Finland

Advanced Medicaloptics Norden Ab
CIBA Vision Finland Oy
EssMed Finland Oy
Hoya Lens Finland Oy
Essilor Oy
IMS Health Oy
Instru Optiikka Oy
Specsavers Oy
Synsam Oy
Safilo Nordic Oy

9. Sources of information

Interviews:

Ilkka Tiittanen

Ilkka Liukkonen, Suomen Optikkoliikkeiden liitto Ry (the Association for Finnish Optical Businesses)

Other:

Internet + Newspaper articles

www.optometria.fi