

# ITALIAN EYEWEAR INDUSTRY AND MARKET: 2019 AND FORECAST 2020

EUROM1 General Assembly, June 18<sup>th</sup> 2020



2019

# Summary of 2019

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General slowdown in the global economy.

Trade tensions with China, the less brilliant performance of the United States and Germany and the grueling Brexit issue had led to a downward trend in world economic growth, the weakest in the recent years.

The events in the Middle East with the US-Iran conflict opened more uncertain scenarios than ever.

In Italy we had the picture of a suffering internal market and a slowed economy.

# The Italian two-speed eyewear sector

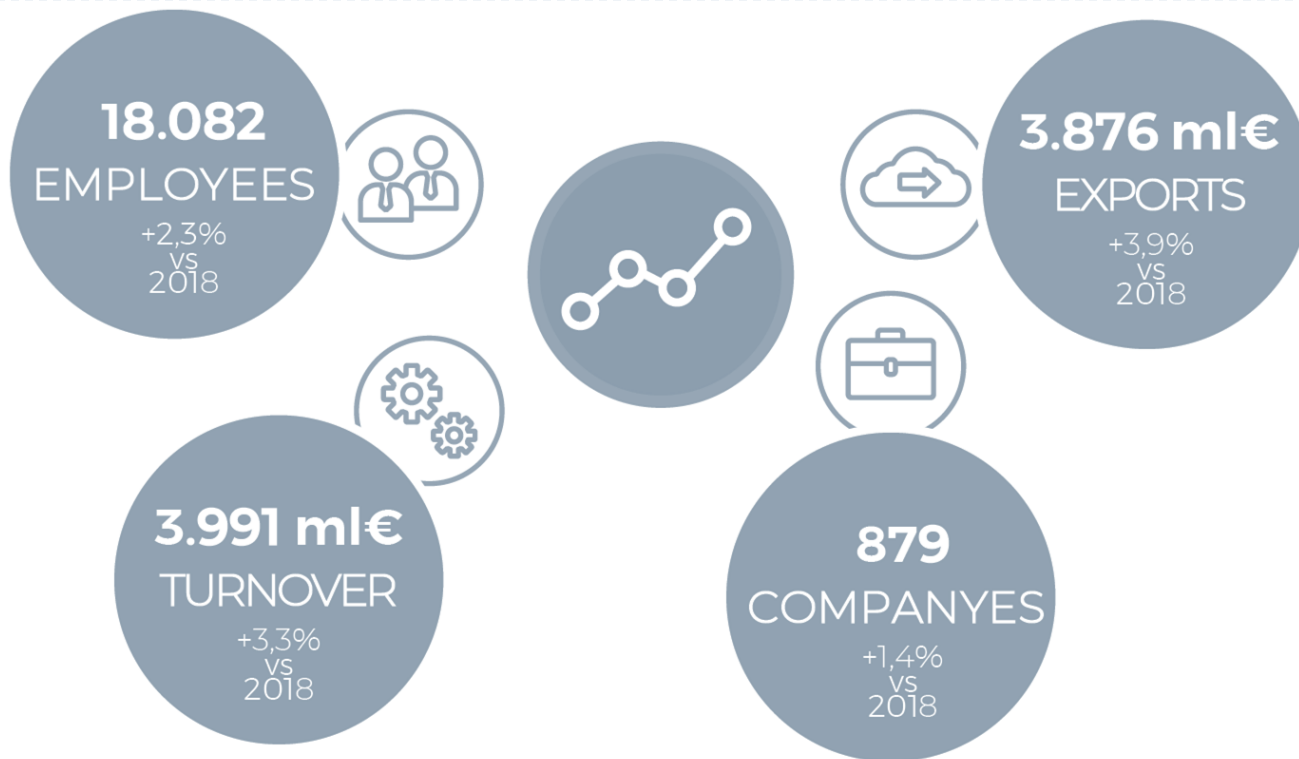
Despite the general climate, the 2019 saw **a good performance for Italian eyewear on international markets.**

**Domestic market:** Italy was the only EU-5 country (IT, FR, SP, GE, UK) to record **negative sales in the optical channel.**

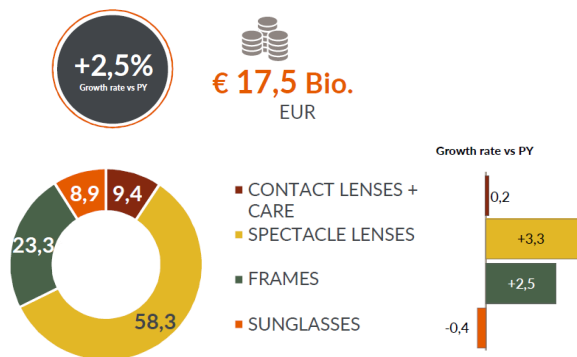
**Warning for 2020:** at the end of 2019 there were signs of a slowdown in global exports and an employment situation that hinted at a possible contraction linked to the performance of some company in particular.

# 2019 structural details

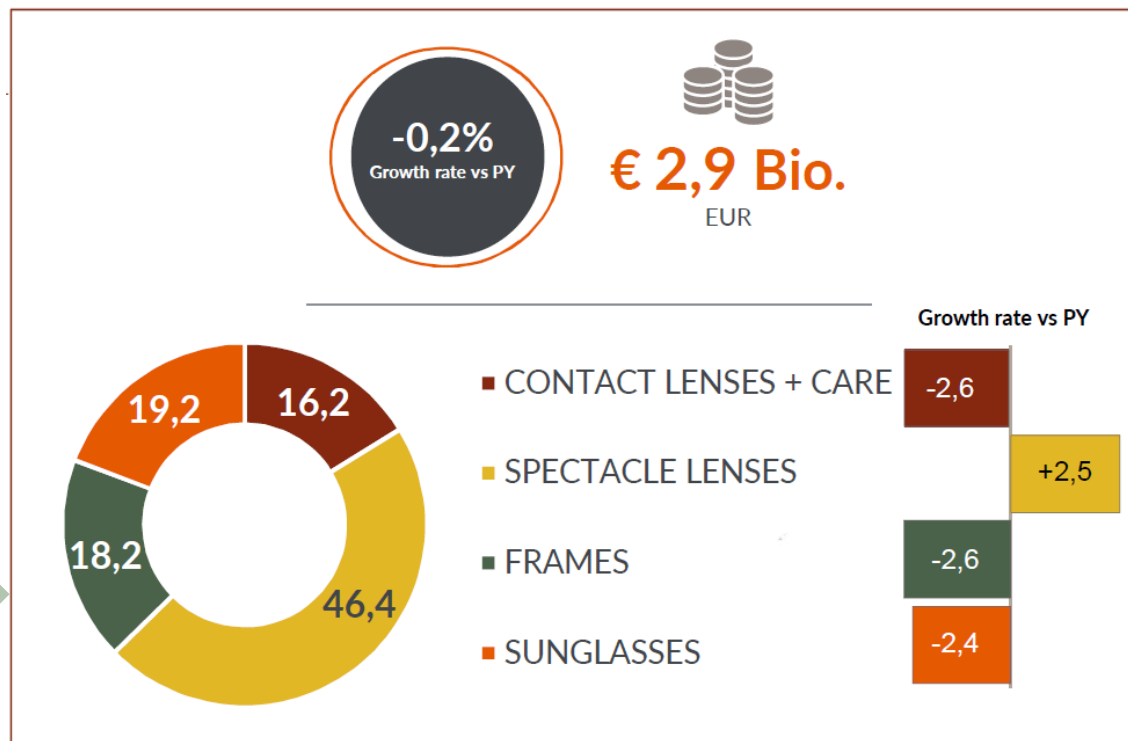
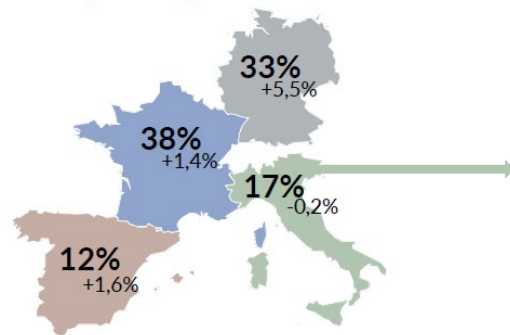
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# 2019 domestic market vs main EU countries



Performance by country



# 2019 domestic market details

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The **negative trend** is confirmed for **sunglasses (-2.4%)** and **frames (-2.6%)** compared to the **good performance of ophthalmic lenses (+2.5%)** which now represent more than 46% of turnover of opticians. The performance of ophthalmic lenses is due to high added value products such as progressive lenses and high refractive index lenses.

As in 2018, also in 2019, the dynamic of the market **for frames and sunglasses** sees the **growth of price segments or very high-end (luxury) or low-end (e.g. private label product)** at the expense of the medium-high range. In addition, we continue to report the **significant loss of market share of sunglasses in the optical channel**, especially in favor of the online channel.

# 2019 exports

2019 vs 2018			
TOTAL	FRAMES	SUNGLASSES	LENSES
<b>+3,9%</b> <b>3.876,5 ml€</b>	<b>+6%</b> <b>1.201,4 ml€</b>	<b>+2,8%</b> <b>2.583,5 ml€</b>	<b>+6,3%</b> <b>91,7 ml€</b>

2018 VS 2017			
TOTAL	FRAMES	SUNGLASSES	LENSES
<b>+0,9%</b> <b>3.732,4 ml€</b>	<b>+0,9%</b> <b>1.133,2 ml€</b>	<b>+0,7%</b> <b>2.512,9 ml€</b>	<b>+10,1%</b> <b>86,2 ml€</b>



# 2019 exports by Area

2019 vs 2018				
MKT SHARE AND VALUE	AREA	TOTAL	FRAMES	SUNGLASSES
1,5% 58,3 ml€	<b>AFRICA</b>	+4,5%	+12,8%	+0,1%
16,2% 612,9 ml€	<b>ASIA</b>	+3,4%	+17,4%	-0,7%
33,1% 1.251,9 ml€	<b>AMERICA</b>	+6,7%	+12,3%	+4,6%
48,7% 1.845 ml€	<b>EUROPE</b>	+2,2%	+0,4%	+3,2%
0,4% 16,6 ml€	<b>OCEANIA</b>	-14,5%	-5,6%	-17,2%

# 2019 exports by Countries

2019 vs 2018				
MKT SHARE AND VALUE	AREA	TOTAL	FRAMES	SUNGLASSES
26,8% 1.014,4 ml€	<b>USA</b>	+6,7%	+12,8%	+4,6%
11,4% 429,8 ml€	<b>FRANCE</b>	-3%	-4,4%	-2%
6,5% 244,2 ml€	<b>GERMANY</b>	+8%	+4,9%	+10,1%
5,9% 222,4 ml€	<b>UK</b>	-7,9%	-3,1%	-9,8%
5,8% 219,6 ml€	<b>SPAIN</b>	-0,3%	-4,7%	+1,6%

# Exports towards BRIC's

## 2019 vs 2018

MKT SHARE AND VALUE	AREA	TOTAL	FRAMES	SUNGLASSES
1,7% 63,5 ml€	<b>BRAZIL</b>	+6,9%	+14,3%	+2,1%
1,1% 42,9 ml€	<b>RUSSIA</b>	+19,4%	+13,7%	+23,3%
0,5% 18,4 ml€	<b>INDIA</b>	+7,1%	+8,9%	+6,4%
5% 188,6 ml€	<b>CHINA</b>	+2,4%	+13,9%	-1,2%

Late January 2020

## First signs of warning

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**Market and sector:** there were signs of a slowdown in global exports and an employment situation that hinted at a possible contraction linked to the performance of some specific company.

**MIDO:** the appearance of a virus in China, the Coronavirus, foreshadowed a MIDO 2020 without Chinese or Asian exhibitors and a contraction of the visitors themselves.

After February 22, 2020

# An impossible scenario

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The coronavirus spreads from China, to Asia, to Italy.

We cancel MIDO.

The WHO declares the pandemic.

The Italian Prime Minister imposes a Lockdown of over 60 days.

Eyewear companies are considered among the essential activities and, once secured, they can go on. Likewise the opticians. But, it's not easy.

# A dramatic situation

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After February 22<sup>nd</sup>, the day of the identification of the Italian “patient zero”, **what seemed unthinkable happens**. Italy enters one of the darkest and most dramatic moments in its history after the second world war and the global pandemic is declared.

The eyewear sector loses its main international trade fair event, **MIDO**, which **is postponed to 2021** and over 60 days of lockdown start in the country.

Despite the possibility to remain open after made safe according to institutional provisions, many companies still had to resort to layoffs because **orders from abroad suddenly fell to zero**. On domestic market opticians who decided to maintain the service did so for respond **almost exclusively to urgent cases of broken glasses** or a little more.



2020: first quarter

# 2020: first quarter imports-exports

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imports	EXPORTS		
TOTAL	TOTAL	FRAMES	SUNGLASSES
-13%	-17,6%	-15,4%	-18,6%
239 m€	805 m€	271 m€	534 m€

# 2020: first quarter imports-exports by months

imports	JANUARY 2020		
TOTAL	TOTAL	FRAMES	SUNGLASSES
-1,6%	+2,9	+0,8%	+4,1%
imports	FEBRUARY 2020		
TOTAL	TOTAL	FRAMES	SUNGLASSES
-12,7%	-3,8%	+2,5%	-6%
imports	MARCH 2020		
TOTAL	TOTAL	FRAMES	SUNGLASSES
-6,6%	-43,6%	-42,2%	-44,3%

# The evidence

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The **cancellation of the trade fair appointments** has clearly constituted serious damage for the companies that have always been devoted to exports.

Furthermore, **canceling appointments and contacts**, canceled journeys, **impossibility of fulfilling orders and cancellations of previous orders** were the rule the first part of 2020.

Beyond these direct effects, then, there are the **higher costs deriving from the management of the emergency**: the inability to circulate for the agents, adaptation to smart working for office staff, adaptation of safety procedures and protection measures for personnel, adaptation of production sites, new presentation methods of companies and products ranging from digital to the production of new samples to be shipped with increased logistics costs.

# Forecast 2020

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EXPORTS		
I SEMESTER 2020	2 SEMESTER 2020	TOTAL 2020
-41%	-7%	-25%

DOMESTIC MKT
2020
-10%

TURNOVER
2020
-15%

# Remarks on the 2020 forecasts

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We have been very careful in making these forecasts, after all, **the sentiment that we collect from our companies does not allow us to be more optimistic.**

We know that the situation is difficult for the whole country and for this reason we are following the request for **truly effective measures to support the economy and consumption.**

# ANFAO requests to the Italian Government and other actions

# To support trade fair events

- ✓ Facilitations and **support for fairs as companies** damaged by the situation because of the fact they are the engine of the internationalization of companies.
- ✓ **Discounts for companies participating in international fairs in Italy** and reimbursement for the same that have been canceled (we are still awaiting the final provision).
- ✓ **Restart also for trade fairs** with applicable security protocols (also in coordination at EU level). The last Government's decree law provides for the possibility of reopening the trade fairs starting **next July 14<sup>th</sup>**. We are awaiting the final regional provisions.



# To support consumption

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- ✓ We have **shared with all the components** of the Italian eyewear sector (companies, opticians, ophthalmologists, schools) the need to find something that can restart consumption on domestic market. So we keep the initiatives under the umbrella of Commissione Difesa Vista.
- ✓ **The current economic situation risks also affecting the visual well-being of people**, especially those with a lower income who will surely postpone any visual needs by not correcting their defects or, even worse, use inadequate visual aids to correct the same.
- ✓ We have act with some concrete incentives to remember that **sight is also a primary need and that it is important to take care of it.**

# Emergency measure

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- ✓ **Until December 2020: a voucher of €50** (for people with lower income) to be used at optical centers for the purchase of eyeglasses or contact lenses.
- ✓ **In this way, we could promote the prevention of the good seen and generate traffic also in optical stores (over 9,000 in Italy).**
- ✓ Thanks to an important lobbying action, the amendments have been presented and **we are waiting to understand if they will be included in the final implementing decrees.** The biggest problem is the financial coverage.

# Structural measure

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- ✓ **From 2021: higher tax deduction (from actual 19% to 50%)** for the spectacle glasses or contact lens device, as is already in many European countries.
- ✓ At the moment this request **is waiting to be included in the tax reform** that has been announced by Italian Government but has not yet been presented.

# General guidelines for cleaning of glasses

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In order to draft a clear protocol for cleaning of eyewear, **a task force has been set up** with members including CERTOTTICA, the Università di Cà Foscari, the National Research Council of Venice, the accredited Austrian Testing Lab, and the National Research Council of Milan. The task force is coordinated with the support of the ANFAO Technical Commissions.

CERTOTTICA is carrying out scientific tests in this field, in a search to **find verified formulas with certifiable disinfectant power which are compatible with the materials used in the eyewear sector.**

At the current time, it is only possible to talk about cleaning (sanitation) of glasses. Sanitization is a more complex procedure and information on this issue will be communicated as soon as the current research studies are complete.

## GENERAL GUIDELINES FOR CLEANING OF GLASSES

Updated: 8 May 2020

In order to draft a clear protocol for cleaning of eyewear, a task force has been set up with members including CERTOTTICA, the Università di Cà Foscari, the National Research Council of Venice, the accredited Austrian Testing Lab, and the National Research Council of Milan. The task force is coordinated with the support of the ANFAO Technical Commissions.



### Correct terminology and suggestions

#### SANITATION

The mechanical removal of dirt from surfaces and items with the use of detergents. This operation must always be carried out before disinfection and sterilization procedures.

CERTOTTICA is carrying out scientific tests in this field, in a search to find verified formulas with certifiable disinfectant power which are compatible with the materials used in the eyewear sector.

At the current time, it is only possible to talk about cleaning (sanitation) of glasses. Sanitization is a more complex procedure and information on this issue will be communicated as soon as the current research studies are complete.

During this health crisis and in the global absence of reliable scientific data, it is therefore possible for us to share only this 'provisional' guideline document as a precautionary measure. It offers a summary of recommended practices from CERTOTTICA and is provided solely for informational purposes.

#### SANITIZATION (sanitation+disinfection)

The procedure used to reduce the number of pathogens on items and surfaces to a "safe level". The products used are detergents followed by disinfectants.

## General guidelines for the sanitation of frames

The COVID-19 pandemic is a rapidly evolving and changing situation which is subject to almost-daily modifications in the legislative decree designed to contain it, recommendations from the Italian National Institute of Health and Ministry of Health, Regional Authority circulars, European Union institutions such as the European Centre for Disease Prevention and Control (ECDC), the World Health Organization and, finally, in the regular scientific publications of new information on best health practices. In this light, the aim of ANFAO and CERTOTTICA is to help their members manage this extraordinary situation.

Therefore, in addition to advising all our members to carefully monitor international, national and regional guidelines, and the indications of the Italian National Institute of Health, we here supply some **GENERAL GUIDELINES for the SANITATION of glasses (frames and lenses) and INSTRUCTIONS for CLEANING of these items.**

We suggest that, before using specific chemical cleaning products, you contact your supplier and follow their instructions for use carefully as frames made of different materials may call for different cleaning methods.

Furthermore, as glasses may be potentially contaminated, it is important to follow the best practices for cleaning and washing of hands as laid down by the Ministry of Health.

### Cleaning products for use

The products currently recommended in the scientific literature on surface decontamination (although still being researched regarding their effectiveness on Sars Cov-2), those which appear to present minimum risk of corroding or damaging the frames during cleaning, according to current findings include:



#### PH NEUTRAL SOAP AND LUKEWARM WATER:

This is the basic starting point for cleaning prescription glasses and sunglasses.

(N.B.: if using antibacterial wipes, please check that they are free of alcohol and/or hypochlorite content)



#### HYDROGEN PEROXIDE AND WATER SOLU- TION:

A sanitation solution.

Instructions for preparing half-litre of 0.5% solution: 0.1 litre (around half

a plastic cup) of 3% hydrogen peroxide (10vol) for medicinal use and tap water to top up to half a litre.

# Steps for cleaning glasses



**1** Carefully wash hands according to guidelines from Ministry of Health and Italian National Institute of Health, rubbing well with water and soap for 60 seconds (30 seconds if using an alcohol-based disinfectant)



**2** Put on latex or vinyl gloves



**3** Clean each part of the frame, using the solution of pH neutral soap and lukewarm water that guarantees removal of dirt from surfaces



**4** Rinse frames to remove all soap and dry, preferably with a microfiber cloth



**5** Spray each part of the frame with the 0.5% solution of hydrogen peroxide and water for 1 minute (or with the percent solution indicated by the supplier)



**6** Clean the frame with a cloth



**7** Do not touch your face during the procedure



**8** Dispose of the gloves and cleaning materials in the correct bin (the cloth may be washed in a washing machine)



**9** Carefully wash your hands again as in step 1

**NOTE:**  
the cleaning solutions must be prepared daily, as they remain effective for no more than 24 hours.

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**DISCLAIMER:** This document provides a summary of best practices recommended by ANFAO and CERTOTTICA, according to the current information available. It is supplied exclusively for informational purposes and does not represent scientific evidence.  
The materials used in frames and lenses vary from producer to producer, it is, therefore, necessary to check in all cases the instructions given by manufacturers.

Thank you for your attention!

