

Does (not) glasses' logo matter?



Today, glasses are more than just a functional accessory. And the rising of Instagram has provoked an appetite for designs that are interesting, different... and not so much for visible logos.

The Glasses market, that includes frames, contacts and sunglasses, represented a cumulative turnover of \$90,000 million worldwide in 2014, and the figure is expected to reach \$140,000 million in 2020. To get a perspective on this number, we must remember that the whole personal luxury sector size was estimated in €220,000 million (\$247,000 million) in 2014. This means that the Glasses sector today represents more than one third of the total luxury sector, including Apparel and Accessories, Jewelry and Cosmetics.

Regarding the segments inside this category, Luca Solca, from Exane Paribas, estimates that premium and luxury frames and sunglasses reached a \$13,000 million turnover in 2014, not a worthless amount, which is equivalent to the whole luxury product market in Japan and 5% of total luxury product sales.

Glasses have been a natural extensión for many Fashion brands which have diversified through frames or sunglasses without putting many resources or a lot of interest. Most of them never considered the development of this category and they trusted their business to licensees. The result is that the sector has developed thanks to a few highly-specialized companies. Companies such as Luxottica, that holds the property of the brands Rayban and Oakley, or Safilo, that commercializes the new collection designed by Marc Newson, along with Marchon, licensee of

Calvin Klein; Marcolin, licensee of Tom Ford, or De Rigo, cover the lion part. Just recently one of the leading groups in luxury brands, Kering, has decided to actively participate and it is taking the plunge in this sector. An industry highly concentrated in a few companies with a clear leader, Luxottica, -with a €7,600 million turnover- which is seven times bigger than its next competitor, Safilo.

Among luxury brands, Hermès has been seen as an oddity for its decision not to develop glasses. It is a remarkable exception that the centennial house argues as being perfectly aligned with their brand strategy of not getting involved in categories where they don't have the expertise or product knowledge. French brand Hermès sees themselves as artisans up to that point.

Frame and sunglasses sales surpass the growth rate that goes with the geographical expansion of brands in this sector. Growth incentive has its origin in the new consumer's habits. What is evident is that today glasses are more than just a functional accessory. There are different models for different occasions. And the rising of Instagram has provoked an appetite for designs that are interesting, different... and not so much for visible logos.

It seems millennials don't choose glasses based on their logos or as a first access to the brands they desire, but for the design and Fashion content of the product. The new generations, eager Instagram users, want to look good in the picture! This interest for innovative design has opened the door to small entrepreneurs and companies, niche brands that distinguish themselves for bold and different offers. These entrepreneurs are scratching the market share of the big, up-to-now leaders in this category.

Internet and social networks that have stimulated this change in consumer taste, also have provoked the appearing of the highest-growing company in the sector for the last five years. Companies in this sector as well as traditional glasses's retailers have been surprised by the emergence of a new player that -thanks to the Internet- has re-invented the glasses sales dynamics. It is Warby Parker, a New York company born in 2010, that today is a unicorn. In its last financing round, Warby Parker received 100 million from T Rowe Price, which valued the company in 1,200 million. "Unicorns" is the name given to technologically-based companies that achieve a valuation of one Billion before going public or being bought.

The new champion Warby Parker quietly found its place in a huge market, dominated by Luxottica, contributing to make it even bigger. The company, which started selling frames for glasses, prescription glasses, and sunglasses online, has already opened 12 stores in nine US cities and it has plans to extend its network.

This example reminds us that digital revolution is an unstoppable trend that affects all sectors. An additional alert for leaders in any industry and a chance for entrepreneurs around the world.