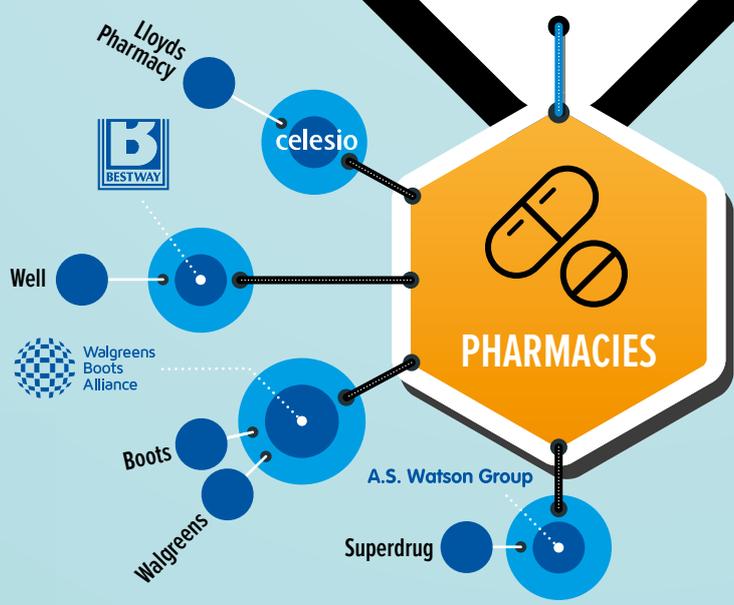
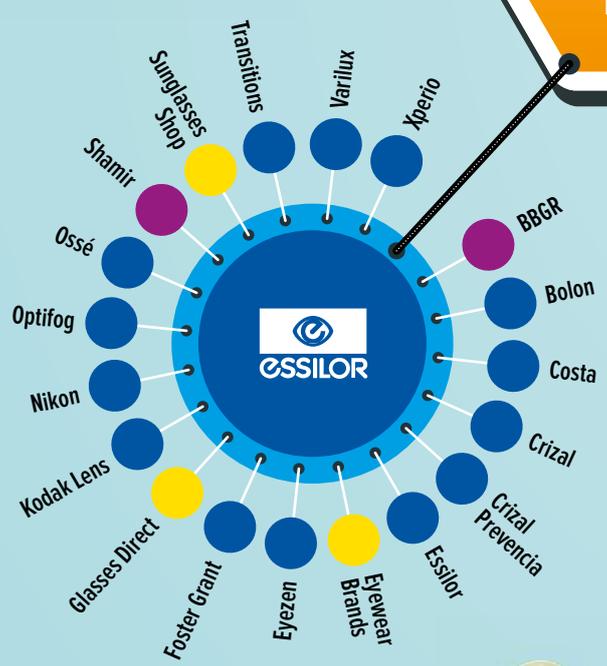
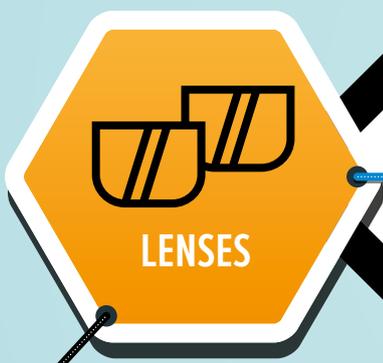


# WHO OWNS WHO IN HEALTH?

**Olivia Howes** investigates the companies behind the brands stocked by high street health providers, and what it means for you



**AT A GLANCE**

- The retailers that are part of the same group of companies as the brands they sell
- The eyewear manufacturers that make nearly all of the designer frames you'll find on the high street
- The global multinationals that own your local pharmacy

Staring at row upon row of designer frames in your opticians may give the illusion of bewildering choice, but the chances are that your money will end up with one of just a handful of huge manufacturers that dominate the glasses industry.

Whether you ultimately plump for Chanel, Ray-Ban or Versace glasses, your frames will actually have been produced by Italian eyewear company Luxottica. The firm owns (or holds the licence to manufacture) 28 well-known or designer brands. And its dominance doesn't end there. Luxottica also owns some of the UK high street shops that sell glasses, from high-end optician chain David Clulow to airport perennial Sunglass Hut. It also operates John Lewis Opticians.

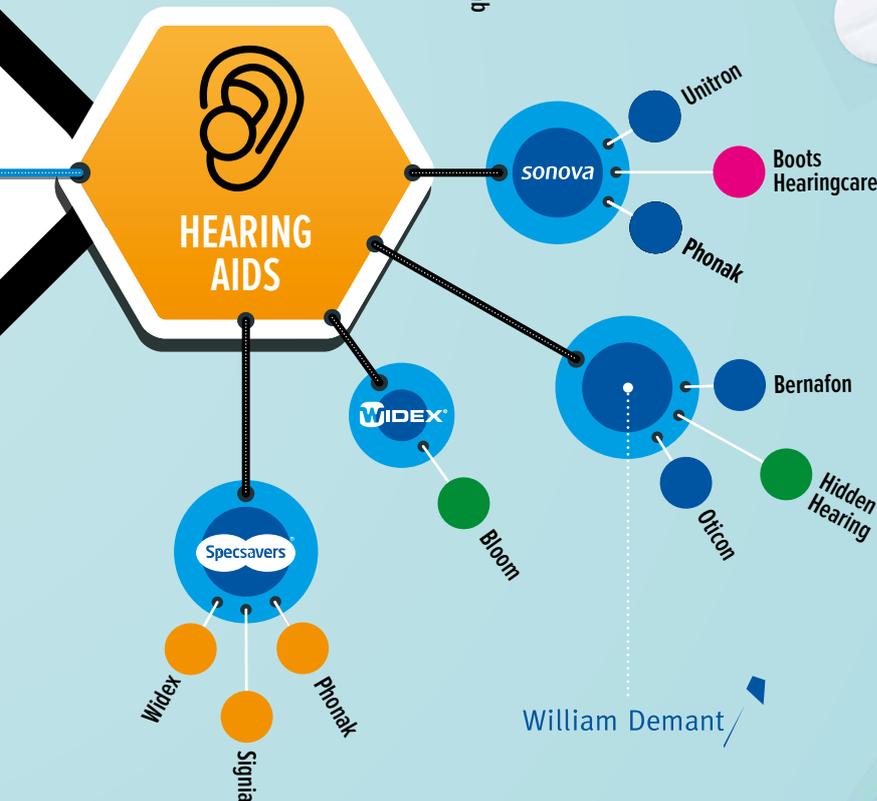
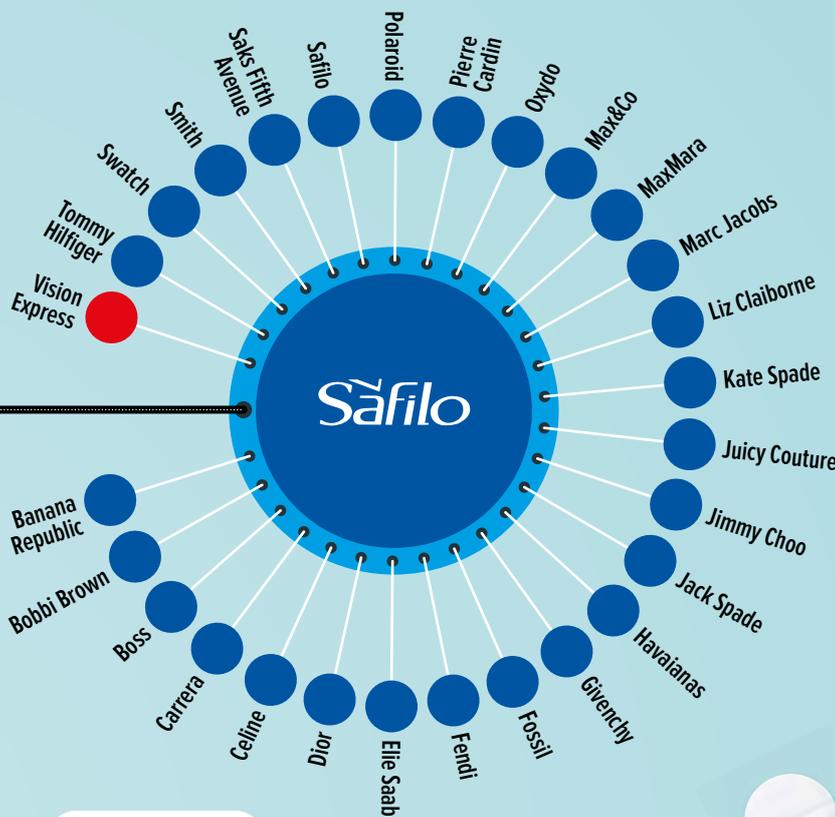
A similar pattern emerges in the hearing aids sector. Boots Hearingcare is part-owned by Sonova Holding AG, the Swiss company that manufactures hearing aid brands Phonak and Unitron.

This type of 'vertical integration' – where a manufacturer expands its operations into multiple stages of the supply chain, often including retail outlets – is not unusual, and makes good business sense. But, in some of the cases we've looked at, the relationship between retailer and manufacturer is less than clear to consumers.

**Hiding the truth?**

In June 2017, we surveyed 2,174 Which? members who had used high street health retailers in the past two years. Eight in ten thought that the company should make it clear which products it offers are also made by that retailer or its owner.

More than one of you said you felt that people have the right to know who they are really buying from – for example, that it should be made clear when you browse the retailer's website



**KEY**

- Owns brand or brand licence
- Owns retailer
- Owns online retailer
- Part-owns retailer
- Subsidiaries owned
- Specsavers own-brand advance range are manufactured by these brands
- Controlling shares owned by HAL Holdings (which owns a large amount of shares in Safilo)
- It doesn't own John Lewis Opticians as such, but Luxottica operates the five retail outlets

or read its marketing material, with one member saying that it otherwise ‘smacks of hiding the truth’. In reality, some omissions by retailers or manufacturers may simply come from the way that the businesses have acquired retail operations over time. But this doesn’t mean that they shouldn’t and couldn’t be more transparent.

We think that you should be given all the information needed to make your choice. So we’d like the relationship between the brands and the retailers to be clear during the buying process.

## GLASSES & OPTICIANS

### WHO OWNS WHO?

**Luxottica owns or licenses** Armani Exchange, Burberry, Bulgari, Chanel, Dolce & Gabbana, Oakley, Paul Smith, Prada, Ralph Lauren, Ray-Ban, Tiffany & Co, Versace and 16 other brands.

**Safilo owns or licenses** Dior, Givenchy and Jimmy Choo frames and 25 others.

**Essilor lens brands include:** Crizal, Eyezen, Transitions, Varilux, Xperio Polarising, as well as licensing Kodak and Nikon.

### The big brands in eyewear

Out of the 20 designer frame brands mentioned on the John Lewis Opticians website, 16 of them are Luxottica. At Sunglass Hut, 16 of 20 are also Luxottica-made. And of the 18 mentioned on David Clulow’s website, all but two are Luxottica’s. All three retailers are owned by Luxottica.

Luxottica is the largest frames manufacturer out there, but it’s not alone. Safilo, which licenses Dior, Givenchy and Jimmy Choo, is part owned by Hal Holdings, which also part owns the UK’s third-largest optician chain, Vision Express.

De Rigo, which licenses Carolina Herrera and Lanvin, owns more than 40% of Boots Opticians.

The power that the big eyewear manufacturers wield means that they are able to dominate the shelves of many independent opticians as well as those of big high street names. According to independent optometrist Gordon Ilett, member of trade body the Association of Optometrists:

‘If an optician wants to stock Ray-Ban sunglasses, for example, they are likely to have to agree to stock a certain number of different Ray-Ban styles and will also be encouraged to stock a number of other brands from that manufacturer. This will only leave room on the store display to do the same with perhaps one or two other suppliers.’

## Just three in ten were aware that many designer glasses brands are manufactured by third parties

### Where lenses come from

Essilor dominates the prescription lens industry, holding an estimated global market share of more than 40%. Essilor produces own-brand lenses for retailers such as Boots Opticians, as well as its own brands such as Varilux. It also owns internet retailer Glasses Direct, Eyewear Brands and Sunglasses Shop.

There are some independent lens manufacturers, and these include Hoya, Rodenstock and Zeiss. The UK’s largest optician chain, Specsavers, says that its lenses are sourced from ‘several internationally renowned suppliers’. It used to license the Pentax brand for its own-brand lenses, but doesn’t do so any longer.



### EssilorLuxottica

An even greater behemoth could be about to emerge in the shape of EssilorLuxottica (subject to checks from the relevant competitions authorities). Some optometrists fear that the proposed £40bn merger could have negative consequences for shoppers. ‘The enlarged group will operate in all aspects of supply from manufacturing to retailing,’ says Gordon Ilett. ‘The merger may ultimately lead to less choice for the consumers due the continued homogenisation of the market.’ He speculates that in the long term it could lead to lower quality products, ‘as reduced competition often leads to reduced innovation’.

### How licensing works

According to our survey, just three in ten were aware that many designer glasses brands are manufactured by third parties. But this licensing of brand names is surprisingly common, as Andrew Levy, managing director of Licensingpages and author of *Secrets of Success in Brand Licensing*, explains: ‘Eyewear brand licensing is big business. In fact, it’s rare for a designer to manufacture frames. The industry is dominated by a handful of manufacturers, and with their cost efficiencies of manufacturing scale and distribution, designers are naturally steered towards them.’

‘Different designer brands will be made in the same factories and on the same production lines, but the brand owners will provide the design requirements in accordance with the license agreement and control to some extent what the factory is able to manufacture.’

‘For example, the brand owners will give a style guide with their brand’s look and feel, which includes influences, colour palettes, designs and materials, and they will approve the products at several stages of production.’

## More than half of Which? members we surveyed viewed Boots less favourably when they discovered it's now owned by a US-based company

### HEARING AIDS

#### WHO OWNS WHO?

**Boots Hearingcare** is part-owned by Sonova, which makes Phonak and Unitron.

**Bloom Hearing** is owned by Widex. **Hidden Hearing** is owned by William Demant, which also owns brands Bernafon and Oticon.

Hearing aid retailers often stock just two or three brands. To some extent this is to be expected, as audiologists naturally become more familiar and practised with certain brands.

But three of the larger national chains of retailers are owned or part-owned by one or more of the brands they sell – and according to our research, these relationships are not always made clear to consumers.

In June 2017 we pored through the websites of Bloom Hearing, Boots Hearingcare and Hidden Hearing, and couldn't find anything highlighting the relationship on Bloom or Hidden Hearing's website. Although Bloom has since updated its site to declare that it is part of the Widex group.

You'd have to wade all the way to the bottom of the T&Cs on Boots Hearingcare's site for an indication of its relationship to other brands. And while the terms do state that it 'is a company owned in partnership by Sonova AG and Boots UK Ltd', you'd

have to visit Sonova's site to discover that Sonova AG makes the Phonak and Unitron brands that Boots sells.

Member Mark Tapley felt caught out by this. 'My Boots audiologist steered me towards a Phonak hearing aid after I went to him for advice on another brand. It was only after further research that I found out that Phonak and Boots Hearingcare are both controlled by Sonova. I felt uncomfortable about the relationship between the retailer and the brand, and disappointed that the audiologist hadn't been open with me, so I didn't go ahead with my purchase from Boots.'

Boots denied that there had been any conflict of interest and the audiologist had complied with his legal and professional obligations. The Health and Care Professions Council's (which regulates individual hearing aid dispensers) initial view was that there wasn't enough evidence to suggest that the audiologist had acted inappropriately. Boots told us: 'All the hearing aids we promote and sell are supported in the same way. Hearing aid audiologists are not incentivised to sell a particular brand. Customers get a full money back guarantee up to 60 days after an initial fitting.'

#### Other hearing aid brands

The other main manufacturers – Resound, Siemens and Starkey – don't own any retailers. UK Hearing Care,

which supplies Age UK's hearing aid service, has a loan from brand Starkey Laboratories. UK Hearing Care assured us that this financial relationship has no bearing on the products it stocks and supplies. It also confirmed that its audiologists are instructed not to choose one manufacturer over another.

Specsavers' own-brand Advance hearing aids are made by third parties, including Phonak, Signia and Widex, although they're made to Specsavers' specifications and are programmed using software unique to Specsavers.

### PHARMACIES

#### WHO OWNS WHO?

**Boots** is owned by Walgreens Boots Alliance – a big US pharmacy company. **Lloyds Pharmacy** is owned by Celesio – a multinational company that in turn is owned by the McKesson Corporation, the largest healthcare firm in the US. **Well** pharmacies, which used to be the Co-op, are now owned by Bestway. The firm is the UK's largest independent wholesale cash and carry, which also owns Best-one convenience stores. **Superdrug** is part of the A S Watson group – Hong Kong's largest health and beauty group. In the UK, it also owns Savers and The Perfume Shop.

More than half of the Which? members surveyed viewed Boots less favourably when they discovered it's owned by US-based firm Walgreens Boots Alliance, with many pointing out its Nottingham roots and believing it was still a family business. And a third felt similarly disappointed that Lloyds Pharmacy is owned by Celesio, a German multinational that's controlled by another giant US pharmaceutical company, McKesson Corporation.

### THE BOTTOM LINE

Knowing who really makes your glasses or hearing aids may help you make a more informed decision about where to go and what to choose. If you want a particular brand, don't assume that your health retailer will definitely stock it, and do your research first.

Ultimately, the products themselves are a small part of the overall service package you should receive from your optician or audiologist, so if you don't feel confident in the choice or care you get, seek a second opinion.

### FIND OUT MORE

#### On Which.co.uk

- Find out where's best to have an eye test at [which.co.uk/eyetest](http://which.co.uk/eyetest)
- See which companies are rated the best in our hearing aid providers overview at [which.co.uk/hearingaidproviders](http://which.co.uk/hearingaidproviders)
- Read more about who owns

who in the savings market: [which.co.uk/whowownswho](http://which.co.uk/whowownswho)

#### Previous related articles in Which?

- 'Best and worst optician shops', September 2016, p24
- 'The brands behind the brands', December 2015, p16
- 'Hear and now', November 2014, p25