Jong-Gu Chung – General Manager, CooperVision, South Korea



It is only a matter of time before CooperVision takes the leading position globally

19.03.2019

Tags: Korea, Ophthalmology, CooperVision, Contact Lenses

Jong-Gu Chung, general manager of CooperVision Korea, lifts the lid on his strategy to establish their position in the Korean market for contact lenses. Chung also gives his assessment of the impact price-driven competition for lenses is having on the market, both for providers and users, and offers his ambition for CooperVision to be the partner of choice for eyecare practitioners.

What has been your key priority as the General Manager of CooperVision?

Our key strategy is to partner with opticians, our primary customers. Our focus has been on improving the professionalism of eyecare practitioners. In contrast, our competitors are focusing on consumers. As most eye care professionals in Korea are promoting price-driven competition and differentiation, it does not create credibility; patients then perceive opticians as merchants rather than healthcare professionals. We are also trying to provide them with speciality products such as multifocal contact lenses and anti-fatigue contact lenses. In order to offer these, opticians need to improve their prescription skills. This is one of our objectives. CooperVision Korea regularly provides a training session for ECPs (Eye Care Professionals).

What is CooperVision’s footprint in the Korean market?

Within the market segment in which we operate, we are second, following J&J, with whom we are narrowing the gap. It is only a matter of time before CooperVision takes the leading position globally too. We are leading with innovation and have a considerably stronger focus on R&D than our competitors. CooperVision continues investing to ensure that we launch new products ahead of any competitor. We are also the leaders in the high specialty segment, providing products for astigmatism and multi-focal lensing. This is one of CooperVision's global strengths and we are aligning our Korean operations with the global marketing strategy.

What have been the main growth drivers for CooperVision?

Since I joined in 2010, we have focused on the monthly modality through our product Biofinity®. This was in contrast to our competitors who followed the trend and focused on the color lens segment. The quality of Biofinity® is very high, and customers were willing to try new products. The reviews from customers has been very positive, which incentivizes opticians to prescribe them. Biofinity® is the dominant product within the monthly modality. The biofinity family is comprised of five different types and can be categorized into basic functions: Sphere, Toric, Multifocal, XR (extended range) and Energys (digital fatigue lens).

Biofinity can offer high satisfaction to users who have different kinds of eyes for different lifestyles and life stages. Due to this distinguishing feature of Biofinity, ECPs recommend our products based on excellent feedback received from their patients. This allowed us to hold over 50 percent of the market share for the monthly segment amongst the FRP (monthly contact lenses).

Nowadays, it is understood that the beauty segment is too competitive. There are also almost 50 local manufacturers in Korea. Thus, the market is not growing, and the profit margins are falling with the increase in entrants. This is particularly apparent for global companies who have difficulty in launching new products in the beauty segment at the same rate as local providers. For multinational provides, it takes two to three years to launch new products with new colours and offerings. This can be as little as two months for a local company. Moreover, customers do not see these products as high quality, so R&D and innovation do not necessarily lead to better success.

Consequently, when our competitors analyzed where to move in the market, they realized the untapped potential of the monthly modality. As a result, both J&J and Alcon have entered this area. Counterintuitively, I am pleased to have more competitors in the market. Without strong competition, it will be difficult for CooperVision alone to increase the size of the segment.

What was the rationale behind your decision to place your main concentration on the monthly segment?

The monthly segment is less than 20 percent of the total market, and the daily market is almost 60 percent. We held off on promoting the daily wear segment as we did not have any competitive products, such as clariti®, available locally. From last year this began to change, and we started introducing products. Currently, we have three products available in the daily segment: MyDay®, Proclear® and clariti®, with increasing quality.

I am waiting for our competitors to invest further into the monthly segment where we are already leading, and then we will move to establish ourselves with a strong market share in the daily segment.

What have been the main trends impacting providers of contact lenses?

The Korean economy has remained sluggish since 2009, which has created price-driven competition in the market. Profit margins have been all but wiped out: consumer price has dropped to supplier price. That is creating a more volume driven market, particularly in the daily market. Opticians try to differentiate themselves through products. Consumers know the branded products and so opticians try to sell these at a very low price, sacrificing margins for volume. Consequently, the market has been flat, growing at less than five percent.

Currently, daily usage lenses are twice as expensive as the monthly modality. Therefore, daily lens' price competition is significantly stronger than in the monthly modality. The market is large, with sixty percent in the daily modality, 20 percent in the monthly modality, and 20 percent in the specialty modality. This excludes color lenses of course.

Consumers are now enjoying the lower prices, and this is why there is rising compliance of wearers – consumers using the products as recommended. Some research has demonstrated that compliance in the daily segment has been traditionally very low. Daily lenses are advised to be used for one day and then discarded. However, many Koreans use the same lens for multiple days, viewing it as more cost-effective. This trend is particularly prominent with young users. Following the fall in lens price, the consumer can afford to be more compliant, which will benefit overall eye health.

Samsung recently filed a patent for a new smart contact lens. What do you foresee as the impact of such technology on the market for contact lenses?

There is movement in this field not just by tech companies like Samsung and Apple, but by Pharma companies too and Novartis are investing in a diabetes control contact lens. While this technology could be a competitive issue in the future, I do not see it as a short-term threat. There are a number of barriers holding this technology back, for example, the presence of electrical components in the lens. Even though these are low voltage, it is an issue that manufacturers must overcome as it detracts consumers. Therefore, it will take a long time before this technology is trusted. The government's strict regulations are also a key factor in inhibiting the growth of this area. While the technology may exist, the regulators prioritize safety, and will, therefore, be slow to allow the introduction of any such product on the market. Finally, many doctors, who are resistant to change are also against prescribing and advising their use. Consequently, I do not perceive this new segment as a threat at this time.

What are your next major goals for CooperVision?

My qualitative goal is to continue strengthening our partnership with eye care practitioners through training and education. This will not be realized overnight. However, I hope that within five years, 20 percent of practitioners will be confident in prescribing multifocal and specialized lenses. The specialty segment, with more customized products, requires patients to visit trained eye care professionals. In Korea this constitutes only 15 percent of the market, compared with 35 percent in the UK.

In summation, I want CooperVision to be the supplier of choice in the market.

See more interviews