

# Future Growth in LASIK: Understanding and Reaching Generation Y

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Since its commercial introduction to the US in 1995, Laser Vision Correction has evolved significantly in terms of technology and technique. Today, refractive surgeons agree that the procedure now available to consumers, called the iLASIK™ procedure (the combination of the

Advanced CustomVue® Procedure and the IntraLase® Method of flap creation), is far superior to the technology and technique used in the first years following the initial FDA approval. Why then, has market acceptance, which has been consistent at 1.2 to 1.4 million procedures per year since the year 2000, failed to keep pace with innovation in the procedure? One explanation can be found by examining the demographics of LASIK patients over the past decade. During that time, the average age of the LASIK patient has remained fairly consistent at 39 years of age. In 1996, that age represented the midpoint of the Baby Boomer generation (78 million Americans born between 1946 and 1964), who at that time ranged in age from 32 to 51. Today, this same generation ranges in age from 43 to 62, with a midpoint of 52 years of age. Accordingly, this age group is well into presbyopia and at the early to middle stages of cataracts, making lenticular refractive surgery increasingly a more suitable option.

Where is the future of LASIK? SM2 Strategic was asked by Advanced Medical Optics, Inc. (Santa Ana, CA) to review and report on the current research with the next generational wave of suitable LASIK patients, which demographers have called Generation Y (“Gen Y”). This generation of refractive surgery candidates is nearly identical in size to the Baby Boomers, and the leading edge of Gen Y is currently 31 years old. This paper examines the social and behavioral characteristics of this age group to help refractive surgeons understand the opportunity that Gen Y represents in the marketplace as well as the necessity to change the approach taken to educate and attract Gen Y candidates to refractive surgery.

**Figure 1: Size of Adult Population (millions) and Age Range (years)**

	1998		2010		2020	
	SIZE	AGE	SIZE	AGE	SIZE	AGE
Born Before 1945	62.5M	53+	39.4M	65+	21.8M	75+
Born 1945 – 1964 “Baby Boomers”	77.8M	34-52	74.5M	46-64	69M	56-74
Born 1977 – 1995 “Generation Y”	15M	18-21	64.8M	18-33	78.8M	25-43

Source: Media Management Center

## What is Generation Y?

Generation Y is the term used to describe children of the Baby Boomer generation, typically born between 1977 and 1995. Some demographers refer to this generation as Echo Boomers or Millennials, with slight variances in birth dates and popula-

tion size. Regardless, this population of 78-82 million Americans makes it equivalent in size to the older Baby Boomer generation. Having observed the impact that Baby Boomers have had on society, social scientists as well as marketers are keenly interested in the buying behaviors of this emerging adult demographic. As shown in Figure 1, the adult (18 and older) segment of each generation shows an increasing presence of Generation Y, which will become the dominant adult age group by 2016. The environment for ophthalmic surgery has and will continue to parallel this trend: Cataract surgery was the dominant eye surgical procedure for those born before 1945. Corneal refractive surgery (ie, LASIK) has been the dominant procedure among Baby Boomers, who will now gravitate towards premium cataract surgery (ie, Refractive IOLs). LASIK, a procedure that came to the market for the parents of Generation Y adults, should similarly become the dominant eye surgical procedure among Gen Y as the leading edge of this group moves into their 30s and 40s over the next decade.

## Comparison to Baby Boomers

While similar in size and impact to Baby Boomers, Generation Y exhibits a demographic profile that contrasts with its older counterpart. While Baby Boomers were relatively ethnically homogeneous, the Gen Y population is regarded as highly diverse, with four out of ten indicating they are not Caucasian. This is the “education is cool” generation - 90% of Gen Y high school seniors expect to go to college and 40% of college freshman expect to go on for a master’s degree. They have higher income expectations than their parents and are commanding

**Figure 2: Comparison of Two Generations**

	<b>Baby Boomer</b>	<b>Generation Y</b>
Birth Years	1948-1964	1977-1995
Size	78 M	79 M
Current Age (years)	43-62	14-31
Defining Year	1969	2001 (9-11)
% Attending College (have or plan to)	48%	90%
Relationship with Parents	Rebellious	Tight-knit
Marketers' Strategies	Mass Media Respond to Advertising	Niche Media Respond to Events
Ethnic Origin	> 80% White	> 40% Non-White
Technology Adoption	"Early Adopters"	"Internalizers"

higher starting salaries as they enter the workforce. A full 80% believe they will be better off than their Boomer parents.

In looking at psychographic data, the Gen Y consumer behaves differently than the Baby Boomer, in part because of how they have been reared by their Baby Boomer parents, yet also due to the explosion in technology that has become available in the digital age. They have not known a world without the personal computer, cell phones, or the internet. In contrast to defining someone as an “early adopter” of new technology, Gen Y consumers are characterized as “internalizers” of new technology, signifying their ready embrace of gadgetry. Compared to Boomers, Gen Y young people are three times as likely to download music or video from the Internet; four times as likely to access the internet for news, sports or other information; and five times more likely to take pictures or play games with their mobile phones. 70% of them have logged on to the Internet wirelessly away from home or work

With over 95% of this audience using a cell phone and a computer, the implications for how they communicate with others and consume information are far reaching. Whereas mass media outlets (broadcast television, daily newspapers, etc.) were successful in reaching Boomers with both news and advertising, those in Generation Y are largely not consumers of mass media. 34% use websites as their primary source of news. According to UK-based The Future Laboratory, 25% of Gen Yers have reduced their TV watching in favor of social networking on sites like MySpace and Facebook. They spend about 30% more time each day online than their Boomer parents. Five years ago, only 39% of Gen Y adults said they read a newspaper, compared to 59% of Boomers, and that number has likely dropped even

further by now. Unlike the Baby Boomers, Generation Y reports having strong relationships with their parents. A recent Gallup poll showed that 90% of teens report being very close to their parents. Contrast this with a 1974 survey in which 40% of Boomer teens said they would be better off without their parents. This makes sense, given the coddling that typical Gen Y children received from their Boomer parents. Surveys indicate that Gen Y adults lean heavily on their parents for advice, especially on major financial decisions (eg, purchase of first home). A summary of some of the key differences between these two generations can be seen in Figure 2.

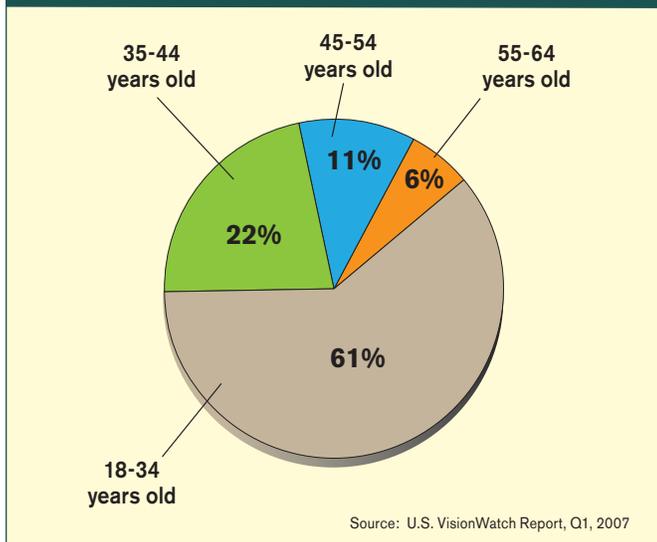
### Relevance to Refractive Surgery

Modern day refractive surgery has been built based upon the baby boomer generation, as the ability to see without glasses resonated with a consumer population that invented the consumer categories of self help and self improvement. As that generation gets older and moves beyond the sweet spot age-range of LASIK (due to presbyopia and cataract formation), it is important to understand where the next wave of patients will be coming from and why they merit attention. Topline analysis of population by age indicates that by 2010, Generation Y adults will number 65 million people and become the dominant candidate pool for LASIK. Far from being depleted, the pool of myopes ages 20-39 is currently 23 million and will grow to 24.7 million people by 2020. An ongoing nationwide survey of 100,000 consumers conducted by US VisionWatch indicates that the person most likely to have laser vision correction today between the ages of 18 and 35 years old, and has an annual income of less than \$40,000 or greater than \$60,000, and is equally likely to be male or female. A combination of four factors will continue to influence adoption of LASIK by Generation Y: Familiarity, Affordability, Luxury, and Longevity.

**Familiarity-** When all adults ages 18 to 64 are surveyed as to their likelihood of having any type of vision correction surgery, survey results indicate that 18 to 34 year olds reported being three to ten times more likely to have a procedure (“definitely” will have) than their older counterparts (see Figure 3). This finding is not surprising, given that LASIK is something that has been around for the majority of their adult lives. They have grown up knowing someone (a parent or friend of their parent) that has had the procedure. This greater familiarity is translating to earlier adoption of LASIK than what has occurred historically.

**Affordability-** Traditionally, it was fair to assume that consumers who were older and more established were better

**Figure 3: Percent of Patients by Age Group Responding They “Will Definitely Have Laser Vision Correction”**



able to afford a discretionary spend such as LASIK. Survey data indicate that the Gen Y adult’s closer relationship with his parents extends to areas of financial support. More than half (57%) of college grads move back in with their parents after college and that support continues. The HSBC banking group reported that nearly one-third of Gen Y 22-29-year-olds rely on money from their parents to fund major expenses. LASIK could be to the young adult what braces have become to the teenager: a common “right of passage” expenditure by parents (or Grandparents) who want their children to have the best eyesight possible in the same manner they wanted them to have the best teeth and smile. At the same time, this generation was raised in the era of monthly budget financing and widespread use of credit (charge cards, home equity lines) that was not a societal norm a generation ago. 92% of college students carry at least one credit card; almost half of them have four or more. Even among high schoolers, one in nine carries a credit card co-signed by a parent. Thus, Generation Y’s comfort and acceptance of financing of purchases lacks much of the stigma around borrowing of money that characterized earlier generations of consumers.

**Luxury-** Compared to their Baby Boomer parents, younger consumers are showing an even stronger penchant for luxury spending. A survey of Millennials done by Time Magazine indicates a strong preference towards high-end goods and services, exemplified by 92% of respondents agreeing with the statement, “I work hard, so I reward myself by splurging.” Despite lower incomes, these younger consumers reported spending much more on core luxury goods than their Boomer counterparts,

including sunglasses, leather goods, lingerie, and hair and skin-care products. It is reasonable to expect that LASIK would be viewed in a similar manner.

**Longevity-** The ability to enjoy vision without glasses for a longer period before the onset of presbyopia creates a compelling return-on-investment argument, especially for those younger consumers who began wearing contact lenses as early teenagers. Someone having LASIK in their 20s gets an additional 10-20 years of lifestyle benefit from the procedure when compared to the another person having LASIK around age 40.

When viewed together, familiarity with LASIK procedure, a broadening of financial means, increased luxury consumption, and a longer timeframe to enjoy the value created are forces that should combine to significantly reduce the mean age of LASIK patients in the coming years when compared to the historical mean age of 39 for someone having LASIK.

**The Caveat-** As noted above, the Generation Y population exhibits consumer behavior that is different than their Baby Boomer parents. Younger consumers are seen as mistrusting of the mass marketing approaches that succeeded with older generations. Major “Boomer” brands, such as Nike, Levi’s, and Converse, have failed to connect with this younger generation. Gen Y brands include Mudd, Paris Blues, and Cement, names that are entirely unfamiliar to their Boomer parents. This generation values quality—but it is skeptical of marketers attempts to sell to them. Gen Yers have been drawn to niche brands catapulted to celebrity status via YouTube videos and other viral marketing campaigns. Sales of Mentos mints, for example, exploded after the company capitalized on an online video of a geyser created by pouring Coke on its mints. Mentos sponsored and supplied the mints for a geyser competition, and later launched a popular intern blog. Established brands like Aleve and Folgers are not trying to duplicate these strategies.

In short, Generation Y consumers are turned off by traditional approaches to marketing, especially when it comes across as “hard sell.” Events and experiences that allow the consumer to participate are replacing advertising as a means of connecting with consumers. Thus, how the refractive surgeon reaches out to and educates this consumer demographic becomes paramount. Generation Y wants honesty and “no spin.” This age group does “smart research” that spans multiple sources, changing the role of the surgeon and staff in the education and decision process from “sole expert” to “expert facilitator.” Refractive practices should begin to change the way they do business today if they want to reach this rapidly influential group of consumers.

## Summary

It may be tempting for refractive surgeons to dismiss this audience as being “too far off in the future” to warrant concern in today’s environment. Some surgeons view the current LASIK market as “past its prime” as the Baby Boomers get older and migrate to lens-based procedures that reduce presbyopia in addition to correcting distance vision. These views are limiting, given the sheer size of the Gen Y population and its impact on society that will likely rival what has been achieved by the Baby Boomers.

The outlook and future opportunity for the LASIK market is bright indeed, given the track record of the procedure and its familiarity among young adults. While the benefits of LASIK and native fears of eye surgery are common to consumers across generations, the ability to reach Generation Y requires a change

in the approach taken by refractive practices. Attracting them using different methods is not enough; the physical environment and behavior of staff will have to shift as well. The practices that meet this challenge will be well positioned to capture the interest of this emerging pool of LASIK candidates.

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## Making Your Practice Gen Y Friendly

**Community** – The popularity of social networking and group outings are examples of Gen Y’s desire to be with others in their daily activities. *Refractive practices should offer group consultations that resemble a hybrid of the individual consultation and the seminar, combining two events that have worked to stimulate consumer interest and action. Group consultations can be done “live” both in person and over the internet.*

**Convenience** – Time is of the essence to a generation whose schedule has been highly regulated right from childhood (eg, toddler “play dates”, multiple after-school activities) and continues into adulthood. *Shorter “drive by” screenings that allow for rapid determination of candidacy will appeal to Generation Y. Having a snack or light meal available allows the Gen Y consumer to multi-task (“I can grab a quick bite and finally see if LASIK will work for me”).*

**Comfort** – Gen Y consumers have been coddled all their lives, and the emotional weight of the decision process when considering LASIK puts an additional requirement on the refractive practice to pay close attention to environment (furniture, lighting), food, and staff behavior, using positive cues that allow the Gen Y consumer to associate the practice with comfort. Cues include warm blankets, calm music (provided on an iPod), encouraging friends and family to stay with the patient, and holding the patient’s hand during surgery. *The goal should be to have the practice become a safe place to explore and overcome the scary association with eye surgery.*

**Coaching** – Gen Y consumers tend to rely on their parents when making major decisions. *The refractive practice should provide information (eg, brochure, web pages) directed to the parents of people considering LASIK, including testimonials from other parents. Such efforts will help LASIK move towards becoming a “right of passage” for young adults, much like orthodontic braces are for teenagers today.*

**Customization** – Gen Y consumers want to be treated as unique individuals, and practices should move away from “mass” in its communications. “Dear Patient” letters won’t cut it with this audience. *The marketing content directed to Generation Y should emphasize the personalization of the procedure to each individual, which will resonate strongly with this audience.*

**Control** – Empowerment is a mantra for Generation Y. Allowing patients to book appointments online gives the Gen Y consumer the control they want. *Encouraging Gen Y patients to form LASIK support groups allows them to self-reinforce their decisions.*

**Clarity** – Transparency and Authenticity are two requirements of Gen Y consumers, who must know “where you are coming from” in their dealings with service providers. Refractive advertising must not over-promise results. *Allowing the Gen Y patient to lead the consultation, providing a list of former Gen Y patients that can be contacted (note: do not stage the call, let the potential patient initiate), and making sure the Gen Y patient gets a tour of the laser suite prior to the procedure are examples of creating a*

*clear view of you and your values as a LASIK provider.*

**Connection** – Part of the group dynamic in Generation Y is the perception that others in their age group should be doing or talking about the same activity/event/process they are going through. *For LASIK practices, this means having a patient blog (Weblog or web-based diary) that allows treated LASIK patients to communicate with other Gen Y “alumni” is more important than telephone calls or in-person meetings. Having a generation-specific testimonial book is another way of better connecting with this audience when they are in your practice.*

**Concern** – Even with the high awareness and familiarity with LASIK, the Gen Y consumer is still concerned about permanent change, even when it is for the better. *One remedy is to give plano lenses for their pre-LASIK eyewear, allowing the patient to experiment with both the new and old self after having the procedure.*

**Consumption** – Gen Y consumer behavior should be viewed as immediate, intense, and internal. They want quick response to their questions and issues, meaning that *LASIK practices should be monitoring incoming e-mail and text message requests with the same importance given the telephone. This includes having someone “on call” at off hours to answer questions that used to come over the telephone and typically were handled the next business day.*