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Meet the Four-Eyed, Eight-Tentacled Monopoly That is Making Your Glasses So Expensive

As my fellow four-eyes will know, buying new glasses can be an expensive undertaking. The fanciest frames at LensCrafters often sell for $400-500. Holding those little assemblages of glass, metal, and plastic that cost $25-50

The answer is basic economics. Most frames are manufactured by a single company, named Luxottica. The Italian company makes frames and sunglasses for an amazing list of brands and stores, including

Prada

Chanel

Dolce & Gabbana

Versace

Burberry

Ralph Lauren

Tiffany

Bulgari

Vogue

Persol

Coach

DKNY

Rayban

Oakley

Sunglasses Hut

LensCrafters

Oliver Peoples

Pearle Vision

Target Optical

Sears Optical

The company also makes Google Glass – though 79-year-old Luxottica founder Leonardo Del Vecchio recently commented that he'd be embarrassed to wear the Google eyewear outside of a disco, and that his disco days are over.

Meet the four-eyed, eight-tentacled monopoly that is making your eyeglasses so darned expensive.

Luxottica estimates that at least half a billion people around the world are currently wearing their glasses. I don't know about you, but I am pushing them up my nose right now.

Luxottica controls 80% of the major brandsin the $28 billion global eyeglasses industry. This monopolistic structure of the market leads to profits that are "relatively obscene," says Tim Wu, a professor of law at Columbia University and the author of *The Master Switch*. In a speech given at this year's annual conference for New America, a Washington, D.C.-based think tank, Wu remarks that products in some industries seem to only get better and cheaper — laptops, for example — while other products, like eyeglasses, remain strangely pricey, with only superficial innovation.

The difference is due to market structure. Because it controls so many prominent brands and retail chains, Luxottica is what economists call a price maker. That means it can set the price of its goods near the highest amount that consumers would be willing to pay for them, unlike more competitive industries, in which competition both encourages constant innovation and forces the price of goods down toward what they cost to manufacture. Having control over the pricing of a huge variety of different brands means Luxottica can also carefully engineer the prices of different brands to encourage you to shell out an additional $80 for that beloved logo or streak of Tiffany blue.

In certain industries, monopolies can be appropriate and natural – the power sector, for example, where it costs less for one company to set up and run a power grid than it would for multiple companies to set up competing

environment, monopolies create a very cynical form of capitalism – giving consumers merely the illusion of choice rather than choice itself, and extracting a lot of money from them in the process.

The easiest way to bust a monopoly like this is for consumers to recognize that they are being overcharged and patronize competitors. Warby Parker, which is mainly an online sales room for glasses, is putting up some competition, but the atmosphere remains rarified.

Many people, Luxottica representatives included, often explain away the high price of glasses by arguing that consumers are willing to pay a lot for something they wear on their faces 15 hours a day. But even if consumers are willing to pay high prices, that doesn't mean that they should. Prices are determined in large part by the structure of the market.