

Important hearing aid market trends

A quick venture into industry trends!

Jes Olsen

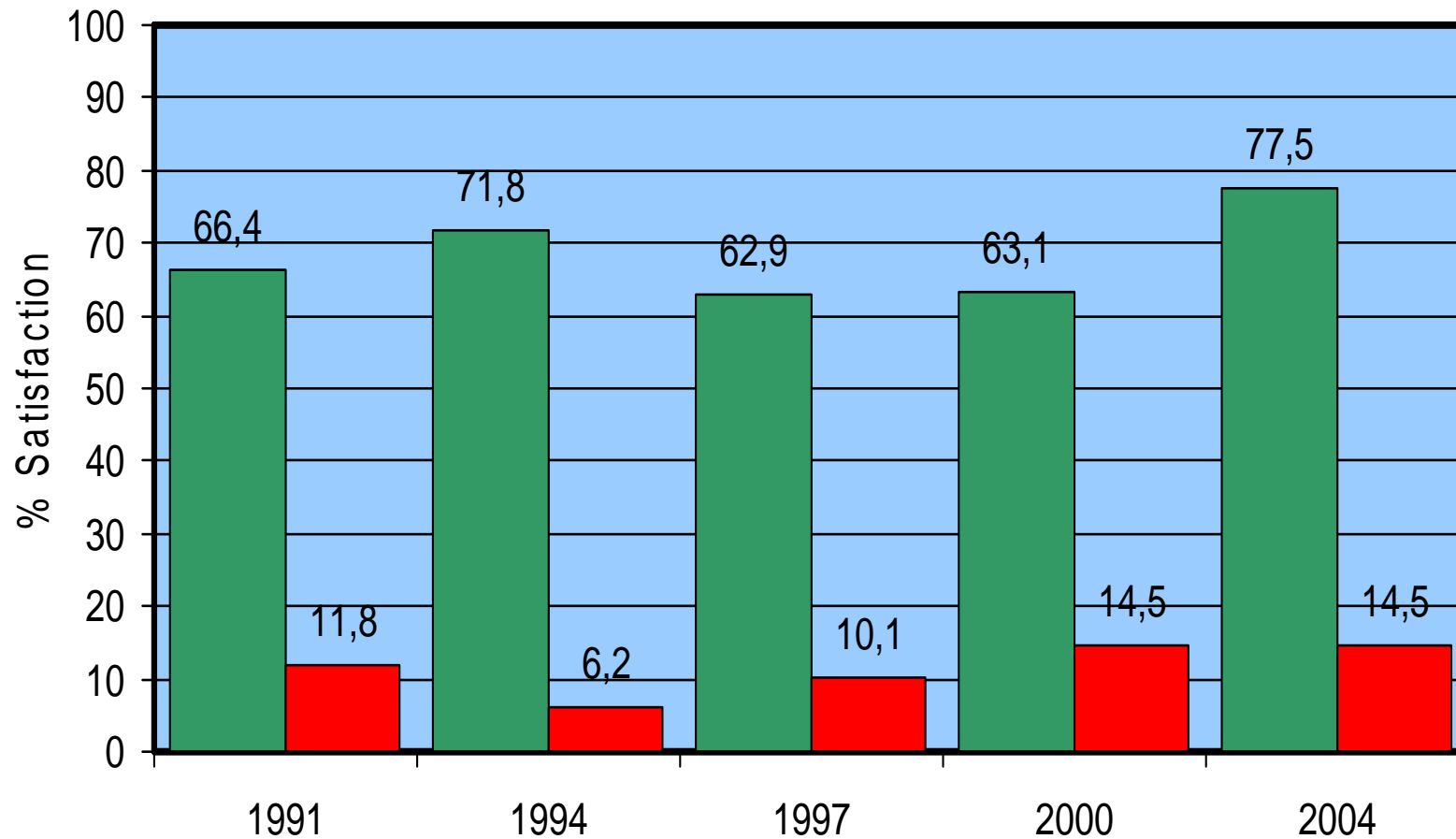
Business and Product Development

Contents

- Does the consumer think we are doing a good job?
 - User satisfaction
 - Trends in the age of the first-time user
 - New knowledge about stigmatization
- Trends in technology

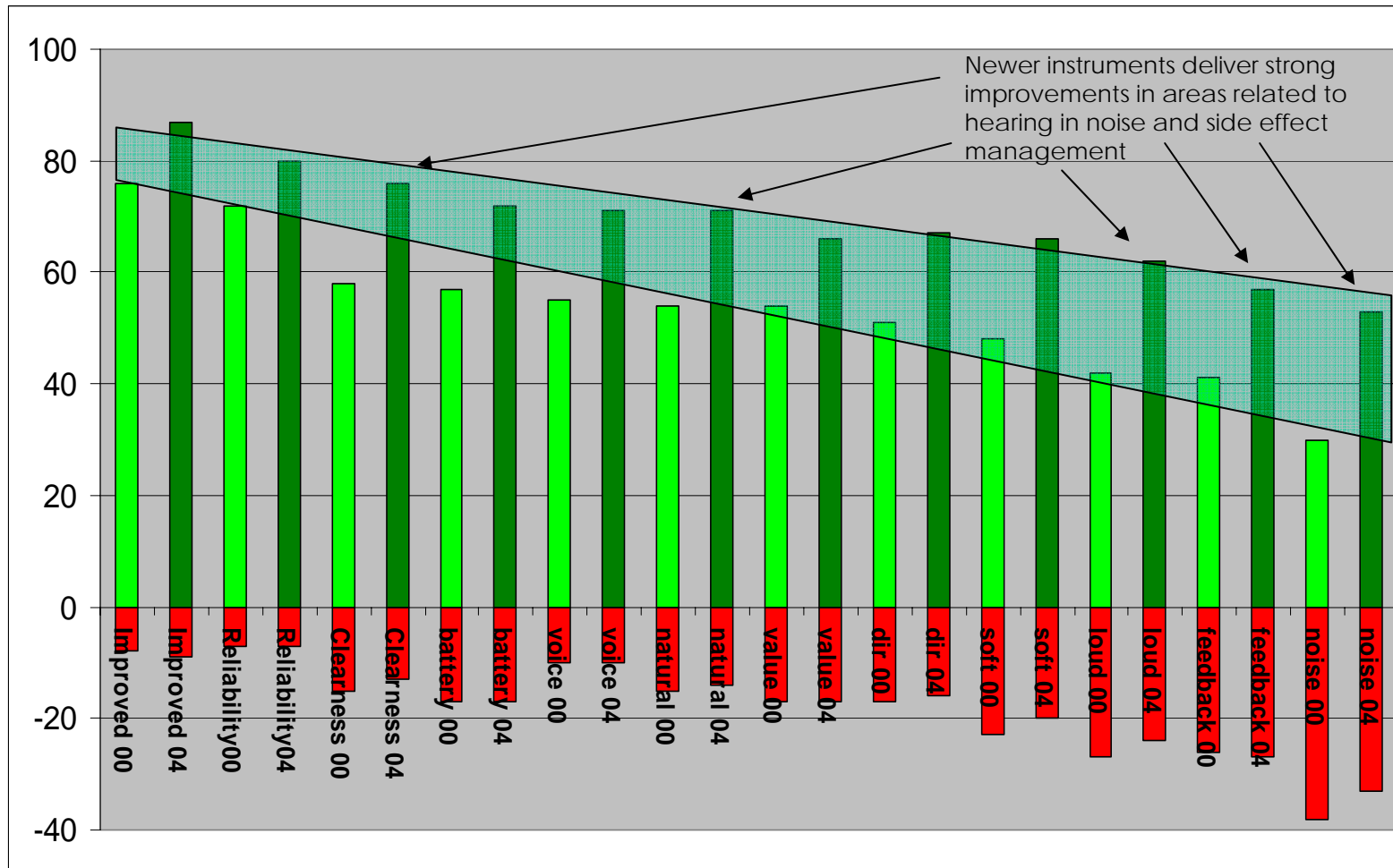
**DOES THE CONSUMER THINK
WE ARE DOING A GOOD JOB?**

U.S. overall customer satisfaction trends for new hearing instruments (< 1 year)

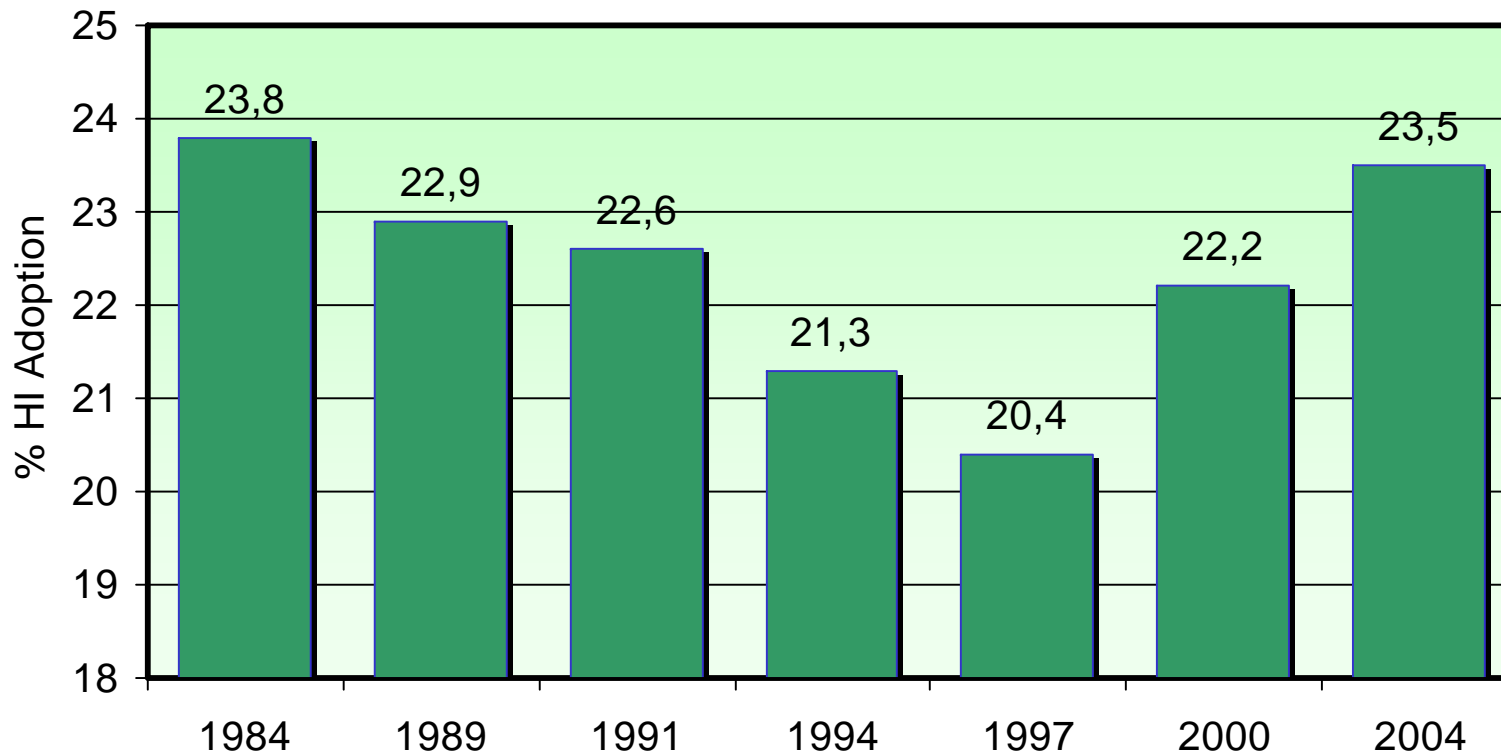


Satisfaction detailed

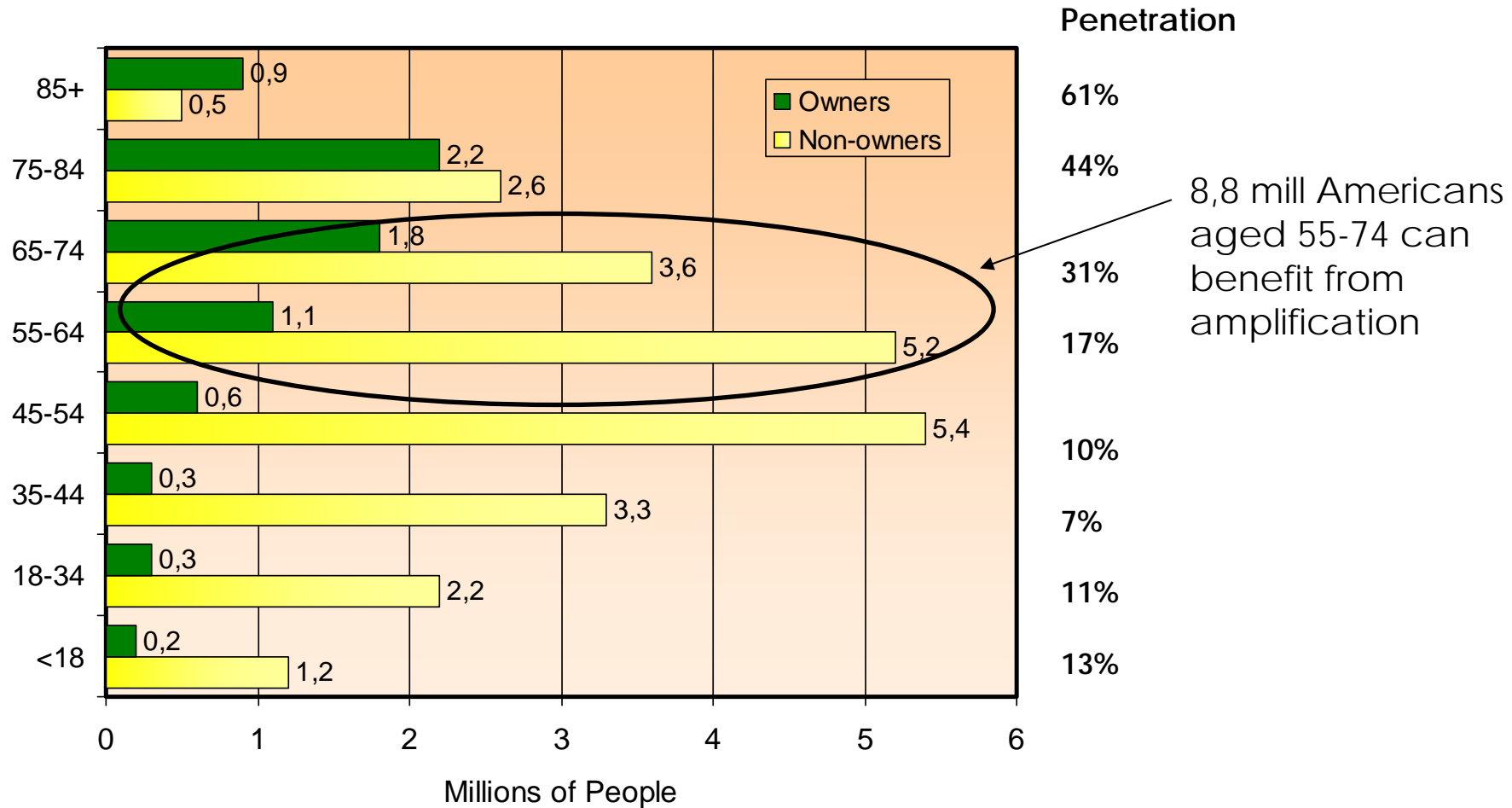
Satisfied 2000
 Satisfied 2004
 Dissatisfied



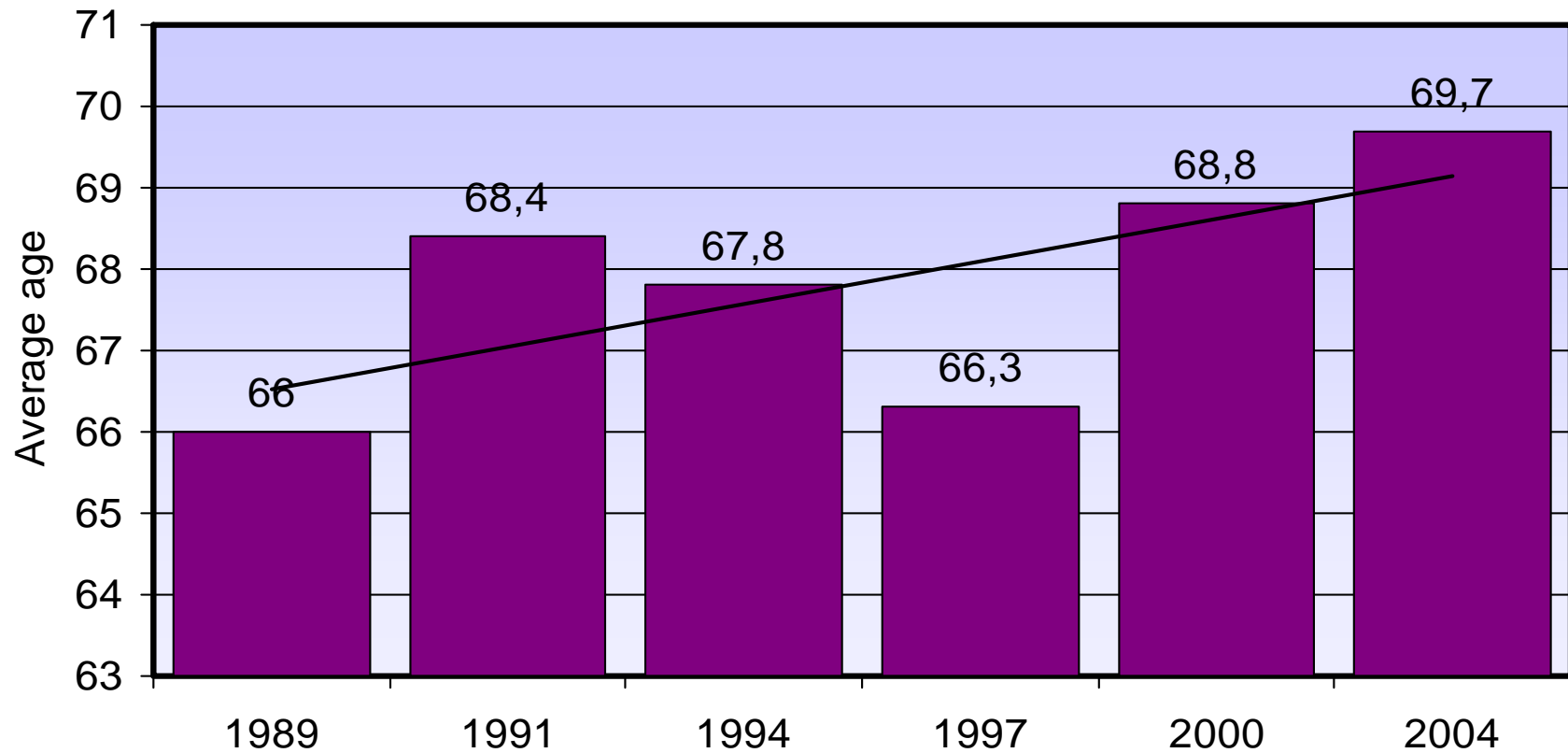
Hearing instrument adoption rates (1984-2004) expressed as percentage of people with hearing loss who own hearing instruments



Hearing loss population in 2004; hearing instrument owners versus non-owners.



Average age of new hearing instrument users



Getting back to 1989 first-time user age would
add sales of 150-200 thousand units/year

**Do we understand why
consumers decide not to use
hearing aids?**

Stigmatization

**“You put on a hearing aid –
and suddenly you are 20 years
older and lost 30 IQ points”**

Robert Jackler, MD

Two studies on stigmatization

- Stigmatization (PhD. study at the Eriksholm research center)
 - Denial – because hearing loss does not come overnight
 - The problems get worse – at the end you (or your family) can not cope anymore
 - Accepting that something has to be done
- *“The Unconscious Mind of the Hearing-impaired Consumer”* (Zaltman Associates)
 - Uncovering the deep metaphors that consumers share toward hearing loss and hearing aids
 - *“My world” versus “Outside world”*
 - Hearing aids are currently **perceived** to represent the opposite of the IDEAL qualities that hearing loss sufferers aspire to reflect

The retail challenge

- Reputation
- Consumer experience
- How to cater for different user groups
 - A “young” 55 year old
 - An “old” 85-90 year old



Conclusions

- Average age of new users is going up
- We have not managed to penetrate the younger customers
- Penetration has not changed in 20 years
- Our ability to attract the first-time users has dropped
- The total unit sales have only grown 2-4% year

SO IN SPITE OF ALL WE HAVE ACHIEVED AND DONE, WE ARE STILL NOT REACHING MORE PEOPLE

Trends in Technology

More open fitting

- More styles
 - The traditional thin tube BTE
 - The future style, Receiver- In-The-Ear (RITE)
- Future
 - More or less open to attract more user groups
 - Size and design will become even more important

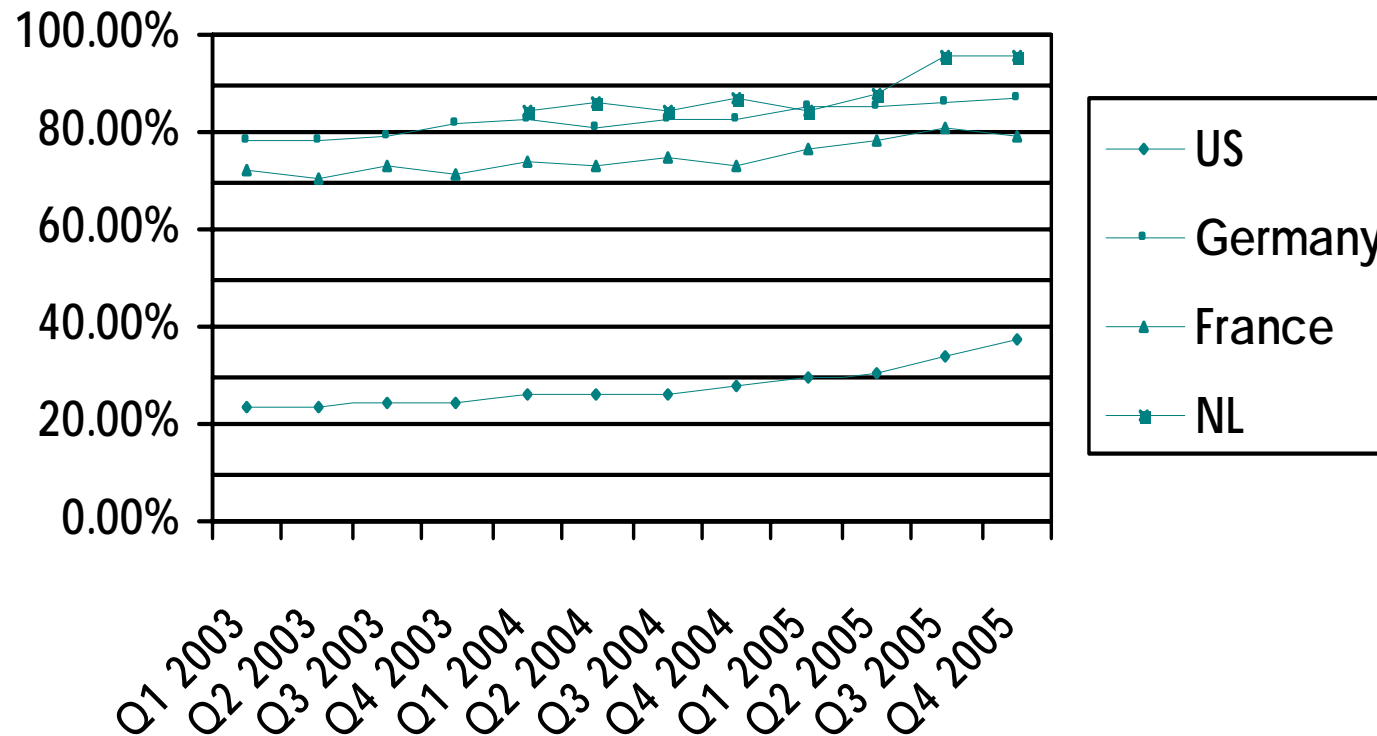


Syncro Corda



Oticon ♦ Delta

BTE share of market is increasing



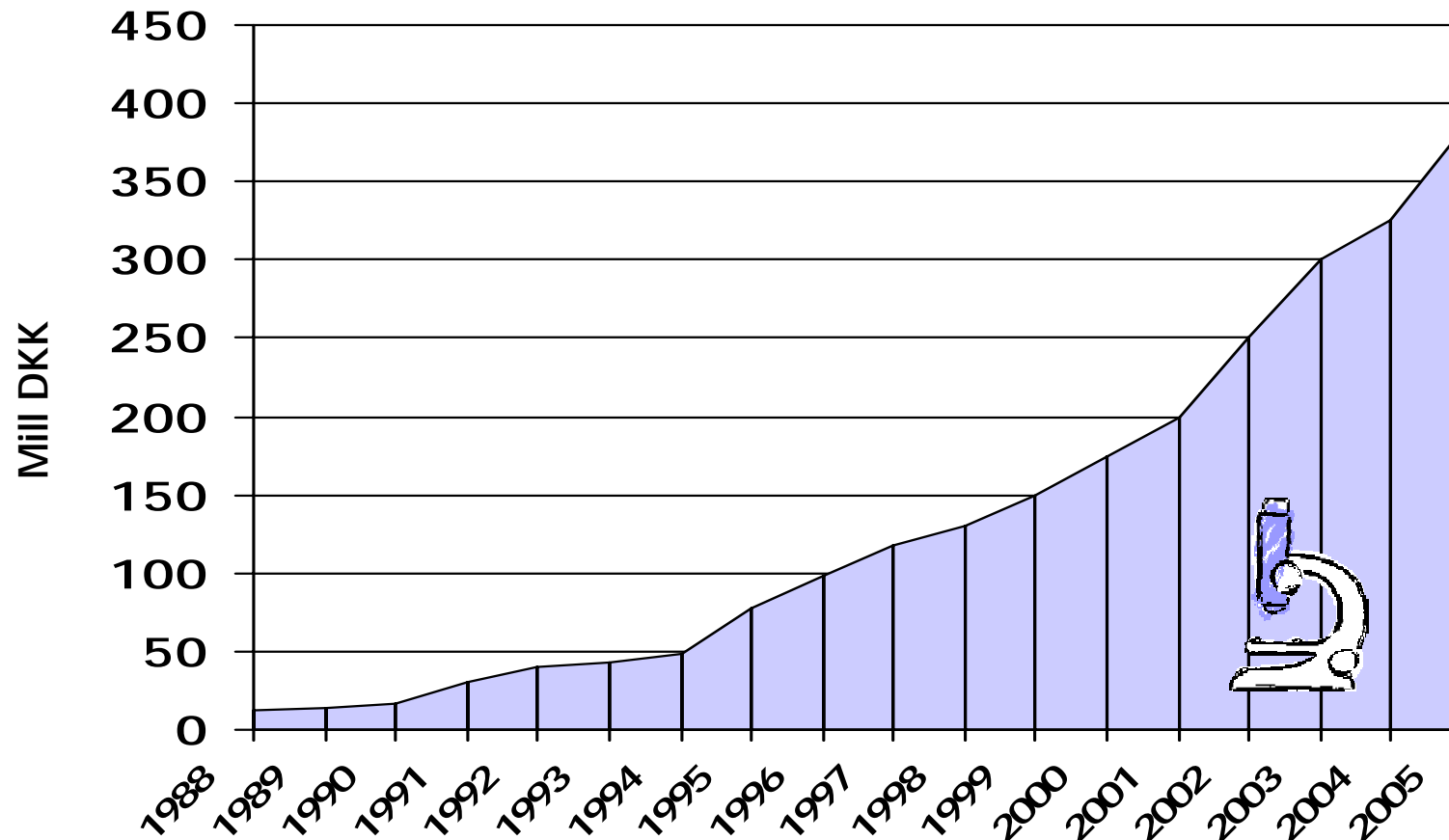
What is the next growth driver in the industry?

- Products that offer better cosmetics and moves the perception of hearing aids in new directions?
- Wireless technologies
- Products that are more targeted towards specific needs?



Probably all of it

This means continued growth in Research and Development costs



Capital Market Day, 28 March 2006

