

# VISION MONDAY

THE OPTICAL INDUSTRY'S LEADING NEWS WEB SITE

## Cover Story: The New 'Chic-onomics'

RETAILERS TALK TO VM ABOUT FRAME DISPENSING, BUYING DECISIONS AND CONSUMERS' NEEDS.

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NEW YORK— **Vision Monday** has spent a good deal of time in the last few months addressing how our current economic climate is generally affecting the optical industry. (In fact, the latest installment of our ongoing “How’s Business?” coverage can be found on page 16 of this issue. This story shares how additional retailers, ODs and labs are coping with current recessionary conditions and consumers’ reduced discretionary spending.)

But we thought it was time that we specifically took a look at how these tough times are influencing the retail frame and lens dispensing businesses and gain some insight into today's eyewear buyer.

It is clear that eyewear has become undeniably tied to fashion and in light of the nation's current economic reality we found many optical retailers are now concentrating on how to find the perfect balance between offering their customers the function, style and lens options they want for the price they are willing, or able, to spend.

It is a practice we here at **Vision Monday** have termed 'Chic-onomics' and we talked to several eyecare professionals and optical retailers to discover all the ways they are addressing this topic. They told us exactly what strategies they are adopting to adjust their frame dispensary business to better meet the needs of today's eyewear customers, including:

- Shifting product mix to include a greater selection at lower and moderate price points
- Renewing their focus on offering quality products at a great price
- Capitalizing on managed vision care benefits
- Establishing their own promotional packages to drive sales

### **Everything in Moderation**

Almost across the board, each retailer reported that the average retail price range of their products sold in the last year was in the moderate range for the frames they carried, but each was making sure they offered a wide range of prices to meet the needs of all their customers.

"Our mid-range frames are doing the best right now," said Bernice Olivetti, manager for two New York-based Leonard Opticians locations. "Our brands are higher end to start with, like Gold & Wood, Chanel, and Armani, but we are seeing customers purchasing a little more conservatively than last year or the year before, so we have made sure we have a specific, careful selection of price points and collections, going with more of our solid, lower-priced brands and pieces."

"We are seeing a slight trend to more moderate priced eyewear purchases as opposed to premium frames and lens materials," agreed Sherrie A. Rogerson, vice president of marketing for Doctors Vision Center in Rocky Mount, N.C. "It seems that patients are being more cautious when it comes to purchasing eyewear and are definitely considering all options when making frame and lens selections."

"We have seen a decrease in the average price of frames sold," added Jack Schaeffer, OD, CEO of 13 Schaeffer Eye Center locations in the Birmingham, Alabama-area.

“We have re-visited our mix and spent a lot of time evaluating what the market has done to the average sale price. In a usual business climate, a CEO would not normally change anything that has brought his company to this point or from established company standards, but these are not usual business times and I don’t see it changing anytime soon. Therefore, we are making sure we have product in the ranges that patients are telling us they want according to their current purchasing activity.”

For some retailers, it’s not just about adjusting their product mix but also about wringing the most out of their profit margins and mark ups, not to mention their good reputations.

“It is very important today to watch your cost of goods and we know that with private label product we should have a better margin,” continued Schaeffer. “It may lower your average ticket so you want to be sure that you increase your average profit percentage so the bottom line is not affected as badly. The difficult part of the situation is to deliver the same level of care with a product assortment at a lower price.”

Cindy Keil, senior buyer for 17 Eye Care Associate locations in Raleigh, N.C. commented, “We strive to provide our patients with a broad offering at all times, so we really haven’t changed our product mix because of the economic climate. Instead, we are focused on improving margin opportunities as we strive to operate our business in a disciplined manner. We work very closely with our vendors to maximize our margin on the brands our patients want instead of altering the brands we offer.”

**Barbara Cline, manager and buyer for Randolph Eye Associates in Randolph, Mass. stated, “We have more mid-range frames but will continue to have high-end as well. We also have a very good variety at a low end. Our frames are priced well, so the cost is less of a factor for our patients. They know our markup on optical frames is a lot less than the chains and discount stores. Our prices and percent markup has been consistent for 25 years and that is what keeps the trust with our patients. The 25 years of honest markup and staying below suggested retail costs have kept our word-of-mouth, professional primary care optometric practice in the forefront.”**

### **Quality & Satisfaction**

Sub-standard quality is never a hot seller, but retailers have noticed an even greater focus on quality for the price from their customers.

“We hear quite often from our patients that they are looking for quality in both the frame selection and the lens selection,” said Keil. “Most people know that quality products will last, which saves them money in the long run.”

**Randolph’s Cline stated, “Our optical [inventory] is very large so we have everything from your budget frame to high-end. One thing that we are definitely looking at is the quality of the high-end frames. There have been a few brands that we have had to send back and for that price it may not be worth carrying. Our**

**patients also want the best quality lenses. For us, it is about our patients leaving happy with a good quality frame.”**

“My customers want a ‘look’ that makes them feel good about wearing glasses, they want the best look but with great quality frames and super lenses,” agreed Cleve Barham, owner of Fine Eyes in Ridgeland, Miss. “If they are going to buy a stylish, quality frame, I make sure to give them the best lens. A new line I’m carrying, Salt Optics, is terrific product and a great value for the quality; and with Emilio Pucci, my customers like the fashion and the superior quality.”

“Our practice has always emphasized the importance of quality,” added Patrick Griffin, OD, who handles the frame buying for three Griffin Optometric Group locations in Orange County, Calif. “Our opticians are well trained and educated in our product lines and they share this readily with their patients. People respond to this by having the utmost confidence in our opticians and what they are offering.”

“We are focusing on brands that are proven winners, based on past sales and popularity,” concluded Leonard’s Olivetti. “At Leonard, the consumers are always basing their eyewear choices on quality and fit, so we offer a 100 percent satisfaction guarantee so they can exchange their selection within 90 days if they decide those frames are not right for them.”

## **Managing Care**

Those retailers who accept managed vision care plans, though still big drivers of traffic, are seeing a definitive shift in what customers are willing to spend above and beyond what their plan covers, and this has become a factor in how they develop their own marketing and promotion initiatives.

Schaeffer explained, “We are seeing maintenance in the number of eye exams performed because people are using their managed care benefits for the eyecare portion. This has been a very important part of partially sheltering the eyecare industry from this unusual business climate. We know our patients have changed their buying habits, especially the ones with managed care and discounted plans. They are less willing to accept any out-of-pocket expenses. The consumer today, especially the managed-care consumer, expects their insurance to cover the majority of the cost of the frame and lenses. Patients are watching the frame extras very carefully.”

“About 90 percent of our patient traffic is driven by managed vision plans,” according to Eye Care Associates’ Keil. “The benefits that these plans offer allow our patients the opportunity to maintain their eye health due to modest co-pays for annual eye exams. Because of the material benefits that a lot of these plans offer, our patients can still afford to purchase what they need with little out of pocket expense or use their discretion to purchase beyond what their plan covers.”

Griffin added, "We do accept some vision plans but we have also added a value based line. This is a frame and lens package offered to those who find themselves without insurance or those who just need a more value driven selection. We have also created a 'stimulus package' by marking down select frames by 20 percent to 40 percent. These are frames that we are either moving out of the practice or lines we won't be carrying any longer. It has proven to work; people may still pay \$200 to \$300 for a frame but because it has been marked down it feels like a 'bargain.'"

Attentive, personal customer service and continued education for patients has also proven a successful strategy for consistent success in these troubled times.

"We are marketing toward service and expertise," said Griffin. "We continue to go above and beyond what's expected and this philosophy is well received. A personal note to a patient seems to be the best mode of marketing and we find that when we show care and concern, people become committed to our practice rather than looking for the next 'great deal' and shopping elsewhere."

"We are focusing on converting eye exams to frame sales and providing whatever tools necessary to assure that patients receiving an eye exam are also purchasing eyeglasses. We have also implemented programs to ensure our patients are aware of the various price points available to them within our frame selection and created greater awareness with them of complete eyeglass packages; a simple, more cost effective alternative for our patients," concluded Doctors Vision Center's Rogerson.