

# The 4 Factors

## Factor 1: Increase Revenue

- ▶ Goals for this quarter will be to increase practice revenue by increasing revenue per patient through a variety of opportunities:
  - Package pricing
  - Selling multiples
  - Ancillary income from
    - Annual supply CL's; Accessories: readers/clips/chains/cleaners; Plano suns; Gift certificates; Medical exam/testing

Each staff member plays an important role when setting the goal to increase revenue. A key component in increasing revenue is how products are promoted, positioned, and presented via patient communications, marketing and merchandising.



The 4 Factors practice building tools and information is brought to you by your Independent Optical Lab through OSI. OSI is an alliance of independently owned wholesale laboratories, dedicated to providing the very best in products and services in the Ophthalmic community.

\* Creative property of The Vision Council



## Tactic # 1: Incorporate Package Pricing

We live in a “package” society and are accustomed to purchasing with that mindset. Consumers today are programmed to think that “add on’s” are things they don’t need.

### Fast Facts: Why use package pricing?

- ▶ It reduces the decision making process
- ▶ It allows the patient to understand the benefits first and then hear the price
- ▶ It is easy to demonstrate value to the patient
- ▶ It saves time for the dispenser
- ▶ It has a proven track record: McDonald’s value meals!
- ▶ It can provide a competitive edge: fewer than 20% of ECP’s utilize package pricing strategies
- ▶ It’s what major players in optical retail are focusing on to increase profitability

### VMail Extra BREAKING NEWS for April 24, 2008

X (Major Retailer) Restructures Retail Brand Operations as Net Income, Comp-Store Sales Slide in Q1 month 2008.

“X Retail is initiating new package pricing at its flagship stores as part of a strategy to “drive sales and market share and attract premium customers.”

### Steps to presenting package pricing:

#### 1: Assess you patients’ needs and make recommendations:

- ▶ “Ms. Jones, after reviewing your prescription and listening to your needs, I recommend...”
- ▶ Use product demonstrations to show the benefits of your recommendations
- ▶ Use benefit phrases to support your recommendation
  - “This package includes anti-reflective lenses, what that means to you is...”

#### 2: Present the best package of solutions

- ▶ Review what the package includes
- ▶ Relate it to your recommendations
- ▶ Demonstrate the value of the package
  - Package pricing should always be presented in a written form (with graphics)

## Frame and Lens Packages

### Rimless Package:

SV: \$111	Bifocal: \$222	Progressive: \$333
<ul style="list-style-type: none"> <li>▶ Premium three-piece rimless mounting system, stainless steel frame</li> <li>▶ Polycarbonate lenses</li> <li>▶ Anti-reflective treatment</li> <li>▶ Edge polish</li> <li>▶ UV protection</li> <li>▶ Free hard case</li> </ul>		

### Children's Package:

Includes any frame from our select Kids collection and basic clear polycarbonate lenses. Does not include lens enhancements. Limited to lens powers up to +/- 4.00, cylinder powers up to +/- 2.50

SV \$149	Bifocal \$189	Progressive \$249
<ul style="list-style-type: none"> <li>▶ 1 year eyewear protection plan available for \$50 per pair (The protection plan allows for ½ cost replacement for broken/scratched eyewear. Does not apply to manufacturer defects which are replaced at no charge. Does not cover lost or stolen eyewear. Damaged eyewear must be returned to receive replacement discount.)</li> </ul>		

### Value Package:

Includes any frame from our budget collection and basic scratch-coated CR 39 (Optical Plastic) lenses. Does not include lens enhancements. Limited to lens powers up to +/- 4.00, cylinder powers up to +/- 2.50

SV \$129	Bifocal \$169	Progressive \$229
<ul style="list-style-type: none"> <li>▶ 1 year eyewear protection plan available for \$50 per pair (The protection plan allows for ½ cost replacement for broken/scratched eyewear. Does not apply to manufacturer defects which are replaced at no charge. Does not cover lost or stolen eyewear. Damaged eyewear must be returned to receive replacement discount.)</li> </ul>		

### Tip:

Value packages may be a great way to provide affordable eyewear to those patients on a very tight budget, however, if you consistently start with and promote the value package to every patient, you will actually undermine the sale of premium products. You will also have to work harder to communicate the value and quality differences between the value products and the premium ones.

Note: All pricing in this section is for demonstration purposes and should not be used to set fees. When setting fees, there are a number of variables that come into play and should be considered. Some of those are: cost of goods, margins required, quality of products, technology, features and benefits, brand, method of distribution, country of origin, customization, exclusivity, manufacturing processes required, etc.

Talk to your independent lab consultant to assist you in setting up package pricing to incorporate the products you use and to meet your specific needs and sales goals.

## Lens Packages

### Best- Better- Good Packaging:

**Tip:** you may be familiar with good, better, best pricing. We urge you to consider rethinking and reversing that to a Best, Better, Good mentality to assure you always position the best solutions first!

Platinum Package	Gold Package	Silver Package
\$200 Single Vision \$275 Bifocal \$420 Progressive	\$150 Single Vision \$200 Bifocal \$325 Progressive	\$100 Single Vision \$150 Bifocal \$275 Progressive
<ul style="list-style-type: none"> <li>▶ Premium High-Quality Lens Materials and Designs                             <ul style="list-style-type: none"> <li>• 1.66 Index</li> </ul> </li> <li>▶ Superior Scratch-Resistant Lenses</li> <li>▶ Premium Anti-reflective Lenses                             <ul style="list-style-type: none"> <li>• Glare Reduction</li> <li>• Anti-static</li> <li>• Safer Night Driving</li> </ul> </li> <li>▶ UV Protection</li> <li>▶ Free Adjustments</li> <li>▶ Free Case and Cleaning Cloth</li> </ul>	<ul style="list-style-type: none"> <li>▶ Advanced-Quality Lens Materials and Designs                             <ul style="list-style-type: none"> <li>• 1.6 Index</li> <li>• Polycarbonate Lens</li> </ul> </li> <li>▶ Superior Scratch-Resistant Lenses</li> <li>▶ Anti-reflective Lenses                             <ul style="list-style-type: none"> <li>• Glare Reduction</li> <li>• Safer Night Driving</li> </ul> </li> <li>▶ UV Protection</li> <li>▶ Free Adjustments</li> <li>▶ Free Case and Cleaning Cloth</li> </ul>	<ul style="list-style-type: none"> <li>▶ Traditional CR-39 Lens Material</li> <li>▶ Scratch-Resistant Lenses</li> <li>▶ UV Protection</li> <li>▶ Free Adjustments</li> <li>▶ Free Case</li> </ul>

Packages can easily be created for Photochromic Lenses, Polarized Lenses, Computer, and Safety.

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Talk to your independent lab consultant to assist you in setting up package pricing to incorporate the products you use and to meet your specific needs and sales goals.

# Sample Dispensing Mat Package Promotion



**TOTAL LENS PACKAGES**

★★★★★	★★★★★	★★★★	★★★	★
<ul style="list-style-type: none"> <li>► Premium High-Quality Lens Materials and designs                             <ul style="list-style-type: none"> <li>• 1.66 index</li> </ul> </li> <li>► Superior Scratch-Resistant Lenses</li> <li>► Premium Antireflective lenses                             <ul style="list-style-type: none"> <li>• Glare Reduction</li> <li>• Anti Static</li> <li>• Safer Night Driving</li> </ul> </li> <li>► UV Protection</li> <li>► Free Adjustments</li> <li>► Free Case and Cleaning Cloth</li> <li>► Traditional CR-39 Lens Material</li> <li>► Scratch-Resistant Lenses</li> <li>► UV Protection</li> <li>► Free Adjustments</li> <li>► Free Case</li> </ul>	<ul style="list-style-type: none"> <li>► Premium High-Quality Lens Materials and designs                             <ul style="list-style-type: none"> <li>• 1.66 index</li> </ul> </li> <li>► Superior Scratch-Resistant Lenses</li> <li>► Premium Antireflective lenses                             <ul style="list-style-type: none"> <li>• Glare Reduction</li> <li>• Anti Static</li> <li>• Safer Night Driving</li> </ul> </li> <li>► UV Protection</li> <li>► Free Adjustments</li> <li>► Free Case and Cleaning Cloth</li> <li>► Traditional CR-39 Lens Material</li> </ul>	<ul style="list-style-type: none"> <li>► Premium High-Quality Lens Materials and designs                             <ul style="list-style-type: none"> <li>• 1.66 index</li> </ul> </li> <li>► Superior Scratch-Resistant Lenses</li> <li>► Premium Antireflective lenses                             <ul style="list-style-type: none"> <li>• Glare Reduction</li> <li>• Anti Static</li> <li>• Safer Night Driving</li> </ul> </li> <li>► UV Protection</li> <li>► Free Adjustments</li> </ul>	<ul style="list-style-type: none"> <li>► Premium High-Quality Lens Materials and designs                             <ul style="list-style-type: none"> <li>• 1.66 index</li> </ul> </li> <li>► Superior Scratch-Resistant Lenses</li> <li>► Premium Antireflective lenses                             <ul style="list-style-type: none"> <li>• Glare Reduction</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>► Premium High-Quality Lens Materials and designs                             <ul style="list-style-type: none"> <li>• 1.66 index</li> </ul> </li> <li>► Superior Scratch-Resistant Lenses</li> </ul>



## Break – Even Analysis

An easy way to figure your break even is to divide your total annual overhead by your approximate number of annual patients. Add this to your cost of goods to find your real break even price!

Break – Even Analysis	
Cost of goods <i>(includes lenses, frames, lens treatments)</i>	
Overhead per patient <i>(calculate the annual rent, leases, janitorial, insurance, telephone, utilities, salaries, office supplies, exam room supplies, taxes, etc and divide by the number of patients per year)</i>	
Sub-total:	
Margin Required:	
<b>Total:</b>	

## Tactic # 2: Selling Multiples

According to research from The Vision Council, there is currently a tremendous opportunity to increase revenue by offering and selling multiple pairs to your patients.

A one pair “does it all” mindset is the biggest obstacle to increasing the profitability of the dispensary. Positioning multiple pair solutions to your patients will increase patient satisfaction by providing them with premium vision solutions for all of the ways they use their eyes...for work and recreation. When assessing your patients' eyewear needs, don't forget to consider all the products that will meet their image and lifestyle needs.

### Fast Facts: Who's selling what?

\*Survey results from The Vision Council OSI Benchmarking survey 6-2008

- ▶ 45% of ECP's with increases in practice profits of up to 10%, stated that their growth was directly related to additional revenue generated from sales of multiple pairs
- ▶ Of the practices surveyed, fewer than 10% of their sales each day were multiple pairs.
- ▶ 84% of the adult population wears sunglasses, yet only 2.1% are making that purchase from their eye doctor.
- ▶ Using a national average of \$221 for an RX pair of glasses, selling even one additional pair per day, five days a week would generate a minimum of \$57,460 in additional revenue per year.

### Steps to selling multiple pairs:

#### 1: Instill the multiple pair mindset early and often

- ▶ At check-in
  - Utilize lifestyle assessment forms that can help you identify the variety of ways your patients use their eyes and any issues or challenges they may have.
  - Two key questions that can assist you in crafting the appropriate solutions are:
    - “Mrs. Smith, tell me, how do you use your eyes during the day for work and for recreation?”
    - “What do you like or dislike about your current eyewear?”
- ▶ During exam
  - The Doctor should make verbal recommendations based on the visual needs of the patient and any issues, concerns or history that require specific solutions
  - Utilizing the lifestyle or needs assessment and the exam findings, write multiple RX's
    - Example: Dress RX, Computer RX, Sun RX, Sport/Safety RX
- ▶ During eyewear selection
  - Review and restate the Dr's recommendations: “Mrs. Smith, based on your exam and what the doctor recommends, we should be able to meet all of your eye-care needs with a few pairs of glasses.”
  - Consider eyewear that meets all of the patients' desired vision, image and lifestyle needs.
    - Refer back to what they said (lifestyle assessment and notes from Dr's exam)

#### 2: Provide purchase options

- ▶ Create multiple pair discount
  - 20% discount on all additional purchases made at time of exam
  - \$50 gift certificate towards purchase of sunglasses
- ▶ Provide payment options
  - Care credit or extended payment plans

## Tactic # 3: Boosting Additional Income

In today's tight economy and competitive eyecare/eyewear market, it's important for eye care professionals to explore every opportunity to meet all their patient's needs and tap potential revenue streams.

Additional income from the sales of annual supplies of CL's; accessories: readers/clips/chains/cleaners; plano suns; gift certificates; and medical exam/testing can add a tremendous amount of profit to your bottom line and enhance the "customer delight" factor.

In addition, medical exam testing is the new "annuity" for many progressive Eyecare professionals. Not only does it increase the scope of their practice and offer more detailed data which benefits the patients, it can add a "WOW" factor that increases patient loyalty while adding to the bottom line profits.

### Fast facts: Building additional income

- ▶ Properly positioned and promoted accessories can generate an extra 10% to 15% in revenue
- ▶ 74.3% of independent eyecare providers that offer ready-made readers, do so because of patient requests and customer demand.
- ▶ Offering these items enhances customer service and creates good will
  - Your customers are buying these products...why not from you?
  - Your patients want a one stop shopping experience
- ▶ Accessories sales to non-patients can transition into gaining new patients

### Steps to boosting additional income

#### 1: Communicate what you have

- ▶ Make it visible
  - Create eye catching displays and promotions
  - Consider opportunities that lend themselves to impulse purchases
  - Be sure your inventory levels support your sales goals

#### 2: Make it easy

- ▶ Instant gratification...take along vs. ordering
- ▶ Provide flexible ordering/shipping/delivery options for annual supply of CL's
  - Offer perk for ordering annual supply at time of exam
- ▶ Consider creating a non-RX product shopping section on your website

#### 3: Don't sacrifice quality or integrity to increase revenue

- ▶ Make sure the quality of your accessories is in line with the quality and image of the rest of your product offerings and practice image
  - Don't devalue the importance of having optical quality goods in all categories
- ▶ Never oversell or push extra products or services on your patients'
  - Maintain your needs based style of presenting eyecare/eyewear solutions
  - For medical testing, be sure the test is warranted and the patient understands the value of having the additional data

# The 4 Factors Quick Tips

## Factor # 1: Increase Revenue

### Package Pricing:

- ▶ Believe in and understand the benefits of the products you offer
- ▶ Have confidence in the value of your package pricing structure
- ▶ Clearly communicate and demonstrate the value of package pricing: visually and verbally
- ▶ State visually and verbally any limitations or exclusions (certain power ranges, etc)
- ▶ Always present the "Best Package" first
- ▶ Selling options "a la carte" or as "add-on's" increases the potential for patients to opt out of purchasing premium products that could enhance their vision, image, and lifestyle

### Boosting Additional Income:

- ▶ Explore all potential revenue streams
  - Readers, plano sunglasses, clips, cords, cleaners, cases, annual supplies of CL's, gift certificates, medical testing
- ▶ Invest in inventory to support sales goals
- ▶ Market and promote all your products and services available
- ▶ Monitor and respond to your patient's buying habits: impulse buying, seasonal needs, etc.
- ▶ Maintain honesty and integrity in all your business practices

### Selling Multiples:

- ▶ Don't set unrealistic expectations
  - One pair of glasses will absolutely not meet all of your patients' vision, lifestyle and image needs
- ▶ Instill the multiple pair mindset early and often
  - At check in (lifestyle assessment)
  - During exam
  - During eyewear selection
- ▶ Think of sunwear as the "other first pair" and include it in the initial frame selection process
- ▶ Provide incentives for multiple pair purchases
- ▶ Don't get caught up in your own personal sticker shock
  - Never limit or prejudge your patients' budget or image