Facing Commercialism Within Optometry
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Editor's Note:
This paper is actually the text of an address delivered by Professor Larsson to the 1985 Annual Meeting of the International Optometric and Optical League (IOOL). The Canadian Journal of Optometry's Managing Editor, Dr. Roland des Groselliers, attended the IOOL meeting as Canada's official delegate and requested a copy of Professor Larsson's presentation.

This convention of the IOOL may be considered a turning point in rather serious developments for independent optometry. Strong economic forces have changed the conditions of a highly qualified profession and now threaten its role as an important part of health care. I shall be glad if I can contribute to the efforts of this session to solve the problems of commercialism in optometry.

I shall start by confessing that I know very little about the technical and professional aspects of Optometry. Perhaps, however, this is not a disadvantage, since the problems we are going to discuss today, in fact, have a fairly general background. Even if your profession is based on a specific competence, it also involves things that are more or less common to all trades and crafts, such as managerial skills and financial planning. In addition to this, one may consider that the patient is also a consumer whose resources and attitudes determine the demand for goods and services according to a certain pattern.

Thus, the motives of the individual for selecting a certain place from which to buy spectacles and other optical products may be somewhat similar to the way he or she chooses among other specialised retail stores. Changes in consumer lifestyles and shopping behaviour are thus also likely to affect demand for optical products.

The international consumer
A Scottish professor by the name of John A. Dawson recently published a book on the distribu-
tive trades in Europe. Dawson has made a thorough study of the structural trends in retailing and other service industries within the Common Market countries. He tries to explain the development of the distribution sector as a function of various economic factors connected with population. In spite of existing national differences in population distribution and income levels, there is a tendency for consumer attitudes and shopping behaviour to converge towards what Dawson calls "the Euro-consumer". The effect of this is that the new business methods and distribution forms that appear in one country are also likely to occur in other countries as well. There are reasons for believing that what is happening within the trade in optical products at least partly reflects changes in general attitudes to modern distribution. This does not mean that a small independent is fighting a hopeless battle. He or she must, however, be aware of the changes in the environment and adapt products and services in order to cope with them.

The three "waves" in retailing
I should think that many of you have probably read Alvin Toffler's book The Third Wave, in which he describes the different phases of the development of industrial society. In a similar way, it is possible to distinguish three different periods with regard to the way in which goods and services are offered to the public. For most products, the first such wave lasted until the Fifties or the Sixties and was characterised by a rather static way of serving the consumers. The price of a certain article was often the same in all stores, in most cases set by the manufacturer. This meant that competition was weak, and the system gave protection to a large number of small dealers and craftsmen.

The second stage started some twenty years ago, when the abolition of price maintenance systems took place in most countries. Multiple chains with low price profiles appeared, and achieved considerable market shares in various segments. Distribution forms like variety stores and general merchandise discounters were successful in many countries and the traditional retail trade suffered considerably.

However, during recent years there have been obvious signs of a shift in attitude among
consumers. Many of them have found that what they believed was a purchase at a favourable price — a real bargain — in fact turned out to be rather expensive because of poor quality or limited usefulness. Thus, in spite of declining real income in many countries, there has been a growing tendency among consumers to stick to quality and better service.

Now there is reason to believe that the same changes in consumer attitudes and behaviour will occur within the optical products market. Many independents today feel the threat of commercialism from powerful chain organisations. But even if the present competition creates serious problems for private practitioners, there should be no cause for defeatism. Because for the consumers, or patients, as we prefer to call them, good vision care is a basic need. However, they have been misled by the strong advertising campaigns of the chains. In order to keep and regain their market shares, independent practitioners need to find a strategy whereby they can focus the need for highly qualified information and treatment in optometry. But such a strategy must also include certain elements of management and marketing in order to be successful.

A competitive trade model

Now, in order to explain to some extent the nature of competition, I would like to show you a simple model (Fig. 1) that was in fact designed for the specialised retailer. Some of you may protest, saying that you are not retailers but professionals in optometry. Well, that is your basic profession, but you are also exercising various retail functions. In the latter capacity you are affected in ways similar to those affecting most retailers.

The outer ring of this chart shows the eight most important means of competition. They also represent different "values added" to the consumer. It is not possible for any retailer to be number one in all respects at one and the same time. Giving quality and rendering service always costs money and makes it impossible to offer low prices. On the other hand, companies wanting to show a marked low-price profile cannot afford to offer costly services.

Each company is characterised by a certain combination of these attributes which together constitutes its market profile. The large retail chains and especially the extreme low-price channels — we sometimes call them "pirates" because of their business methods — naturally stress the price factor. But people wouldn't know about these low prices if they were not informed by means of heavy advertising.

Companies like these are also dependent on impulse buyers, which means that they need a highly visible street location. With the help of noisy promotion campaigns they hope to distract the consumer's attention from the lack of qualified service. Thus they get many customers who are not aware of the alternatives which exist.

On the other hand, the traditional specialised retailers — and I think this includes most optometrists as well — naturally lay most emphasis on attributes like quality and service. Many of these have a rather extensive assortment of products but not all are entirely up-to-date in terms of fashion trends. These dealers are generally regarded as rather expensive because they never give a discount or a special offer. And perhaps the most serious thing is they often do not communicate enough with the public through the media of information and advertising.

What I mean is not that the specialised retailer or the optometrist should engage himself in extensive marketing programmes, with wide use of discounts and special offers. But he or she is recommended to budget a reasonable sum each year for information to customers and patients, especially when something new and interesting has occurred in the practice. He or she should also carry some less expensive alternatives in his or her assortment. Remember the old saying "Poor people need low prices; rich people adore low prices".

This does not mean the application of a general price-cutting policy but the use of more flexible methods of price calculation and price setting. Thus the specialised retailer, including the independent optometrist, should take into consideration all of the factors shown on the chart, even if they may place most emphasis on some of these like quality, service and assortment. Together they form his or her market profile and distinguish him or her from other distribution forms. In the centre I have written
Competence because this is, of course, the basic factor in situations like yours. But in the present market situation you cannot survive on competence alone. It must be complemented with all these other values that are essential to meet the consumers' demands.

Conclusions and recommendations

Now it is time for me to sum up my conclusions and to try to give you some general recommendations concerning the strategy which we are going to discuss later on. I think it is necessary to start by trying to examine the causes of the new market situation for optical products. Is the expansion of the new chain organisations only a result of low price and heavy advertising? Or are there other factors that attract customers to these outlets, for example, better site locations or more convenient business hours?

Conversely, what are the weaknesses or drawbacks of the independent optometrist? Without trying to get a sincere answer on these questions, I think it is impossible to create a successful strategy for fighting these new forces.

I want to finish this presentation by offering you some general recommendations. Since I have not been able to make a special study of the problems of the optometry sector, these recommendations should be considered more as suggestions based on my earlier knowledge and experience from the retail area.

1. Don't compromise on the claims of adequate education and responsibility in your profession.
2. Find new ways to give information to the public about your profession and your service.
3. Improve management and efficiency. I have seen opticians with a rate of stock turnover on frames as low as point-five times a year. In the coming years small computers can be valuable tools for better stock control.
4. Try to be flexible in price setting. Be careful always to have some low-price alternatives which are competitive.
5. Encourage independent optometrists to join voluntary purchasing groups whereby they can achieve lower purchase prices and a stronger marketing impact.
6. Beware of changes in town planning and in consumer traffic flow in order to maintain a good practice location.

I don't claim that this will solve all your problems but I hope that my views can form a basis, at least, for discussion.