



A C A D E M Y  
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# Today's Eye Care Consumer

# Today's Eye Care Consumer

(Practice Administration–Marketing (external and internal))

**Behavioral objectives:** The purpose of this module is to develop an understanding of the changes taking place in the attitudes and purchase behavior of American consumers, as they impact the optical retail market and optometric practice. The student will achieve a deeper appreciation of the demographic, economic and social trends shaping demand for optical products. The perspective achieved will enable the student to be more effective in presenting and recommending eye wear to patients and in managing the product selection made available to patients.

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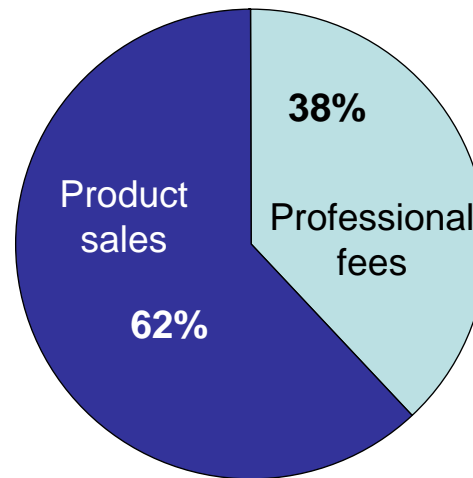
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# Patient Expectations of Eye Doctors

- Perform thorough diagnosis of ocular health and vision correction requirements
- Be up-to-date with latest medical and product knowledge
- Provide recommendations on products that will best satisfy refractive needs and provide quality of vision, convenience, comfort and appearance

*Product sales account for nearly  
2/3 of eye care practice revenue*

**PRIVATE PRACTICE O.D.  
SOURCES OF REVENUE**



Source: MBA Practice Profile

Understanding consumer attitudes and buying habits is necessary to optimize the retail side of optometric practice

*Vision care accounts for less than one-half  
of one percent of household budgets*

**U.S. HOUSEHOLD SPENDING: 2007**

(average household)

Total expenditures	\$49,638	
Food away from home	\$2,668	
Alcoholic beverages	\$457	
Entertainment	\$2,698	
Personal care products/services	\$588	
Healthcare	\$2,853	
Vision care	\$202	→ 0.4% of household budget (includes purchases paid by insurance)

Source: U.S. Bureau of Labor Statistics, Jobson Medical Information



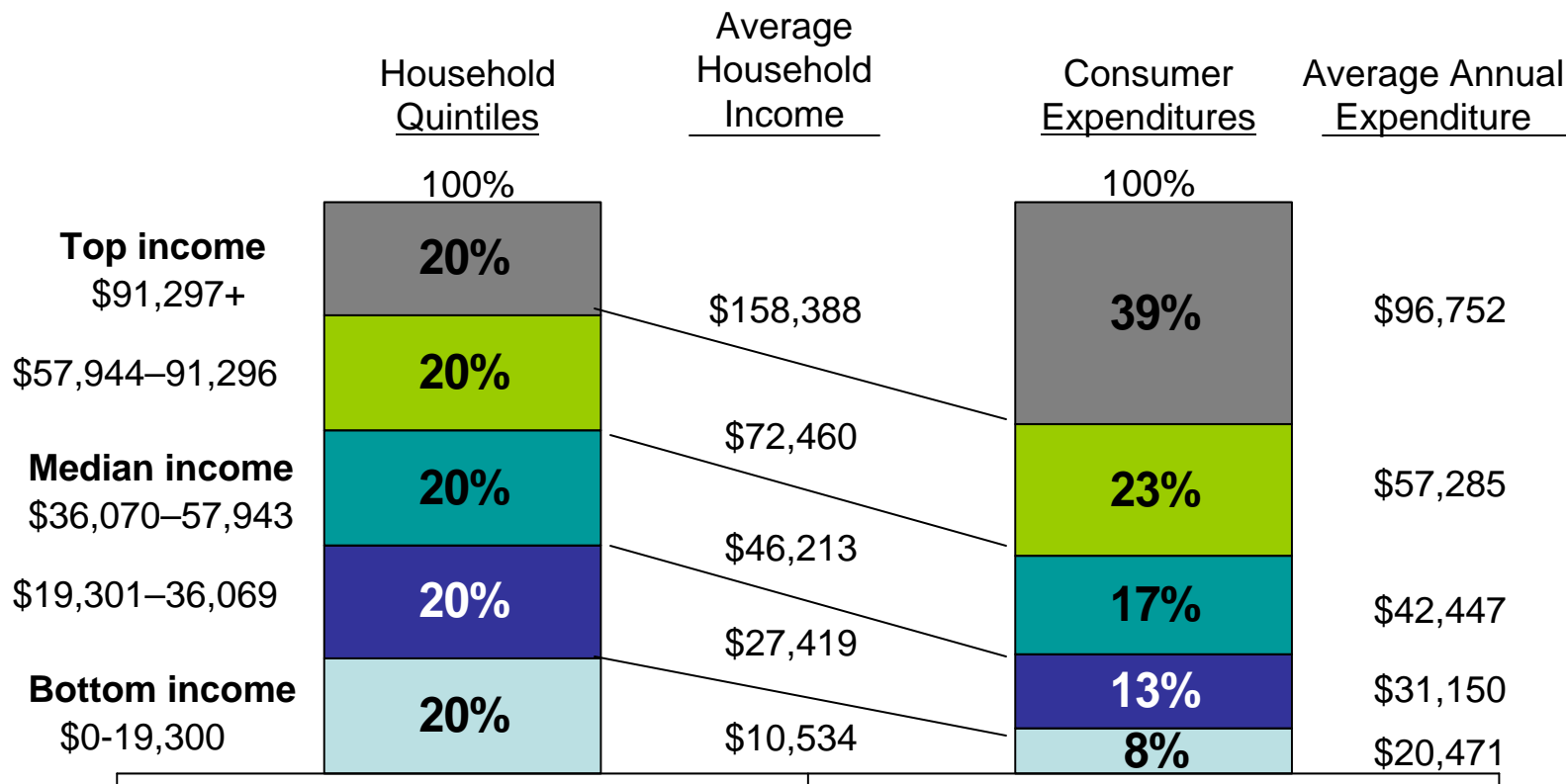
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# “Mass Affluence” ...

*...an accurate characterization of today's  
consumer market*

# *Top 40% of wage earners account for 62% of household spending*

## SPENDING BY HOUSEHOLD INCOME QUINTILES: 2006



Source: U.S. Bureau of Labor Statistics



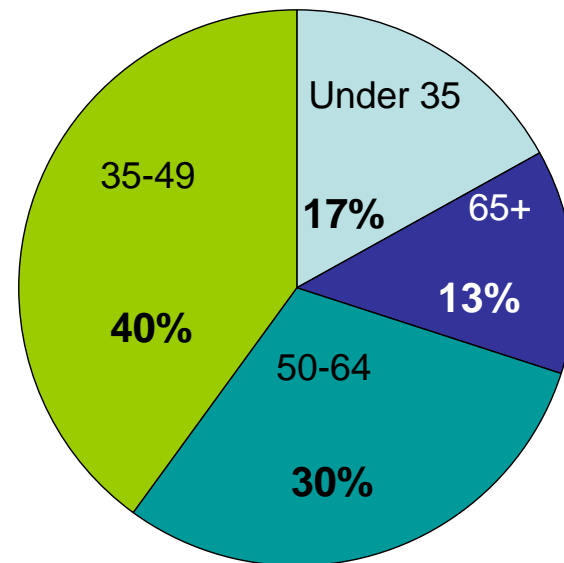
# Half of U.S. households have discretionary income

## Discretionary Income

*Definition:* income left over after life's essentials (food, shelter, clothing, transport, medical care) are paid

- 60 million households have discretionary income (51%)
- Average amount of discretionary income is \$22,000
- 82% of discretionary income controlled by households with income of \$100,000+
- 45-54 year olds have highest amounts of discretionary income

## PERCENTAGE OF DISCRETIONARY INCOME BY AGE OF HOUSEHOLD HEAD



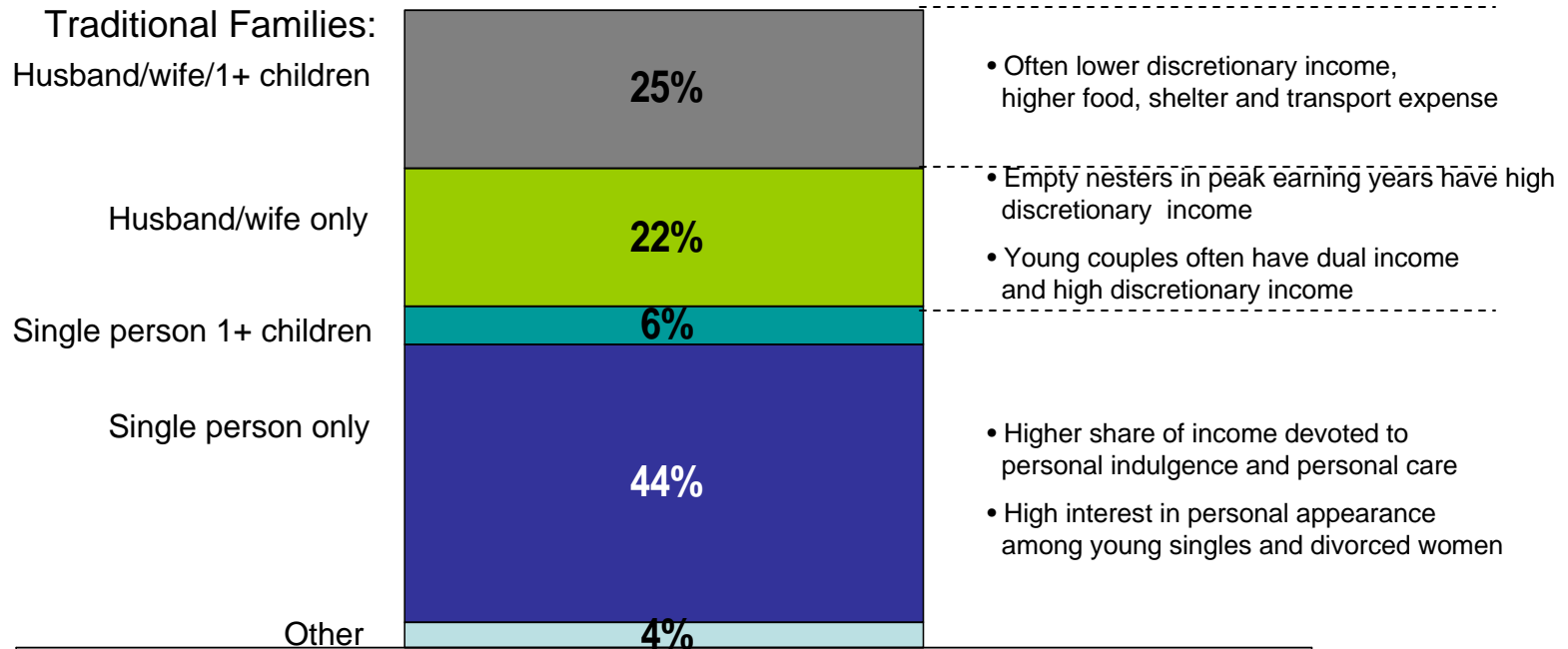
Source: The Conference Board, 2005

# *Smaller households have large amounts of discretionary income*

## AMERICAN HOUSEHOLD PROFILE

(percentage of households)

100%



Source: U.S. Census Bureau



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# What Defines Patient “Need”?

*There is no precise definition of necessity*

*Whatever is important to the consumer is a necessity*

# Traditional Product Segmentation

(mid 20<sup>th</sup> century)

“Mass”  
products

- Geared to broad middle class preference; conformity/popularity was valued
- Moderate price
- Functional emphasis and little experiential benefit

“Luxury”  
products

- Geared to top 1-2% of market
- Price point 3 to 5 times higher than mass market products
- Distinctive, showy appearance demonstrating conspicuous consumption
- Prestige conferring and exclusive

# Mass Affluence Product Segmentation

(early 21st century)

“Basic”  
products

- Mature technology and long-term market leaders
- Moderate and declining prices
- Walmart mainstays
- Provide basic functionality with compromises to keep cost low
- Flat, declining demand

“High  
Performance”  
products

- Significantly enhanced functionality
- Sophisticated design
- Save consumers time
- Self-expressive and ego-gratifying
- Strong experiential benefits
- Within means of top half of incomes
- Price point 1.5 to 2 times basic products
- Rapidly increasing demand



## **Traditional/ “Basic”/”Mass” Eye Wear Market**

### **SPECTACLES**

- Consumer owns one pair of glasses
  - Basic unbranded frame, less than \$125 per pair
  - Presbyopic correction for near and far

## **Mass Affluence/ “High Performance” Eye Wear Market**

- Consumer owns multiple pairs for specialized uses
  - Change frames style with wardrobe
  - Glasses for avocations, work
  - Glasses for indoors, outdoors
  - Progressive lenses
- Brands and style are significant motivators

### **CONTACT LENSES**

- Single vision spherical
- Daily wear re-usable lenses

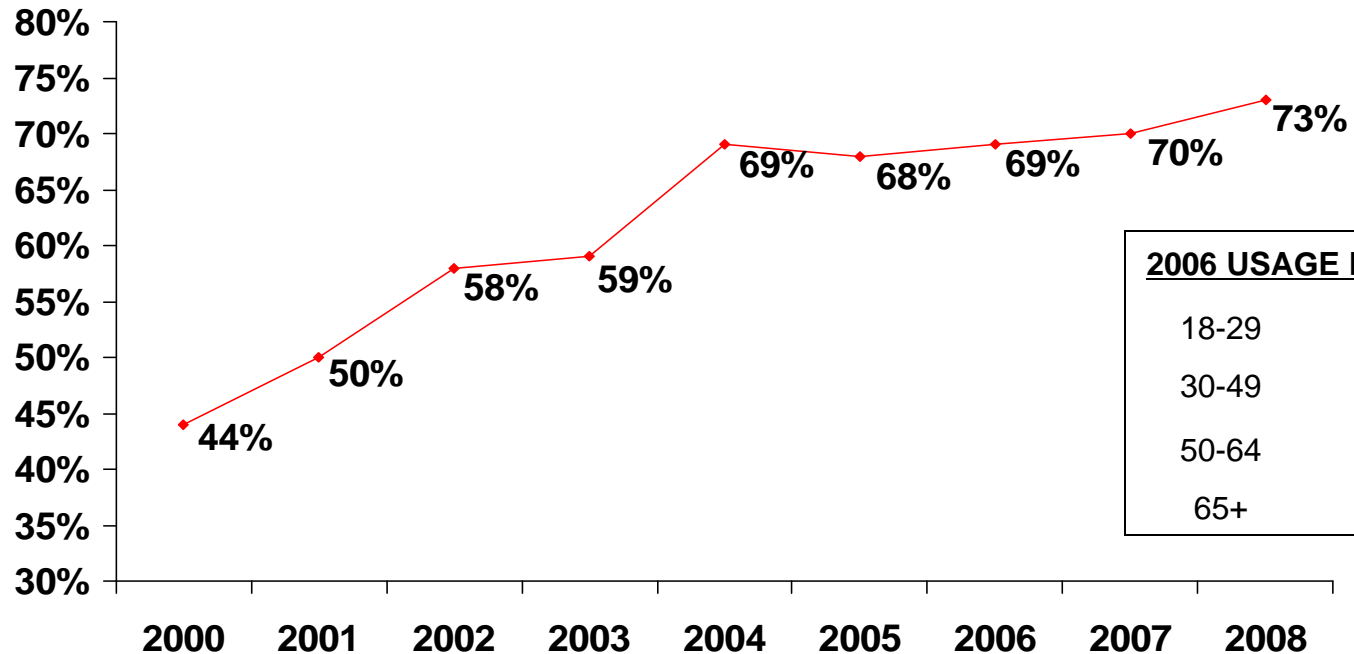
- Silicone hydrogel lenses
- Daily disposables
- Multifocals
- Disposable torics

# Consumer Trends

- Incomes and occupations are less reliable predictors of consumer's willingness to trade-up to higher performance products than in the past
  - With more discretionary income consumers have an ability to apportion spending to satisfy their personal priorities
- As households have become smaller and the proportion of traditional family units decreasing, adults spend more for personal gratification, less for child-rearing
- As educational attainment and foreign travel have grown, consumer tastes have become more sophisticated

# *Internet usage continues to grow*

## **U.S. INTERNET PENETRATION** (percentage of U.S. adults using)



Source: Internet World Stats





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# Increasing Demand for Convenience

- As incomes grow, the time available to buy and consume does not
- Time is perceptually and economically more valuable to today's consumer
- Time-saving convenience is a benefit increasing numbers of consumers seek in products and services



## *Women make most household consumption decisions*

- 85% of women over 18 are the principal shopper in their household
- 90% of married women are principal shoppers
- 80% of consumer goods purchases are made or influenced by women

Source: Treasure Hunt: Inside the Mind of the New Consumer, Michael J. Silverstein



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# Optical Market Fact

Eye wear competes with apparel, entertainment, consumer electronics, house wares, furnishings, toys and hundreds of other products and services for the discretionary consumer dollar.

# Dysfunctional Eye Care Process

- Eye care professionals often fail to recommend higher performance products
  - Base recommendation on functional benefits of visual acuity and ocular health only
  - Stereotype consumers interests/ability to pay
  - Fear patient “sticker shock”

# Implications for Eye Care Practitioners

- Optometric practice success often has much to do with retailing success—providing the products consumers want
- Gear the products prescribed to the needs and wants of the growing affluent market
  - Account for dominant and increasing share of consumer spending
  - Define preferences for tomorrow’s market-leading products
  - Early presbyopes are the most affluent group
- Gear the office process to the needs and desires of women
- When recommending products, go beyond consideration of refractive needs; satisfying other needs is more emotionally gratifying to consumers
  - Convenience
  - Personal appearance
  - Style, sophistication
  - Superior performance/quality of vision
  - Comfort

# Further Reading

- *Mass Affluence*, Nunes and Johnson, 2004
- *The Experience Economy*, Pine and Gilmore, 1999
- *Treasure Hunt*, Silverstein, 2006
- *Trading Up*, Silverstein and Fiske, 2005
- *Category Killers*, Spector, 2005

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