Strategies for Surviving Today’s Optical Business

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First Vision Media Group
It’s All About Controlling the Rx

- There are only so many Rx’s out in the market
- The business that controls the flow of Rx’s is the one that will be successful
- How will you get your share of this market?
Vision Care Products & Services Trend
Dollars – Total U.S. Market

All Retail*

In Millions

2011/2012  +6.2%

$32,169
$34,152

*All retail includes dollars spent at all retail locations at any retail location on the sale of either spectacle lenses (regular Rx and Rx sun), frames, sunglasses (plano only), OTC readers, or revenue earned from refractive surgery or eye examinations. This number does not include sunglass clips and reflects the dollars spent only by those US residents 18 and older. Does not include retail dollars spent by/to examiners for those 17 years of age and younger.

Inflation not taken into consideration
Vision Care Products & Services Trend
Dollars by Product and Service Type – Total U.S. Market

All Retail*

In Millions

<table>
<thead>
<tr>
<th>Product</th>
<th>12ME Jun11</th>
<th>12ME Jun12</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frames</td>
<td>$8,263</td>
<td>$8,541</td>
<td>+3.4%</td>
</tr>
<tr>
<td>Lenses</td>
<td>$9,494</td>
<td>$10,236</td>
<td>+7.8%</td>
</tr>
<tr>
<td>Contact Lenses</td>
<td>$3,569</td>
<td>$3,882</td>
<td>+8.8%</td>
</tr>
<tr>
<td>Sunglasses*</td>
<td>$3,256</td>
<td>$3,472</td>
<td>+6.7%</td>
</tr>
<tr>
<td>OTC Readers</td>
<td>$745</td>
<td>$757</td>
<td>+1.6%</td>
</tr>
<tr>
<td>Examinations**</td>
<td>$5,073</td>
<td>$5,234</td>
<td>+3.2%</td>
</tr>
<tr>
<td>Refractive Surgery</td>
<td>$1,769</td>
<td>$2,030</td>
<td>+14.7%</td>
</tr>
</tbody>
</table>

*All retail includes dollars spent at all retail types at any retail location on the sale of either spectacle lenses (regular Rx and Rx sun), frames, sunglasses (piano only), OTC readers, or revenue earned from refractive surgery or eye examinations. This number does not include sunglass clips and reflects the dollars spent only by those US residents 18 and older. Does not include retail dollars spent by or for exams for those 17 years of age and younger.

Inflation not taken into consideration
Vision Care Products & Services Trend
Dollar Shares by Product and Service Type – Total U.S. Market

All Retail

<table>
<thead>
<tr>
<th>Product/Service</th>
<th>12ME Jun11</th>
<th>12ME Jun12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frames</td>
<td>25.7%</td>
<td>25.0%</td>
</tr>
<tr>
<td>Lenses</td>
<td>29.5%</td>
<td>30.0%</td>
</tr>
<tr>
<td>Contact Lenses</td>
<td>11.1%</td>
<td>11.4%</td>
</tr>
<tr>
<td>Sunglasses*</td>
<td>10.1%</td>
<td>10.2%</td>
</tr>
<tr>
<td>OTC Readers</td>
<td>2.3%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Examinations**</td>
<td>15.8%</td>
<td>15.3%</td>
</tr>
<tr>
<td>Refractive Surgery</td>
<td>5.5%</td>
<td>5.9%</td>
</tr>
</tbody>
</table>

*All retail includes dollars spent at all retail types at any retail location on the sale of either spectacle lenses (regular Rx and Rx sun), frames, sunglasses (piano only), OTC readers, or revenue earned from refractive surgery or eye examinations. This number does not include sunglass clips and reflects the dollars spent only by those US residents 18 and older. Does not include retail dollars spent by/for exams for those 17 years of age and younger.

The annual VisionWatch sample size is approximately 110,000 American adult respondents.
Vision Care Products & Services Trend
Dollars – Total U.S. Optical Market

Optical Retail*

In Millions

2011/2012 +6.6%

$27,918

$29,748

*Optical Retail includes dollars spent at all optical locations on the sale of either spectacle lenses (regular Rx and Rx sun), frames, sunglasses (piano only), OTC readers, or revenue earned from refractive surgery or eye examinations. This number does not include sunglass clips and reflects the dollars spent only by those US residents 18 and older. Does not include retail dollars spent by/for exams for those 17 years of age or younger. Optical retail includes leased optical spaces in department stores, mass merchandisers with optical locations, optical chains, and independents with optical locations.

Inflation not taken into consideration

The annual VisionWatch sample size is approximately 110,000 American adult respondents
## Vision Care Products & Services Trend

**Dollars by Product and Service Type – Total U.S. Optical Market**

### Optical Retail*

<table>
<thead>
<tr>
<th>Product</th>
<th>12ME Jun11</th>
<th>12ME Jun12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frames</td>
<td>$8,263</td>
<td>$8,541</td>
</tr>
<tr>
<td>Lenses</td>
<td>$9,494</td>
<td>$10,236</td>
</tr>
<tr>
<td>Contact Lenses</td>
<td>$2,947</td>
<td>$3,280</td>
</tr>
<tr>
<td>Sunglasses*</td>
<td>$299</td>
<td>$354</td>
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<tr>
<td>OTC Readers</td>
<td>$72</td>
<td>$73</td>
</tr>
<tr>
<td>Examinations**</td>
<td>$5,073</td>
<td>$5,234</td>
</tr>
<tr>
<td>Refractive Surgery</td>
<td>$1,769</td>
<td>$2,030</td>
</tr>
</tbody>
</table>

*Optical Retail includes dollars spent at all optical locations on the sale of either spectacle lenses (regular Rx and Rx sun), frames, sunglasses ( plano only), OTC readers, or revenue earned from refractive surgery or eye examinations. This number does not include sunglass clips and reflects the dollars spent only by those US residents 18 and older. Does not include retail dollars spent by/for exams for those 17 years of age or younger. Optical retail includes leased optical spaces in department stores, mass merchandisers with optical locations, optical chains, and independents with optical locations.

Inflation not taken into consideration

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The annual VisionWatch sample size is approximately 110,000 American adult respondents
Vision Care Products & Services Trend

Dollar Shares by Product and Service Type – Total U.S. Optical Market

**Optical Retail**

<table>
<thead>
<tr>
<th>Product/Service</th>
<th>12ME Jun11</th>
<th>12ME Jun12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frames</td>
<td>29.6%</td>
<td>28.7%</td>
</tr>
<tr>
<td>Lenses</td>
<td>34.0%</td>
<td>34.4%</td>
</tr>
<tr>
<td>Contact Lenses</td>
<td>10.6%</td>
<td>11.0%</td>
</tr>
<tr>
<td>Sunglasses*</td>
<td>1.1%</td>
<td>1.2%</td>
</tr>
<tr>
<td>OTC Readers</td>
<td>0.3%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Examinations**</td>
<td>18.2%</td>
<td>17.5%</td>
</tr>
<tr>
<td>Refractive Surgery</td>
<td>6.3%</td>
<td>6.8%</td>
</tr>
</tbody>
</table>

*Optical Retail includes dollars spent at all optical locations on the sale of either spectacle lenses (regular Rx and Rx sun), frames, sunglasses ( plano only), OTC readers, or revenue earned from refractive surgery or eye examinations. This number does not include sunglass clips and reflects the dollars spent only by those US residents 18 and older. Does not include retail dollars spent by/for exams for those 17 years of age or younger. Optical retail includes leased optical spaces in department stores, mass merchandisers with optical locations, optical chains, and independents with optical locations.

Inflation not taken into consideration

The annual VisionWatch sample size is approximately 110,000 American adult respondents.
Vision Care Products & Services Trend
Dollars – Total U.S. Independent Market

**Independent Optical Retail***

<table>
<thead>
<tr>
<th>In Millions</th>
<th>2011/2012</th>
<th>+7.1%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$13,871</td>
<td>$14,851</td>
<td></td>
</tr>
</tbody>
</table>

*Independent Optical Retail includes dollars spent at independent optical locations on either spectacle lenses (regular Rx and Rx sun), frames, sunglasses ( plano only), OTC readers, or revenue earned from refractive surgery or eye examinations. This number does not include sunglass clips and reflects the dollars spent only by those U.S. residents 18 and older. Does not include retail dollars spent by/for exams for those 17 years of age and younger. An independent optical location is a location with 3 doors or less that has either a MD, OD, Optician or Optical Retailer on site.

Inflation not taken into consideration
Vision Care Products & Services Trend
Dollars by Product and Service Type – Total U.S. Independent Market

Independent Optical Retail*

In Millions

<table>
<thead>
<tr>
<th>Product Type</th>
<th>12ME Jun11</th>
<th>12ME Jun12</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frames</td>
<td>$4,057</td>
<td>$4,270</td>
<td>+5.2%</td>
</tr>
<tr>
<td>Lenses</td>
<td>$4,827</td>
<td>$5,250</td>
<td>+8.8%</td>
</tr>
<tr>
<td>Contact Lenses</td>
<td>$1,444</td>
<td>$1,532</td>
<td>+6.1%</td>
</tr>
<tr>
<td>Sunglasses*</td>
<td>$124</td>
<td>$142</td>
<td>+14.4%</td>
</tr>
<tr>
<td>OTC Readers</td>
<td>$33</td>
<td>$34</td>
<td>+1.4%</td>
</tr>
<tr>
<td>Examinations**</td>
<td>$3,387</td>
<td>$3,624</td>
<td>+7.0%</td>
</tr>
</tbody>
</table>

*Independent Optical Retail includes dollars spent at independent optical locations on either spectacle lenses (regular Rx and Rx sun), frames, sunglasses (plano only), OTC readers, or revenue earned from refractive surgery or eye examinations. This number does not include sunglass clips and reflects the dollars spent only by those U.S. residents 18 and older. Does not include retail dollars spent by/for exams for those 17 years of age and younger. An independent optical location is a location with 3 doors or less that has either a MD, OD, Optician or Optical Retailer on site.

Inflation not taken into consideration
Vision Care Products & Services Trend
Dollar Shares by Product and Service Type – Total U.S. Independent Market

**Independent Optical Retail**

<table>
<thead>
<tr>
<th>Product/Service</th>
<th>12ME Jun11</th>
<th>12ME Jun12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frames</td>
<td>29.2%</td>
<td>28.7%</td>
</tr>
<tr>
<td>Lenses</td>
<td>34.8%</td>
<td>35.4%</td>
</tr>
<tr>
<td>Contact Lenses</td>
<td>10.4%</td>
<td>10.3%</td>
</tr>
<tr>
<td>Sunglasses*</td>
<td>0.9%</td>
<td>1.0%</td>
</tr>
<tr>
<td>OTC Readers</td>
<td>0.2%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Examinations**</td>
<td>24.4%</td>
<td>24.4%</td>
</tr>
</tbody>
</table>

*Independent Optical Retail includes dollars spent at independent optical locations on either spectacle lenses (regular Rx and Rx sun), frames, sunglasses (piano only), OTC readers, or revenue earned from refractive surgery or eye examinations. This number does not include sunglass clips and reflects the dollars spent only by those U.S. residents 18 and older. Does not include retail dollars spent by/for exams for those 17 years of age and younger. An independent optical location is a location with 3 doors or less that has either a MD, OD, Optician or Optical Retailer on site.

Inflation not taken into consideration.

The annual VisionWatch sample size is approximately 110,000 American adult respondents.
How may people wear ANY form of eyeglasses?
Vision Correction Usage Trend
American Adults Using Any Form of Vision Correction Based on 6 Month Sample

In Millions

<table>
<thead>
<tr>
<th>Month</th>
<th>6ME Jun10</th>
<th>6ME Sep10</th>
<th>6ME Dec10</th>
<th>6ME Mar11</th>
<th>6ME Jun11</th>
<th>6ME Sep11</th>
<th>6ME Dec11</th>
<th>6ME Mar12</th>
<th>6ME Jun12</th>
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</thead>
<tbody>
<tr>
<td>Value</td>
<td>175.3</td>
<td>176.0</td>
<td>177.2</td>
<td>177.2</td>
<td>177.1</td>
<td>177.8</td>
<td>179.5</td>
<td>180.8</td>
<td>180.4</td>
</tr>
</tbody>
</table>

The annual VisionWatch sample size is approximately 110,000 American adult respondents.
How may people wear RX eyeglasses?
Rx Eyeglass Usage Trend
American Adults Currently Wearing Eyeglasses Based on 6 Month Sample

In Millions

<table>
<thead>
<tr>
<th></th>
<th>Jun09</th>
<th>Sep09</th>
<th>Dec09</th>
<th>Mar10</th>
<th>Jun10</th>
<th>Sep10</th>
<th>Dec10</th>
<th>Mar11</th>
<th>Jun11</th>
<th>Sep11</th>
<th>Dec11</th>
<th>Mar12</th>
<th>Jun12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>146.7</td>
<td>148.8</td>
<td>149.5</td>
<td>149.5</td>
<td>148.0</td>
<td>148.5</td>
<td>149.7</td>
<td>150.4</td>
<td>149.8</td>
<td>149.9</td>
<td>151.4</td>
<td>152.8</td>
<td>152.8</td>
</tr>
</tbody>
</table>
Vision Correction Usage Trend
Share of American Adults Using Any Form of Vision Correction by Gender and Age

Total
- 12ME Jun11: 74.8%
- 12ME Jun12: 75.4%

Male
- 12ME Jun11: 71.1%
- 12ME Jun12: 72.1%

Female
- 12ME Jun11: 78.3%
- 12ME Jun12: 78.5%

18 to 34
- 12ME Jun11: 57.1%
- 12ME Jun12: 59.4%

35 to 44
- 12ME Jun11: 61.4%
- 12ME Jun12: 62.4%

45 to 54
- 12ME Jun11: 86.0%
- 12ME Jun12: 85.1%

55+
- 12ME Jun11: 52.3%
- 12ME Jun12: 52.9%

The annual VisionWatch sample size is approximately 110,000 American adult respondents.
Vision Correction Usage – Product Profile
Percentage of American Adults Currently Using by Gender and Age

Eyeglasses
- Male: 60.3%
- Female: 67.3%

Contact Lenses
- Male: 11.3%
- Female: 20.4%

OTC Readers
- Male: 11.0%
- Female: 12.1%

12ME Jun12

Eyeglasses 63.3%
US population 18+

Contact Lenses 16.0%
US population 18+

OTC Readers 11.6%
US population 18+

The annual VisionWatch sample size is approximately 110,000 American adult respondents.
Total Lens Sales Trend
Pairs by 6 Month Period

In Millions

<table>
<thead>
<tr>
<th>Period</th>
<th>Sales (in Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>6ME Jun10</td>
<td>38.1</td>
</tr>
<tr>
<td>6ME Sep10</td>
<td>35.4</td>
</tr>
<tr>
<td>6ME Dec10</td>
<td>36.5</td>
</tr>
<tr>
<td>6ME Mar11</td>
<td>39.5</td>
</tr>
<tr>
<td>6ME Jun11</td>
<td>38.4</td>
</tr>
<tr>
<td>6ME Sep11</td>
<td>35.4</td>
</tr>
<tr>
<td>6ME Dec11</td>
<td>36.6</td>
</tr>
<tr>
<td>6ME Mar12</td>
<td>40.6</td>
</tr>
<tr>
<td>6ME Jun12</td>
<td>39.8</td>
</tr>
</tbody>
</table>
Total Lens Sales
Pair Share by Most Important Reason for Lens Choice

Less than 5% not charted

26.8%
13.3%
12.8%
11.1%
7.3%
6.7%
5.8%

Doctor/Retailer recommended
Lens Wore Previously
Looked best
Good price
Doctor/Retailer said best regardless of price
Got darker and lighter
Material

The annual VisionWatch sample size is approximately 110,000 American adult respondents.
Total Lens Sales – Demographic Profiles
Pair Share by Most Important Extra Qualities for Lens Choice

12ME Jun12

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
<th>18-34 yrs</th>
<th>35-44 yrs</th>
<th>45-54 yrs</th>
<th>55 yrs+</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>48.0%</td>
<td>52.0%</td>
<td>26.6%</td>
<td>17.4%</td>
<td>21.2%</td>
<td>34.7%</td>
</tr>
<tr>
<td>Not sure</td>
<td>7.6%</td>
<td>8.2%</td>
<td>8.8%</td>
<td>6.7%</td>
<td>8.4%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Polarization</td>
<td>7.2%</td>
<td>6.0%</td>
<td>5.7%</td>
<td>6.3%</td>
<td>6.3%</td>
<td>7.5%</td>
</tr>
<tr>
<td>Impact resistance</td>
<td>7.9%</td>
<td>4.8%</td>
<td>6.7%</td>
<td>6.7%</td>
<td>5.9%</td>
<td>6.0%</td>
</tr>
<tr>
<td>Thinness</td>
<td>9.6%</td>
<td>13.1%</td>
<td>16.6%</td>
<td>13.2%</td>
<td>10.8%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Weight/lightness</td>
<td>26.0%</td>
<td>28.7%</td>
<td>18.5%</td>
<td>23.7%</td>
<td>29.2%</td>
<td>34.8%</td>
</tr>
<tr>
<td>Scratch resistance</td>
<td>32.0%</td>
<td>31.7%</td>
<td>33.3%</td>
<td>33.5%</td>
<td>31.9%</td>
<td>29.9%</td>
</tr>
</tbody>
</table>
Total Lens Sales – Lens Design Profile
Pair Shares by Age

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Total Market</th>
<th>Single Vision</th>
<th>Bifocal/Trifocal</th>
<th>No-line Bifocal/Progressive</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-34 yrs</td>
<td>26.6%</td>
<td>50.7%</td>
<td>3.6%</td>
<td>0.7%</td>
</tr>
<tr>
<td>35-44 yrs</td>
<td>17.4%</td>
<td>26.2%</td>
<td>9.4%</td>
<td>7.6%</td>
</tr>
<tr>
<td>45-54 yrs</td>
<td>21.2%</td>
<td>14.4%</td>
<td>25.7%</td>
<td>30.1%</td>
</tr>
<tr>
<td>55 yrs+</td>
<td>34.7%</td>
<td>8.7%</td>
<td>61.4%</td>
<td>61.5%</td>
</tr>
</tbody>
</table>

The annual VisionWatch sample size is approximately 110,000 American adult respondents.
Total Lens Sales – Lens Design Profile
Pair Shares by Household Income

<table>
<thead>
<tr>
<th></th>
<th>Total Market</th>
<th>Single Vision</th>
<th>Bifocal/Trifocal</th>
<th>No-line Bifocal/Progressive</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $60K</td>
<td>42.6%</td>
<td>41.9%</td>
<td>53.9%</td>
<td>36.1%</td>
</tr>
<tr>
<td>$60K &amp; Over</td>
<td>57.4%</td>
<td>58.1%</td>
<td>46.1%</td>
<td>63.9%</td>
</tr>
</tbody>
</table>

The annual VisionWatch sample size is approximately 110,000 American adult respondents.
• What’s the % or AR usage?

• What’s the % of photochromic usage?
Total Lens Sales Trend
Share of Total Pairs with Lens Feature

- Photochromic Lenses: 15.8% (2011), 15.9% (2012)

The annual VisionWatch sample size is approximately 110,000 American adult respondents.
How many pairs of eyeglasses were sold in the last 12 months (ending June 12)?
Eyeglass Frame Sales Trend
Units by 12ME period

In Millions

<table>
<thead>
<tr>
<th>Period</th>
<th>Sales (in Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>12ME Jun10</td>
<td>66.5</td>
</tr>
<tr>
<td>12ME Sep10</td>
<td>66.8</td>
</tr>
<tr>
<td>12ME Dec10</td>
<td>66.6</td>
</tr>
<tr>
<td>12ME Mar11</td>
<td>66.8</td>
</tr>
<tr>
<td>12ME Jun11</td>
<td>67.0</td>
</tr>
<tr>
<td>12ME Sep11</td>
<td>67.0</td>
</tr>
<tr>
<td>12ME Dec11</td>
<td>67.1</td>
</tr>
<tr>
<td>12ME Mar12</td>
<td>68.0</td>
</tr>
<tr>
<td>12ME Jun12</td>
<td>68.4</td>
</tr>
</tbody>
</table>

The annual VisionWatch sample size is approximately 110,000 American adult respondents.
What was the average price of a frame in the last 12 months (ending June 12)?
Eyeglass Frame Sales Trend
Average Retail Price by 6ME period

$122.23  $121.80  $122.19  $123.98  $124.41  $124.15  $124.96  $125.07  $124.79

6ME Jun10  6ME Sep10  6ME Dec10  6ME Mar11  6ME Jun11  6ME Sep11  6ME Dec11  6ME Mar12  6ME Jun12
Eyeglass Frames – Channel Profiles
Unit Shares by Retail Price Point

<table>
<thead>
<tr>
<th></th>
<th>Total Market</th>
<th>Mass Merchandisers</th>
<th>Chains</th>
<th>Department Stores</th>
<th>Independent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Under $100</td>
<td>23.0%</td>
<td>65.0%</td>
<td>16.7%</td>
<td>34.2%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Retail $100-$149</td>
<td>52.6%</td>
<td>23.0%</td>
<td>57.5%</td>
<td>51.7%</td>
<td>60.3%</td>
</tr>
<tr>
<td>Retail Over $150</td>
<td>24.4%</td>
<td>12.1%</td>
<td>25.8%</td>
<td>14.1%</td>
<td>31.3%</td>
</tr>
</tbody>
</table>

The annual VisionWatch sample size is approximately 110,000 American adult respondents.
How often do people buy eyeglasses?
Eyeglass Sales and Wearers
Units and People by Gender

<table>
<thead>
<tr>
<th></th>
<th>Units Sold 12ME Jun12</th>
<th>Number of People Wearing 12ME Jun12</th>
<th>Population 12ME Jun12 as Benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>239.3</td>
<td>116.8</td>
<td>122.5</td>
</tr>
<tr>
<td>Male</td>
<td>152.8</td>
<td>70.4</td>
<td>82.5</td>
</tr>
<tr>
<td>Female</td>
<td>68.4</td>
<td>36.6</td>
<td></td>
</tr>
</tbody>
</table>

In Millions

Repurchase Cycle
- Total: 2.2 years
- Male: 2.2 years
- Female: 2.3 years

The annual VisionWatch sample size is approximately 110,000 American adult respondents.
Eyeglass Sales and Wearers
Units and People by Age

In Millions

- Units Sold 12ME Jun12
- Number of People Wearing 12ME Jun12
- Population 12ME Jun12 as Benchmark

Repurchase Cycle
2.1 years
1.9 years
2.1 years
2.6 years
How many people had refractive surgery in the last 12 months (ending June 12)?
Refractive Surgery Procedures Trend – Rolling 12 Month Total
Number of U.S. Residents Who Had an Initial LASIK Procedure

The annual VisionWatch sample size is approximately 110,000 American adult respondents.
## Adult Sunglasses Channel Report

### 12ME Jun11

<table>
<thead>
<tr>
<th>Channel</th>
<th>Total Retail ($ Million)</th>
<th>Avg. Price ($ Million)</th>
<th>Units (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optical</td>
<td>$299.01</td>
<td>$143.94</td>
<td>2.08</td>
</tr>
<tr>
<td>Sunglass Specialty</td>
<td>$1,269.41</td>
<td>$122.20</td>
<td>10.39</td>
</tr>
<tr>
<td>Better Dept. and Specialty Stores</td>
<td>$361.10</td>
<td>$103.21</td>
<td>3.50</td>
</tr>
<tr>
<td>Mass</td>
<td>$377.47</td>
<td>$16.85</td>
<td>22.41</td>
</tr>
<tr>
<td>Warehouse</td>
<td>$115.89</td>
<td>$58.24</td>
<td>1.99</td>
</tr>
<tr>
<td>Drug</td>
<td>$131.92</td>
<td>$15.40</td>
<td>8.56</td>
</tr>
<tr>
<td>Grocery</td>
<td>$13.23</td>
<td>$15.44</td>
<td>0.86</td>
</tr>
<tr>
<td>Sport</td>
<td>$140.94</td>
<td>$56.69</td>
<td>2.49</td>
</tr>
<tr>
<td>Other</td>
<td>$546.59</td>
<td>$13.69</td>
<td>39.93</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,255.57</strong></td>
<td><strong>$35.31</strong></td>
<td><strong>92.20</strong></td>
</tr>
</tbody>
</table>

### 12ME Jun12

<table>
<thead>
<tr>
<th>Channel</th>
<th>Total Retail ($ Million)</th>
<th>Avg. Price ($ Million)</th>
<th>Units (Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optical</td>
<td>$353.55</td>
<td>$149.33</td>
<td>2.37</td>
</tr>
<tr>
<td>Sunglass Specialty</td>
<td>$1,369.81</td>
<td>$123.90</td>
<td>11.06</td>
</tr>
<tr>
<td>Better Dept. and Specialty Stores</td>
<td>$397.96</td>
<td>$108.38</td>
<td>3.67</td>
</tr>
<tr>
<td>Mass</td>
<td>$390.11</td>
<td>$16.82</td>
<td>23.19</td>
</tr>
<tr>
<td>Warehouse</td>
<td>$122.93</td>
<td>$58.49</td>
<td>2.10</td>
</tr>
<tr>
<td>Drug</td>
<td>$138.49</td>
<td>$15.47</td>
<td>8.95</td>
</tr>
<tr>
<td>Grocery</td>
<td>$13.46</td>
<td>$15.61</td>
<td>0.86</td>
</tr>
<tr>
<td>Sport</td>
<td>$151.33</td>
<td>$58.36</td>
<td>2.59</td>
</tr>
<tr>
<td>Other</td>
<td>$534.57</td>
<td>$13.42</td>
<td>39.85</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,472.21</strong></td>
<td><strong>$36.69</strong></td>
<td><strong>94.64</strong></td>
</tr>
</tbody>
</table>

The annual VisionWatch sample size is approximately 110,000 American adult respondents.
U.S. Plano Sunglass Sales
Retail Dollars and Units

In Millions

<table>
<thead>
<tr>
<th></th>
<th>Retail Dollars</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>12ME Jun10</td>
<td>$3,286.0</td>
<td>94.5</td>
</tr>
<tr>
<td>12ME Jun11</td>
<td>$3,255.6</td>
<td>92.2</td>
</tr>
<tr>
<td>12ME Jun12</td>
<td>$3,472.2</td>
<td>94.6</td>
</tr>
</tbody>
</table>

+6.7% 2012 against 2011
+5.7% 2012 against 2010

+2.7% 2012 against 2011
+0.2% 2012 against 2010

Inflation not taken into consideration

The annual VisionWatch sample size is approximately 110,000 American adult respondents.
What’s the average price of a pair of plano Sunglasses In the last 12 months (ending June 12)?
U.S. Plano Sunglass Sales
Average Retail Price

12ME Jun10: $34.77
12ME Jun11: $35.31
12ME Jun12: $36.69

+3.9% 2012 against 2011
+5.5% 2012 against 2010
U.S. Plano Sunglass Sales Trend
Average Retail Price by Household Income

- Up to $60K: $28.18 (Jun11), $29.75
- Over $60K: $42.52 (Jun11), $43.47

12ME Jun11
12ME Jun12

The annual VisionWatch sample size is approximately 110,000 American adult respondents.
U.S. Plano Sunglass Sales

Units by Channel

In Millions

12ME Jun12

- Drug/Grocery/Mass/Warehouse Club: 35.1
- Sunglass Specialty: 11.1
- Better Department & Specialty Stores: 3.7
- Flea Market: 2.7
- Sport: 2.6
- Optical Chain: 1.3
- Optical Independent: 1.1

The annual VisionWatch sample size is approximately 110,000 American adult respondents.
U.S. Plano Sunglass Sales Growth
Percent Dollar Change from Prior Year by Channel

12ME Jun11 / 12ME Jun12

- Optical Chain: 20.9%
- Optical Independent: 14.4%
- Better Department & Specialty Stores: 10.2%
- Sunglass Specialty: 7.9%
- Sport: 7.4%
- Drug/Grocery/Mass/Warehouse Club: 4.1%
- Flea Market: -7.4%

The annual VisionWatch sample size is approximately 110,000 American adult respondents.
U.S. Plano Sunglass Sales Trend
Retail Dollar Shares by Channel

- Sunglass Specialty
  - 12ME Jun11: 39.0%
  - 12ME Jun12: 39.5%

- Better Department & Specialty Stores
  - 12ME Jun11: 11.1%
  - 12ME Jun12: 11.5%

- Mass Merchants
  - 12ME Jun11: 11.6%
  - 12ME Jun12: 11.2%

- Optical chains
  - 12ME Jun11: 5.4%
  - 12ME Jun12: 6.1%

- Drug Stores
  - 12ME Jun11: 4.1%
  - 12ME Jun12: 4.0%

The annual VisionWatch sample size is approximately 110,000 American adult respondents.
U.S. Plano Sunglass Sales Trend
Unit Shares by Channel

- Sunglass Specialty: 11.3% (Jun11), 11.7% (Jun12)
- Better Department & Specialty Stores: 3.8% (Jun11), 3.9% (Jun12)
- Mass Merchants: 24.3% (Jun11), 24.5% (Jun12)
- Optical Chains: 1.2% (Jun11), 1.3% (Jun12)
- Drug Stores: 9.3% (Jun11), 9.5% (Jun12)

The annual VisionWatch sample size is approximately 110,000 American adult respondents.
U.S. Plano Sunglass Sales Trend
People and Retail Dollar Shares by Age and Gender

- US Population 18+
- 12ME Jun11
- 12ME Jun12

The annual VisionWatch sample size is approximately 110,000 American adult respondents.
U.S. Plano Sunglass Sales Trend
Average Retail Price by Age and Gender

<table>
<thead>
<tr>
<th>Age</th>
<th>Male 2011</th>
<th>Male 2012</th>
<th>Female 2011</th>
<th>Female 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-34</td>
<td>$41.15</td>
<td>$42.44</td>
<td>$30.78</td>
<td>$32.24</td>
</tr>
<tr>
<td>35-44</td>
<td>$40.24</td>
<td>$42.01</td>
<td>$38.02</td>
<td>$37.32</td>
</tr>
<tr>
<td>45-54</td>
<td>$29.34</td>
<td>$31.25</td>
<td>$29.34</td>
<td>$31.25</td>
</tr>
<tr>
<td>55+</td>
<td>$26.70</td>
<td>$28.43</td>
<td>$29.34</td>
<td>$31.25</td>
</tr>
</tbody>
</table>

The annual VisionWatch sample size is approximately 110,000 American adult respondents.
U.S. Plano Sunglass Sales – Channel Profile
Retail Dollar Shares by Age and Gender

12ME Jun12

<table>
<thead>
<tr>
<th>Age Range</th>
<th>SG Specialty</th>
<th>Mass</th>
<th>Drug</th>
<th>Better Dept Stores</th>
<th>Optical Chains</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>59.4%</td>
<td>43.7%</td>
<td>49.1%</td>
<td>40.9%</td>
<td>58.2%</td>
</tr>
<tr>
<td>Female</td>
<td>40.6%</td>
<td>56.3%</td>
<td>50.9%</td>
<td>59.1%</td>
<td>41.8%</td>
</tr>
<tr>
<td>18-34</td>
<td>57.6%</td>
<td>40.2%</td>
<td>24.7%</td>
<td>58.1%</td>
<td>41.3%</td>
</tr>
<tr>
<td>35-44</td>
<td>23.2%</td>
<td>22.4%</td>
<td>19.3%</td>
<td>23.2%</td>
<td>24.8%</td>
</tr>
<tr>
<td>45-54</td>
<td>11.7%</td>
<td>19.4%</td>
<td>24.0%</td>
<td>11.7%</td>
<td>17.4%</td>
</tr>
<tr>
<td>55+</td>
<td>7.6%</td>
<td>17.9%</td>
<td>32.1%</td>
<td>7.0%</td>
<td>16.5%</td>
</tr>
</tbody>
</table>

The annual VisionWatch sample size is approximately 110,000 American adult respondents.
# Reading Glasses Sales Trend

12ME Sales Data by Channel

<table>
<thead>
<tr>
<th>Channel</th>
<th>Dollars</th>
<th>ASP</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optical</td>
<td>$71,852,538</td>
<td>$24.54</td>
<td>2,928,039</td>
</tr>
<tr>
<td>Warehouse</td>
<td>$39,919,649</td>
<td>$14.07</td>
<td>2,837,150</td>
</tr>
<tr>
<td>Drug</td>
<td>$328,944,314</td>
<td>$18.82</td>
<td>17,482,787</td>
</tr>
<tr>
<td>Mass</td>
<td>$154,732,742</td>
<td>$14.95</td>
<td>10,351,464</td>
</tr>
<tr>
<td>Other/DK</td>
<td>$149,272,762</td>
<td>$13.96</td>
<td>10,692,446</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$744,722,005</strong></td>
<td><strong>$16.81</strong></td>
<td><strong>44,291,886</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Channel</th>
<th>Dollars</th>
<th>ASP</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optical</td>
<td>$73,307,652</td>
<td>$24.21</td>
<td>3,027,531</td>
</tr>
<tr>
<td>Warehouse</td>
<td>$40,369,004</td>
<td>$13.91</td>
<td>2,901,328</td>
</tr>
<tr>
<td>Drug</td>
<td>$339,341,683</td>
<td>$18.62</td>
<td>18,221,104</td>
</tr>
<tr>
<td>Mass</td>
<td>$154,712,987</td>
<td>$15.05</td>
<td>10,280,691</td>
</tr>
<tr>
<td>Other/DK</td>
<td>$149,108,101</td>
<td>$13.05</td>
<td>11,428,993</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$756,839,428</strong></td>
<td><strong>$16.50</strong></td>
<td><strong>45,857,647</strong></td>
</tr>
</tbody>
</table>

The annual VisionWatch sample size is approximately 110,000 American adult respondents
Reading Glasses Sales Trend
Retail Dollars and Units

In Millions

Retail Dollars

<table>
<thead>
<tr>
<th></th>
<th>12ME Jun10</th>
<th>12ME Jun11</th>
<th>12ME Jun12</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\text{Retail Dollars}$</td>
<td>$704.4$</td>
<td>$744.7$</td>
<td>$756.8$</td>
</tr>
</tbody>
</table>

- $1.6\%$ 2012 against 2011
- $7.4\%$ 2012 against 2010

Units

<table>
<thead>
<tr>
<th></th>
<th>12ME Jun10</th>
<th>12ME Jun11</th>
<th>12ME Jun12</th>
</tr>
</thead>
<tbody>
<tr>
<td>$\text{Units}$</td>
<td>$43.3$</td>
<td>$44.3$</td>
<td>$45.9$</td>
</tr>
</tbody>
</table>

- $3.5\%$ 2012 against 2011
- $6.0\%$ 2012 against 2010

Inflation not taken into consideration

The annual VisionWatch sample size is approximately 110,000 American adult respondents.
What’s the average price of readers in the last 12 months (ending June 12)?
Reading Glasses Sales Trend
Average Retail Price

$16.28  $16.81  $16.50
12ME Jun10  12ME Jun11  12ME Jun12
-1.8% 2012 against 2011
+1.4% 2012 against 2010

Inflation not taken into consideration
Reading Glasses Usage
Compared to Total Population by Age and Gender

How to read this chart:
48.8% of US residents are male
46.3% of OTC reader wearers are male

% of US Population 18+
% of all Readers wearers

Male
Female
18-34
35-44
45-54
55+
48.8%
51.2%
53.7%
46.3%
30.6%
18.3%
18.8%
36.6%
54.8%
2.3%
6.2%

Definition of US Population for this Report: US residents, 18 years of age and older

The annual VisionWatch sample size is approximately 110,000 American adult respondents
How often do people buy OTC reading glasses in the last 12 months (ending June 12)?
Reading Glasses Purchase Frequency
Wearers and Units by Age and Gender

Purchase Frequency:

Every 0.6 years

Male: 12.8
Female: 21.2

Every 0.6 years

Male: 24.7
Female: 14.8

Every 0.4 years

18-34: 0.6
35-44: 1.7

Every 0.5 years

35-44: 1.7
45-54: 3.5

Every 0.6 years

45-54: 10.1
55+: 17.5

Every 0.7 years

55+: 23.2

12ME Jun12

The annual VisionWatch sample size is approximately 110,000 American adult respondents.
Reading Glasses Purchase Frequency
Wearers and Units by Census Region

<table>
<thead>
<tr>
<th>Region</th>
<th>Every 0.6 years</th>
<th>Every 0.7 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northeast</td>
<td>5.4</td>
<td>8.0</td>
</tr>
<tr>
<td>South</td>
<td>10.1</td>
<td>16.8</td>
</tr>
<tr>
<td>Midwest</td>
<td>5.9</td>
<td>9.9</td>
</tr>
<tr>
<td>West</td>
<td>6.2</td>
<td>11.3</td>
</tr>
</tbody>
</table>

The annual VisionWatch sample size is approximately 110,000 American adult respondents.
Reading Glasses Sales
Unit Shares by Purchase Location Type

At a physical retail location: 89.2%
On the Internet: 5.9%
On the Telephone: 1.4%
Not sure: 3.5%

The annual VisionWatch sample size is approximately 110,000 American adult respondents.
How many pairs of readers glasses did people own in the last 12 months (ending June 12)?
Reading Glasses Sales Profile
Number Purchased Per Transaction by Gender

12ME Jun12

All
- One (1): 51.8%
- Two (2): 26.1%
- Three (3): 15.9%
- Four or More: 6.2%

Men
- One (1): 52.5%
- Two (2): 26.1%
- Three (3): 15.4%
- Four or More: 5.9%

Women
- One (1): 51.3%
- Two (2): 26.1%
- Three (3): 16.2%
- Four or More: 6.4%
Knowing Your Business

- Do you have a business plan (strategic plan)?
  - Helps focus your team
  - creates clear targets for everyone

- How to develop one
  - As a team
  - Creating “professional product objectives”, not sales goals
  - Why does this work?

- What do you pay them for?
  - Spiffs? Commission? Bonus?
Objectives

- Objectives “operationalize” the goal
- Objectives are measurable
- Phrase them in action terms
  - "Increase the level of rimless sales by 5%"
  - Reduce lateness by 25%
- Set a performance standard in the objective
  - "By March 31st, ......"
- Make them as clearly understandable as possible
- Use as many objectives as needed
An objective has a performance standard and a date

- Increase sales of rimless eyewear by 15% by June 30, 2006
- Decrease errors in the finishing lab to no more than 2% within the next 90 days.
- Improve staff morale to 90% by the end of the year.
- Increase sunwear sales to 20% of all eyewear sales within 180 days.
Implementation Strategies

- Define the procedural steps needed to implement the objective
  - Ex. Who does what, when, how, for how long, for how much, in relation to who, etc.

- Develop as many implementation strategies as needed
To Ensure Success …

- Evaluate, Refine, Adjust

- Start by keeping it simple
  - 1 page is enough
  - 1 long afternoon or day or planning is enough

- Appoint someone to monitor results

- Meet each week to review results, share ideas, etc. (chains do this EVERY DAY!)

- PROVIDE TRAINING!
Knowing Your Business

- You can’t improve what you don’t measure
  - Manual system?
  - Software system?
  - Which is best?

- Benchmarks
  - A helpful yardstick for knowing your business success

- Examples:
  - AR – 29%  Photochromics – 17%  PALs – 58%
  - What are your numbers?
  - What would you LIKE them to be?

- So how do you get there?
What should you measure?

- Gross income
- Net income
- Average sale
- Cost of goods by category (frames, lenses, etc.)
- Specific product sales percentages
  - For the office
  - By optician
- Lab costs
Business Models

- No doc and no referrals from docs
- Referrals from docs
- Having a doc in your office

Photo courtesy of Carl Zeiss Meditec
Rx Release Rule

- 40 years old and still in force
  - Is it a dead issue in the optical world?
- GPO Web site, “federal regulations” tab
- PART 456—Ophthalmic Practice Rules (Eyeglass Rule):
  - 16 CFR Part 456
- Some provisions …
Rx Release Rule

- On the ORBA Web site:
  - The rule
  - Sample Warning Letter to Prescriber
  - Sample Warning Letter to Seller
  - The Eyes Have it – Get Your Prescription

- How to use these
  - Hand them to patients
  - Mail
  - Web site
  - Ads?
    - Bruce’s Body Shop in Richmond
## Doc Pros and Cons

<table>
<thead>
<tr>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td>You now generate your own scripts</td>
<td>Your business’ reputation is now linked with the doctor</td>
</tr>
<tr>
<td>Less worry about losing customers, since they are right there to capture</td>
<td></td>
</tr>
<tr>
<td>If you’re set up properly, you can accept vision care insurance</td>
<td>You’re not the majority partner any longer</td>
</tr>
</tbody>
</table>

*For some plans, that means the doc has to be a 51% owner of the business*
Some Issues

- Linda’s situation
- Separate door - legally separate
- Sharing of staff
- Space
- Who pays for the equipment?
- Does the doc pay rent?
- CHECK THE STATE OPTOMETRY REGS VERY CAREFULLY
Finding a Doc

How to find a doc if you want one

- ORBA blog topic
  - Newspaper
  - Optometry colleges
  - Contacting the state optometry association
  - Asking local ODs
  - Craig’s List!
How to Avoid a Bad Situation

- Dr. is a poor refractionist
- Dr. is not booking enough scripts
- Your capture rate is really low
- CREATE A SOLID CONTRACT!
  - Everyone needs to know and understand the expectations going in
  - Build in methods to resolve disputes
  - Build in a method to dissolve the partnership
Is it Really Worth it?

You’re the only one who can answer this!
Vision Care Insurance

- VCI was developed for optometry, not opticianry. It STILL is!
- VCI put optometry on the map
  - MD vs OD fees years ago – ODs did it for less
    - Now at parity - Equal pay for equal service
- VCI has forced the price of eyeglasses much higher
  - To provide the discounts required, you have to mark up your eyewear pretty high
    - Many offices use close-outs for this market
Why Take It?

- To serve the consumers in your market
  - Many locations have heavy amounts of one kind of VCI in their area
  - Some offices specialize in lower end sales
  - Business is business – why turn it away?
- EyeMed webinar by Arnie Edelman
- VSP – IOBs filing claims out-of-network
Your Own Insurance Plan?

- ILOV project
- Kirkland Opticians’ strategy
- A national plan?
  - This would be a good project for ORBA
  - With enough members, this is possible
  - Similar to Rexall and IGA
Revenues Outside of Insurance

- Professional fees for opticianry?
- ODs did this over 25 years ago when 1-800 CONTACTS began
- Optical Society of Western NYS is doing it
- Charges for repairs, adjustments, PDs, fitting measurements, etc.
Tracking Your Business:

Knowledge IS Power, AND Money

If you don’t know what is selling, who it is being sold to, and where those customers came from you cannot effectively manage your practice.

The basics:
- frames
- lenses
- add-ons
- referral sources
HOW do you track these things?

Use practice management software (OfficeMate, EZFrame) hard numbers, either via software or hand counting

Source: ORBA, 2010
Frame sales: How many vs how much is on your board?

<table>
<thead>
<tr>
<th>Number of Frames Displayed on Frame Board</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 250</td>
<td>2.6%</td>
</tr>
<tr>
<td>250-500</td>
<td>22.1%</td>
</tr>
<tr>
<td>500-700</td>
<td>20.8%</td>
</tr>
<tr>
<td>700-800</td>
<td>16.9%</td>
</tr>
<tr>
<td>800-900</td>
<td>10.4%</td>
</tr>
<tr>
<td>900-1000</td>
<td>5.2%</td>
</tr>
<tr>
<td>1000-1250</td>
<td>5.2%</td>
</tr>
<tr>
<td>1250-1500</td>
<td>9.1%</td>
</tr>
<tr>
<td>Over 1500</td>
<td>7.8%</td>
</tr>
</tbody>
</table>

Source: ORBA, 2010
Are you spending too much time calling too many labs?

How many optical labs did you use in 2009?

- 1 lab: 15.4%
- 2 labs: 28.2%
- 3 labs: 20.5%
- 4 labs: 16.7%
- 5 or more labs: 19.2%

Source: ORBA, 2010
Thanks for attending!

Ed De Gennaro

Director of Professional Content & Executive Director, ORBA

First Vision Media Group