

TITLE:

OPTOMETRISTS WITH DEFECTIVE VISION: MARKETING ORIENTATION IN THE INDEPENDENT OPTICAL SECTOR

ABSTRACT

Research into the marketing activities of the optical sector is extremely limited. The aim of this paper is redress this imbalance, and to examine and assess the role and relevance of marketing orientation to the independent optometrist. A national survey was undertaken using an adapted form of the MARKOR questionnaire, which sought to establish the level of marketing orientation of independent practitioners. This was supplemented by an in depth interview with a senior figure in an influential independent practitioner support organisation. The research shows that gaps exist in the market orientation activity of the independents. There is a lack of acceptance of the marketing function and practitioners score poorly on a number of aspects of marketing implementation. Whilst the response rate was good, those who completed the questionnaire represent a relatively small sample of optical practitioners and further research is required to validate the findings here. With the independent sector facing intensive competition and lacking in marketing orientation, a key recommendation is that the education and training of optometrists should incorporate a strong marketing and entrepreneurial element.

KEYWORDS: Marketing orientation - independent opticians - marketing strategy - education and training

TRACK: Entrepreneurial and Small Business Marketing

THE INDEPENDENT OPTOMETRIST AND THE RELEVANCE OF A MARKET ORIENTATION

In the United Kingdom it is the case that opticians are categorized as either optometrists, or as dispensing opticians. An optometrist carries out an eye examination to determine the patient's prescription and checks the health of the eyes. A dispensing optician uses the prescription obtained in the sight test and provides glasses (Fulop and Warren 1992). Both of these types of opticians can be employed by the larger chains, but it is usually only the optometrist who owns their own business. The independent optical sector is an area which has received very little attention from marketing academics (Fulop and Warren 1992; Pressey and Matthews 2000). This paper seeks to redress this imbalance, by reporting on and discussing the ramifications of some national research into marketing orientation among independent opticians in the United Kingdom. It is actually quite difficult to identify the exact number of independents operating (www.marketscan). Challinor (2005) states that 68% of UK practices are independent, which represents something like 4,000 outlets, if regional groups like Rayners and Leightons are subtracted. Turnover for the independent sector is put at 900 million by Mintel (2004). The optical market is an area that has experienced considerable turbulence in recent times. In the nineteen eighties, independents experienced significant change when there was a move made from a tightly regulated optical market to one of more enterprise. Prior to this, competition was restricted in terms of who could supply the market and how business could be contested.

Following a number of government investigations (Fulop and Warren 1992) the 1984 Sales of Optical Appliances Order came into effect. This act facilitated the move of new entrants into the market. Unregistered suppliers could enter the market, ready made reading spectacles became available without a prescription, and National Health Service spectacles and free universal sight tests were abolished. Additionally, all restrictions on advertising were removed. The phasing out of wholly provided NHS spectacles has meant that the regular income opticians received largely disappeared. Significantly, the last decade has seen the growth of multiple retailers, selling cheap spectacles and contact lenses. Prices are lower than in the independents and it is the control of the supply chain and the benefits of bulk buying which enable the chains to be successful. Competition has been further stimulated by the lack of brand loyalty. Customers can take the prescription from the practitioner who administered their eye test to a competitor who can provide them with the product they require (Fulop and Warren 1992).

Another important development within optics has been the launch of Glasses Direct, which is an online service. After having an eye test at an optician, the Glasses direct web site (www.glassesdirect.co.uk) recommends customers to then buy on line at significantly reduced prices. Clearly, the independent optical practitioner faces growing problems and challenges in competing against larger chains, a factor which suggests that their businesses would benefit from a strong level of marketing orientation. The latter is not a new issue. Tregear (2003), notes that studies of it are well established within the marketing discipline. The case though, is that marketing orientation is always relevant to businesses of all sizes, as without it, there can be no real customer commitment (Wilson and Gilligan 2005). Despite Langerak's (2003) comments to the contrary, research into the area has generally held up the view that

market orientated businesses have better outcomes than ones without. Examples include Matear et al (2002); Kumar et al (1998); Pulendran et al (2003); Narver and Slater (1990); Jaworski And Kohli (1993); Javagi et al; (2005); Hult et al (2001). The research of Blankson et al (2006), Blankson and Stokes (2002), Blankson and Cheng (2005), confirms the appropriateness of a market orientation framework for the small business sector, as does the work of Pelham (2000) and Lewis et al (2001).

THE RESEARCH METHODOLOGY

The main method of primary research selected was the self administered questionnaire distributed by post (deVaus (2002)). The research consisted of a national survey of independent optical practices in the United Kingdom. The survey of 480 organisations yielded a response rate of 24%. Respondents came from a database of practices held by the Eyecare Trust charity. All businesses on the database were contacted in order to try and obtain the maximum number of responses and reduce bias. The questionnaire used was based on Kohli et als (1993) MARKOR framework. Jaworski and Kohli (1993) see marketing orientation as being composed of three measurable factors. The company wide generation of market intelligence relating to present and future customer needs, the dissemination of this intelligence across the organisation's departments and responsiveness to this information. A pre-test of the questionnaire carried out on an independent optometrist, indicated some adaptation was necessary. The original questions related to large manufacturing organisations and were customised to independent opticians. A validation question was also included, which sought to summarise the degree of market orientation of optical practices. The questionnaire used the Likert technique where a numerical value was summated for each response and subjects were asked to express agreement or disagreement on a five-point scale Ghauri et al, (1995); Moutinho and Evans (1992). As Esteban (2002) indicates, a number of previous studies of marketing orientation have used this scale. In addition to the questionnaire, an unstructured interview was carried out with a senior (anonymised) figure within Sight Care, an industry body designed to assist the independent optician. As Marshall and Rossman (1999) argue, interviewing the 'elite' has the advantage that a person in this position is often able to take an overall view of events. The qualitative interview also adds a humanist element to studies of market orientation. It has been argued the latter is dominated by a reductionist statistical measurement methodology (Hackley 1998; Harris and Ogbonna 1999).

It is finally worth indicating limitations of the study. The responses to the questionnaire may not have been completed by the addressee or named practitioner. There is the possibility that the task was delegated to another member of staff. It was also impossible to determine the age profile of the recipients from the returns. This may have provided a useful insight into attitudes that could have been mapped against the issue of deregulation in a temporal context. The professional optical status of the practice owner is unknown (i.e. Ophthalmic Optician or Dispensing Optician) which could have an influence on customer orientation. The latter are more likely to have a customer orientation, as they focus on the needs of patients from the retail end as opposed to the clinical end. Possible future research could examine differences in perception between these two functional areas. In terms of validity, the results reflect only 4% of the independent optical sector, so the results should be treated with some caution. Finally, the recommendations of Li et al., (2002), that factor analysis and a

measure of internal consistency should be deployed on the results of Likert surveys, were not adopted.

RESEARCH FINDINGS

Significantly, in terms of information gathering, (see table one), results indicate that respondents carry out limited formal market research. These organisations are slow in monitoring and detecting changes in customer product preferences and service needs. Furthermore, these practices do not take a proactive view in terms of gathering information on competitors, although there does seem to be some attention paid to the gathering of data by informal means and some thought is paid to changes in the business environment. Importantly, both of the latter are not systematically recorded however.

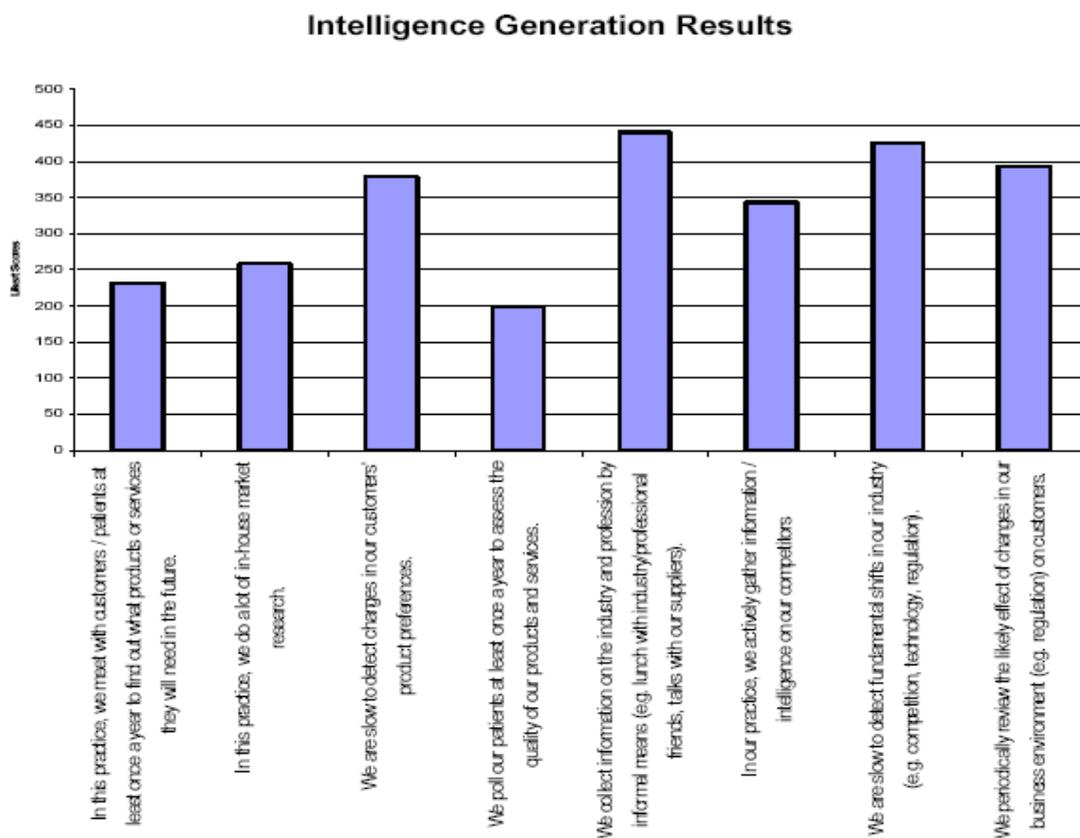


Table 1

Leslie Lavish of Sight Care was asked to comment on the extent to which he believed that independent opticians are actively involved in gathering information.

“I would say certainly not. So in terms of gathering information, no they don’t. Some do, some gather information and in terms of looking at the competition looking at the local area, who is doing what, I would say a small percentage do it effectively.”

It would be useful to explore in more detail the activities of this latter proactive group. They might well be successful small business entrepreneurial marketers, as highlighted by the studies of Gilmore et al (2001) and Brown et al (2001). The former argues that small firms do not conform to the conventional characteristics of marketing textbook theories. Their study indicates that small business marketing decision making is built around spontaneity, reactivity, informality and looseness. As such, traditional administratively focused marketing frameworks of which the MARKOR study is an exemplar, may be less applicable in practice than commonly thought (Hills et al 2008). In terms of the latter, the results in table one actually indicate respondents undertake a high degree of networking through informal means to gather information. This supports Carson and Gilmore's (2000) proposition that SMEs operate network marketing, which exists outside of established theoretical models in the area. The problem with the practitioners' in this survey is that this does not necessarily translate into effective marketing action, as will be shown later.

If we consider the general results here however, in the context of Levitt's, (1960) and Richard's et al (1992) marketing myopia framework, the independent optometry sector can be diagnosed as having a case of classic short sightedness, with low levels of customer and competitor orientation. This suggests these firms are narrowly defined by their service and their product, unwilling to learn and subsequently disinclined to pursue alternative strategies which focus on the customer and the business environment. This suggests that independent opticians see themselves as primarily clinical eye care professionals first, and as business people second. Arguably, the focus of the firm rests on what can be characterised as an internal product orientated view (Pearson 1993).

The next section of the questionnaire addressed the extent of market information exchange, see table two. The lowest scores relate to data on customer satisfaction which is not circulated. Whilst future customer needs are discussed, it appears to take place within something of a vacuum, as no systematic data is there in support of the deliberations. The most damaging responses, in terms of impact on future strategy, came in the replies to the final three questions. The scores show a failure in terms of any communications about market developments and competitors activity. Practitioners are either wearing defective single lenses, or myopia is uncorrected. Despite this, there is some encouraging evidence to show that really important developments in the industry, like the advent of laser surgery, do get circulated. The issue becomes one of acting on this information in terms of having a strategic orientation where everyone in the business is constantly asking in what ways customer value can be improved. Having informal discussions about change is one thing, but it is also necessary to be proactive. Brown et al's (2001) study points out that an entrepreneur's strategy is directed by opportunities that exist in the environment and not by the resources that are required to exploit them. Crucially, independent optical practices should have a management structure that facilitates the making of quick decisions. Furthermore, as small businesses, practitioners ought to be adaptable and flexible in their responses.

In summary here, Leslie Lavish of Sight Care was asked to what degree he thought the independent optician disseminates marketing information.

“In terms of working that information through the practice again, inefficient, ineffective, partly because the owner of the practice often spends the majority of their time with patients in the consulting room. They don’t have the time, at least that’s their perception, they don’t have the time to look at the business...”

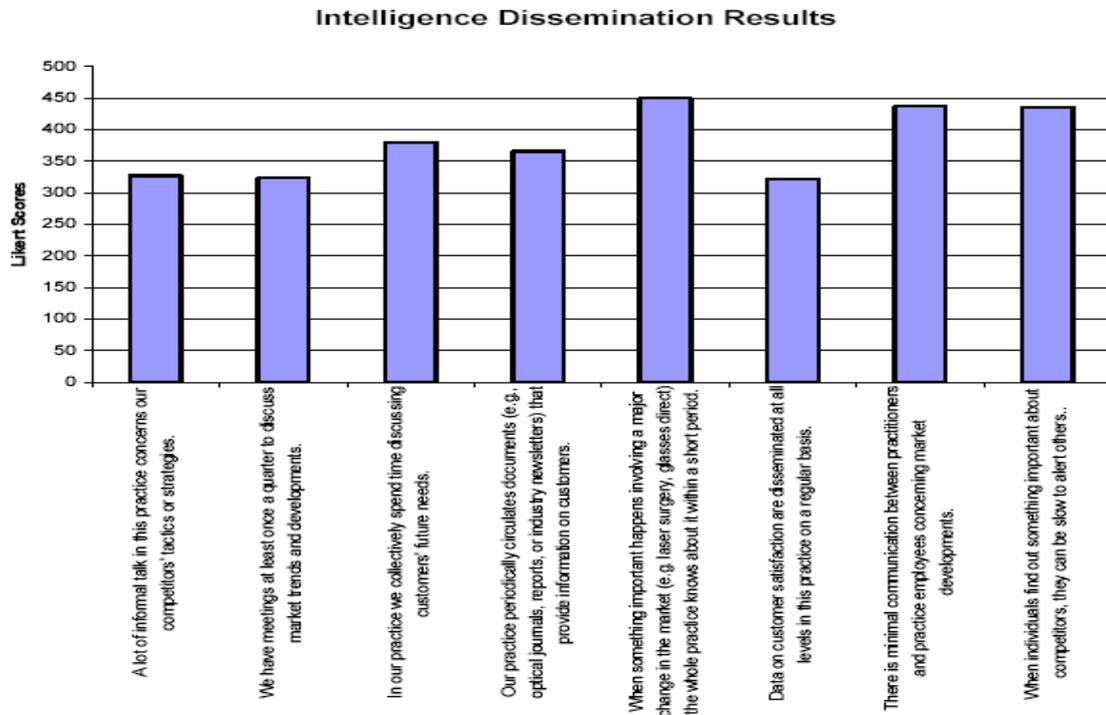


Table 2

The final section of the questionnaire addresses the action taken in response to the intelligence that is generated and disseminated, see table three. Results suggest that it appears to take a long time to respond to competitor price changes, illustrating a lack of focus in this area. Whilst it appears that complaints are dealt with well when they receive attention, this does not happen often enough. The responses show that complaints appear to be rarely acted on, with only fairly modest efforts made to modify services or products, unless forced to do so. In the Optician magazine of 10th March 2006, it is pointed out that that one out of 25 patients will complain directly about service to the practitioner, while the other 24 will go elsewhere, probably to one of the major optical chains. The lack of a general marketing strategy is evident from the answer which shows it is not market segmentation that drives product development. Little commitment to base decisions on the often diverse needs of customers means that there exists a restricted approach to innovation.

In optical terms, it could be argued that a significant number of established independent opticians have the strategic equivalent of presbyopia (Lauglin et al 1983). This condition of the eye is manifested through an inability to adapt ones focus to varying ranges of sight. What these opticians appear to be wearing are defective single vision lenses which need correcting. Hills et al (2008), point out that a key strand in successful small business entrepreneurial marketing revolves around having

a strong commitment to seize opportunities. Clearly, as the responses below indicate, there seems to be a lack of attention to the creation of new market and product opportunities, in the context of changes in the business environment. Neglect here will only result in greater opportunities for the multiple chains.

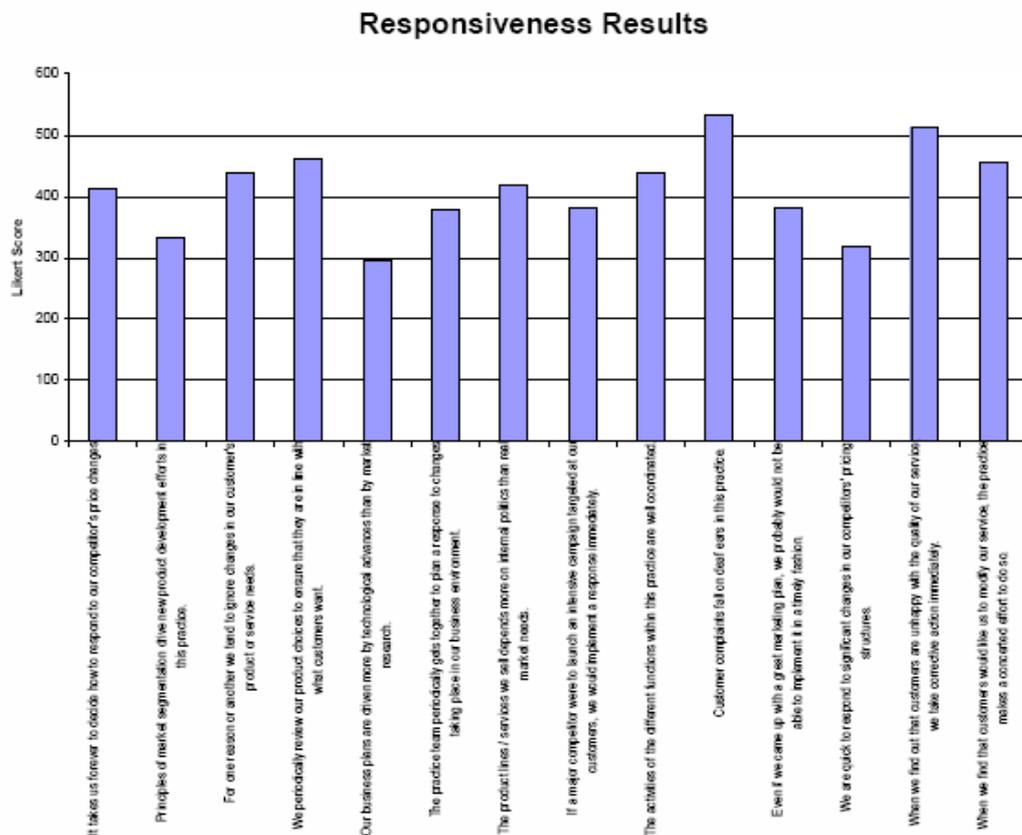


Table 3

Leslie Lavish of Sight Care summarises the importance of independent opticians needing a recognisable marketing strategy and a marketing orientated culture.

“They need to be able to look at their strengths, their weaknesses, they need to know positioning in terms of the kind products they are selling, then you have to go out there and you have got to market yourselves...they don’t see themselves as competing with chains, they see themselves as being you know, optometrists with patients, they are not part of the retail scene”.

CONCLUSION: OPTICIANS IN NEED OF A NEW PRESCRIPTION

Independent opticians, in a marketing sense, are myopic. For some, the condition of presbyopia can be added. All these opticians must start to wear a pair of marketing glasses with a radically different prescription. The new lenses must be varifocal, providing a clear view of the short range internal needs of the firm, medium range for customer needs and the longer range for societal needs (Laughlin et al (1994; Robinson 1983). With these new lenses, the following options could be potentially

seen and then pursued. At a recent Sight Care conference, reported on in the Optician magazine (10th march 2006), it was noted by one of the speakers that independent optical practitioners have the significant advantage of being able to build relationships with their patients. This point is reinforced by the findings of Pressey and Mathews (2000). Their research illustrates that opticians are seen as professionals, whose character can potentially cultivate trust, commitment and loyalty. These factors are clearly marketing assets that could be usefully exploited in the development of customer relationships. Challinor (2005), also points out that the building of relationships is critical to practice success. To facilitate this, emphasis should be placed on employing good customer facing staff, and the development of effective marketing communication programmes.

One other proposal which could also assist the marketing activity of independents, which does not require new expensive commitments, is provided by the optical trade associations. There are potentially invaluable resources provided by organisations like Sight Care, where promotional and marketing schemes operate to which practitioners should be urged to subscribe. Using the Sight Care marketing support scheme, practitioners have the opportunity to use the expertise, organisational skills and capacity of this organisation, which are there to support the independent sector.

Crucially however, acceptance and implementation by the independent optician of the above initiatives and a customer focus, depends on the adoption of a marketing orientation framework and an appreciation of its entrepreneurial aspects. This sort of move demands major change in terms of a cultural transformation and the acquisition of appropriate marketing skills, as pointed out by Gebhardt et al (2006) and Kotler (2002). To address this problem properly, degrees for ophthalmic opticians should now start to include a strong marketing component, something never previously included. Ardley and Berghardt (2007) have noted that evidence drawn from a Sight Care review, and from the institutions and lecturers responsible for educating and training optometrists, that award bearing courses for practitioners do not reflect the commercial environment in which they operate. Is it sensible to train for clinical excellence without addressing the needs for marketing and entrepreneurial skills, particularly when practice revenue comes from the retail end of the business? The universities should be seriously examining course content, to ensure it reflects the circumstances experienced by the profession today. Students need to learn about marketing plans, marketing strategy and marketing relationships and to accept the need for customer and competitor orientations. Importantly, students must recognise that all these marketing activities in an organisation are contextual and that big business marketing is different from that in small businesses (Hills et al; Carson and Gilmore 2000). In conclusion, this paper has highlighted some deficiencies in optical marketing and suggested some remedies. It is now up to the independent UK optical sector as a body, and as individual small entrepreneurs, to respond positively to the challenges faced and to recognise the need for a strong marketing orientation in their businesses. This paper has sought to show that in today's competitive and material environment, the notion of marketing orientation still carries relevance.

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