

## Art of Assortment Planning

By Alessandro Baronti

### Objectives:

1. Understand the brand confusion and dilemma of an eyewear customer when seeing the assortment of frames in an optical store.
2. Learn that there is a way to determine the number of frames and the importance of brands any particular practice should carry.
3. Know how to communicate a curated assortment as well as how consumers have learned to shop that affect the eyewear purchase.

### Course Description

Frame reps and frame company managers are often asked by their clients, how many frames do I need, do I have the right mix of brands, or do I have too many or too few brands? To understand the balance of an assortment and the way to plan for it watch, listen and read the content of this course. In an interactive and narrated presentation, understand the brand confusion and dilemma of an eyewear customer when seeing the assortment of frames in an optical store. Learn that there is a way to determine the number of frames and the importance of brands any particular practice should carry. Then, know how to communicate a curated assortment as well as how consumers have learned to shop that affect the eyewear purchase.

### Slide 1 (Title Slide)

- Hello, Thank you for joining me. This is Alessandro Baronti and this training segment is designed to address one of the biggest opportunities in our industry, the correct assortment plan. Understanding how many frames do I need to run a lean, effective, and productive business operation.
- What I am finding, is that most of our customers have excess inventory, or they do not have an effective auto-replenishment system to be able to bring back the inventory that is actually selling. Consequently, product that is actually selling through very well, and is making a profit for the office, is penalized by the obsolete inventory that is not really turning.
- What happens is the obsolete inventory ties up budget that can actually be invested to bring back product that is selling through. So let's explore this opportunity together.

### Slide 2

- Before we start the actual training, let's dive in, into some problems which I'm going to translate into a different word, which is opportunity. I think identifying these problems is going to help us structure a game plan on how to transform this into an opportunity for all of you listening to this training.
- The first effect is 1 IN 3 PATIENTS PURCHASES FRAMES ELSEWHERE DUE TO BRAND CONFUSION AND POOR MERCHANDISING. It's almost 90% of the consumer base out there saying that buying a frame in the optical industry today, it's an overwhelming experience. I think it's time for all of

us to pause and listen to what the consumers are telling us. What is the reflection of this statement?

- The reflection of this statement is, as independent eye care professional you have 68% of the market share when it comes to eye examinations in the United States. What this means is patients are looking at you, as an independent optometrist as a destination for vision care, but you only capture 65% of them, so you are leaving a huge opportunity on the table.
- Let me quantify this. If you have a \$750,000 practice, a 65% capture rate means that you are leaving \$160,000 of potential cash in revenue on the table. On that table right in front of you, up for grabs. If you don't grab it, somebody else is going to. It could be the online competition, but it also can be your competitor next door.
- If you have a 1million dollar practice that number is even more compelling, because from \$160,000 goes up to \$250,000. I hope I got your attention by now.
- As an independent eye care professional your largest single source of revenue comes from prescription eyewear. It's about 43%, and if you add contact lenses to that it's another 16%. You are almost at 60% of the revenue of your practice. So these are some important facts for us to keep in mind as we start to identify opportunity and techniques on how to maximize your business.

#### Slide 3

- The Ideal Assortment planning begins with Five touchpoints. I would like to take the time to review each one of them individually with all of you.

#### Slide 4

- We are going to look at each step individually, starting with Assortment Planning, moving into curated inventory, then understand the right brands, look at the capture rate, and discuss how to create an Omni-channel experience and the importance of it having an Omni-channel experience. Addressing all of these points really creates what we define as the Ideal Assortment level and an ideal consumer experience.

#### Slide 5

- Let's start with the first point which is Assortment Planning, as one of the 5 different steps.

#### Slide 6

- A common oversight that reflects in missed opportunities and creates a financial impact on the bottom line of your business is #1, too much frame inventory. This creates a big problem, because all of a sudden, you are running an operation with an overflow of merchandise, and even worse with back stock.

- Too many collections, an average optometrist in the United States carries 47 collections, where Prada is a collection, Gucci is a collection, Armani is a collection, and Ray-Ban is a collection. I would strongly suggest to physically counting how many collections you have in your store, it will be mind boggling. This is the message, 20 collections is the perfect mix.
- One over twenty, is one too many. Now if you run an ultra-luxury boutique, you may have between six to ten brands, but if you need to run a practice that needs to appeal to a larger demographic and if you do relevant business with managed vision care, you really need twenty brands to be able to address a good balance.
- Now the 3<sup>rd</sup> point is, wrongful inventory mix in relation to price point and product category, what that means is your product mix is not synchronized with the needs and expectations of the demographic. So, now you are actually communicating to the demographic the wrong message and creating a perception issue. We are going to discuss in depth what this means, in this training.

#### Slide 7

- Step 1 of Assortment Planning is Implement a System to Track Trends and Measure Success.
- I am going to pose to you a series of questions, and you should have a very clear and specific answer for each question that I'm posing to you. If you don't, there is some homework that you will need to do before we go to the next step. Let's start with an easy step:
  1. What is your capture rate? This is very important for you to identify. As we learn previously 65% is the average.
  2. What is the percentage of practice revenue that comes from prescription eyewear sales? We learned that we are looking at 44%, what are you at today? It's very important to identify that.
  3. What is the overall frame inventory turnover? You should be at least a 2.5 at a minimum. If you have 1000 frames on inventory that means you should be selling about 2500 frames a year in re-orders. It's very important for you to identify that.
  4. What is the number of frame collections in your inventory? How many do you have? Look at your doors, count you're back stock. Let's see exactly where you are at today.
  5. What is the average number of SKU facings for each collection? How are you merchandising your product, how do you buy your product? This is critical for you to understand. How do you tell the story of your product? What I see in my travels in the field is that a lot of times, as a buyer, you actually purchase the product to fill the board, based on the set up of the board. All of a sudden if you have a slat wall display system, where each row holds between 12 and 14 frames, you buy collections to fill the 12 or the 14 spaces that you have available. Now what happens if you do that, you end up finding yourself filling the stores with way too many brands, competing for the same consumers in the same price point.
  6. What is the average retail value of a frame sold? This is important for you to identify.

This is defined as the sweet retail price point. It will tell you if you are effectively trading up in a managed vision care environment or not? Let me give you an example of that.

Some of your patients are posing a question: I only want to see today, what is strictly covered by my insurance benefit? So, identifying the sweet price point is going to tell you how effective you are in moving the mindset of the patient in that position to actually being upsold to buy better product.

7. What is the percentage of patients that buy more than one pair of eyeglasses from you?

Where are you at? What is the percentage of your business? 15%, 20%, 25%, lets identify that percentage?

8. What is the average time elapsed between patients' eyewear purchases? 1 year, 2 years, 3 years? Let's identify that, and let's put together a system in place to improve that. Most likely, if you have a very strong managed vision care base of business, you are going to see patients come through more often, as a matter of fact, maybe once even once a year. How effective are you in capturing those patients? That is the other question you have to ask yourself.

9. What is the average % of overall sales of plain and prescription sunglasses?

Are you selling sunglasses effectively? It should be between 25-30% of overall sales, if you want to be viewed and considered as a sunglasses destination. Let's look at that number.

#### Slide 8

- The second approach is How to Determine the Right Inventory Level?  
I developed the five step approach to help you with this.

1. Determine how many eye exams are conducted in your office on a yearly basis?

You can look at YTD, and you can also annualize that number. You can look at the previous year and if you don't have any information, start to monitor the information, effective today.

You need to start to track this type of information.

2. Determine the number of patient walk in's on a yearly basis. For some of you, this may be relevant, and for some of you, it may not. By the way, it's a good sign, if you have a patient walking into your office with a prescription that means that they are walking out from somewhere else to fill that prescription. If you don't have those numbers, you have to ask yourself the question: How am I promoting my office effectively in my community.

3. Determine the patient traffic, by adding the adding the number of eye exams and number of walk-in's with a prescription. This is going to give you the total patient traffic on an annual basis on whatever system you are using, it can be twelve revolving or YTD annualized.

4. Determine your capture rate. I would suggest to always keep it 65 or above. If your capture rate is below 65, use the 65% as a benchmark for future calculations for inventory levels and assortment. You need to know exactly where you are today, because now we are building a plan to be able to improve the capture rate.

5. Determine the balance inventory level by dividing the net number of capture rate by 2.5. At this point you are probably confused, so let me walk you to the next step which is going to give you an example of how to really figure this out.

#### Slide 9

- Within this example, let's say that 3000 is the annual patient traffic. Let's say that you have 2500 eye exams, and 500 walk in's, so that is 3000, that is the first number. Let's say that your capture rate is 65% or you want to achieve a capture rate of 65%, you will build inventory level to achieve capture rate to be at least 65% or above as I mentioned before. This will give you 1950, which is the net number of patients, based on your capture rate. What that means, you are seeing 3000 patients, but you are actually capturing 1950 in terms of sales of materials, above and beyond the regular eye examinations. Now you divide that number by 2.5, which is the ideal inventory turn ratio, ideal. Now it can be better than that, but let's say the ideal will give you 780. Now 780 units is the correct number of units to obtain the right assortment level. Anything above that creates unneeded, potentially obsolete inventory.
- The other question is: Alessandro, I was told the 80/20 rules. I was told 20% of my inventory, is what always turns and 80% of my inventory is always obsolete. The answer is yes, but you need that inventory to be able to turn the 20% of it.
- The question is: How are you going to auto replenish the inventory that you are selling, #1, and #2, if we determine the right inventory level, which is now at 780, imagine how much money you have saved by reducing from whatever level you are today. You may be at 1300 units or 1200 units, so now we can actually put together a game plan to downsize your inventory level.

#### Slide 10

- Okay, so now we are in a good spot. We know how many frames we should have theoretically in your optical dispensary. Now with these visual tools, what we are going to identify is exactly how many collections do you have in your office today? And, how each collection is positioned in terms of a bucket of business. If you look at this table, at the top you have category, next to it is MSRP price point, then you have a price point underneath, and then as you can see, I virtually identified the five most important price points within a theoretical practice for the sake of this exercise.
- You will need to identify what are your four/ five pillar price points? You may have four, you may have five, or you may even have six, depending on the size of your practice and depending on your demographic. In this specific case, we go all the way from \$99 entry level, all the way up to \$500. Below it is divided by gender; women's, men's and then kids. You can see each quadrant represents a bucket of business. Now we start to do a physical inventory, and we start to visually position each collection that you find in your inventory in the relevant bucket of business, based on MSRP retail price point. By the time you complete this exercise, you are

going to have a very interesting visual tool that is going to tell you exactly what is going on in your business. Let me give you an example!

- Wow, look at the women's segment between \$350 to \$500. I think it's over crowded; we have way too much product over there. By the way, in the men's segment, between \$350 and \$500, we are completely unbalanced. We have all these women's present, and we are not offering anything for the men. Also in the men's segment between \$280-\$349, there are only two collections and in the ladies, we actually have five of them. Look how overcrowded the men's segment is; between \$151 and \$220, what is that, 3-6-7-8 collections over there. You can actually have a very good understanding of your business, how many lines do you have, how well positioned is each collection? Now these visual tools are giving us ideas. Ok, we do have a problem, we do have some opportunities, and how do we tackle this?
- To be able to tackle this, you need to understand, Ok, this is the product that I have, which is great. Which product is turning, and which product is not working for me? That is the next question that we need to address and we will in the next chart.

#### Slide 11

- With this table we can identify exactly what the annual turn rate trend is for every specific brand in the office. You want to do this exercise every six months. You want to give each brand a 1 year life time opportunity before you can consider making changes. In this table we are going to position the name of the brand. We are going to actually take the time to write down all of the different brands you have in the store, and then we are going to start to fill the rest of the table.
- The first one is board space allotment. You will need to know how many positions you have allocated to that specific brand. Today you are probably using a board management system; you may be using a board allocation system? If you don't have either one of these, go back to the opening order you used, when you positioned this brand. If you don't remember this number, ask your sales consultant that sold you that specific line. Then you will need to do a physical inventory to see how many units you have on hand. Then you will need to log in how many units you re-order based on whatever system you are using. You can use YTD, twelve revolving, whatever system you are using, track that information.
- After you filled this table, the numbers that will spill out, are the annual turn rates for each inventory collection. So let's see if that works. Wow, look at that. Now we have a complete visual that provides us with key information that is very useful. For example, Ray-Ban is a success story. 20 units allotment, 20 on hand, sold 50 YTD, inventory turned 3 times. Look at all the negative numbers, all of the different collections that are not working very well over here that is an action plan we want to take. Look at all the collections that turn less than 1 time a year that is another problem over here. There are some adjustments that need to be done. In this case you may even adjust the board allotment. For example, when it comes to Ray-Ban, I would add some positions, because the line is turning very well. To be fair, I would probably do the

same thing to Oakley, and even Gucci, looks like it's turning very well, to be fair to my competition. We will have some collections that will need to adjust the allocations, but definitely many collections that don't have a reason to be in the store. We can say they don't pay the real estate value that they actually represent in the specific store.

- Now that you have this information, you can go back to the previous table. The previous table will give you a visual, this table will give you analytics and now you can start putting together a plan on how you want to discontinue the specific number of collections that are not working for you, or how you want to exchange for other product. You can put together a game plan on how you want to address that.
- All of these tables are available to you, and our Luxottica management team is completely trained in helping you do this exercise with you. You are not alone; if you need our help, please engage the Luxottica management team that will be more than happy to support you with this exercise.

#### Slide 12

- Let's move now to the 2<sup>nd</sup> topic which is Curated Assortment and to really identify the ideal assortment. I know that I have an assistant Tommy over here that is going to identify some opportunities. Tommy what do you have to share with all of us?

#### Slide 13

TOMMY: The Ideal Assortment should consist of the 5 R's.

- Thank You Tommy. I appreciate your support. The assortment needs to be relevant and fresh throughout the curated display. The 5 R's are:
  - The Right Product
  - The Quantity
  - The Right Price
  - The Right Place
  - The Right Moment

#### Slide 14

- Perfect. Now that we have all of this information, let's dive into demographic analysis. I would suggest you to do this every six months. You definitely want to be fine-tuned with what's happening in your surroundings. To do so, I use this app, which is called Demographix.

It is spelled as you can see at the top right side of the screen.

- This app gives me the opportunity to really look at the surrounding of a specific area, by setting up a specific range. In this specific case, you can see that the radius that I'm using is 1 mile. Look at the bottom left of the screen, I am looking at the LaGuardia area in New York. I circled the two relevant important pieces of information that I really need. I don't need all this other info, but the two relevant pieces of information are the
  1. Average Household Income; which is in this case is less than \$40,000.
  2. Age Group; 40% of the population in this area falls into the millennial type of category of consumer.
- If I was consulting to you on the right product mix and the right store model to be able to connect with this type of consumer base; I would tell you to leverage your inventory mix on lifestyle and then I would do a strong presence of affordable luxury, maybe a little touch of fashion, but I would definitely not venture into luxury or the ultra-luxury category. Why is that?
- If you do that in a situation like that, you may be perceived as too expensive. Also, in terms of store layout, I want to be sensitive to the demographic. I don't want to be perceived as I am going way out there to do something very expensive. I want to be perceived as a clean environment, a destination for millennials, so I would probably use a mono color like white, maybe high top like tables, some digital experience, very much a Microsoft or Apple type of experience, but not as fancy as those type of stores.
- So now I have a full connection in communicating both with the product and with the layout of the stores, preferably in sync with the demographic.

#### Slide 15

- Let's address a couple concepts over here.
  1. Strike a balance between optical and sun. If you want to become a sunglass destination, you have to first be perceived as a sunglass destination. To be perceived as a sunglass destination, you need to make an impact. I define that as the WOW factor. To make an impact you need at least 25% of your board space to be allocated to sunglasses, I'm talking about Plano sunglasses. Yes, you can only sell prescription sunglasses, if you carry Plano sunglasses. So, in this case if you have 1000 units in the optical dispensary, 250 should be Plano sunglasses. I would suggest, at the most part to be base 6 rxable friendly.
  2. Strike a balance among different product segmentations. Now, the numbers vary over here, and can vary dramatically based on the actual demographic where you are located. Our management team at Luxottica can help you further define these numbers.
- As a general statement, I can tell you that 40% of your inventory balance should be in the lifestyle price segmentation. 20% fashion, this number can vary, it can be more or less, based on the demographic. On a general rule of thumb I would say, you don't need more than 5% in kids. So 1000 units, 50 kid's frames are more than enough. They don't usually need to be on display, you can keep them in trays, unless you have a pediatric practice that would change the rules here.

- Now luxury and ultra-Luxury, it depends, if you are in an area that can support that, so let's say if your office is in an area where the average household income is between \$80,000-\$90,000, at that point I would tell you gosh, you would need 35% of product mix between fashion, luxury, and ultra-luxury product.
- Really have a clear understanding about your demographic. If you are in an area that is a low income area, you will need value product, and if you do a big volume with management vision care, you also may want to consider high profit margin type of product. Again, the % of these two depends on the demographic and the type of insurance plans that you are accepting. I believe Tommy, you have some information you want to share with us again?

#### Slide 16

TOMMY: 50% Best Seller; 40% Newness; 10% other.

Auto Replenish Inventory appropriately. "One to show, One to Go"

- Thank you Tommy. This is some very important information that you share with all of us. This is a very important topic, Ideal Assortment and how to leverage the ideal assortment.
- I have an expert on the line, Jonathan would you mind sharing the message of ideal assortment with all of us?

#### Slide 17

- At Luxottica, assortment planning is the key to success. Are you seeking to increase sell out for a specific line? Aiming to increase productivity? Maybe you're considering bringing in a new collection, but can't decide what styles to start with? Stop searching for inspiration and bring your vision to life with Luxottica Ideal Assortment.
- The Ideal Assortment is an essential product offering that best represents the brand. It features the most sought-after styles from three crucial categories.
  - Proven Best Sellers, New Product Styles, and Advertised Pieces
- This selection embodies a brand's best sun and optical styles, maximizing your sales potential.
- This tool can be used to build a strong foundation for your new brand, or to fill the gaps in the board space with confidence. Take the guess work out of ordering. An ideal assortment transforms your store into a brand destination, and can improve sell through by 20%.
- Here's how: Discover each brand's optimal quantity of frames in order to represent the collection properly and ensure that you have the best possible choices for your customers.
- Speak with your sales consultant to cater to customer needs and expectations, highlight proven best sellers and key new product. So enhance your retail experience and you'll see the benefits. We'll help you identify and reorder bestselling styles, so you never leave an empty space on the board. Instead you'll always have trusted styles on hand to ensure a sale.

- Don't forget, you can reorder these highlighted styles on [my.luxottica.com](http://my.luxottica.com), so you can continue to sell those ideal styles over and over again.
- Here's How:
  - Go to [My.luxottica.com](http://My.luxottica.com) and log in
  - To experience the ideal assortment, click on the frame section at the top left.
  - Choose the brand of your choice, and the Ideal Assortment styles will be highlighted for easy reference.
- The art of assortment planning is the key to enhancing your profitability. Let's unlock those possibilities together. Now you can order with confidence.

#### Slide 18

- Thank You Jonathan. Great message about Ideal Assortment. Now we have all the analytics in place, we are in a very good place. We are now going into the brand power, how do we identify the right brands?

#### Slide 19

- Identifying the right brand is critical for your success and to do so, you need to know your consumers and the brands that they love. The previous exercise, with the demographic study, helped us to identify the right price point. Now let's dive in to the right brand.
- What I can suggest you to do is shop locally. Shop in your community. Identify the most popular brand, by shopping the environment. Go into the local department stores; these department stores spend a lot of money to understand the consumer's behavior. You can be sure that all the brands that they have in their stores are probably the best of the best for that specific demographic.
- What I would do is I would copy and paste the top five brands that they carry, and bring that message into your own stores. I would really leverage on that message. So, when your patient actually walks in, they are going to be able to identify right away that specific brand power that is relevant to them in the community.
- Now we spoke about you having 20 brands, right? Now you have 5 that you are bringing in to leverage on awareness that gives you the opportunity to use the other 15 brands that you want to bring in to be able to personalize yourself. Yes, you are an independent practice and yes, you want to be unique and you want to bring your own personality. So you have 15 options of personalization and 5 options to create an anchor point.

#### Slide 20

- Capture Rate is the 4<sup>th</sup> point of our journey today.

## Slide 21

- Low Capture Rate. Let's identify the reason why you may have a low capture rate, if you do? Let's say the average is 65%, and let's say that you are at 40-45%, and let's dive into what may be the possible reason for that.
- Limited inventory or perception of it. You may not have enough inventory, or you may have 1000 frames, as I walk in as patient, and look at a wall full of product, which is not going to give me a clear perception of brand power. So consequently, I'm going to feel confused and overwhelmed as we learned at the beginning of the presentation.
- Poor Visual Merchandising. That can be a reflection of what I just said. It can be easily fixed, because visual merchandising material is not as expensive, especially if you consider the return on investment it can create by changing the complete perception of your office.
- Too Expensive. Yes, you may be perceived as too expensive. That demographic cannot support that message, as we reviewed before in the demographic study. So that consumers that feel that you are too expensive are going to say to you, can I have a copy of my prescription or they are going to say to you, I only want to see whatever is strictly covered by my insurance benefits. So if you are hitting those things on a regular basis, start to pay attention to those messages, because you may want to use them to really be able to correct that specific situation.
- You also may be perceived as not luxury enough, for that specific area. This is the opposite of what we just discussed before. If consumers are seeking brand power, if consumers are seeking luxury, and you don't have that, they are going to walk, they are going to shop somewhere else.
- New lenses in old frames, that means that in the medical lane, probably as a doctor you aren't prescribing enough or that you aren't leveraging enough on that medical need to create a compelling want. You may want to look at that and you may want to stay in close proximity to what is happening in the optical dispensary to understand if your medical message is custom tailored to be able to create an effective translation of the need into the want.
- Contact lenses patients not interested in sunglasses. Let me share, that 80% of your contact lenses patients will buy a pair of sunglasses 24 hours after the fitting. So, if you are not selling sunglasses to your contact lenses patients, somebody else is selling sunglasses to your contact lenses patients. Contact Lenses patients fall into the capture rate. Contact lenses patients need to be captured, both with a supply of contact lenses and also plain sunglasses to address their needs.
- Non-competitive pricing. I know that some of you may think I need to increase the retail pricing in my office above and beyond the MSRP, because 70% of my business is driven by managed vision care. So, to be profitable in a managed vision care environment, I need to increase my price point. Folks, you cannot do that, because today consumers are too wise to be able to play that game and you will lose business if you do that. So I strongly suggest to you to be very sensitive to MSRP price points, otherwise you are going to be shocked so you don't want to fall into that trap.

- Eyewear not suggested, no RX change = No interest. This goes along to what I said before, that the doctor is probably not prescribing enough. So, the question is for you doctors, how many prescriptions are you writing to your patients in the exam lane? I suggest you to write two or three prescriptions for different eyewear or different types of lenses. It could be computer glasses, or the blue lenses coating, or the second pair for outdoor wear. We need to prescribe more to be able to achieve a different result.

## Slide 22

- Let's change the game, to be able to increase that capture rate. How do we do that? Let me give you some tips for success based on what I learned in the field from people like you.
- When setting up appointments, are you asking the patient to bring in all the eyewear that they use on a regular basis? Now you also need to explain the why? When you ask a question, it's important to explain the why. So, Susie, make sure you bring all of your eyewear, Plano sunglasses you may have, any leftover supply of contact lenses, because we are going to evaluate everything that you have, we are going to give you a free service with free alignment with free cleanup of all of your of your product, to make sure everything is perfectly tuned up for your visual needs. Very important to address that.
- Are you checking patient's previous purchases and insurance benefits prior to their arrival? It's an incredible advantage to have a patient who comes to see you, because in most cases you know them, unless it's a new patient. You know what happened the time before and you can prepare yourself in correcting some of the mistakes to really be able to create a prequel goal for that specific visit.
- Are you offering an insurance consultation while they are waiting? How many times has Susie, at the end of the transaction, as you are dispensing, all of a sudden as you sharing your price, she gets shocked, because she thinks the insurance benefit has so much more coverage then what she was presented and now all of a sudden she's completely disappointed. Let's make sure we don't have that problem, because consumer satisfaction, should be one of the first goals that all of you should aim for to increase your practice revenue.
- If the patient has insurance, are you suggesting to also schedule an appointment for their family members? This is an opportunity for you to amplify the potential of your business. An average family of 3 or 4 individuals, if the main insurance carrier has the coverage for the entire family, you may have an opportunity to amplify by 4.
- Are you asking your patient questions about their lifestyle? I suggest you to do that throughout the entire journey that the patient has in your office as they are evolving and they become consumers. It's very important to collect lifestyle questions; this can be used as a leverage to transform a need to a want.
- Are you walking every patient through their journey? A patient needs to understand that the visit today will take 1 hour; this is exactly what we are going to do today. Offer options to your patients to be able to address what they need to address. I'll give you an example of that. If I was in your office last year and you did a comprehensive eye examination and you dilated my eyes, tell me that upfront. Give me the option, instead of waiting in the waiting room. As I'm

waiting for the doctor give me the option to start to shop for glasses, because you are going to remind me of that. Remember when your vision got a little foggy after we dilated your eyes and how hard it was for you to select the product that you really wanted? Why don't we do that upfront today, with no obligation whatsoever and as soon as we're ready for you, we will call your name and take you into pre-testing which is going to take about 14 min. We are going to see the doctor, which will take 20 min, and all together the entire visit today is going to take a full hour. Are you okay with that? Are you pressed for time? Now you put me in a situation where I understand the journey and I can make choices.

- Are you wearing trendy eyewear? Are you the role model? Are you carrying the message that you are trying to preach? Folks, today like never before, eyewear is a fashion accessory. There is no reason for any of us in the optical industry not to wear eyewear. As a matter of fact today I see millennial kids wearing eyewear with demo lenses, or I see them wearing eyewear with no demo lenses at all, because it's a fashion accessory, it's a personality piece. We have to be the first ones to tell the message to our patient base. I would strongly suggest you to have a wardrobe of eyewear to be able to tell that story as you present different options.
- Are you sending email reminders to your patients and are you suggesting completing intake forms on your website before arriving for their appointment? Today, if you don't have a website that gives opportunities to your patients to schedule appointments, to take intake forms online, telling the story of your office, today if you are not sending email reminders, text message reminders to your patient about the upcoming appointment, you may risk not promoting your office in the right way for the future.

#### Slide 23

- Point number five and the last point. How to create an Omni-Channel Experience.

#### Slide 24

- The Omni-Channel experience means creating a shopping experience that is above and beyond what you are offering in your stores. So, I'm coming to see you, because I am seeking a brick and mortar type of experience, a feel in touch type of experience. All of a sudden in that space, I have a feeling that I want to expand that into an Omni-Channel experience.
- Now I would like to go online, I would like to be able to shop in a digital catalogue. Now I can be online, in your stores, using your own device. Now you are offering an Omni-channel experience. This is not an option anymore. We have to do this, because consumers are seeking this. As a matter of fact, 68% of millennials are telling us that for them, this is an expectation. Today, having a digital catalogue in your own stores, offering unlimited accessibility to your product, is critical.
- Ray-Ban as a collection, Ray-Ban is available in 4000 different sku's. The Ray-Ban 3025, the aviator, is available in 54 different colors. How many sku's can you actually display? You can actually have the entire collection available on an iPad, right next to your physical inventory. As

you can see in this image, this is actually a shoe store, and this consumer is customizing a pair of Adidas shoes. Why not give the opportunity to one of our patients to shop for eyewear online in your own stores, on your website. Let me share with you how we can actually create that in a very simple way.

#### Slide 25

- You are definitely familiar with MyLuxottica, you heard & saw the video from Jonathan today; This picture gives you an example on how you can actually integrate a touchscreen computer monitor on the wall, in your dispensary, next to the eyewear. SO, that will be the first step.
- If you have an iPad, if you have a desktop, if you have a touchscreen computer monitor, you are in business to create an Omni-channel experience. The next step is to enable you Myluxottica account to become your digital catalogue. How do we do that?

#### Slide 26

- In less than 5 minutes, you can clone your devise. As a matter of fact, you can make as many clones as you would like from Myluxottica, having unlimited accessibility to the inventory every brand that you carry from the Luxottica portfolio. Paola, would you mind walking us through on how to do that?

#### Slide 27

- Hi everyone and welcome back to MyLuxottica. In this training demo, you will learn how to use user management and how to create a new user.
  - To find user management, go to the Myluxottica drop down and click on user management. Once you are here, you will scroll all the way to the bottom and click on new user.
  - Here you will fill in all the information at the top. First name, last name, phone number, email address, user id and at the bottom you can select privileges.
  - To give the user admin rights, you will have to select profile creation and management.
  - For users who will be ordering RX frames, you have to select the four options listed here; RX Order, RX My Price, Accessory Catalogue Visualization, and Allow Sales Order Creation for Accessories. You will then click create.
  - You can select different templates by using this drop down at the top right. The first option is bookkeeper. This will allow a user to see the catalogue without any pricing. They can download invoices, statements, and they can also make payments.
  - The shop assistant will only be able to place orders; however they will not be able to see pricing.
  - The end consumer will also be able to just view the catalogue with no pricing.
  - The last option, customized, allows you to select any of the options below.
- Thank you for watching.

Slide 28

- THE ART OF ASSORTMENT PLANNING IS ONE OF THE KEYS TO ENHANCE YOUR PROFITABILITY ...  
IMAGINE THE POSSIBILITIES WHEN WE UNLOCK IT TOGETHER.

Slide 29

- Thank you for attending The Art of Assortment Planning Continuing Education Course.

## SELF-ASSESSMENT EXAM

1. One of the most common assortment oversight that affects the bottom-line is

- a. Just under the right frame inventory numbers
- b. Too many collections\*\*\*
- c. Good price point mix
- d. Good mix of sunglass brands

2. The percent of eye exams converted to a purchase is called

- a. Eye exam percent
- b. Capture rate\*\*\*
- c. Percent of repurchase cycle
- d. Inventory turns

3. Patient traffic is equal to

- a. Eye exams done annually
- b. Patients visiting with Rx in hand
- c. Capture rate divided by traffic
- d. Annual eye exams plus walk-ins with Rx in hand\*\*\*

4. The course defines pockets of business by

- a. Price pillars and gender
- b. Gender and kids
- c. Price pillars, gender and kids\*\*\*
- d. Price pillars and kids business

5. All of the following except \_\_\_\_\_ keep a curated frame assortment fresh and relevant

- a. Quantity
- b. Place
- c. Moment
- d. Color

6. Brand confusion and poor merchandising cause

- a. 1 in 5 patients to buy frames elsewhere
- b. Patients only to get an eye exam
- c. 1 in 3 patients to buy frames elsewhere\*\*\*
- d. increased sales at the independent

7. To have a meaningful plano sunglass business \_\_\_\_\_ of board space should be allocated to plano sunglasses

- a. 10 percent
- b. 25 percent
- c. 35 percent
- d. 50 percent

8. Annual turn rate should be sampled about

- a. Every 3 months
- b. Every 6 months\*\*\*
- c. Once a year
- d. Once every two years

9. What part of an independent practice's revenue is estimated to come from prescription eyewear?

- a. 23 percent
- b. 43 percent\*\*\*
- c. 63 percent
- d. 73 percent

10. To know the brands that is of interest to your demographic patient mix

- a. Record top five brands popular on Facebook
- b. Visit competitors and copy what they do
- c. Send your patients a brand survey of interest
- d. Shop locally and mimic the top five brands popular locally\*\*\*

11. Inventory level is determined by

- a.  $(\text{Patient traffic} \times \text{capture rate}) \div 2.5$ \*\*\*
- b.  $(\text{Patient traffic} \times \text{capture rate}) \div 3.5$
- c.  $(\text{Patient traffic} \div \text{capture rate}) \times 2.5$
- d. Capture rate divided by 2.5

12. To get to the ideal assortment, all of the following are touchpoints except

- a. Curated inventory
- b. Omni channel experience
- c. The frame rep makes all the decisions\*\*\*
- d. The right brands

13. All of the following are reasons for low capture rate except

- a. New lenses in old frame
- b. Too expensive
- c. Poor visual merchandising
- d. Good inventory and depth of color assortment\*\*\*

14. An omni-channel experience means offering

- a. 68 percent of millennials sunwear
- b. A digital experience within the brick and mortar location\*\*\*
- c. Selling eyewear online under a different name
- d. Offering both the sun and clear Rx channels

15. An ideal assortment is composed of 50 percent best sellers, \_\_\_\_\_ and 10 percent other

- a. 20 percent new, 20 percent older discount eyewear
- b. 40 percent new\*\*\*
- c. 10 percent other for kids, 30 percent kids
- d. 40 percent sun

16. Independent ECPs conduct about \_\_\_\_\_ of the eye exams but sell only \_\_\_\_\_ of frames.

- a. 44 percent, almost 70 percent
- b. About 2/3rds, 68 percent
- c. 25 percent, 44 percent
- d. About 2/3rds, 44 percent\*\*\*

17. What is the “lifetime” opportunity of a brand to know that it should occupy board space?

- a. About 3 months

- b. About 6 months
- c. About a year\*\*\*
- d. About 2 years

18. A new online resource for knowing best sellers and ideal is

- a. myluxacademy
- b. myluxottica.com\*\*\*
- c. myluxacademy/CE
- d. myluxottica.net/ideal assortment

19. Which of the following lists the best devices to provide patients an omni-channel experience

- a. Touch screen monitor, tablet
- b. Tablet, smartphone
- c. Tablet, smartphone, desk top computer
- d. Tablet, smartphone, touch screen monitor \*\*\*

20. When setting up appointments

- a. Call to confirm two days in advance
- b. Limit appointments to only one family member at a time
- c. Ask patients to bring all their regularly used eyewear\*\*\*
- d. Tell patients to write it down since there will be no further contact until appointment day