Dispensing Eyeglasses: More Than a Perk for Patients

Competition for lucrative spectacle sales extends beyond the practice’s walls.

By Rochelle Nataloni, Contributing Editor

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Premium Practice Today is a monthly feature section in CRST providing articles and resources to assist surgeons and their staff in the pursuit of premium practice development to facilitate exceptional experiences for patients and business success.
Dispensing Eyeglasses: More Than a Perk for Patients

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This month’s “Premium Practice Today” discusses the ups and downs behind dispensing eyeglasses in the ophthalmologist’s practice. During the past few years, much has been made about the growth of optical sales. This includes business from the Internet as well as in-store brick-and-mortar sales. The contributors to this month’s column have outlined the many dos and don’ts related to how to launch, or keep healthy, your optical dispensary.

Keep in mind, however, that many ophthalmologists have chosen to let the optical revenue go by the wayside to the primary eye care providers in their region who share in the same care of their patients. Many of the ophthalmologists feel as if offering the solution in their optical, although convenient, undermines the lifeblood of the primary eye care provider. Therefore, use your best judgment for your market and how to best proceed with this important offering. In either case, the same high standards of customer experience and operational excellence still need to apply. Refer to the past “Premium Practice Today” articles on the customer’s experience to know how to properly stage any retail offering in your practice.

—Matthew Jensen, MBA, editorial advisor

Some ophthalmologists dispense eyewear as a convenience to their patients with the philosophy that, even if the practice just breaks even, the option for one-stop shopping is a perk that patients appreciate, and it may even help generate surgical patient referrals. Others take full advantage of the potentially robust retail revenue stream: close to 65% of the adult US population reports wearing some form of prescription eyewear, and experts claim that eye-glass sales—if aggressively pursued—can account for as much as 30% of an eye care practice’s revenue. Figures like these suggest that having an in-house dispensary makes good sense, if effectively managed and marketed.

If the possibility of bringing dispensing in-house sounds like a viable option to further satisfy patients and grow your practice, there are two distinct strategies. The first is to hire an optical manager who would take the reins of the initiative, including hiring appropriate staff, dealing with vendors, ordering inventory, and essentially being responsible for the day-to-day minutiae of making spectacles and contact lenses available to your patients and others. The other option is to hire an optical dispensary management company. The second approach works equally well whether you are starting an optical shop or expanding a bare-bones operation into a full-service dispensary.

Joseph Casorio of Vision Associates (www.visionassociatesinc.com), an optical dispensary management and consulting company based in Warren Township, New Jersey, says one of the most important things that a practice must consider before opening an optical dispensary is whether or not it can be supported. Mr. Casorio knows what he is talking about: Vision Associates manages more than 80 dispensaries in ophthalmology practices across the country. The company makes practices submit to a feasibility evaluation prior to deciding whether or not to open or enlarge a dispensary. Mr. Casorio’s business partner Kurt Behrle says physical considerations such as space available within the practice as well as the number of prescriptions written and the demographics of the practice are among the top considerations.

Billing and insurance reimbursement is another chore that is integral to the management of an in-house dispensary. Mr. Casorio points out that one of the benefits of Vision Associates’ having so many diverse clients throughout the United States is that the company has dealt with just about every third-party payer and is...
familiar with the operations of all those entities. "We take care of all the third-party billing on behalf of our clients," he says. "We do all the processing and all of the follow-up and anything else that is required to receive reimbursement. That is a huge day-to-day responsibility that the client is typically thrilled to delegate or, more aptly, get rid of." Mr. Behrle points out that any claims that require additional follow-up are reviewed by Vision Associates' insurance coordinator. "Our management team has a thorough understanding of all forms of third-party insurance, including Medicare, VSP, Davis Vision, and EyeMed, among others," says Mr. Behrle.

When a practice employs Vision Associates, inventory management is among its most appreciated services, according to Mr. Casorio. "An analysis of the practice's geographic area is conducted in an effort to gain an understanding of competitive price structures and consumer preferences, and then we provide inventory targeted to the practice's patient demographic," Mr. Behrle notes. "Our board management system allows us to maintain current, targeted products on display at all times."

Mr. Behrle explains that when an ophthalmology practice hires Vision Associates to manage its optical dispensary, the staff of the dispensary is employed by Vision Associates. If the practice is satisfied with its current optical personnel, Vision Associates offers all existing optical employees the opportunity to remain. "Keeping the staff in place enables us to evaluate their performance," says Mr. Behrle. "If, for any reason during their employment, we feel a change is in order, we consult with the practice before any action is taken. The practice has final approval of all optical employment decisions."

Each practice is assigned a regional optical dispensary manager whose function is to oversee the optical staff. "They work side by side with the optician to ensure they understand the procedures, computer software, and all aspects of the dispensary to provide the best patient care," Mr. Behrle says.

**SIGNIFICANT INVESTMENT**

Pennsylvania ophthalmic consultant Lauren Gold Kahn of EyeOpportunities helps ophthalmic practices start up dispensaries and also hires herself out to practices to identify glitches that are blocking profitability. She says the difference between practices that really succeed with in-house dispensing and those that marginally succeed is that the former "properly manage their inventory."

Ms. Gold Kahn points out that maintaining a diverse and up-to-date inventory, paying the dispensary staff's salaries, and financing the actual physical dispensary structures—boards, cabinetry, lighting, etc.—are a significant investment. She stresses that the structure and inventory have to be stellar, because they are a reflection of the surgical practice. "You want them to be really special, because if they are outdated or ho-hum, it detracts from your brand and affects the practice's reputation," she says.

Maintaining inventory that is varied enough to satisfy the discerning patient is even more important today than ever because of competition from online spectacle retailers. E-retail spending is expected to increase 62% by 2016, according to Forrester Research, which derives its estimates from US Census Department data. Forrester projects that 192 million US consumers will shop online in 2016, up 15% from 167 million in 2012.

Online spectacle retailers are not limited by the pedestrian challenges that affect brick-and-mortar dispensaries such as space. Their “virtual” shelf space and board displays are essentially limitless. When online spectacle sales began seeping into the mainstream marketplace, it was suggested that patients should be warned away from buying online for two reasons: first, lens quality and spectacle fit were questionable; and second, eye care providers naturally wanted to protect their territory. Today, there are many legitimate online eyeglass retailers that are associated with lens companies and eye care providers, so advising patients to avoid online eyeglass sales is almost a no-win situation. The better solution is to have an inventory exciting enough that patients will not want to stray to the online sites, says Ms. Gold Kahn. "Something I tell every single client is that if they don’t address the needs of everyone, the dispensary won’t thrive," she says. "They need to have all the different price points on their boards, and they need to commit to having the proper mix of products so that they don’t ignore any potential patient. If a patient says they are going to shop online because they think they can get a better price on the Internet, you should be able to offer them an equally attractive price point and be able to guarantee the results." This, she adds, can make a real difference, especially to the type of premium practice patient that appreciates a bit of extra attention.

The practices that Vision Associates manages offer a price-protection guarantee that Mr. Behrle says provides patients with the confidence that they are getting the spectacles for the best price. "Our price-protection guarantee states that we will beat the price of any competitor for same or like items," he says. "They trusted their physician with their eyes; they should be able to trust them when it comes to purchasing their glasses."

Bob Main (read his blog at: www.TomorrowsOptical.info), a Utah-based Internet business consultant with a background in online
THE IMPORTANCE OF EXTRAS

Mr. Main points out that, historically, dispensaries derive profits on second and third pairs of eyeglasses. Although the data support this, it is soft, and it appears that the online eyewear sales have an effect. “Often, people have a vision plan that covers the first pair, and then they purchase sunglasses or an extra pair to keep at the office or embellished ones for special occasions,” he says. “These second and third pairs are often the ones that are now being purchased online at a discount. Extra spectacles must be visible on the brick-and-mortar dispensary’s website and in-house on the boards as well in order not to be lost to online retailers.” The bottom line, Mr. Main says, is that ophthalmic practices need to have a strong online presence. This includes a professionally designed website and a visible presence on social media. Consumers are online every day looking for eye health information, and if the ophthalmologist does not have a strong online presence, Web-savvy consumers will look elsewhere.

The Vision Council (VC; www.thevisioncouncil.org) began gathering data on these transactions in 2007. Among its findings are that there has been a 650% increase in online eyewear sales since 2007. In the VC’s most recently released Internet Influence Report (based on feedback from 10,000 survey participants), it was reported that approximately 1.6 million pairs of prescription eyeglasses were purchased online during 2011. The VC found that approximately 32% of people who had used the Internet to assist in their last eyewear purchase to gather information or compare frames and prices, among other things, actually ended up making the purchase online.

The writing is on the wall, and here is what it says. Dispensing eyeglasses can be lucrative if a practice is committed to making the most of the opportunity. The competition is great, however, and the competition from Internet sales is greater than initially anticipated. Mr. Main says, “To protect one’s market share and potentially even expand it, eye care providers who dispense need to, at the very least, have a professional-quality website and a Facebook page displaying a varied optical selection that engages their patients.”

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OPTICAL SALES, HELPS OPHTHALMOLOGISTS DEVELOP WAYS TO TAKE ADVANTAGE OF THE ONLINE SCENE RATHER THAN BEMOAN THE COMPETITION. “EXPERTS WHO ARE WATCHING THE INDUSTRY SUGGEST THAT, ULTIMATELY, 10% TO 15% OF EYEGLASS SALES WILL BE GENERATED ONLINE,” SAYS MR. MAIN. “WHILE I DON’T ADVISE THAT OPHTHALMIC PRACTICES BECOME ON-LINE SPECTACLE SELLERS, I DO MAINTAIN THAT, IN ORDER TO COMPETE, THEY NEED TO DO EVERYTHING POSSIBLE TO CREATE AN INVITING AND EXCITING ONLINE PRESENCE. MOST OPHTHALMOLOGISTS WILL NOT VENTURE INTO SELLING EYEGLASSES ON LINE, BUT THEY STILL NEED TO HAVE ON THEIR WEBSITE A THOROUGH EYEWEAR SHOWROOM DEPICTING THE BRANDS THEY MAKE AVAILABLE AND THE FRAMES THAT THEY CARRY AT THEIR PRACTICE. ULTIMATELY, THE PATIENT SHOULD BE ABLE TO HAVE A SENSE OF WHAT THE PRACTICE HAS TO OFFER BY LOOKING AT THE WEBSITE BEFORE SHOWING UP FOR THE EYE EXAM SO WHEN THEY GET THEIR PRESCRIPTION, THEY WILL WANT TO AT LEAST LOOK AT THE PROVIDER’S BOARD AND NOT JUST GO ELSEWHERE WITH THE PRESCRIPTION.”

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