

BRICK & CLICK

THE ONLINE EYEWEAR DEBATE

A VM STAFF REPORT

The issue of online eyeglass and contact lens sales is emerging as both one of the sharpest challenges and one of the newest business opportunities for traditional eyewear retailers and dispensers.

And in 2011, it is perhaps one of the most pointed topics being considered by the industry as people in all spheres of the business start to grapple with the implications of the new online, digital world for the conventional realm of optical retailing.

In this special Cover Topic report, *Vision Monday* has learned that views are not at all consistent on this complex issue. Far from it. In our interviews with retailers, doctors, dispensers and executives from both the “brick” and “click” arenas, we’ve uncovered a mix of attitudes, ranging from outrage to excitement, from frustration to the embrace of online’s new potential.

We’ve talked to several major online players (see story, page 68) who firmly believe that their new business models and organizational structures are enabling them to attract customers in new ways, even as they contend with ways to provide fitting, Rx options and service.

We surveyed *VM* readers and uncovered a range of attitudes about how they perceive the advent of Internet sales, how they contend with customers and patients who are asking questions and looking for answers. (See story, page 64)

And we’ve tapped the current views of independents, regional groups and larger optical retailers to find out what they’re doing now to participate, not participate or evaluate their roles in the new world of Brick & Click.

Many of the national optical chains are just dipping their toes in the water in terms of online sales. While most offer replacement contact lens sales via their websites, and many provide online scheduling

for eye exams, actual sales of eyeglasses using the Internet are rare among the country’s largest chains.

For example, HVHC’s optical chains—including EyeMasters (www.eyemasters.com), Visionworks (www.visionworkseyewear.com) and Empire Vision Centers (www.empirevision.com)—have virtually identical websites that offer CL sales through HVHC’s trademarked Lens123 site (www.lens123.com). The chains’ websites also offer consumers “Web special” coupons available by Zip Code, as well as an opportunity to sign up for “exclusive email offers.”

The sites do not offer frame or lens sales online, however, although they do include a “frame styling guide” giving consumers tips on selecting eyewear based on their facial shapes.

National Vision’s America’s Best Contacts & Eyeglasses chain (www.twopair.com) also provides online contact lens sales via a link to its own dedicated site, www.bestcontacts.com. In addition to a

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store locator and exam scheduling tool, the main site lets consumers sign up online for the chain's Eyeglass Club, offering free eye exams and a 10 percent discount on CLs and eyeglasses for a \$99 three-year membership.

Luxottica Retail's Pearle Vision chain (www.pearlevision.com), like its sister retail brand Lens Crafters (www.lenscrafters.com), has expanded its website's functionality to include digital help for consumers in choosing their eyewear. Both sites also offer online contact lens sales through an affiliation with Vision Direct, a wholly owned subsidiary of Drugstore.com, as well as exam scheduling and store locators via the Internet.

Both the LensCrafters and Pearle Vision sites let consumers upload a photo of themselves to virtually "try on" selected frame styles on their photos. In addition, LensCrafters provides a Face Shape Selector so consumers can see which frames are likely to look best on them, as well as a Frame Personality quiz offering additional styling tips. Consumers can also search the chain's frame inventory by trend categories, such as Geek Chic or Retro Cool.

Pearle goes one step further by offering its Try-On Tool, which allows site visitors to try frames after taking pictures of their faces with a Webcam. Is the next step selling eyeglasses online? Wendy Hauteman, associate vice president, marketing, for Pearle Vision, does not rule that out. "We are 100 percent aware that [selling frames online] is an opportunity, and we have a team looking at it now," she told *VM* in an exclusive interview.

However, Hauteman added, "Pearle Vision doesn't have to be the first chain to sell eyewear

online, but if we do it, we want to do it right. We are currently evaluating the tools out there and how we could do online sales better."

According to the Pearle executive, Internet eyewear consumers fall into two categories: those who want to shop online exclusively, and those who use retailers' websites for "pre-shopping." She noted, "We already have our catalog online as well as our Try-On Tool. Since we launched the Try-On Tool last September, our Web traffic and the time people spend on our site have increased dramatically. So we see the Web as a complement to our brick-and-mortar stores, not as competition."

Added Hauteman, "It would be naïve to believe consumers don't want to buy eyewear online. We see lots of potential there, but there will always be a need for traditional stores as well—some people want face-to-face interaction with a dispenser, while others may have a complicated prescription better dealt with in person. And at some point, everyone needs an eye exam."

As for dealing in-store with consumers who may already have bought their eyeglasses online somewhere else, then bring them into a Pearle store for adjustments, Hauteman said that has so far not been a problem. "Our overall goal is to make our customers happy, so we'd do an adjustment or take a measurement for them if requested," she told *VM*. "After all, those consumers are going to need another eye exam some day, and we'd hope they'd remember how well we took care of them."

Not everyone is viewing online sales favorably, however. For Chet B. Steinmetz, OD, PC, owner of single-location practice Visual Effects Optical in Chicago, selling eyewear online is not an option. He remembered a piece of advice from early in his



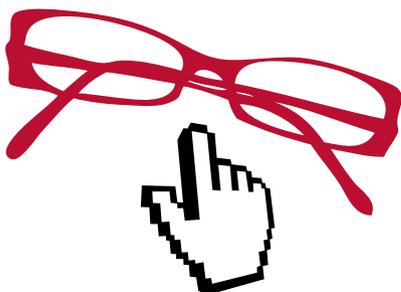
Pearle Vision has expanded its website's functionality to include digital help for consumers choosing eyewear.

career when voicing his concern with online optical retailing. "You can spend a half hour finding the perfect prescription and another hour finding the perfect frame for someone. And that person will be ecstatic about the purchase. But they will come screaming back to you in a minute about how much they hate you and their new glasses because they hurt behind their ears or on top of their nose."

Steinmetz's focus is on perfect fit. "I don't even have photos of frames on my website," he said, explaining, "I don't want someone falling in love with a frame and expect it to look good on their face just because they like what it looks like in a picture. My clients rely on me to make them look great because they don't know how to pick a great frame for their face. I want to see the face that's looking for the frame."

For the time being, Visual Effects has had few requests for PDs, something Steinmetz hopes will take "a long time" to catch on. "I pride myself on my ability to work one-on-one with clients, to find that perfect frame for a face. That not only means the frame will look great, but it also means the frame will be a great fit adjustment-wise. I don't want anyone coming back telling me the frame hurts." He insisted that though selling eyewear online is gaining momentum, he hopes his practice's customer service and attention to client comfort will prevail.

Similarly, Alan Glazier, OD, owner and founder of Shady Grove Eye and Vision



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— Wendy Hauteman, Pearle Vision



Care in Rockville, Md., believes online eyewear purchasing is a passing fad. “There’s a lot of hype about this whole online eyeglass sale business. I was around when the first wave of this came around in the late 1990s,” he said. And while Glazier admits today’s more sophisticated PD measurements simplify the purchase of eyeglasses online, he added, “I don’t see it amounting to as big a problem as people think.”

Glazier likens the current wave of online optical retailing to that of contact lenses in the past 10 years. He said that to date, roughly 10 percent of contact prescriptions walk from his store, something he’s aware might happen with eyeglasses, though on a smaller scale. To combat the competition, Glazier has staff focus on their own customer service. “Adjustments are always a value to patients who come into our practice. I encourage our opticians to introduce our services. Anytime we get someone into our location, it’s a window of opportunity to form a relationship and get that person to come back,” he said.

To date, Glazier’s practice has abstained from retailing via the web due to the wide net the Internet casts on consumer goods. “How do you get patients to go to your online optical without hurting your traditional brick-and-mortar optical? At this point, I don’t see it being something I’m going to do because I don’t see how people will get to my particular optical store without looking at a lot of different places and being diverted somewhere else,” he said.



At For Eyes Optical, the website is viewed as an extension of the company’s brand and image.

Shady Grove Eye and Vision Care currently charges \$35 to patients seeking PD measurements. “It can be met with resistance but I’m also considering having people see the doctor for PDs. By having them wait and come to the back, they’ll perceive value in that measurement. I wouldn’t want someone to assume that it’s a profit center but it does take our time, effort and expertise—one that they’re going to take elsewhere. Perhaps in taking that time with them, patients will have a chance to learn about us and see the value in getting their frames from us too.”

Nonetheless, the perspective that the Internet is an extension or connection of an optical retailer’s brand and service identity is gaining ground with other “traditional” opticians and retailers.

Brad Childs, ABOC, NCLC, and VP of Pittsburgh-based Eyetique, which currently has 10 retail locations, could not be more excited about his company’s online retailing prospects. Though Eyetique’s website does not currently have a retail component, Childs said that one is in the works, with brainstorming session well underway. “It might not be under the name Eyetique, it might be a subsidiary. But it would be anything that you can find in the frames book and lenses from single-vision to digital three point. You might be able to change shapes and custom-build tinting. We want it to be as involved as possible but also as simple as possible so we don’t confuse the client. That’s the tricky part,” he said, adding, “Theoretically, it’ll have to be priced differently because we want to reach a global market—we don’t want to cannibalize the market that we’ve built in Pittsburgh.”

As a trial-run, Eyetique partnered with rapper Wiz Khalifa on a special-edition sunglass. According to Childs, Wiz Khalifa’s “The Elevators” by



As a trial-run, Eyetique partnered with rapper Wiz Khalifa on a special-edition sunglass only available for purchase online.

“How do you get patients to go to your online optical without hurting your traditional brick-and-mortar optical?”

— Alan Glazier, OD,
Shady Grove Eye and Vision Care

Norman Childs (Eyetique’s house label) come in black or tortoise shell, retail for \$225 and have already sold 300 of the 500 frames to 16 different countries including Japan, Canada and Australia. The frame is only available for purchase online through a special page found via the Eyetique website. Customers only have the option to buy using Paypal, something Childs chose for ease. “Sure you pay a premium but everyone is protected,” he said.

But while he has his eye on the Internet, Childs is careful not to let Eyetique get lost in the flow of the web. His practices do not give out PDs, but will price match any online provider to save a sale. “We do what we have to do to keep our people in our doors and keep them happy. That’s what separates us from every one of our competitors,” he said. As another means of staying ahead, Childs said Eyetique has its own brand of progressive lens, ETQ, and is developing a private-label contact lens.

“In today’s world we as retailers have to protect

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ourselves from the Internet and the big box locations. We have to do something new every day because what worked today is not going to work tomorrow. We have to keep our business growing,” he said, adding “Whatever we’re doing, it’s working.”

At For Eyes Optical, the 140-location optical retailer, Adam Wolman, COO, reported that the company’s website and e-commerce is viewed as an extension of the company’s brand and image with its loyal customers—and new customers that it is attracting via the Internet with its site and social media presence. The company started selling eyeglasses online about a year ago and continues to evaluate and mine knowledge from the experience. “We used to look at our website as an element of our marketing budget. But over the past year or so, we’ve changed our thinking,” said Wolman. “Now, we’re saying, ‘Let’s develop this as a value-added, and a revenue stream, built on the same philosophies of how you build a store, from a merchandising perspective, a marketing and a service perspective.’”

“In today’s world we as retailers have to protect ourselves from the Internet and the big box locations. We have to do something new every day because what worked today is not going to work tomorrow.”
— Brad Childs,
Eyétique



Readers Weigh In On the Debate

Vision Monday conducted our own informal survey of 189 ECPs across the country to determine how they were handling online eyewear sales and the PD request dilemma from consumers looking to purchase their eyewear elsewhere. Half of our respondents were optometrists and 33 percent were opticians representing mainly single location practices (nearly 70 percent). Though many of those who answered our questions do sell contact lenses online (38 percent), only 7.4 percent of the respondents said they sell eyewear online. However, a whopping 46 percent said they were considering doing so, while the same amount said they never would. Here is what else they had to say regarding online sales:



Some respondents give the PD to patients who ask without comment:

“We will provide all measurements that patients ask us to give them.”—Steven Kantor, OD, Central Phoenix Eye Care, Ariz.

“We measure their PD or seg height and write it down for them, it belongs to them.”—Vicki Bowers, Milam Optical, Tenn.

“We write it for them on an Rx pad.”—Dawn Rakich, OD, Texas



While others have made it part of the eyeglass fitting and ordering process, so for patients without a pair of eyeglasses in hand or being purchased, the measurement is provided for a fee:

“We explain to them that those measurements are services provided when purchasing glasses from our trained staff. If they insist on getting

the measurements, we charge them a fee for our time.”—Brad Bodkin, The Vision Center at Seaside Farms, S.C.

“We educate them that it is done for a fee. It is part of the fitting which is built into the price of the glasses.”—Dennis Iadarola, OD, Center for Vision Care, Conn.

“We only do it if patient has already gotten product from our office, otherwise we charge for the measurement.”—Jeanette Lee, OD, 20/20 Optometry of Silicon Valley, Calif.



Those who report charging a fee say it ranges anywhere from \$10 to \$30, while still others have devised an additional service package patients can buy to ensure their online purchase is fit and adjusted properly:

“We charge for the service and time/expertise to take and provide that measurement. We also offer an additional service to provide PDs, and check and adjust the glasses when received by the patient for eyewear purchased elsewhere and not through us or our website.”—George Eischens, OD, Fountain City Eyecare, Ala.

“We inform them of the potential hazards of buying glasses through an unknown entity. If they still require the information, we charge a fee for the service instructing them to return with the new eyewear so we may verify the Rx and fit.”—Michael Malachowski, Zilliox Optical, N.Y.

“We sell a service package that gives PD, base curve and seg height, as well as verification after delivery to give us an opportunity to scrutinize or criticize the product.”—Ted Murdoch, The Eye-Site, Alberta, Canada



“Over the past year or so, we’ve changed our thinking. Now, we’re saying, ‘Let’s develop this as a value-added, and a revenue stream, built on the same philosophies of how you build a store.’”

**— Adam Wolman,
For Eyes Optical**

Wolman continued, “Eyewear sales have increased via online, this is an industry fact. There’s not a radical shift toward it, but some people in our category have had what we see as a ‘1.0’ foothold in this environment, they’ve taken the tack of online being a ‘catalog’ type of business, less like a store. But we see that customers are now starting to identify other ways to interact with the buying experience online and, with For Eyes’ many years of history in this category, we want to be there for this next phase. There’s starting to be a convergence of technology or ‘retail-ability’ here. I can actually do something I do at my store just as well online now, if I have a brick-and-mortar [location], providing service, information, authority. It’s understanding what’s happening at the store level and taking it to a different channel,” Wolman said. ■

VM Readers’ Views

 Since very few states require the PD measurement be included with the prescription, some practices reported that they inform patients it is against company policy to provide the information or just refuse to provide it outright:

“We explain that New York considers this a professional measurement and that the Department of Education, which governs optometric and licensed optical dispensers, has determined that the PD need not be released.”—Michael Raff, OD, Brockport Optometry, N.Y.

“I do not [provide] it. I am responsible for that measurement under my license, and if I did then I would be responsible for glasses that I did not make or properly fit.”—Debby Bauer-Robertson, Jeanne I Ruff, OD, LLC, Va.

“We politely tell them it is the responsibility of the person taking the order; that person is responsible for accurate measurements depending on frame/lenses ordered. As far as adjustments on eyeglasses not purchased through our office, a patient is told we are not responsible for breakage or scratching on something not ordered through us.”—Jeri Overly, Mid-Michigan Eye Care, Mich.

 **Still others have used the request as way of improving the customer service experience and providing patient education:**

“Of course we kindly provide it to them and ask why we were unable to fulfill their spectacle requirements.”—Kendall Mullins, OD, Calera Vision Center, Ala.

“We provide it to them if they are a current patient. However, we do educate them about the pluses and minuses of ordering eyewear over the Internet. I feel the sale of eyewear online diminishes the value of the service provided and turns the product into a commodity.”—Gary Naftaly, Manzo Eye Care, Mich.

“We educate patients on the benefits of buying locally, supporting local business and the convenience of having a local resource if the Rx is incorrect. We also talk about things like temple length that may seem insignificant when buying online.”—Phil DeYoung, Eye Styles, Ore.

 **Regardless of what ECPs do, most are aware of the potential impact online sales could have on their bottom line:**

“I know that it may only be a few that use online sources for glasses but it is still revenue that I have lost. I think that with time, it will become an even larger loss as the price difference between glasses from online retailers and those from private practices grows.”—Amy Keller, OD, Mich.

“Only a small percentage of my current patients would consider [purchasing online], but I do believe it will become much more of an issue.”—Jeff Yunker, Lifetime Vision Center, N.D.

“I don’t think it has impacted [my business] very much yet, but it has potential. Honestly, there are so many people out there with bad eyewear that did get professional assistance that I can see how this came to be.”—Margaret McNelis, OD, McNelis Family Eyecare, Ill. ■

COVER TOPIC

Giving Independents a Tool To Compete in the Online World

NEW YORK—In March 2010, when Essilor of America launched MyOnlineOptical, many eyecare professionals—even those with websites—were unconvinced about the value of doing business online. However, as online competition continues to accelerate, a growing number of those ECPs are implementing “MO2,” as Essilor execs refer to the web-based, all-inclusive service that allows patients to order eyeglasses, contact lenses, frames and sunglasses from independent U.S. eyecare professionals.

“A year ago, we had customers saying to us, ‘I’m not worried, online is not impacting me at all,’” recalled Matthieu Tagnon, director of Internet marketing at Essilor. “Now they’re saying, ‘I’m losing sales to the web and need to do something about it.’”

Tagnon said nearly 70 practices told Essilor they lost as much as three quarters of a million dollars to competitive online vendors in 2010. “Now they’re less negative, less defensive. They’re asking us, ‘How can I participate,’ ‘How can you help me be present in the online field?’ We see an evolution.”

About 700 practices have signed on with MyOnlineOptical, which links into a practice’s website, adopting its look and feel, according to Tagnon. Patients who visit the practice’s site click through to a dedicated web address and can place orders through a toll-free number serviced by trained opticians

Three distinct types of customers use MyOnlineOptical, Tagnon observed. Some use their website to attract patients by telling their practice story, though not necessarily to drive electronic orders. MyOnlineOptical serves as a window to the products they offer. “These customers are reaching out to new patients, often younger patients,” said Tagnon. “We’re hearing some great success stories from them, and some say they have even increased

their in-store traffic as a result of the service.”

Other ECPs are using MyOnlineOptical to capture sales from patients who get their eyes examined at the practice but were not satisfied with the product selection.

“We know there’s a gap between the number of patients who come in for eye exams but then buy their eyeglasses elsewhere,” said Tagnon. “With MyOnlineOptical, the ECP can tell these patients that even though they may not have seen the frames they want in the store, they’ll find a broader selection on my website.”

Another group of customers are incorporating MyOnlineOptical into the dispensing process, particularly the service’s virtual try-on technology.

“We are piloting ways of displaying the on-line store in the practice to virtually increase the frame displays,” explained Tagnon. “You’ve got to get the staff to embrace the service and understand why the service is helping build business. The key for us is that not only is the independent eyecare community involved, but they’re also engaged.”

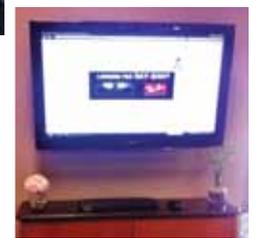
One practice that encourages patients to use MyOnlineOptical in-store is Plano Eye Associates in Plano, Texas, which has been using the service since September, 2010. Patients can view a broad selection of lenses, frames and sunwear on a 55-inch monitor equipped with a mouse and keyboard.

“If we don’t have something in stock we can bring it up on the screen,” said Dr. Kim Castleberry, OD. “A few orders have actually been taken in the store. If the patient prefers to place their order from home, their order information and everything they need is already in the ‘cloud.’”

Tech Optical Express in Atlanta, Georgia also promotes its e-commerce capabilities to patients who visit its brick-and-mortar store located on the Georgia Tech campus.



Patients of Dr. Kim Castleberry, OD at Plano Eye Associates use this 55-inch, in-store monitor to view products at MyOnlineOptical.com.



“We have five Internet stations in the store, and each has a Webcam so patients use the virtual try-on feature,” said Dr. Michael Acker, OD who operates the practice together with his wife, Dr. Valerie Acker, OD. “I tell patients about the virtual try-on feature. I walk them through it, then give them a card so they can visit the site at home.” Dr. Acker then sends these patients an email that reminds them to visit Tech Optical Express’s online optical.

Integrating MyOnlineOptical into his practice has required some adjustment, Dr. Acker said. “We’ve had it for about six months, and initially we weren’t really using it that much because we weren’t used to it,” he recalled. “But as we got more comfortable, we began to incorporate it into our daily routine. Now we may do \$2,000 to \$3,000 a month in online sales.”

Although Tech Optical Express doesn’t carry many expensive frames in its dispensary, patients can find higher priced, fashion brands such as Prada and Gucci through its virtual dispensary. “We’re able to capture patients who probably would have walked out without purchasing a frame and would have bought their frames somewhere else,” Dr. Acker said. These patients then come to



his dispensary for their lenses.

Dr. Castleberry has had a similar experience at Plano Eye Associates. “We just want to retain some of the patients that go shopping elsewhere,” he explained. “This gives us another way to compete. We can offer things online for about 20 percent to 25 percent less because there’s no overhead,” he noted.

Dr. Castleberry estimated that Plano Eye Associates makes a net profit of about \$1,000 a month in online sales, most of which is from contact lenses. “That’s not a lot, but if you look at the potential growth, it could be very significant,” he said.

“I have no idea where online optical is going to go, but it seems to have a place in the future of eyewear,” said Dr. Castleberry, though he admits that

his crystal ball may not be accurate. “A few decades ago, I didn’t think big box retailing was the future, so I don’t have confidence in my ability to predict the future. However, MyOnlineOptical is my insurance policy for the future. Now I’ve got a dog in the fight.”—*Andrew Karp.* ■



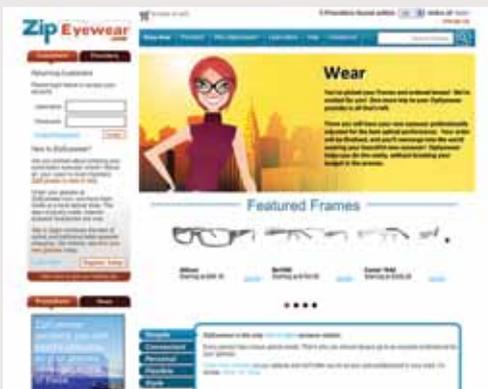
Dr. Michael Acker, OD said patients who visit his website, Tech Optical Express.com, can click on a link to access his online optical store, which is designed and managed by MyOnlineOptical.

Zip Eyewear Takes E-Commerce ‘Site to Sight,’ Partnering With Local ECPs

FORT WORTH, Texas. —Consumers have traditionally avoided buying glasses online because of the inability to ensure proper fit, lens selection, and ongoing eyecare. But Zip Eyewear is aiming to revolutionize the way consumers buy prescription eyeglasses and sunglasses online by offering them a “Site to Sight” solution.

ZipEyewear.com (www.zipeyewear.com), which launched this month, solves that problem. Consumers select and purchase from a well-priced assortment of the most popular name brand eyeglasses and sunglasses. What’s unique is that the order is actually fulfilled by a local optical center, ensuring proper fit, prescription, and lenses. A consumer can pre-order their prescription and lenses with the frames, or just order the frames. Even if a consumer makes a mistake online and orders the wrong size or just an unflattering frame, he or she can easily switch to a different frame or lens at the local optical center.

Customers receive a voucher for the eyewear they order which they can then take to a participating provider. Providers, in turn, have the ability to



be notified of a pending customer order and prepare for the in-store interaction and sale.

Some 200 eyecare professionals have partnered to date with Zip and that number is growing, Michael Nason, Zip Eyewear’s CEO, said. Details of the provider agreements are posted on the site and followup is handled by Zip’s team, who walk providers through the process and policy. He said, “Zip Eyewear gives consumers the best of both worlds. They can finally get a great online selection of the most popular brands and the trusted, profes-

sional, local optical care that they and their families need.” Zip is working with local eyecare professionals who are highlighted by zip code and by the patient’s eyewear choices on the Zip site. Currently, Zip ECP providers are in 45 of 50 states, and sign-ups are continuing to expand.

Nason grew up in the optical business, the son of two longtime. He said, “We provide the e-commerce platform and are able to help the ECP capture customers who go online to shop, which is happening more often. We have a simple solution for them to acquire and serve customers online.”

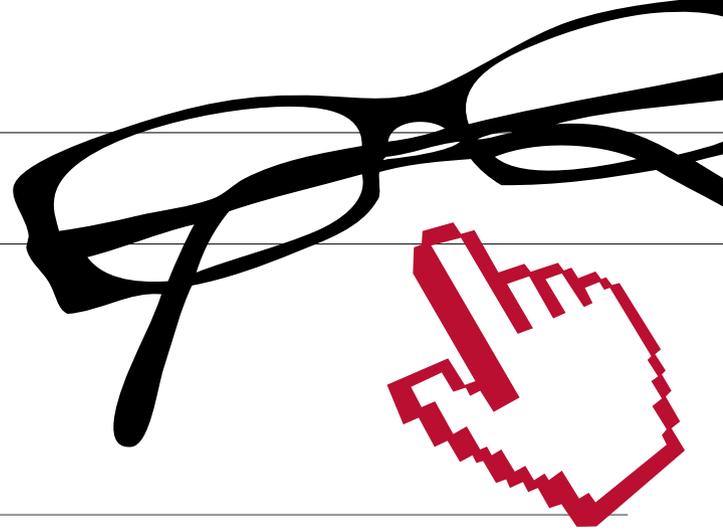
Zip’s future marketing, which will take advantage of search-engine-optimization (SEO) and other social media marketing initiatives this spring, will provide even more visibility for the concept and the profile of the participating eyecare providers.

Zip Eyewear was created by Nason, in partnership with eyecare professionals, powered by Jobson Medical Information’s Frames Data, and is backed by over 50 years of professional opticians’ expertise.—*Marge Axelrad.* ■

COVER TOPIC

Attention Shoppers: Online Eyeglasses Is a Viable Option

BY VANESSA L. FACENDA / CONTRIBUTING EDITOR



Online-only eyewear retailers want to make one thing absolutely clear—they do not sell cheap eyeglasses. They sell quality eyeglasses at lower prices than their brick-and-mortar counterparts by removing added expenses, executives told *Vision Monday*.

Levente Laczay, founder and CEO of Zenni Optical, said that brick-and-mortar optical stores have extremely high markups on prescription eyeglasses and frames. “There is no conspiracy, more so, they don’t have a choice.” Factors such as intense competition due to market saturation and sharp overhead costs, “force [brick-and-mortar] opticians and retailers to upsell the consumer in order to make a profit or just break even,” he said. “Online operators do not have those issues.”

Online-only eyewear retailers are poised for strong growth as consumer awareness rises.

Online-eyewear merchants emphasize that they are able to sell fashion-forward and designer-branded frames, as well as high quality prescription lenses as a result of tremendous improvements in technology and because they have lean organizational structures with lower costs as a result of working as online-operators.

Convincing consumers online eyewear is a viable alternative remains challenging. Consumers still feel the most comfortable trying eyeglasses on their faces. And online-only eyewear retailers are

not able to provide the personal, face-to-face customer service that brick-and-mortar optical stores can. But, with time and “new technologies, the obstacles will be overcome,” said Roy Hessel, CEO of EyeBuyDirect.com.

Online eyewear sales are a small—but increasing—percentage of online retail sales. According to a Vision Council consumer panel report in October 2010, about 7 percent of all retail sales—all consumer products, not just eyewear—are online versus less than 1 percent of eyewear sales online, but online-only eyewear merchants believe the category is well-positioned for strong future growth. The greatest impediment to this growth—lack of awareness.

Online-only eyewear retailers admit that the majority of consumers do not know quality frames and Rx lenses are available online. But promoting that message is difficult as there is no huge player in the online eyewear industry marketing the benefits of buying online, so there is not a lot of education for the consumer. “Current online eyewear players do not have the marketing power to spread that message,” said James Hilford, president of Eyeglasses.com.

Word of mouth marketing, as well as online and social media messaging are helping online eyewear sales. “One year ago, the majority of consumers were researching eyewear online, now they are starting to buy online,” said Roger Hardy, Coastal’s president and CEO. “But it is still a challenge getting consumers to change a buying pattern that they have become accustomed to, even though it will save time and money.”

Eyal Gutentag, CEO of BestBuyEyeglasses, agreed that the growth will continue. “In the years ahead, we are likely to see significant growth in

online Rx and non-Rx sales as people become more comfortable embracing the Internet for their optical purchases. He said the Internet offers optical customers “a compelling combination of product selection and convenience and new technologies will only serve to enhance this online purchase experience.”

The 2010 Vision Council Internet Influence Report found that after two straight years of significant increases, there was a slight decline of Internet usage when shopping for eyewear in 2010. The decline was reportedly consistent across all optical products and demographics although strongest among men and Americans between the ages of 18 to 34. However, the report added that the decline in usage for various “window shopping functions” may be a result of changing the fielding date of the survey and the result of changing sample provides from 2009 to 2010; not necessarily the result of changing consumer behavior. Online-only eyewear merchants contacted for this story vehemently disagree with the report’s findings. Those contacted all claimed double-digit increases in website traffic and sales growth in 2010—and are forecasting strong numbers in 2011.

As consumers transition from browsers to buyers, online-only eyewear merchants agree that high service levels are of the utmost importance—they must provide service guarantees and back it up with actual service—strong online customer service, high in-stock levels, quick delivery on orders, and free no-hassle returns.

The following is a sampling of five leading online-only eyewear retailers, who discuss their growth strategies.

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Continued from page 68 BestBuyEyeglasses.com

With SKUs in excess of 200,000, BestBuyEyeglasses.com prides itself on its extensive selection of brands and product mix, but maintains its position as optical experts online. BBE offers customer service support by optical experts Monday through Friday. The majority of BBE's orders are for frames only, but a growing portion of orders include Rx lenses. In late 2010, BBE added binoculars to its assortment.

Eyal Gutentag, CEO, said BBE experienced double-digit percentage growth in 2010 over 2009, but would not disclose any figures (the company currently focuses on the U.S. market only). The growth has come without the aid of a virtual try-on feature. "We've toyed with the feature but believe the right technology is not yet in place to deploy it," said Gutentag. "I've never felt any were accurate enough, but have seen advances in tech that are bringing it closer. We don't want to roll out a sub-optimal feature." He said that BBE plans to implement a TryOn function in the not-too-distant future.

However, BBE has several new components to help its design-conscious consumers during the buying process. The site offers 360-degree views of hundreds of its most popular frames and has added in-depth product and informational videos for many of its best-selling products. The videos explain features, show models wearing eyeglasses and point out key qualities. Videos concerning prescription lenses are also being added to the site.

BBE's recently launched sister site, bestbuysunglasses.com, features Lens Wizard, a tool that presents recommendations to customers based on



their RX and intended-use information entered. BestBuySunglasses offers a number of other options including a wish list, gift card feature, gift message options and Facebook sharing options. One of its most significant features is the comparison tool that allows consumers to visualize multiple frames simultaneously.

Although much of its growth has come from word of mouth, BBE launched a substantial social media effort in 2010 including teams dedicated to Facebook and Twitter, as well as blogs on BBE and BBS. The company also expanded its marketing efforts to encompass email, display ads and SEM. "We are now reaching out to our customers much more directly," said Gutentag.

BBE continues to drive business through affiliate networks such as Linked Connector, Commission Junction, among a number of others. BBE is focused on expanding its informational video offerings and the 360-degree product views and is potentially adding contact lenses to its assortment. "There is demand for contact lenses, so we are considering rolling them out this year," said Gutentag.

CoastalContacts.com

Coastal Contacts experienced explosive growth in the last year. The bulk of the company's business is contact lenses (one out of every three contacts sold in Northern Europe are sold from Coastal as well as one out of every five in other markets, according to the company), but it began selling eyeglasses three years ago, with that business

ramping up last year.

For fiscal 2010, Coastal's sales rose 10 percent to \$153 million, up from \$140 million in fiscal 2009. Sales for eyeglasses hit \$20 million—a 113 percent increase over fiscal 2009 eyeglasses sales. Net income was \$3.1 million, up from \$2.7 million in the prior year. In January, Coastal Contacts reported eyeglasses orders of more than \$1.6 million in a single week (Jan. 18 to 24, 2011). Total units ordered for that period were approximately 23,000 pairs of eyeglasses. Coastal offers 24-hour customer service and 365 per year free shipping.



Coastal launched its Virtual Try-On function in January 2008. It features eyeglasses to scale and consumers can share the photos with friends to have them help select a pair. "We have over 500 different frames in the virtual mirror so that consumers can get an idea of what styles and shapes look best on their face shape before they order," said Roger Hardy, Coastal's president and CEO, adding that a component to measure consumers' PD is scheduled to launch in mid-2011.

Coastal is active in social media, with a staff that includes full-time bloggers and editors. The majority of the company's growth has come from word of mouth, but Hardy noted that Coastal will do small media campaigns (television, radio, newspaper and online) from time to time, though not in the U.S. For example, Coastal ran 12, 30-second spots during this year's Super Bowl in Canada.

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The company's newest initiative is its Change the View Project, which launched in February. Coastal will donate one pair of eyeglasses to someone in need (mainly in third world countries) for every pair sold. "There are a half billion people in the world with vision impairment, so this is a priority for us," Hardy. The company's goal is to donate more than 2 million eyeglasses by 2020.

EyeBuyDirect.com

EyeBuyDirect (EBD) maintains a price-driven model and proves that brand names and super-sized assortments aren't always the keys to success. EBD designs and custom-makes its eyewear in-house—nearly all of its 1,000-plus SKUs is private label. EBD's sales grew by 40 percent over 2009 and the company anticipates a good—possibly even better—2011. The majority of sales come from the U.S., but international operations are growing.



EBD launched its try-on function—EyeTry—in mid-2008. In 2010, new facial recognition technology was added that measures a person's PD. This system did not give the consumer a sense of the real proportion of a frame to the face. EBD has been developing new technology that also measures the height of the ears in relation to the eyes, and the distance between the two—factors that will affect the look of a frame on a particular face. This function will also enable EBD to recommend eyeglasses to consumers.

Roy Hessel, founder and CEO of EBD, said this frame-fitting tool will significantly reduce one of the barriers to buying glasses online. EBD plans to launch the frame-fitting tool in the next six to nine months.

In February, EBD unveiled the "new and improved" Wall of Frame 3.0 Virtual Dressing Room. The face recognition virtual dressing room allows shoppers to mix and match eyeglasses onto their photos, as well as share feedback with other shoppers across its social community of 20,000 users. Users are able to email the link to their friends, post on Facebook and Twitter, add to the Wall of Frame, engage in real-time conversation and vote on their favorite eyeglasses.

Since going live in early February, the company reported average pages per visit increased 7 percent and the average time shoppers spend browsing on EBD rose 3 percent. EBD is also using the Wall of Frame as a data-mining and analytics tool to gauge what consumers are talking about and their needs. "Direct communication is the best analytics tool—listening to consumers, seeing what they like and don't like is crucial—we can only be as good as our satisfied customers are," said Hessel. "We are learning a lot from our Wall of Frame 3.0 [feedback]. This will help us to optimize our services and offerings."

EBD engages strictly in online advertising and marketing—although the majority of its growth can be attributed to word of mouth. The company is active in social media and launched its new "How to Kiss with Eyeglasses" Video Contest around Valentine's Day. Online shoppers are encouraged to post original video stories of "kissing with eyeglasses." The contest runs through March 15—the Grand Prize is a \$500 EBD gift voucher. "This contest appeals to a younger crowd. It is a fun, quirky way to get to know our customers and strengthen our bond with them," said Hessel, noting that the better the connection with consumers, the greater the trust and the conversion rate from browser to buyer grows.

Eyeglasses.com

Eyeglasses.com registered another strong year in 2010—experiencing double-digit sales gains—but expects 2011 to be even better. International sales are 6 percent to 8 percent of its business, and are growing. Eyeglasses.com remains committed to offering a value proposition and superior customer service. The company offers overnight shipping, and the typical turnaround time is three business days. The assortment has not changed much since last year—more than 200,000 SKUs including 35,000 frames.

Last year was the first full year Eyeglasses.com ran on a new platform that launched in late 2009. As a result of the new operating platform, James Hilford, president, Eyeglasses.com, said the virtual try-on function had to be reworked in order to



properly mesh with the new system. ETryItOn will be relaunched in mid to late spring. It has a patented technology that matches the scale of the consumer's head to the eyewear. ETryItOn will also have a side-by-side comparison feature that allows consumers to try-on multiple frames.

In addition to a new platform, Eyeglasses.com made significant updates to its website such as better search functions and a dressing room where consumers can store glasses. The site will be more socially interactive so consumers may give each other feedback on what frames look good and which ones do not.

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Aside from social media efforts where Eyeglasses.com is active on Facebook and has its own blog, the company does very little marketing—most of its growth has come from word of mouth, but Hilford admitted that is about to change. “We have a major marketing initiative planned for the third quarter,” he said, but would not disclose the details. The company continues to work with affiliate networks such as Nextjump.com to help drive business.

Eyeglasses.com is planning to add a component that will measure consumers’ PD. “We anticipate adding the PD function in 2012,” said Hilford.

ZenniOptical.com

ZenniOptical has no manufacturers, wholesalers or importers—the company is its own manufacturer. Cutting-out the middle-man helps keep costs low and improved technologies allow the company to offer high quality prescriptions for a fraction of the price. Zenni owns lens manufacturing and eyeglasses-assembly factories in China. Zenni built a 227,000 square foot state-of-the-art facility that it recently moved into. “The equipment in the new facility is found in less than 10 percent of U.S. labs,” said Zenni’s founder and CEO, Levente Laczay. With the exception of Transitions photochromic lenses (it also carries its own brand of photochromic lens) Zenni does not offer branded eyeglasses.

Between 2004 and 2009, Zenni grew more than 200 percent year over year. Sales did not double

last year, but Laczay said the company grew by nearly 100 percent (the company would not release figures). January 2011 sales exceeded 30 percent, a mark Laczay said the company hits every year. According to Laczay, Zenni sells approximately 4,000 eyeglasses per day. More than 80 percent of Zenni’s sales are U.S., but international business is growing faster.

Laczay expects sales to double in 2011 as a result of improvements and updates to its website. Zenni has made significant investments and improvements to the site including better aesthetics, improved search functions as well as making the site clearer and more user-friendly. Updates also include new capabilities such as analyzing prescriptions and picking up user mistakes.

One of the most substantial improvements to the website, which relaunched in October 2010, was the addition of the virtual try-on function. The pattern recognition technology automatically centers the eye (after user enters his/her PD) so the consumer does not have to rotate, position and size the image. Zenni’s try-on function allows consumers to “try on” four different frames simultaneously.

Though he would not discuss them, Laczay believes new marketing initiatives will also help sales grow significantly this year. Growth to date has primarily come from word of mouth. The company has previously not really done much marketing with the exception of some Google ads. Zenni had not partnered with, nor has any plans to partner with affiliate networks because, “I don’t know how it would enhance our services or help our customers,” said Laczay.

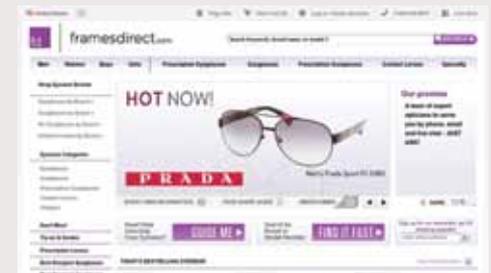
Zenni’s leading initiatives in 2011 include tweaking the website to further improve its usability and expanding its customer service hours. Customer service is currently available Monday through Friday 6 a.m. to 5 p.m. but is changing to 12 a.m. to 5 p.m. weekdays. “We will eventually move to weekends and plan to offer 24-hour customer service by year-end,” said Laczay. ■



Framesdirect.com

In 2010, Essilor of America, acquired a majority stake in Framesdirect.com. The acquisition followed a partnership between the two companies that together launched MyOnlineOptical.com, an e-commerce solution for independent ECPs. Through MyOnlineoptical.com, Essilor expanded the availability of the offering that enables ECPs to provide optical products online to their patients.

In addition to a full assortment of eyeglasses (Rx and sunglasses)—including 116,000 frames (featuring designer brands), Framesdirect carries contact lenses. Free shipping is available for domestic orders. If consumers wish to exchange a frame on a prescription eyeglasses order, they can do so within 30 days and receive a 50 percent credit for the cost of the exchanged lenses toward the cost of new lenses.



The site does not have a try-on function or rotating views of the products. It does offer eye-wear videos on how to determine the right frame size and lens quality. FramesDirect has also stepped up its social media efforts. In addition to being active on Facebook, Twitter and YouTube, there is Eye Zone, its official blog that serves as a forum for discussions on eyeglasses, sunglasses, contact lenses and goggles.

At presstime, executives at FramesDirect declined participation in *VM*'s special report. ■