

Downtown Eye Care: Focusing On The Community


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ABSTRACT

This case is about a husband and wife optometry firm in one of America's beautiful vacation locales, Marquette, Michigan. Jon and Jenny Webb moved to the Upper Peninsula of Michigan in 2005, after selling their practice in downstate Michigan. They were in love with the charm of the area, on the banks of Lake Superior, and had plans to retire and move to the Upper Peninsula eventually, but the move was hastened after the sale of their practice and Jon's desire to open a new one in a different location. With a retirement home already purchased in Marquette, Michigan, they decided that then was the time to make the move. The Webbs have grown Downtown Eye Care from one customer to many thousands of customers in a short period of time with sales growing every year. What is remarkable is that they've grown the business every year without spending a large amount of their budget on advertising and marketing.

Keywords: Advertising; Marketing; Eye Care; Optometry

THE PARTNERS MEET

r. Jon Webb's practice in Clarkston, Michigan was booming. By 1991, it was time to add another optician to his already successful busy business. He ran a newspaper ad and got many applicants. He was especially impressed with an interviewee named Jenny. However, another one of the applicants he was moderately impressed with, but felt she was too quiet, was also named Jenny. Dr. Webb made the decision to hire the first mentioned Jenny, and told his office manager to contact her and invite her back for another interview.

After a few phone calls trying to reach the favored candidate, Jenny, Webb's office manager reported back to him that she was not returning phone calls so she must no longer be interested in the job. "Well, then," Webb told her, "Get ahold of Jenny number two, and let's talk to her again." Jenny Boyden, a recent optician grad of Ferris State University, was hired, and was jokingly referred to as 'Jenny Number Two.'

'Number two' quickly became the number one in Dr. Webb's heart and within a couple of years of working together, Jenny Boyden became Jenny Webb, and the lifelong partnership was formed.

MAKING THE MOVE TO THE UPPER PENINSULA

Optometrist Jon Webb and his original partner started their optometry practice in Clarkston, Michigan after purchasing a franchise from the Detroit Optometric Company. Jokingly, Webb and his partner named their new venture TOSS Optometry. They used the acronym TOSS to stand for Two Optometrists Scared Silly. Their business was a big success in the northern suburbs of Detroit and Jon's skills as an optometrist and as an entrepreneur eventually brought him a bid from the franchiser to purchase the franchise back from him. In 1994, he sold the franchise back to the Detroit Optometric Company. Not long before selling the franchise back, he had bought out his original partner. As part of the sales agreement, Webb agreed to stay on for a period of time.

Webb had been very successful and enjoyed being his own boss, and he was not a big fan of the corporate aspects of a company owned store. After a year, he decided he wanted to get back into his own practice, with only himself (and his partner Jenny) to answer to. But where, was the question.

The couple owned a vacation home overlooking Lake Superior in Marquette, Michigan. Located on Michigan's Upper Peninsula, they had made a decision that, when the time came, they would retire to their home in Marquette. Both, however, in 1995, considered retirement to be a long time away. Jenny Webb was well acquainted with the area, as she had spent many summers in an area about one hundred miles north of Marquette. This scenic stretch of waterfront and forest is known as the Copper Country. The entire Upper Peninsula is known for its very harsh and long winters, which many feel worth toughing out because of the beautiful summers, when the temperature highs seldom top 80 degrees. Needless to say, the environment in the summer and the winter activities, make the Upper Peninsula a big draw for many downstate Michigan families. In addition, Jenny had an uncle who was a priest, Monsignor Louis Cappel, who was based in Marquette. Father Cappel became a help to Jenny as she was setting up the business. In addition, Father Cappel was the only person the couple knew in Marquette prior to moving there.

However, it's important to point out that the Webbs were astute businesspeople. They had no intention of moving and opening a practice in Marquette if the market was saturated. They hired a marketing firm that specialized in assisting optometrists determine whether moving into a market is a wise decision. The firm studied such factors of the marketplace as:

- 1) Hours of competitors
- 2) Prices of competitors
- 3) Selection of styles of frames in the market
- 4) Competitors mark up
- 5) Type of competition (large chain or small locally owned)
- 6) Services of market competitors
- 7) Optical insurance plans of local employers

The Webbs also put together a business plan, with the help of the marketing firm, and decided that Marquette showed some opportunity despite the fact there were a number of optometrists already in the marketplace. In addition, Walmart Optical and Shopko Optical had locations inside their stores. These optical stores are generally very good competitors, advertising low prices with a wide selection of frames. The positioning of the optical departments in these stores generally fit the 'low cost' positioning of the stores they are in.

A store site (downtown Marquette) was selected and the name Downtown Eye Care simply seemed to be the proper positioning for the location. Jenny Webb moved to Marquette first and with the help of her uncle, labeled and priced all the frames and merchandise for the new store, as well as doing the groundwork to get the approval from insurance plans they knew they needed to be accepted by prior to opening the store. In addition, she needed to find the optical labs with the proper pricing for Downtown Eye Care to work with.

HOW DOES AN OPTOMETRIST MAKE MONEY?

Optometrists have a number of profit centers that contribute to the bottom line of the typical firm. The first and most familiar profit center for optometrists is the eye exam. Doing proper eye exams requires an investment in the right equipment. This investment can be sizable, (ranging from \$50,000 to perhaps \$200,000), but it is critical for the success of the optometric firm. Both initial and subsequent eye exams are intense and require quite a bit of skill to do properly.

During the course of the eye exam, the optometrist will determine if a prescription is needed to correct the vision of the examinee. He will also look for potential optical health care issues, such as red eye, glaucoma, cataracts, and others. There are tests the optometrist can do; if positive and depending upon the seriousness, he may refer the examinee to an ophthalmologist who specializes in diseases of the eye. There are only minimal expenses associated with giving an eye exam (after the initial investment in equipment); therefore an eye exam is considered to be nearly 100% profitable. At the Webbs' office in Marquette, only Jon Webb is involved in the exam. Therefore, the only expense is the value of his time. The skill of the optometrist is what is most important here. Not unlike other medical professionals, patients grow to trust and believe in their optometrist. Generally, patients will stay with the same doctor.

August is always a big month for examinations, as many families schedule an appointment for their children prior to going back to school in the latter part of the month.

The next obvious profit center for an optometry firm is the frame. Depending upon insurance plans, for instance, the investment into frames varies from individual to individual. Other factors include the vanity and comfort of the patient, and the use of the glasses. Jenny Webb says they have many customers who buy multiple frames for various reasons, including for shooting, hunting, to match certain outfits, sun glasses, etc. While this can be an area for terrific mark-up, the Webbs attempt to keep their prices low in order to have a more satisfied customer who will develop into a repeat customer.

At the same time, the Webbs pride themselves on the unique collection of frames they can offer their patients. All frames are nicely displayed on racks in the store, with the price of each prominently labeled on the front of the frame. Downtown Eye Care is the exclusive store in Marquette to carry LaFont and PRO Design frames, considered by many to be the most fashionable in the business.

Much focus is put into making sure the eyewear fits properly. In some cases that requires a return visit by a patient to adjust the glasses. Once again, the skill of the optician in fitting and adjusting the glasses plays into the satisfaction of the customer and plays a big part in whether that customer will return again.

A lesser profit center, but still of importance is the prescribing and fitting of contact lenses. This too requires a good amount of skill on the part of the optician.

What is interesting about the optical business, most especially for the Webbs, is how the best months of the year are tied more to the use of insurance and health services accounts. Patients with health services accounts must use the money in the account by the end of the year, or they risk losing those funds. For that reason, November and December are the two top months of the year, thanks to procrastination on the part of those with plans. January is one of the top months of the year, as well, as families starting new insurance plan years will wait till January to use the new year's plan. The aforementioned August ranks fourth due to the number of eye exams for back to school the Webbs perform.

Of concern to the Webbs, as it is to the entire industry, is the proliferation of internet firms selling frames and contact lenses. Simply by having the prescription done by the optometrist after the exam, these firms can create the glasses and frames and/or contacts, at a lesser cost than most optometrists can. Obviously, there is a lack of personal one on one service when buying through the internet. Some companies selling on the internet may be very good and credible while others may not be reputable. While there are a lot of negatives to purchasing via the internet, the Webbs recognize that the loss of business may require them to alter their business plan in the future.

WEBBS' MARKETING STRATEGY

Jon and Jenny Webb opened their new store in Marquette in August 2005. They started with one customer who was also their biggest cheerleader, Jenny's uncle, Father Coppo. Not quite eight years later, as they entered 2013, the Webbs boast records for more than 6500 patients.

According to Jenny, the first year was tough, as they were building the practice from scratch. They strived to keep prices low and sometimes went with lower profit margins that they would have liked to have received in order to build business. They decided to employ the marketing firm that specialized in optometry practices to design their marketing strategy and advertising in the first year.

Not unlike a lot of people in small business, they were seeking a direct return on the dollars they spent on advertising and marketing. Needless to say, during that first year, they were disappointed. They could track only a very few sales from the large budgets they had had invested in television and radio. This in itself is not surprising. When it came to their advertising, the Webbs chose not to mention prices of exams, costs of frames, contacts, etc in any of it. As would be typical with any business doing this sort of 'institutional' advertising, patients and potential patients were not responsive to the advertising because there was simply no hook to differentiate themselves from

the competition. They admittedly didn't have the lowest prices in town and that "low price" was not the arena they wanted to compete in. They felt their selection of frames and service to be superior, but perhaps all of their competitors felt the same way too.

In short, to coin a phrase, when it came to their advertising in newspaper and television, they were not happy with the "bang for the buck" they were getting.

After giving it a lot of thought and consideration at the end of that first year, the Webbs decided to eliminate their advertising budget and to dismiss the marketing firm they had employed. They considered what to do with that money. Saving it was an easy thing to do, but the Webbs knew they had to invest in something to 'get their name known.' They wanted to have some response to that as well. According to Keith Borglum, writing for the American Academy of Ophthalmology in an article entitled "Top Ten Marketing Tips for Your Practice," an optometry retailer should spend between 3 and 8% of their sales on mainstream advertising (radio, tv, newspaper, billboards, etc).¹ The Webbs had spent considerably more on that during their first year of operation, at the advice of their marketing firm.

Without any sort of firm plan, such as determining what percentage of the advertising budget should be spent beforehand, the Webbs decided they would invest in causes they believed in. Jenny became an active member and eventual officer in the Marquette Morning Rotary club. But their involvement and paying dues was only the start for the energetic couple. As time went on, they decided to donate to UPAWS, the Upper Peninsula Animal Welfare Shelter. Proud owners of a pair of dogs themselves, Tipper and Remington, the couple not only donated to the shelter, but also invested in sponsorship announcements on the local public radio station, WNMU-FM, on behalf of the shelter.

After the animal shelter, they expanded their involvement in the community to the Lake Superior Youth Theatre. They realized that, just as they had done with UPAWS, they were investing their money and support into causes that appealed to families. Obviously, the eye care needs of families are tantamount to the success of their business. Another cause they invested in that was in the same vein was the Marquette Children's Museum. The museum is well known on the Upper Peninsula and brings families from all over to see what the museum has to offer.

Marquette is also the home of Northern Michigan University, a public university of 9400 students that competes in a number of intercollegiate sports. They invested in their own enclosed box in the hockey arena where they bring friends to view the nationally ranked Wildcats. Their logo on their box is visible to all in the arena. The Webbs will also sponsor high school and children's sports team, displaying their logo or some form of identification while the games are in progress.

Recently, Jenny Webb was elected to the board of directors of the Upper Peninsula Children's Bereavement Network. The organization sponsors a camp in August every year for children between the ages of 8 and 16 who are grieving over the loss of a family member or friend. This fairly new camp and organization is highly visible in the community, thanks to the efforts of Jenny and others.

When asked what the strategy is when it comes to choosing which charities to invest in, the Webbs laugh and say 'we take it on a case by case basis.' In other words, there is no set defined strategy as to the charity or organization they will invest in. While it is easy to add up the dollars they invest in the Marquette community, what's harder to measure is the value of the amount of time and energy Jon and Jenny put into these organizations.

A HISTORY OF PHILANTHROPY

Perhaps the one act of 'giving back to the community' is best exemplified by the Webbs' commitment to helping all gain access to vision care. In their original practice in Clarkston, they would often go to Flint, Michigan

¹ Borglum, K. Top 10 Marketing Tips for Your Practice. *American Academy of Ophthalmology*, N.p., n.d. Web. Retrieved 28 Sept. 2013 from <http://www.aao.org/yo/newsletter/200803/article01.cfm>

and set up at the Eastside Mission. Using donated eye exam equipment, they would give free eye exams to the homeless men who frequented the mission.

Upon moving to Marquette, as part of their service to the Upper Peninsula, the Webbs became members of the Medical Care Access Coalition. The members of the coalition are area medical professionals who work together to provide free or reduced fee services to those who are not insured and/or can't afford medical care.

Jenny Webb points out that many of these people "fall in between" the guidelines for Medicare or Medicaid and do not have medical or optical care provided by their employers. When they first learned of this organization, they discovered that there was no routine vision care provided by the coalition. They quickly filled the gap. Jenny believes that they've done thousands of exams on a no fee basis during the years of their membership.

It's obvious that the Webbs have taken their contribution to the community to be heartfelt; it's not just a marketing ploy to gain more business.

DOWNTOWN EYE CARE'S MARKETING BUDGET

How do the activities the Webbs are involved in compare to what most optometry firms spend on advertising and marketing? Upon checking with their accountant, the Webbs learned that in 2012 they spent nearly 10% of their sales on community involvement marketing. Once again, the investment of these funds was done more on a tactical basis than being determined by a long term marketing strategy. The 10% invested by the Webbs is higher than the earlier recommended amount of 3 to 8% of sales.

Whether strategically planned out or not, it appears to have paid off for the Webbs, as they have increased their sales every year they've been in business in Marquette.

The only conventional advertising that the Webbs do for Downtown Eye Care is their website, built and maintained by Jenny on a weekly basis. The attractive site introduces viewers to their practice as well as showing a huge selection of frames and introducing the staff members of Downtown Eye Care.

When asked about social media, Jenny Webb shakes her head. "We've not ventured into that arena yet," she says. "I have some fear that an irate customer might post something on the site that could be detrimental to our practice."

THE FUTURE

As the Webbs still have a number of years to go before retirement, they are very much concerned about the future of the industry itself, as well as their store on the Upper Peninsula. The question of what will happen in the frame portion of the industry is of utmost concern. If more and more people purchase frames over the internet, will this eliminate a profit center for the business as well as the industry? Keeping an inventory of frames in their store represents a huge investment; perhaps the loss of that part of the business wouldn't be a bad thing, according to Jenny Webb. "Maybe only giving exams and writing prescriptions for these companies to fill is simply the wave of the future and we'll have to make the most of it," admits Jenny.

Of more immediate concern to the Webbs is the question about their marketing budget. It appears that they are on doing the right approach to their advertising because every year they are seeing sales increases and returning familiar faces. But, is there the opportunity to create even more business? Would converting part of the money they are spending in the community back to more traditional advertising bring them more customers? Or should they expand their overall marketing budget and invest that money in traditional advertising?

The Webbs wonder as to how they can continue to grow their business in an area that doesn't seem to be growing much in population. They have considered opening branch locations in some other portions of the Upper Peninsula, but to date, have decided against the expanding. "It's a lot of work and it will take time to be profitable," according to Jenny. "Maybe we should focus more on attracting out of town customers to our location in Marquette."

Indeed, there are a lot of questions for the couple, as they approach ten years in business in the Upper Peninsula. “We never thought we’d be in business up here. But it’s sure turned out to be the right decision in so many ways,” Jenny adds.

STUDY NOTES FOR DOWNTOWN EYE CARE

- 1) Do a SWOT analysis for Downtown Eye Care.
- 2) What would be the advantages for the Webbs expanding their marketing budget to do more conventional advertising? More importantly, what could they advertise where they would feel and measure some sort of response?
- 3) How can the Webbs utilize social media in order to grow their business? Name some options and a strategy for each option.
- 4) What can the Webbs do to avoid upset customers from posting negative reviews on social media?
- 5) Would the strategies the Webbs are using work for any optometry firm? What might affect the effectiveness for other optometry firms trying to imitate the Webbs?
- 6) More and more frame sales are coming from the internet. How should the Webbs deal with this competition? What are some alternatives?
- 7) How important is repeat business to Downtown Eye Care?

AUTHOR INFORMATION

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