

Optimeyes: Case Study Notes

Synopsis

One of the strengths of this case is the breadth of the business and marketing issues it encompasses, while still allowing the opportunity for a rigorous analysis of one or two key issues. The key issues facing Optimeyes are how can it successfully alter its marketing strategy in the absence of good market information, and what its new strategy should be. However, the case can also be used in discussions of issues such as the marketing concept, the regulatory environment of marketing, promotional strategy, the role of publicity, and customer service.

Learning Objectives

1. To provide you with the task of producing a marketing strategy based on limited market information.
2. To give you some exposure to the challenges faced by very small companies in competitive markets.
3. To emphasize to you the importance of strategic change and to show you that past sources of success may not be sufficient in a new situation.
4. To give you some experience in using SWOT analysis and Porter's generic strategies as a basis for marketing strategy development.

Model Answers

1. ***Prepare a SWOT analysis for Optimeyes.***

You may find it useful to organize your SWOT material by using the headings found in *Table 2.2, External Marketing Audit Checklist* and *Table 3.3 Internal Marketing Audit Checklist* in Chapter Two of the book (p.40).

These are:

External:

- Macroenvironment
- The Market
- Competition

Internal:

- Operating Results
- Strategic Issues Analysis
- Marketing Mix Effectiveness
- Marketing Structures
- Marketing Systems

The essential point to remember is that strengths and weaknesses derive from the Internal Marketing Audit checklist and opportunities and threats derive from the External Marketing Audit Checklist.

No two SWOT analyses are alike, but yours should look something like this:

Strengths

Innovativeness
Product range
Low prices
Quality of service
Fully integrated operations
Geographically diversified
Optimeyes brand name

Weaknesses

Small market share
Lack of capital for investment
Limited promotion budget
High level of current liabilities
Very little market information

Opportunities

Growth in spectacles as fashion
Growth in repeat purchases
Older people
Medium/Small towns

Threats

Market penetration by bigger chains
Aggressive discounting by bigger chains

2. ***What recommendations would you make regarding future marketing strategy for Optimeyes?***

A range of strategic issues needs to be faced by Optimeyes as it plans for the future. The following are some of the most important questions facing the company:

1. The company's strengths of innovativeness, variety of product, price, and quality of service have served them very well against the traditional optometrist. But will these strengths sustain the company in the face of stronger and better capitalized international competition?
2. There are indications in the case that the price of ophthalmic products will continue to be driven down. What are the implications of this trend for a small company like Optimeyes?

3. In the light of both of the above points, how has the Irish market changed? Is the desire for variety as strong as it was when Optimeyes started, or is it now being met by the new competitors? Is price now the key issue? In other words, can Optimeyes still maintain its positioning as the Marks & Spencer of ophthalmics retailing or must it change?

4. The company has geographically diversified to reduce its dependence on the highly competitive Dublin market. Should the company continue to move away from Dublin or should it reinvest in Dublin? Are its customers more likely to be in Dublin or the country towns and cities, and indeed who are its customers?

5. The absence of market information continues to impede the company's efforts to develop a marketing strategy. Should the company conduct marketing research? Can it afford to do so, and if yes, what questions should it ask?

Regarding marketing objectives, Optimeyes has the potential to build even in the face of increased competition. Its strategic thrust will be a combination of market penetration, market development and product development. How this will be achieved will be discussed later.

Our approach to developing marketing strategy is to identify strategic options. Key tools that could be used to generate strategic options are the Porter model of competitive strategy, segmentation, targeting and positioning. If you are not familiar with the Porter model yet, the process of segmentation, targeting and positioning is enough to develop a credible strategy for Optimeyes.

Using the ideas generated from Porter, it is immediately clear that Optimeyes is a small niche player in the business. Its strategic choices are focus low-cost and focus differentiation. The low-cost option can be discounted as the company does not have the requisite scale to drive the price down to levels that even the superopticals cannot match. In any event, the company has been competing on the basis of both higher perceived value, in terms of range, and lower delivered cost than the traditional optometrist and should attempt to continue to compete on both these bases.

Thus, the company must attempt to maintain this lower delivered cost and find suitable ways of differentiating itself from both Specsavers and Vision Express. The question then becomes "What should be the basis for differentiation?" The two qualities that seem to be still unique to Optimeyes are its range of French frames and the quality of its customer service. It might be recommended that the company leverage these two strengths to exploit one of the few opportunities for growth in this business in Ireland, which the case tells us is in the increasing use of spectacles as fashion items, and the fact that Irish consumers generally own only one pair of spectacles compared with a European average of three or four.

Segmentation

In terms of implementing the above strategy, the case affords you the opportunity to conduct a segmentation analysis on three bases, namely demographic, psychographic, and geographic. In terms of demographics, the data show the level of usage by age group and the relevant size of those age groups in Ireland. Similarly, data are available for level of usage classified by socio-economic groups along with details of the size of the socio-economic groups in Ireland. Geographic segmentation raises the issue of whether the company should continue its strategy of expanding throughout the country. Clearly a potentially useful way of segmenting this market is into those people who are fashion conscious and those who are more concerned with the functional aspects of spectacle.

Market targeting

Given its limited resources and its strategy of focusing on the fashion conscious consumer, you should then nominate on the type of person this is likely to be and should concentrate your marketing effort on them. Fashion leaders are more likely to be young, urban, female, and from the higher socio-economic groups. Using the data in the tables, the size of this target market can be estimated and the analysis could include recommendations on the most suitable media and message to reach this market.

A recommendation might be:

Strategy 1

TARGET	Fashion conscious
PROFILE	Young, urban, professional - female bias?
POSITIONING	Widest range of fashion-orientated spectacles Excellent service
PRODUCT	Wide range (monitor trends, test popularity) Plenty of time to choose Service - longer opening hours. Marketing research to find out what target group values
PLACE	Large, urban towns/cities - match demographically
PROMOTION	Local newspapers, PR (not a lot of resources). Event marketing. Direct mail
PRICE	Competitive with new entrants but not cheap.

An alternative marketing strategy would be to target those spectacle wearers who were more functionally (sight) orientated and to choose locations which the new entrants were unlikely to find attractive. This would mean a different targeting, positioning and marketing mix strategy.

Strategy 2

TARGET	Functionally orientated
PROFILE	Older, rural and urban, wide socio-economic profile
POSITIONING	Wide range of more conservative frames Excellent service Locate away from new entrants Competitor targets—traditional opticians
PRODUCT	Standard range Excellent service - plenty of time to choose. Longer opening hours
PLACE	Medium-smaller sized towns. Rural?
PROMOTION	Local newspapers, PR, direct mail
PRICE	Competitive with traditional opticians not new entrants

If Optimeyes decides to target both segments, a different brand name may be required for one of the chain of shops as the positionings are so different.

Key Learning Points

1. The SWOT analysis is not an end in itself. It has been used as a basis for strategy development. For example, both the marketing strategies are aided by the identification of fashion conscious consumers (Strategy 1) and older people in medium/small towns (Strategy 2) as opportunities.
2. Do not develop a marketing mix until you have clearly identified a target market. Only by understanding target customers can a sensible marketing mix strategy that meets their needs be designed.
3. Note that because the two target markets are different, the marketing mix strategies are different. This is because marketing mixes must change to meet the needs of different target segments.

[Return to Contents Page](#)