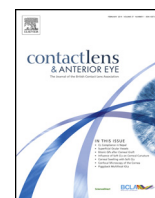




Contents lists available at ScienceDirect

Contact Lens & Anterior Eye

journal homepage: www.elsevier.com/locate/clae

Customer loyalty among daily disposable contact lens wearers



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ARTICLE INFO

Article history:

Received 2 May 2014

Received in revised form 18 August 2014

Accepted 20 August 2014

Keywords:

Contact lenses
Daily disposables
Business model
Profit
Loyalty
Professional fees

ABSTRACT

Background: Optometric practices offer contact lenses as cash sale items or as part of monthly payment plans. With the contact lens market becoming increasingly competitive, patients are opting to purchase lenses from supermarkets and Internet suppliers. Monthly payment plans are often implemented to improve loyalty. This study aimed to compare behavioural loyalty between monthly payment plan members and non-members.

Methods: BBR Optometry Ltd offers a monthly payment plan (Eyelife™) to their contact lens wearers. A retrospective audit of 38 Eyelife™ members (mean ± SD: 42.7 ± 15.0 years) and 30 non-members (mean ± SD: 40.8 ± 16.7 years) was conducted. Revenue and profits generated, service uptake and product sales between the two groups were compared over a fixed period of 18 months.

Results: Eyelife™ members generated significantly higher professional fee revenue ($P < 0.001$), £153.96 compared to £83.50, and profits ($P < 0.001$). Eyelife™ members had a higher uptake of eye examinations ($P < 0.001$). The 2 groups demonstrated no significant difference in spectacle sales by volume ($P = 0.790$) or value ($P = 0.369$). There were also no significant differences in contact lens revenue ($P = 0.337$), although Eyelife™ members did receive a discount. The Eyelife™ group incurred higher contact lens costs ($P = 0.037$), due to a greater volume of contact lens purchases, 986 units compared to 582.

Conclusions: Monthly payment plans improve loyalty among contact lens wearers, particularly service uptake and volume of lens purchases. Additionally the greater professional fees generated, render monthly payment plans an attractive business model and practice builder.

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1. Introduction

The UK contact lens market is mature, with only a relatively small yearly growth in wearers [1]. In total, there are around 3.7 million contact lens wearers in the UK [2], which represents 7.7% of the adult population and approximately 12% of adults requiring a refractive correction [1]. Contact lens sales form around 19% of the optical industry market share [3]. Changes to the Opticians Act made in 2005 allowed contact lenses to be supplied by other businesses, including supermarkets and Internet based companies. The Mintel Group Limited [3] suggests that online retailers capture 5% of the optical goods market. A recent survey commissioned by the Association of Contact Lens Manufacturers (ACLM) suggested that 10% of contact lens wearers purchase lenses online [4]; the Mintel Group Limited [3] also reports the same figure. Other non-UK based literature indicates that around 7% and up to 22.5% of contact lens wearers obtain their lenses from online sources [5–8].

Online suppliers have low operational costs and so are able to offer competitive prices. They may also be perceived as a more convenient mode of purchase. Despite this, the majority of contact lens wearers remain loyal to their eye care practitioners (ECP), with 66–70% of wearers purchasing lenses from their practitioner [5,8].

A number of concerns exist over wearers obtaining lenses from Internet suppliers. Dumbleton et al. [5] revealed that wearers purchasing lenses from their ECP display greater compliance than wearers purchasing lenses elsewhere. Furthermore Wu et al. [8] reported that wearers purchasing lenses from Internet suppliers are more likely to overlook aftercare visits. This cohort of patients has also been associated with a higher risk of developing serious complications, such as microbial keratitis [9]. Internet supply of contact lenses poses additional threats to optometric practices, by directly impacting sales and indirectly affecting the awareness of the practice by reducing footfall [3].

As the contact lens market further matures it is likely that the customer churn rate (the number of customers that defect from a company during a period) will increase, as is observed in the mobile telecommunications sector [10]. Additionally, deregulation of the sale and supply of contact lenses has made it easier for customers

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to 'shop around', and so optometric practices must work harder to retain existing customers. Improving customer loyalty and retention has been well studied. Literature reveals two important factors to improving customer loyalty. Firstly, customer satisfaction is the strongest component to creating loyal customers [11]. Secondly, factors that make switching service provider difficult. These are known as 'switching costs' [11] and include financial, social and psychological costs [12]. Therefore, a customer that is not completely satisfied with a product or service may still remain with the existing provider due to perceived switching costs [10]. These barriers can allow for fluctuations in service quality, which would otherwise result in customer defection [11]. However, customers tend to only consider switching when satisfaction falls below a critical level [11,13]. Optometric practices can offer incentives, such as discounts, to improve customer loyalty. For instance, a discount may be offered when an annual supply of contact lenses is purchased at the time of the examination, or there may be a discount on spectacles. In the UK, it is more common practice to offer discounts as part of a monthly payment plan. Monthly payment plans allow patients to pay for professional care and contact lens products on a monthly direct debit. Patients are contracted to purchase and receive a given supply of contact lenses, which is likely to improve compliance, as the patient has no incentive to overuse lenses or solutions. Monthly payment plans have proven popular among patients in the UK with 72% remaining on the direct debit plan after 3 years [14]. Although this may be related to perceived switching barriers associated with the contractual agreement, such as the effort of cancelling the monthly payment plan and sourcing a new contact lens provider. Also monthly payment plans offer a 'bundle' package making price comparisons less transparent.

The contact lens market is becoming increasingly competitive and although only a relatively small number of contact lens wearers choose to purchase lenses online, a future threat to optometric practices remains. Twenty-six percent of contact lens wearers have considered purchasing contact lenses online [4] and 41% are likely to do so in the future [15]. There is a gap among peer-reviewed papers on the topic of contact lenses and customer loyalty, with most information presenting in non-peer reviewed articles such as market research reports and industry magazine articles. Monthly payment plans are thought to anecdotally improve customer loyalty, although there is limited tangible evidence.

This study aimed to gain an insight to the tangible effects of monthly payment plans on customer loyalty among contact lens wearers. The key focus of the study was behavioural loyalty, and more specifically the uptake of professional services and sales of contact lenses and spectacles by volume and value.

2. Methods

BBR Optometry Ltd, an independent practice based in Hereford offers a monthly payment plan, called Eyelife™. This allows contact lens patients and spectacle wearers to arrange monthly direct debits for their professional care. The professional care package includes eye examinations, contact lens aftercare, contact lens refitting and emergency appointments. The care plan also includes supplementary tests such as fundus photography, ocular coherence tomography, corneal topography and dry eye assessments. Eyelife™ entitles the patient to unlimited number of appointments, and so if desired they could be reviewed sooner than their usual recall. Patients can combine Eyelife™ with any contact lens product. There are multiple tiers to Eyelife™, with varying prices entitling different levels of discounts on products (Table 1). Patients that are not on the Eyelife™ monthly payment plan receive the same level of care and pay fees for each visit.

A retrospective audit was conducted on daily disposable contact lens wearers at BBR Optometry Ltd. This study focused on daily disposable wearers as they have been shown to be more susceptible to Internet supply compared to other frequent replacement lenses [4]. A comparison of Eyelife™ members with non-members was carried out to assess influences on patient loyalty. The number of appointments (contact lens aftercare, eye examination and combined aftercare and eye examination), number of spectacle dispenses, average dispense value and contact lens sales (by volume and value) were recorded for both groups for a fixed 18-month period. Revenue, costs and net profit were categorised as professional service, spectacle or contact lens sales. Subjects aged 19–69 and in full time daily disposable contact lens wear during a fixed period from June 2011 to November 2012 were included in the study. Eyelife™ patients were only included if membership was continuous during the 18-month audit period. Exclusion criteria were as follows: diagnosis of diabetes mellitus or glaucoma or a positive family history of glaucoma, as these factors can influence the interval between examinations.

Electronic records of daily disposable contact lens wearers were analysed at the practice site. Ethical approval for this study was obtained from Aston University Ethics Committee. All data collected was tabulated in Microsoft® Excel® (Microsoft Corporation, Redmond, Washington, USA). Statistical analysis was conducted using IBM® SPSS® Statistics 22 (IBM Corporation, Armonk, NY, USA) and Microsoft® Excel®. A Shapiro–Wilk test was conducted on all data sets to determine distribution normality. Statistical comparisons between Eyelife™ members and non-members were conducted using Mann–Whitney *U* test and Independent *T*-test for non-parametric and parametric data sets respectively. A *P*-value less than 0.05 was considered significant.

3. Results

Two hundred and sixty-eight patients at BBR Optometry Ltd were identified as current daily disposable contact lens wearers, however only 86 met the inclusion criteria for this study. Eighteen subjects were excluded as they were diagnosed with glaucoma or diabetes mellitus, or had a positive family history of glaucoma. The audit comprised of 38 Eyelife™ members (11 males and 27 females) and 30 non-members (12 males and 18 females). The age ranged from 20 to 67 years for the Eyelife™ group and was 20–69 years for the non-members group; mean age (\pm SD) was 42.7 ± 15.0 years and 40.8 ± 16.7 years ($P=0.771$) for the Eyelife™ and non-member group respectively. Both groups consisted of long-term contact lens wearers, on average wearing lenses for 12.0 ± 5.5 years and 10.3 ± 4.3 years ($P=1.231$) for the Eyelife™ and non-member group respectively. The most recent lens was fitted 8 years ago for the Eyelife™ group and 6 years ago for the non-members.

Fig. 1 shows that Eyelife™ members have a greater uptake of eye examination services compared to non-members ($P<0.001$). However, there were no significant differences found in the number of aftercare ($P=0.169$) and combined appointments ($P=0.459$) between the two groups. Eyelife™ members appear to generate much higher professional service revenue ($P<0.001$) and profit ($P<0.001$) compared to non-members (Fig. 2). The mean cost of providing professional services was significantly greater for the Eyelife™ group (Fig. 2) at £70.83 in contrast to £56.24 for the non-member group ($P=0.032$).

Fig. 3 shows that only 36.8% of Eyelife™ members invested in spectacles during the 18-month audit period and only 33.3% for the non-member group. There was no significant difference ($P=0.790$) in the mean number of spectacles purchased between the two groups (Fig. 3). Fig. 4 demonstrates trends in average spectacle dispense values between the two groups. The mean average

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