# MARKETING PLAN FOR WORKSHOP AND ACCESSORIES AREA OF PROÓPTICA

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# Abstract

Proóptica is a Portuguese company acting in the Optical Market as a distributor of international and national brands of this market. The company acts in four main areas: Frames and Sunglasses; Workshop and Accessories; Lenses and Design + Architecture.

In April of 2014 I was invited by Professor Luís Justino to start an internship at this company. This was the year of turnover for Workshop and Accessories strategic business area that wanted to stop being a complementary area of frames and sunglasses, and start to be a more autonomous and present business area in the Portuguese market.

Soon I realized that for this goal to be possible, a solid marketing plan needed to be constructed. Although, this seems to be a hard task, since the current optical market is changing every day and faces this business area as one of its last concerns in terms of needs and offer.

Thus, this project proposes a possible market plan for this business area, mainly based on a deep external and internal analysis that observed the organization, the competition and the customer's behaviour and needs. Through this analysis, marketing actions were proposed and carefully planned, following the marketing mix theory: product actions, price actions, place actions and promotion actions.



**Keywords:** Marketing Plan; Marketing Mix; Optical Market; External analysis.

**JEL:** M11 – Production Management; M31 – Marketing;

# Resumo

A Proóptica é uma empresa portuguesa que actua no Mercado português de óptica, enquanto distribuidor de marcas nacionais e internacionais. A empresa actua em quatro áreas principais: Armações e Óculos de Sol; Oficina e Acessórios; Lentes e Design + Arquitectura.

Em Abril de 2014, fui convidada pelo Professor Luís Justino, a iniciar um estágio na sua empresa de óptica. Este foi também o ano de mudança para a área de Oficina e Acessórios, que ambicionava deixar de ser uma área complementar das Armações e Óculos de Sol, e passar a ser uma unidade de negócio autónoma e presente no mercado português de óptica.

Cedo compreendi que esta meta apenas seria possível se fosse criado um sólido plano de marketing para a área de negócio. No entanto, esta parece ser uma tarefa difícil, uma vez que o mercado da óptica está em constante mudança e considera esta área de negócio como uma das suas últimas preocupações em termos de necessidades e oferta.

Assim, este projecto propõe um possível plano de marketing para esta área de negócio, maioritariamente baseado numa profunda análise interna e externa do mercado, que analisa a organização, a concorrência e o comportamento e necessidades do consumidor. Após esta análise são propostas acções de marketing cuidadosamente planeadas, que seguem a teoria do marketing mix: acções de produto, acções de preço, acções de distribuição e acções de comunicação.



**Palavras-Chave:** Plano de Marketing; Marketing Mix; Mercado da Óptica; Análise Externa.

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## Executive Summary

Este projecto visa construir um plano de marketing para a área de negócio de Oficina e Acessórios de óptica da Proóptica. A Proóptica é uma empresa portuguesa de óptica que actua no mercado português desde 1993 em quatro principais áreas: armações e óculos de sol, acessórios e oficina, lentes e Design + Arquitectura. A Proóptica define-se no mercado de óptica português enquanto distribuidor de marcas de óptica nacionais e internacionais, tendo como principal missão construir relações de parceria e confiança, através de um serviço de excelência. Actualmente a Proóptica é a principal empresa portuguesa do mercado, tendo à sua frente apenas dois grandes internacionais. Foi através do constante pioneirismo e inovação que a Proóptica chegou onde está hoje, continuando a apostar de forma integrada na comercialização de artigos da melhor qualidade.

Entre 2013 e 2014, a empresa portuguesa compreendeu que a área de acessórios e oficina tinha um forte potencial que não estaria a ser aproveitado da melhor forma. Assim, surge um ponto de viragem para esta área de negócio que se quer assumir como uma área autónoma e dinâmica. No entanto, por ter sido sempre uma unidade de negócio secundária, carece de uma estratégia de marketing sólida e coerente.

Assim, esta tese propõe-se a analisar o mercado de forma a poder construir o melhor plano de marketing possível para a área de acessórios e oficina. Actualmente esta área está a crescer cerca de 22%, tendo vindo a desenvolver-se de forma constante nos últimos anos. As marcas representadas pela Proóptica neste segmento são actualmente as líderes do mercado, que primam pela qualidade e preço justo. No entanto, esta não se avizinha ser uma tarefa fácil, uma vez que o mercado se encontra em constante mudança, e o cliente mostra-se pouco interessado nesta área de negócio, embora dependa dela, para manter toda a área de oficina da sua óptica e para enriquecer a sua oferta.

O projecto começará por apresentar os seus objectivos gerais, seguindo com uma apresentação da revisão literária, que desenvolverá temas relacionados com a construção de um plano de marketing, nomeadamente o marketing estratégico e o marketing mix.

De seguida é apresentada uma breve análise do mercado português de óptica, identificando o número actual de ópticas em Portugal bem como os seus protagonistas e segmentos de maior

relevo. Será desenvolvida uma análise externa do Mercado, que começará por explorar o seu meio envolvente, através de uma análise PEST, identificará os principais concorrentes da Proóptica e caracterizará os hábitos de compra dos vários tipos de clientes existentes no mercado. Na análise interna será esclarecida a estrutura, história e estratégia da Proóptica, o que permitirá melhor compreender a sua acção e posição no mercado.

Depois de compreender o mercado de óptica em termos internos e externos será explicado no que consiste a área de acessórios e oficina de óptica em termos gerais, com que marcas actua a Proóptica neste mercado e seu posicionamento, bem como será analisada a performance das marcas da Proóptica em cada segmento desta área de negócio.

Após compreender todos os actores e características do mercado, estarão reunidas as condições para elaborar uma análise SWOT, que irá permitir compreender qual a melhor estratégia para o plano de marketing. No plano de marketing apresentado, será definida a segmentação e target a que se direcciona, bem como o posicionamento pretendido, sendo que o plano seguirá a teoria de acções de marketing mix: produto, preço, distribuição e comunicação. Após determinar o plano de acção específico será apresentada a respectiva calendarização e custos associados.

Este projecto seguirá uma metodologia maioritariamente qualitativa, sendo que a análises externas e internas necessárias, serão efectuadas através de entrevistas a personalidades de interesse no mercado da Óptica e aos próprios ópticos activos no mercado, bem como através de dados disponibilizados pela Proóptica.

# I. Study Proposal

Proóptica is a Portuguese company from the Optical Market that was created in 1993. Currently this company has four main business areas directed to the optical market: Frames and Sunglasses; Lenses; Workshop and Accessories and Design + Architecture. In the past years Proótpica has grown remarkably has a company, being now the number three in the Portuguese Market. Proóptica represents very important brands in the frames segment, such as TAG Heuer, Jaguar, Laura Biagiotti or Vespa. The company also controls the production of five Portuguese licenses: Lanidor, Quebramar, Dielmar, José António Tenente and João Rôlo. In the Workshop and Accessories segment, the Portuguese company represents a very well-known German brand, Breitfeld & Schliekert and a low-cost brand, Optical Essentials. In the lenses market Proóptica represents the international brand Nikon, and in 2013 decided to become the Portuguese wholesale with turnkey solutions to the optician, with a new business area directed to Architecture, design and decoration for optical stores.

In this year Proóptica already grown 20.46% in sales, promising to continue and improving this results until the end of the year.

The Workshop and Accessories segment is one of the most promising business areas of the company, that doesn't have a current solid marketing plan. Thus, in this Project I propose a possible marketing plan for Workshop and Accessories area, which will improve this business area performance and thus, the company's performance.

According with the more recent data from Proóptica, Workshop and Accessories area already grown 22% this year. Which make us wonder how much more this area could grow with a solid marketing strategy.

In this business area the Portuguese company works with one major brand, Breitfeld & Schliekert (B&S), and with one smaller brand more directed to the low-cost target, Optical Essentials (OE). B&S is very well established in Portugal since 2000, and OE, since 2013. Both brands have a remarkable international and national course, however, the brands performance in the Portuguese market can be improved, and this is the main goal of this project.

## 1) Methodologies and Goals

In order to create the best marketing plan proposal, this project will conduct external and internal analysis of the market, which include the external environment, competitors, customers, brands positioning and a SWOT analysis, that will summarize all the conclusions. Based on this market analysis, a proposal of a marketing plan will be created analyzing the four marketing mix areas: product, price, place and promotion.

This project will be based on a qualitative methodology, mainly based on interviews to people of interest in the optical market and to opticians working in the market. Also internal company's data will be considered. The interviews will be made to people with deep knowledge about the company and of this business area: the CEO of Proóptica and the Workshop and Accessories Director. The interviews to the opticians will be made to a sample of 50 opticians from all the country, mainly by telephone. The external data and company's data will be also extremely relevant to this project, and will be deeply analyzed in order to understand the current position and condition of the company inside this market.

This project has the main aim of understanding the environment around this subject in order to be able to create a coherent marketing plan. Thus, there are specific objectives to construct this marketing plan:

- Understand how the Optical Market works;
- Understand Proóptica's Strategy and Philosophy;
- Understand the Workshop and Accessories area inside the optical market;
- Understand and analyze competitors;
- Understand customer's behavior inside this market;
- Understand Proóptica's brands positioning in the Market;
- Understand the current strengths, opportunities, weaknesses and threats in this business area;
- Propose the best marketing plan.

# II. Literature Review

## 1) Marketing overview

Some authors start to define marketing in new ways, not only as a tool that helps selling, but as a tool to satisfy customer's needs. Some even say that "the aim of marketing is to make selling unnecessary – Peter Drucker" (*in* Kotler and Armstrong, 2012).

In interview Kotler said (Christensen, 2010): "(…) I see marketing as the potential growth engine of a company (…). Marketing grew out of the sales department, because sales people didn't want to write brochures or ads or do marketing research (…). Over time people were added to this department, until marketing became a separate function. (…) It is the marketing department that identifies and tests proposed market opportunities and outlines a path of growth."

Marketers felt the need of creating new levels of marketing, in order to be more focused in human emotions, thus concepts like emotional marketing or experimental marketing were born. Marketers understood that target only consumer's minds wasn't enough, they needed to target their emotions. (Kotler and Kartajaya, 2010). Some even define marketing as "(…) managing profitable customer relationships (…)" (Armstrong, 2014), since its main goal is to attract clients through superior value and satisfaction.

Some say that the internet is the future of marketing, although, I would like to believe that the future of marketing is people. In this sense is important to refer that new ways of defining marketing appeared, mainly influenced by the power of internet and the new marketing concepts more focused on emotions. Marketing 3.0 focus on the importance of communication with the customer, and thus, the ability to connect with humans and understand its needs and desires. (Kotler and Kartajaya, 2010) (Tarabasz, 2013). Marketing 3.0 is a consequence of "(…) the changes in general marketing trends and is aimed to collaboration, engagement and care. (…)" (Senkus, 2013). The internet has become an essential tool of communication that is multidirectional, being this the reason why the customers can verify and compare brands and products much easier than before. Marketing 3.0 emerged driven by the fact that clients were every day more informed and conscious about products, being able to compare them, this is the exact essence of marketing 3.0. (Kotler and Kartajaya, 2010) (Senkus, 2013). In this new era Internet has the main role of establishing communication between users and with brands, give to the users the capability of pressure organizations, since they can give they're opinion, criticize and sometimes even boycott products, all because of the power that Internet give to consumers. Today clients communicate they're values, desires and needs openly on the Internet, and if they don't have the product they expect, they are able to create it by themselves, through crowd funding or self-organized groups on Facebook. (Senkus, 2013).

This concept is all about the clients, and marketing is exactly that: the consumer, his needs, tastes and preferences. The difference between Marketing 3.0 and previous concepts is that this new concept as a bigger mission, being now more social and less economic, as a way of co-creation, a way of creating and adding value to the society. (Kotler and Kartajaya, 2010), a way of creating value to customers and then capture value from them, in form of sales, profit and long-term relationships (Armstrong, 2014). Today, some start to speak about Marketing 4.0 as a tool do create the future, mainly with the help of the internet and all the possibilities that it can provide. However, that shouldn't mean that marketing will be less emotional or concerned with customer needs. That will always be the main concern of any marketing concept. (Tarabasz, 2013).

The continuous adaptation of marketing concepts to different eras of human lifes is what keeps this concept and area so exciting.

### 1.1) Co-Creation

Since the new concepts of marketing are mainly based on the concept of co-creation, is important to explore it. Co-creation is based on the principle of joint creation of value by the company and its customer that together create value. "(…) Co-creation is equally necessary for problem identification and was not limited to just resolving the problem (...)" (Bharti *et.al*, 2015). This concept is based in the capability that everyone has to create content and communicate it. The digital advances leveraged this concept of co-creation, since became easier to create and share content. Mainly, co-creation is based on the concept of "(…) original creators and users of content collaborate together and produce variations and recombination of cultural goods (…)" (Lang, *et. al*, 2015). The business models and companies adapted to this new concept and are benefitting from it. Like McAfee *et.al (2015)* emphasizes "(…) technology acceleration and digitization of content has dramatically increased the potential for a recombination of innovation. (…) a re-use of existing knowledge is the main driver for innovation and economic growth. (…)" (Lang *et.al*, 2015).

In conclusion, co –creation is extremely important, since client's creativity, knowledge and capabilities can influence the creation of new products. Companies should be able to explore these capabilities and the possibility of design develop and produce products along with client's feedback and content.

## 2) Marketing Strategy

The marketing strategy is a coherent combination of product, price, placement and promotion, based in previous established goals in a competition market. The general strategy, should guide and create specific politics in these marketing areas. However, in order to be practiced it must follow an action plan previously designed (Lindon et al., 2013). In Ferrell and Hartline perspective, (2011:17) "(…) an organization marketing strategy describes how the firm will fulfill the needs and wants of its customers. (…) is a plan for how the organization will use its strengths and capabilities to match the needs and requirements of the market. (…) To develop a marketing strategy, an organization must select the right combination of target market (s) and marketing mix (es), in order to create distinct competitive advantages over its rivals. (…)". In Kotler and Armstrong (2012) perspective, marketing strategy is about: "(…) art and science of choosing target markets and building profitable relationships with them. The marketing manager aims, is to find, attract, keep and grow target customers by creating, delivering and communicating superior customer's value. (…)".

In order to create a successful marketing strategy is necessary to clearly understand and know our customers, they're desires, needs, characteristics and behaviors, and also the market where we are acting. After, is necessary to understand our organization and its strategy, values and mission. Only after this external and internal analysis is possible to define a solid marketing strategy.

Based on these statements it's clear that to follow a marketing strategy of an organization is essential to create a marketing plan with specific actions previously defined, in order to deliver the intended value to the target customer (Armstrong, 2014). However, these planned actions can't be defined in a random way, they should follow the data and information taken from an external analysis. The marketing process starts with the understanding of the marketplace and customer's needs, then design a marketing strategy directed to a specific target and based on this, construct a marketing plan and finally build profitable relationships and create customer's satisfaction. (Kotler and Armstrong, 2012).

The constantly changing external environment influences the market of an organization, thus if a company wants to prosper in a market, and not only survive, is extremely necessary for a marketer to analyze the external and internal environment. (Henry, 2008).

### 2.1) External Analysis

In order to construct a solid marketing plan is essential to explore and analyze the macro-environment around our market. Thus, a PEST (politic, economic, social, technology) analysis must be made before define any strategy or plan. This analysis evaluates and explores political, economic, social and technological aspects that might influence the organization's market. (Nejati et al. 2008).

To construct a marketing strategy, marketers must be able to answer to the following questions: "Who is your target?" and "How do you want to serve him?". In order to give a proper answer to this question is necessary to develop a Segmentation Targeting and Position (STP) analysis. To understand the customer market, and who are the potential clients for an organization's product is necessary to divide the market into small groups or segments that share similar needs, desires or characteristics (segmentation). After dividing the market in groups, marketers should analyze those groups and decide which ones are more important for the organization goals (targeting). Then, companies should decide how they want to differentiate themselves in this target market (positioning) (Kotler and Armstrong, 2012). Market segmentation is based on the division of the market into small groups of buyers that have distinct needs, desires and characteristics and might require distinct marketing mixes approaches. There are different criteria that can be used to segment, such as: geographic, through regions, market size, density and climate; demographic, divide the market through age, gender, income, race or family life cycle; psychographic, divide the market according with social class, lifestyle or personal characteristics; behavioral, divide the market considering its knowledge, attitudes or uses. In this last variable of segmentation is possible to divide clients considering the occasion of consumption (if only buys seasonally), considering the usage status (first-timers, ex-users or loyal users) and considering the usage rate (how often the client uses the product). To segment a market, marketers can use several variables of segmentation, the main goal is to create distinct groups that are measurable (easy to evaluate), accessible (easy to access and serve), sustainable (large enough and profitable to serve) differentiable (distinguishable between each other) and actionable (easy to apply actions) (Kotler and Armstrong, 2012) (Lamb *et al*, 2013). The next step is targeting, which is the choice of a "(…) group of people or organizations for which an organization, designs implements and maintains a marketing mix intended to meet the needs of that group, resulting in mutually satisfying exchanges. (…)". (Lamb et.al, 2013). A company can target a segment undifferentiated, considering the market in general without individual segments, using a marketing mix for all segments; concentrated, choosing only one segment (niche) of the market and direct is marketing action to it; lastly a company can also target in multisegments, considering two or more segments, developing distinctive marketing mixes for each. (Lamb et al., 2013). Kotler and Armstrong (2012), even define one more criteria of targeting, the mircrotargeting, based on tailored products to suit specific tastes, individual and location. In this targeting criteria are included two possibilities: location (products directed to the needs and desires of local customers) and individual marketing (products directed to the needs and desires of individual customers). The next important step is to set the positioning of the product, which is the way companies want customers define they're products (Kotler and Armstrong, 2012). This tool of differentiation, influences the brands and products perception in consumer's minds, comparing with the competition. In order to be able to define a proper positioning, is necessary to understand the competition's positioning in the market and in consumer's minds, determine the most important factor for clients, an then choose a position in the market. (Lamb et al., 2013).

In an external analysis in not only important to know who are our customers and they're needs, but also who are our competitors. According with Mercator (2013) authors, the competitor is someone that offers to the same market a product that can totally or partially substitutes ours. Today is more and more difficult to identify the true competitors, since is possible to offer the same products in so many different ways, without realizing that we have a direct competitor in next door. Thus, is essential to analyse the competition, and understand who are the direct competitors, which means who is selling the same type of products as our company, to the same target, through the same or similar channel. Although, the indirect competitors shouldn't be forgotten. These are those who don't sell the same type of product, but that sells similar and substitute products to our target. (Young and Pagoso, 2008). The competitors must be deeply analysed in order to marketers be able to understand their size, growth, profitability, products, image and positioning. In other words, is essential to now the strengths and weaknesses of our competitors.

## 2.2) Internal Analysis

The marketing strategy should be allied with the missions and goals, of an organization, since the marketing plan is the tool to acquire them. In other words, companies should be able to understand how they want to position themselves in the market, and what is their value preposition (Kotler and Armstrong, 2012). Companies must be able to define their purpose in the market and their mission. A mission is what a company's wants to do, and in order to establish a clear mission is necessary to understand the business of the organization. Thus is necessary to answer to key question such as: "What is our business? What it should be? What it will be?". If this questions are properly answered the mission will be clearly defined. However, is not that simple, since a business definition can be customer or product oriented, depending if values more the customer's needs or the product and market. A clear mission will guide the organization's departments that have to create their own marketing plans that consequently must always be in accordance with the company's mission.

The vision of a company is the desired and idealized future of an organization, in other words is what the company would like to achieve. Good vision statements motivate companies and employees, which contributes to the success of a company. (Hill, Jones, 2009).

The values of a company state the "rules" of how managers and employees should act in the business market and towards the organization. "(…) values are commonly seen as the bedrock of a company's culture. (…)" (Hill, Jones, 2009). In other words, values are the standards and norms that employees must follow in order to achieve the organization's mission and goals.

The goals are only established, after the organization previously define its mission, vision and main values. The goals are a precise and measurable future state that a company seeks to achieve. Thus, the goals must specify in a precise way the vision and mission previously defined. (Hill, Jones, 2009).

The mission, vision, values and goals of an organization are always based on the resources and strengths of a company, its competitive capabilities, customers and environmental issues.

## 2.3) SWOT Analysis

The SWOT analysis is an excellent tool that summarizes all the internal strengths and opportunities and external weaknesses and threats. This analysis is a management tool often used in companies as a way to summarize the strategic analysis. In a general way the SWOT analysis allows the companies to evaluate the intern and extern environment, quickly identify their own strengths and weaknesses as well the threats and opportunities in the external market. Because of this general diagnosis, this analysis helps companies to understand which is the better path to go. In other words, is a way of understanding which is the best strategy to follow Strengths and weaknesses focus on the present and in the internal environment. This part of the analysis tries to verify what the company can face in the future, what makes difference in the market. Opportunities and threats, evaluate the external environment, how the market is evolving, who are the main actors, who are the clients and how the company is positioned in it. After considering all these factors, the SWOT analysis should be discussed and based on that thoughts strategies should be defined. The SWOT analysis should be able to clearly identify what are the key factors that establish the company's priorities and helps defining clear strategies. (Lindon *et al.* 2013) (Nejati *et al.*,2008).

## 2.4) Marketing Plan

According with Ferrell and Hartline (2011) "(…) A marketing plan is a written document that provides the blueprint or outline of the organizations marketing activities, including the implementation, evaluation and control of those activities. (…)". Kotler and Armstrong (2012), define the strategic planning concept, as the process of developing and maintaining a strategic fit between the organization's goals and capabilities and its changing marketing opportunities.

A marketing Plan allows the company to anticipate certain situations, through previously determined tactics or actions and builds customer's relationships by transforming the marketing strategy into actions. (Kotler and Armstrong, 2012). Marketing plans is a tool take advantage of the opportunities and adapt the organization to a changing environment.

An effective marketing plan integrates all the marketing mix elements and creates a final program that seeks to achieve a previously established goal. In order to create a coherent marketing plan there are some mandatory steps that should be taken (Borth, 2013) (Luke, 2013):

1) Define specific goals that summarizes exactly what the organization wants to accomplish. However, should be understood that setting too many goals will result in dilution of efforts or failure.

2) Construct an organization's strategy, based on its vision to own a competitive place in the industry.

3) External research: is mandatory to know the market tendencies, your competitors and most of all your customer's behavior;

3.1) Internal Analysis: the organization mission, vision and goals must be allied with the marketing goals

4) Conduct a SWOT analysis that will summarize all your external analysis, all the strengths, opportunities, weaknesses and threats of your organization.

5) After this first part, marketing goals should be defined, in order to identify which obstacles the marketing plan needs to overcome;

6) Define specific tactics, each goal must have a correspondent strategy or tactic that must be detailed;

7) Set a timeline and respect a budget. These two steps must estimate when an action should be taken and how much the organization will spend in each action.

8) After establishing this plan, the organization should track, and understand which tactics are working and which are not, and then do an evaluation. According with the results of this steps adjustments can be necessary.

**3) Marketing Mix**

In the beginning the main objective of marketing was to support the production, along with financial and human resources departments. In 1950 Neil Borden developed marketing mixes, as the idea that marketing managers were "mixers of ingredients", in order to fit their client's requirements. More further in 1960 McCarthy, established the definition of the 4 P's and marketing gain some form and was separated in 4 big areas: product, price, promotion and place. The main goal of this division was to "(…) create a simpler framework around where managers could develop their planning. Although there was some recognition that all of these elements might be interlinked (…)" (Baine *et al.*, 2013). With the evolution of the economy and of the society, became necessary way much to define marketing than just 4 P's. Thus, more p's were defined: people, process, physical evidence, public opinion and political power. (Kotler, 2010). Usually the 7 P's theory in commonly used in the service industries, while the remaining business keep following the traditional way of communication. In this way marketing became more strategic and less tactic. In other words, after this concept, was introduced a new model of strategic marketing, based on the need of analyzing the market, the target and the competitors, with segmentation, positioning and targeting (STP). With the globalization and the emergence of the internet, born new types of marketing: emotional marketing, experimental marketing, and brand awareness. This was a very important step for marketing, because was finally understood the importance of the client and its mind to marketing.

This gave birth to a whole new concept: the 4 C's, based on the consumer point of view: consumer (its satisfaction), cost (the total cost of owning the product), convenience (easy of buying and convenience in reach the store place) and communication (advertising, public relations, personal selling and other communication tools).

Today marketing has a very important role in a company's performance, since it provides the means of getting deeper insight of the market and consumers' minds. According to Kotler, marketing mix is a set of controllable variables that the firm can use to influence the buyer's response. These four points helps the company develop a unique selling point as well a brand image. (Kotler *in* CKGSB Knowledge, 2013). He also sees Marketing Mix as the combination of four elements that every company has the option of adding, subtracting, or modifying in order to create a desired marketing strategy. In other perspective the same author defines marketing mix as the set of marketing tools that a firm use to implement its marketing strategy. Basically, marketing mix is everything that a firm can do to influence the demand of its product (Kotler and Armstrong, 2012). In order to deliver its value preposition an organization must have a product to satisfy a market need, needs to decide how much will charge for it, where will make it available and needs to communicate it and persuade the target to acquire it, through promotion tools. (Armstrong, 2014).

In order to better understand the importance of these areas of marketing was conducted a deeper research and according with Hanssens the components of marketing mix complement each other: "(…) advertising contributes to economic value, not as an isolated activity, but rather an amplifier of other activity in marketing mix (…)". (Hassens, 2009). Hassens also defends that 80% of marketing actions are derived from its synergy with other actions.

In these sense is important to define each element of marketing mix:

- **Product** – In order to succeed in the market, a product must be wanted and needed by clients. Product includes the physical unit, package, design, warranty, brand name, company image and value. A product can be a tangible good, ideas or services. (Lamb, 2012). Each component of the product has its own role in emphasizing the product characteristics and advantages. (Lindon *et al.*, 2013). People buy products because of their benefits and meanings, thus is essential that a product creates value to customer and that the marketers now exactly what the customers wants and needs (Chartered Institute of Marketing, 2009).

- **Price** – Price is about what the consumer needs to give to obtain a product, is what a customer is prepared to pay for a product. This is the most flexible marketing tool, since can be changed at any time. (Lamb, 2012). Price is the marketing mix that seeks to transform the product in profit. Is an abstract, immediate and differentiated variable. Price is often what positions the product in the market and in consumer's minds. Thus, the definition of this tool must be extremely studied and strategically defined, in order to be competitive. The price is the only mix that can represent a revenue, all the other mixes represent costs. (Lindon *et al.*, 2013) (Chartered Institute of Marketing, 2009).
- **Place** – Place is concerned with making the product available to the consumers, when and where they want. (Lamb, 2012). Place is very often called "Distribution", since part of its role is to transport and store the product in a way that makes it available. This route between the product and the consumer is composed by intermediaries that assure the transportation of the product. In other words, place is where customers buy the product and is also the means of distributing this product. (Chartered Institute of Marketing, 2009). Defining the distribution channel shouldn't be a neglected tool, since it can influence the product image and positioning. This is a non-flexible tool, that once defined can't be easily modified, since represents serious investments. Thus, the definition of this marketing tool must be previously and continuously analyzed in order to be adapted to the environment evolutions. Thus, is extremely important that the product is available in the right quantities, at the right place and time, being sometimes advised to keep storage. This mix is also responsible for one of the facts that clients value the most, the delivery time. In this sense is extremely important to choose an adequate supplier. (Chartered Institute of Marketing, 2009).
- **Promotion** – This area of marketing includes several areas of communication, such as: public relations, sales promotion, advertising, personal selling, branding and corporate identity. The main role of promotion is to inform the consumers about the product benefits and features, and in this way persuade them to acquire it (Lamb, 2012). This tool seeks to construct an image of the product through the many ways of communication, already referred. The main goal of promotion must be to attract

consumers, connect with them (e.g. through sales reps) and build a product image. Before defining the promotion strategy, companies should analyze their goals, and based on that define which are the more adequate tools of communication. A good communication strategy works in an integrated way with all the communication areas. This might be the most famous tool of marketing, especially in nowadays with the social and economic progress and, of course, with the power of the internet. As Tarabasz (2013) focus, most companies choose e-media, because they know that they will be able to reach a wider target. The internet made communication with customers easier, the feedback faster, and made the contact of clients with companies easier.

- **People**: In this mix are included all the people that communicate a brand's product. This mix has a very high responsibility since concerns the communication with customers, represents the brands and its reputation. For some, the mix people is more important than price in terms of positioning and purchase decision. Thus, is extremely important to have the adequate people communicating with customers, in order to deliver the best perception and service to the client. (Chartered Institute of Marketing, 2009).
- **Process**: Concerns the process of delivering a service and the behavior of who delivers it. The process can have a tremendous impact in the customer's perception, since if it's not good enough or not acceptable to the client, can damage a company's reputation and affect the return of those unsatisfied clients and their peers. (Chartered Institute of Marketing, 2009).
- **Physical Evidence**: This mix is only applied to services, since they are intangible goods and for that generate uncertainty, since there's nothing to touch or see. Thus is always necessary to have something tangible in your service, even if it is a paper, the clients must always have something physical and tangible. However, is extremely important that the physical evidence presented to the client is in accordance with the company's values and principles. (Chartered Institute of Marketing, 2009).

In a deeper understandment of this points of marketing, some studies about the effects of marketing strategy in brands were analyzed, and was concluded that: **Price** discounts usually play a tactical role by generating strong bumps in the short run, however some defend that it can prejudice the price strategy, in a long-term (Ataman *et al.* 2010); **Advertising** has the brand image strength, causes greater awareness, differentiates the product and builds brand equity. Enhances the product quality and leads to an increase of brand equity. Sales are positively affected by advertising in a long term strategy (Ataman *et al.* 2010). According with Huang and Sarigollu (2011) advertising increases brand awareness by exposing brands to customers, and consequently creates the possibility of the brand be included in consumer's consideration; **Product** enhances a brand's perceived quality, increases purchase likelihood and builds equity; **Distribution,** can affect brand's performance, but as with product, theoretical and empirical evidence for these effects is limited. The breadth of distribution leads to higher base sales because the wider the availability is, the easier is the consumer's ability to find the brand. (Ataman *et al.* 2010). According with other studies, anything that causes exposure of the product, contributes to brand awareness, hand helps the consumer recognizing the brand. Also, is more than proven that the stores environment facilitates de linkage between brand and the product category (Huang and Sarigollu, 2011). In conclusion, with this article is possible to affirm that, on one hand distribution, along with product, plays one of the most important roles, since without it there's no sales. On the other hand, price and advertising are more limited in their ability to differentiate goods, since they only work in long or short term tactics.

# III. Optical Market

### 1) Market Overview

The Portuguese Optical Market is characterized by the prominence of chains as the main actors. In the past years, was observed a tendency of grouping and the appearance of national and international chains, that together lead and set the market tendencies. This tendency to group, was caused by the strong emergence of chains that crush the smaller operators of the market, being the only solution become part of a larger Group that can help with financial stability and marketing support. Through these tendencies these main actors have the power to control the entire market, where the traditional operators follow the moves of the major leaders.

An optical store has the main object of offering optical products and services that contribute to improve the visual health of the final consumer. The offer of the optical market can be divided in five main segments: contact lenses, ophthalmic lenses, frames and sunglasses, cleaning solutions and workshop. Today is more difficult to the opticians to convince the final consumers and attract them, since they are more informed than ever about new solutions and the competition is stronger day by day. (VER Magazine nº55, 2014).

Currently there are five main wholesalers acting in the Portuguese Market: Luxottica, Sáfilo, Proóptica, Marcolin and DMDI. These actors are mainly focused in the segment of frames and sunglasses, with the exception of Proóptica, that offers solutions to all the optical segments. Sáfilo, Luxottica and Marcolin are international companies, with subsidiaries in Portugal, representing mainly international brands of frames and sunglasses. Proóptica and DMDI are the major Portuguese companies acting in the market of frames and sunglasses.

## 2) Characterization of the Market

In 2013 there were approximately 1700 optical stores in the Portuguese market. These stores are located mainly in Lisbon, Porto and Setubal, which represents 50% of all the stores. This means that in Portugal there are 6.2 thousands of people for each store.

Comparing with other countries, with a larger number for population, is possible to observe that Portugal has more supply than demand, considering that in 2013 in Spain there were 5.9 thousands of people for each optical store, and in France were 6 thousands of people for each store. Although a decreasing of the number of optical stores was felt, and in 2013 was registered a decreasing of 25%, comparing with 2012. The financial and economic crisis is seen has the main responsible for this decreasing, however the emergence of chains and groups have also responsibility in these results.

In other words, the country invested in a strategy of expansion without a sustainable financial situation. Between 2010 and 2011 the business volume diminished around -5% which represented a risk to the national market sustainability. This tendency was also felt at an international level but in a lower scale, since in 2012 the general business volume of the European market diminished only -0.2%, comparing with 2011. (VER Magazine nº51, 2013)

As was already mentioned Lisbon, Porto and Setubal, are the Portuguese cities with a large business value, 49%, 13% and 6% respectively. Although, the Portuguese regions with a smaller number of optical stores are Bragança, Vila Real and Viana do Castelo.

According with the data of 2014, the market worth around 445 M €, representing a decrease of around -11 M€, comparing with 2013. In 2013 the market value was of 455 M€, which represented an increase of 44 M€, comparing with 2012. (Coface,2014).

Thus is possible to conclude that the number of optical stores has been decreasing, as a consequence of a past strategy based in financial instability and higher offer than demand. Also, the emergence of chains in the market, influences this tendency, that promises to continue. In 2013 the market grown exponentially comparing with 2012, however due to the economic situation and to the market tendencies, the growth from 2013 wasn't possible to maintain and decreased in 2014.

**3) Business Areas**

Considering the business units, the sales volume is led by ophthalmic lenses with approximately 43,5% of the total, followed by frames with 27%, contact lenses and cleaning solutions with 16%, sunglasses with 13% and professional services with 0,5% of the sales. Regarding sunglasses, the data only considers the optical channel, since the majority of the sales of this product is made in alternative channels. (DBK, 2009).

On one hand, in the last few years the segment of frames has been threatened by the laser surgeries that had limited the growth of this business area. On the other hand, was registered a growth in the utilization of the eyes, by the human being, with the increase of utilization of computers, and also because of the growth of the longevity of life.

Considering the market of sunglasses, the prospect of growth is significant, since is becoming more and more a fashion accessory and because has the advantage of being used by everyone, even by those who have done laser surgeries or by those who use contact lenses. There's also a higher concern with the occidental market that is now more preoccupied with the health and the quality of life, which implies a higher use of sunglasses. Although, this business unit faces the threat of alterative markets, that are starting to compete in a direct way with the opticians.

Considering this, is possible to assume that de retailers that only sell frames will not have a considerable growth, and will feel the need of investing in other strategic business units like lenses or workshop and accessories.

In the opinion of Proóptica's CEO "(…) The current Portuguese market is in fast changed, is a market focused on the entry of new international players (…) is more instructed, answering in a better and efficient way to the consumer's needs (…)". *(Justino in interview).*[1]

### 4) Players

In the last few years we have seen a concentration of the business volume and of the number of optical chains and groups. Thus, is possible to verify that more than 60% of the Portuguese optical establishments are integrated in a chain or group. The principal chains operating in Portugal are: GrandVision with around 66 M€ of business volume, this group includes Multiopticas, GrandOptical and Solaris brands; Pharmacontinente with 15 M€ of business volume, and this group includes all Well's Optica stores from Sonae Group; Mais Optica with 11 M€ of business volume, and this is the representative of the General Optica, Spanish chain. Along with this three main chains is also possible to detach other Portuguese Franchising Groups that have been growing in the last three years, such as: Optivisão with 7 M€ business volume and OMB (óptica Médica das Beiras), with 8 M€ of business volume. (Coface, 2014).

The value of this chains has continued to grow in the last years, and had implemented the concepts of "fast glasses" ready in the moment at the lowest price. This tendency impacted the sector significantly and changed the traditional way of selling. The first players that were mentioned (Gradvision, Pharmacontinente and Mais Óptica) have a strong power, considering the large number of stores that they own across the country. This allows them to obtain valuable agreements with international suppliers, and privileged purchase conditions in Portugal and abroad. Although, should be remembered that Coface studies considered that the optical market has been decreasing around -1,14% from 2009 to 2010, and continuing the scenario to 2011, with a variation of -5% of the business volume. This scenario is similar at an international level, considering that in 2013, the European market registered -0, 2% of business volume, from 2011 to 2012. However, some countries have contradicted this decreasing, such as France and Germany, that registered a growth of the business volume, of +1,2% and 2,6% of business volume. These values are based on the growth of sales of the contact lenses market (+1,1%) of ophthalmic lenses market (+0,5%), and also by the maintenance of the frames sector that registered a growth of +1,9%. The sunglasses sector was the only one that registered a decreasing of approximately -5,2%. (VER Magazine nº51, 2013).

[1] See Attachment 1

### 5) Wholesalers

Considering the Retail market, is possible to verify that the sales of ophthalmic lenses represents 44% of the total, followed by frames with 27%, contact lenses with 16% and sunglasses with 13%. According with Coface data, is possible to affirm that in 2014 the market value approximately 445 M€.

In the Portuguese market of frames and sunglasses is possible to distinguish five main wholesale companies: Luxottica that registered 23813.291 M€ of business volume in 2014, which represents a growth of 1.3%, comparing with 2013; Sáfilo with a business volume of 12830.299 M€ in 2014, more 16.5%, comparing with 2013; Proóptica with a business volume of 3113.116 M€ in 2014, which represents a growth of around 17.7% comparing with the previous year; DMDI that registered a business volume of 2225.336 M€ in 2014, which represents a decrease of -13,4% comparing with 2013; and Marcolin with a business volume of 1467.427 M€ in 2013, less -5.5% than in the previous year. Thus, is possible to affirm that Proóptica is among the Top 3 of the companies acting in the Optical Market.

## IV. External Analysis

### 1) PEST Analysis

The PEST (Political, Economic, Social and Technologic) analysis studies the macro environment around the subject under study, which will help to set main conclusions and understand the external environment.

**Political**

Portugal have a democratic political system that is formed by four sovereign organs: Assembly of Republic; President of Republic (Aníbal Cavaco Silva), that has the final decision about every government measure; the Government, composed by the Prime Minister (Pedro Passos Coelho) and his ministers, being the Prime Minister responsible for all the government and minister’s work. Is possible to affirm that currently Portugal crosses a political crisis, mainly caused by the results of the previous elections, that didn’t reach clear results, and no party won an absolute majority. This ambiguity in the elections is mainly caused by the economic and financial instability that has been felt in the country in the past four years and consequently is easily transmitted to the political environment.

Portugal is part of the European Union, and its political environment must be allied with the European reality "(…) the two main Portuguese parties are committed with all the European context and with all the Portuguese commitments. There's a natural uncertainty after the elections, but I think that the main lines are already defined (…)"(José António Alvarez *in* Journal "Diario de Notícia", 2015).During the past years the international banks and financial institutions had mentioned the risk that the political situation of countries like Portugal, Spain and Greece can represent, since are emerging a large quantity of parties against the austerity measures, which creates an international and financial instability (Journal "Jornal de Negócios", 2014).

The political instability clearly affects the economic reality, which consequently affects the environment of the market under study that like was already verified has a tendency to decrease.

**Economic**

Portugal in now crossing an economic and financial crisis that reached its peak in 2011, when Portugal signed a rescue contract with FMI in order to decrease the budget deficit. This contract forced the country to set and define austerity measures to balance and recover the economy of the country. With this program of financial restructure, the taxes increased and the social supports decreased, which affected the population's purchasing power. (Journal "Económico", 2015). The main goals defined with the FMI have partially been accomplished and in the beginning of 2015, the public deficit represented 5.8% of the GDP (Gross Domestic Product), it was worse than the previous period in terms of value, but in terms of percentage of GDP improved, mainly due to the economy recovery. (Journal "Público", 2015).

However, the Government had faced some obstacles to fulfill the goals and measures accorded with FMI. Some of the major obstacles are the intransigence of the Constitutional Court that is not allowing some of the economic measures proposed by the Government. Another example of obstacle is the situation of the Portuguese bank Espírito Santo that forced the Government to inject money, in order to avoid its bankruptcy (SantanderTrade, 2015)

According with the Bank of Portugal, in the first decade of 2000, the evolution of the Portuguese economy registered a constant decrease of the GDP, and was characterized by macroeconomic unbalances, with several structural problems, that were never solved. Since then the tax of unemployment had consequently increased as a consequence of the economy failure. (Económico, 2014). Although, in 2014 this tax registered the first decreasing of 13%. However, this results may be influenced by the increase of immigration, mainly by young people with high professional training.

In the beginning of 2015, between January and March, the Portuguese GDP, increased around 1.4%, which can be a promising factor to the national economy. This increase is mainly based on the decrease of importations and the increase of exportations, which means that the international demand is contributing to the growth of the national GDP. Also, the private consumption registered a slight growth. (Jornal de Noticias, 2015). Since 2013, the country has been registering positive values of growth, around + 0,3% in 2014.

In general, the confidence in the Portuguese economy is very low, and was influenced by the serious political and economic problems faced in the past two years. The banks and markets are still very retracted, which damages the market and consumption dynamic. Although, the confidence in the national economy has been changing and becoming more promising, which means that the lack of confidence in the economy might change very soon.

This economic conjuncture affects directly the market under study, because if the economy is retracted it means that there's no consumption, which can lead to the closure of optical points of sale, and consequently a decrease of consumption of optical products. According with the data from the consultant "Informa D&B", in 2013 was registered a decrease of 3% in the Iberian optical market. Frames and sunglasses is the segment with the biggest retraction, since people are more directed to the new low-cost offers. (Meios e Publicidade, 2013).

However, the expected change of the economy direction might recover the consumption level and confidence of the Portuguese population, and consequently the increase of this business industry.

**Social**

The economic crisis had a huge impact in the consumer purchase behavior, which is more and more relational and contained. A study from "Observador Cetelem", concluded that 79% of the Portuguese population considers that its financial situation is worst comparing with five years ago. Thus, Portugal is the European country with the worst perception about its financial situation. Only 15% of the Portuguese consider that the economic situation is better than in 2009. Part of these inquiries feel that there are a lot of limitations and restrictions in their current purchasing power, only 2%, considers that there are no limitations in the current purchasing power. (Journal "Jornal de Negócios", 2015).

However, in the end of the last year, the purchase power increased around 3.9% for the first time in two years. This result in mainly explained by the inexistent inflation tax, due to the increase of the GDP and due to the decrease of population in the country. (Journal "Jornal de Negócios", 2014).

Since the economical results are promising and indicate growth, the purchase power, and the society may follow the tendency and become more confident.

This decrease of confidence and decrease of purchasing power give place to new tendencies in the market, like the low-cost trend, that is present in almost every industry. The optical market is not an exception here, being more difficult to the small player to compete with this prices that for part of the population is the most important factor.

**Technological**

Is possible to distinguish some technological advances that influence the market under study, such as the constant improvements and discoveries made in the lenses industry, such as NIKON ophthalmic lenses, with lenses See Coat Blue lenses that have a blue light control technology that enhances the contrasts on digital screens and reduces the level of high energy. This technology is important, since in nowadays the population spent a large part of its time in front of digital devices that have LED and blue lights. These new lenses solute and avoid these blue lights, are more scratch resistant and avoid the dust accumulation, which reduces the cleaning and makes it easier. (Nikon-lenswear.com, 2015). Recently Zeiss also launched a new type of lenses "MyoVision" that seek to contain the progression of myopia, through a technique "called Peripheral Vision Management technology – it corrects for sharp central vision while also moving the peripheral image in front of the retina. Its first research shows an indication that it has an effect of sending a signal to the eye to reduce progression of eye elongation." (Zeiss.com/visioncare)

The 3D image has also started to show some impacts and importance in the optical market, with new avant-garde technologies like the Fitting Box that is now launching a technology based on the facial recognition. This technology allows users to try glasses virtually, in real time. Currently the researchers are studying the possibility of adapt these technologies in shop windows, interactive kiosks and screens. (fittingbox.com, 2015).

The laser surgeries are another technological advance that is changing the optical industry, since some eye problems like myopia or cataracts are being treated through these surgeries. One of the more famous eye surgeries by laser is the phacoemulsification surgery that seeks to treat the eye cataracts. This surgery extracts the cataract trough ultrasounds of high precision, which emulsifies the core eye, and then facilitates the extraction of the cataract. Since in this surgery is extracted also the eye crystal, after the extraction is implanted in the eye an intraocular lens. In some cases, this intraocular lens even substitutes the use of gradated lenses. The main benefit of phacoemulsification is that is less aggressive since there's no need to open the eye cornea, like the traditional method. Another famous eye surgery is the LASIK procedure, very well-known in the world, for its capability of correct refractive errors like myopia, astigmatism our presbyopia. This procedure uses special laser that seek to find a "flap", which is a thin corneal tissue pane. The correction of the refraction error is made in the intermediary part of the cornea, preserving in this way the external part that at the end of the surgery is replaced. Since each eye is unique, and has its own characteristics all the procedure is first programmed in the computer, in order to anticipate potential problems.

Another important discovery in the optical industry is the bionic eye that is not a direct threat to the optician's but is a very big step in the eye industry. According with the Bionic Institute, a bionic eye is a technology that allows to "mimic the function of the retina to restore sight for those with severe vision loss. It uses a retinal implant connected to a video camera to convert images into electrical impulses that activate remaining retinal cells which then carry the signal back to the brain." (Bionics Institute, 2012). Today the bionic vision system in a camera that is attached to a pair of glasses "that transmits high-frequency radio signals to a microchip implanted in the eye. Electrodes on the implanted chip convert these signals into electrical impulses to stimulate cells in the retina that connect to the optic nerve. These impulses are then passed down along the optic nerve to the vision processing centers of the brain, where they are interpreted as an image." (bionivision.org).

This kind of technologies may change completely the Optical Industry as is known today.

**2) Direct Competitors**

**2.1) Centro Style (CS)**

Centro Style is represented in Portugal by the company A. J. Borges, created in 1963 and represents the well-known Italian brand Centro Style (CS), specialized in optical products for workshops and accessories products. This brand is the main competitor of B&S in terms of offer and quality of the products.

Through the years this competitor has been growing in terms of business. The last data known is from 2014, where Borges registered a total of 739.050 M€.

The range of products of Centro Style is very similar to B&S, not only in accessories but also in workshop. We can say that because of the representation of Centro Style, this is the main direct competitor of B&S in the segment of Workshop & Accessories.

### 2.2) 3T

Lusíadas is a Portuguese company with 17 years of experience in the market. In terms of business structure is more similar with Proóptica, since is a company that offers frames and sunglasses; furniture solutions, lenses, equipment for optical offices and workshop and accessories materials.

In terms of workshop and accessories, Lusíadas represents a low-cost brand, 3T, being more similar with Optical Essentials products.

## 3) Clients

In the beginning of this Project was mentioned that in 2013 there were around 1700 optical stores in Portugal. According with Proóptica's data from 2014, 70% of this stores (chains and distributors) are Proóptica's customers, and 800 of these distributors use B&S and OE products.

Considering Proóptica's data from 2014, about the purchasing habits of existing customers, was possible to verify that around 600 stores purchase only B&S products, and around 4 purchase OE products. Based on the data in Table 1, can be concluded that 44 stores purchase 50% of its workshop and accessories products at B&S, and 11 at OE. (Proóptica's data from 2014) Although, should be considered that these numbers and data are from 2014, and since then the business unit grown already 22%.

**Table 1 - Purchase of B&S and OE products by existing Customers**

| PURCHASE LEVEL | BS | OE |
|---|---|---|
| **100%** | 607 stores | 4 stores |
| **> 80%** | 206 stores | 1 stores |
| **> 50%** | 44 stores | 15 stores |
| **> 40%** | 8 stores | 7 stores |

*Source: own elaboration (Proóptica's data from 2014)*

The interviews to some Portuguese opticians, also allow to conclude that the majority of the clients are not loyal to one brand. A large part of the clients purchases both B&S and OE products, and other products from competitors.

### 3.1) Types of Clients

According with the Director of Workshop and Accessories of Proóptica, the current market is divided in: modern distributers; chains and traditional market. (Rui Silva in Interview)[2] As was also mentioned in the chapter of players in the market, the chains are currently dominate the market.

According with the current strategy of Proóptica, chains had revealed more and more potential because when they purchase, is for a large number of stores. Although the traditional market shouldn't be forgotten, and they represent a large slice of the workshop and accessories sales of B&S and OE.

In order to understand which direction the sales rep should follow, is first necessary to read the type of customer: "(…) describe and identify the client's values. Through that, Proóptica is able to see all the levels of clients we have in the market, and adapt its offer. (…) If we understand that the client value quality and prestige, I present B&S. If it is a client that values price, I present OE. However, before that, the values of the client tell me what type of client I'm I facing: Does he have or not technical knowledge? If he has deep optical knowledge I can make him a mix of both brands, giving to him OE in the most rotational products were top quality is not so determinant, as it is in machines or measuring tools. If the client doesn't have technical knowledge, I only present B&S, and then I can see if he values more brand or price. (…)" (Rui Silva *in* Interview).

### Chains

This type of client has a big dimension, and usually owns a large quantity of stores. They are mainly located in Shopping malls, or own big stores in the most important avenues. Usually they purchase less times but in large quantities. Because of their dimensions, and big representativeness in terms of turnover, this type of clients possesses special purchase conditions.

[2] See Attachment 2.

Usually Chains and Groups are confused, so it's important to explain the difference between this two types of clients. Chains are big stores that own brands and concepts, but that only have own stores.

**Groups**

Groups have similar size with chains, have own brands and concepts, but is composed by independent stores. The commercial conditions of groups is different from chains, since each independent store from a group can make its independent purchase choices, while the stores from chains can't. The independent stores don't have the economic capacity of chains and they purchase more often in smaller quantities. Usually this type of stores is located in main avenues and in streets, having specialized people and optometrists working in their stores.

**Traditional Market**

This type of client has usually a small dimension and is located in city centres or old parts of towns. They buy several times, usually in small quantities. Traditional clients represent a large slice of the current market, although some of them are loyal to Proóptica's products, and because of that, they can negotiation with the sales rep's a special purchase agreement based on turnover goals.

### 3.2) Customers Behavior

Through the interviews conducted with Portuguese opticians, was possible to set important conclusions about the consumer behaviour in the workshop and accessories segment.[3]

Usually the client purchases according with price and previous experiences with the product or the brand. This means that is extremely important that the sales force has a very strong showcase and gives samples of products, so the clients can test the products for themselves.

In this kind of products, the client is very independent, and knows how to purchase alone, through the online store or telephone, with the help of B&S and OE catalogues. This shows how important is to send the B&S catalogue to the clients, since is one of the tools to purchase. Although, is also important to understand who makes the decision of purchasing and who chooses which material to purchase. With the exception of chains, that have specific campaigns, in a large part of the interviews, opticians considered that the campaigns are sent to the manager of owner of the store, and they only know about the campaign when is already over. Thus, the

[33] See Attachment 3.

campaigns and catalogues must be directed to those who make the decisions and not to the general store or director that at the end of the day, just manages.

The clients trust in Proóptica's and B&S services, thus, they look for support and advices about workshop and accessories products, very often through telephone. This means that the sales reps are not the only ones that sell the products, and that the office knowledge about B&S and OE products is very important.

Concerning the marketing communication tools, in general the client doesn't know that this tool exists, since is only offered by the sales reps. This happens mainly because workshop and accessories are the less important products for the opticians, and they rather focus their marketing communication on frames or lenses.

# V. Internal Analysis

### 1) Proóptica

Proóptica, Sociedade de Óptica e Representações S.A is an anonymous society born in 1993 with the headquarters located in Lisbon.

The company has as main object the wholesale trade of optical articles, complements and representations.

The products sold by Proóptica have its origin in acquired licenses from various countries, such as: France (LOGO Group, LAMY Group and MOREL Group), United Stated of América (USA) (REM OPTICAL) and Germany (Breitfeld Schliekert and Menrad Group).

The mission is to build strong relationships and partnership, sustained in confidence with clients, suppliers, collaborators and with the general community, based on a committed service and excellence. Proóptica aims to create value to its partners with a rigorous respect to deadlines and by satisfying its customer's needs and demands, through a continuous pioneering and avant-garde business in its four business areas. The Portuguese company wants to maintain the continuous growth and be a reference in the optical market through an integrated strategy.

This mission will be only possible through a personalized technique of selling, promoted by a very professional and dedicated sales team, and by an excellent and qualified post-sale service.

Proóptica also differentiates itself in the market, through the promotion of Portuguese brands as an alternative to the Italian groups.

The Portuguese company has the following main values:

- Human relationships;

- Partnership;

- Create value to the main stakeholders;

- Innovation in concepts, materials and design;

- Pioneering;

- Constant adaptation to the market;

- Familiar and professional organization;

- Concern with social causes.

Currently Proóptica adopts a strategy of differentiation. The sales argument is based in quality, notoriety, nobility of the materials and in the brands image. The company tries to detach essentially the higher quality, high prices, higher unitary margins, selective production and distribution and consequently lower market quotes.

### 1.1) History of Proóptica

In order to understand all the trajectory of the company, an interview with the CEO of the company was conducted. Proóptica was founded in April of 1993 as an importer and distributor of optical articles, having as first licenses the exclusive distribution of the brands Pertegaz and Adagio, from Spain, which maintained the familiar nature of the company.

In 1995 was introduced the brand Massimo Dutti, and the company initiated as new stage, where starts to be recognized nationally and internationally.

In 1997, were launched two pioneer brands, in terms of fashion: Converse All Star and Morgan. In 1998 the company reaches again an important stage and starts the representation of the brands Escada and Kenzo, becoming a recognized and stable company in the Portuguese market.

Considering that differentiation was always a goal, between 1999 and 2000 was launched the brand Cacharel and at the same time was founded an online strategy, which was an innovative measure in the national market at the time.

In 2000 Proóptica made another important step by signing an exclusive contract with the German brand Breitfield & Schliekert, to represent a new business area, the workshop and accessories.

In 2001 was launched the brand John Galliano, that included differentiation marked by fashion and style. In this year Proóptica signed the first national license with a well-known Portuguese designer, and started producing an eyewear collection for the brand João Rôlo, which allowed the company to get experience in direct importation from China and Hong Kong.

2003 was an extremely important year for the company, was the year where the partners structure was changed from 4 to two, and the year marked by the signing of a joint-venture with one of the biggest producers of frames of the world in the time, Airess Lunettes. As a subsidiary, Proóptica had to reorganize according the headquarters and according the local needs of the market. With this change the Portuguese company assured the exclusive distribution of several brands of importance in the market at the time: Dunhil, Kenzo, Galliano, Jean-Paul Gaultier and Morgan, which established Proóptica as a frames supplier, in a very important place at an international level.

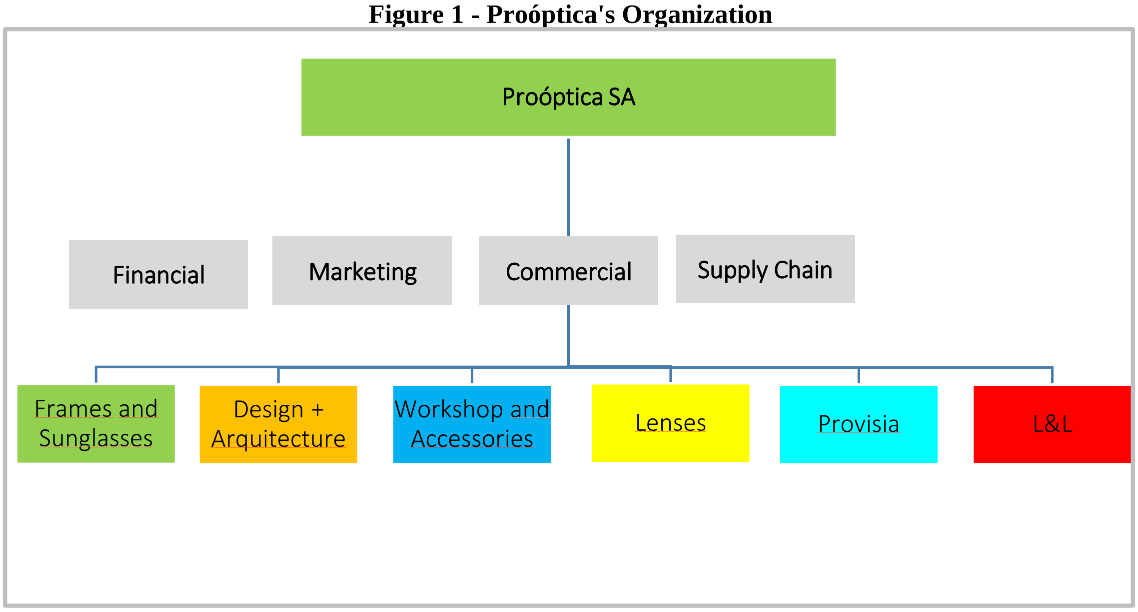
With the bankruptcy of the Airess Group, Prooótpica passed the first trimester of 2004 reorganizing all of its portfolio and strategy. Based on this restructure, in the next six years Proóptica invested on luxury segments with high notoriety, such as TAG Heuer, Fred and Gold&Wood. Also, the company invested in more Portuguese designers and textile brands with high notoriety, such as: Ana Salazar, José António Tenente, Lanidor, Quebramar, Dielmar and lastly in 2010 Throttleman. This strategy was proven right, since these brands allowed the company to practice competitive prices in the market, and not being only focused on the high prices market.

In 2009 the company expanded to the international market in Morroco and added a new strategic business unit to its portfolio with the representation of Nikon ophthalmic lenses. Thus, a strategy of integration began to be implemented in the company, being reinforced in 2013 with the creation of another business unit Design + Architecture.

In 2015 Proóptica made another big step by making a contract with the German group Menrad, which brought five new brands to Proóptica: Jaguar, Davidoff, Menrad, Morgan and Joop!. Proóptica believes that the relationship with this group will bring more independence in the market to the company, making it less dependent of other big groups, such as LOGO Group. However, should be explained that Proóptica doesn't have a unit production, all the products that the company sells are licensed and imported based on contract of exclusive distribution.

## 2) Organization

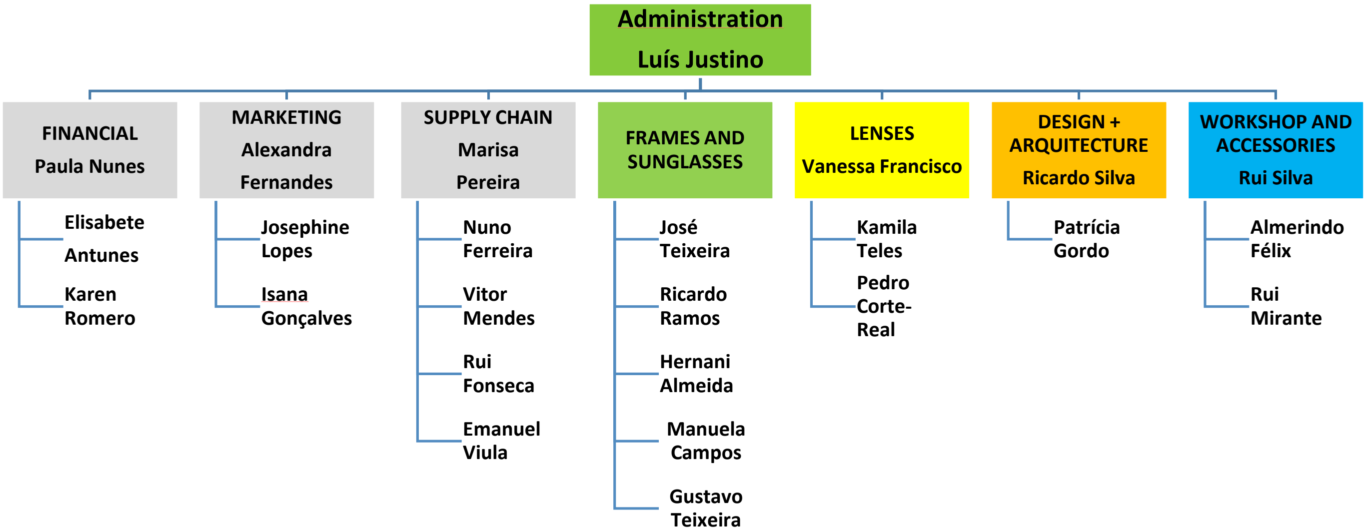
**Figure 1 - Proóptica's Organization**




*Source: Proóptica's elaboration*

In Figure 1 is possible to understand that Proóptica has three main support areas (Financial, Marketing and Supply Chain) that act in the four strategic business areas (Frames and Sunglasses, Design + Architecture, Workshop and Accessories and Lenses). The commercial act in all of the business units, is supported by the three structural areas. These four business units follow an integrated strategy based on common business leads and opportunities. Along with these core areas is located the International part of the company, composed by the Spanish company (L&L) and by the Marroquin company (Provisia).

**Figure 2 - Proóptica's Ornogram**




*Source: Proóptica's Elaboration*

Through Figure 2 is possible to verify how each area of support and business unit is composed. The three support areas are the key to the others success, since in order to succeed the other departments depend of the financial, marketing and supply chain work. The sales force is divided by territory, with two main divisions: North (Coimbra- Minho) and South (Leiria - Algarve). Each team should have 4 sellers, divided according the customer's portfolio and according the Key account management. The Workshop and Business areas has two specialized and autonomous reps that are fully dedicated to this area.

The evaluation and control are made by computed software that integrates all the management, clients, supplies, sellers and financial information, that can be accessed and worked by all departments, which created an easy an integrated way of working and share of information.

Proóptica always defended a collective culture, based on the external survival and internal control. This company adopts an informal way of working, based on a strong inter-personal relationship between departments and with clients.

## 3) Products Portfolio

**Figure 3 - Proóptica's Portfolio**


*Source: Proóptica's Elaboration*

In Figure 3, is exposed the current Proóptica's portfolio:

- **Frames and Sunglasses:**

- International Premium - Lux eyewear: In Proóptica's portfolio is possible to distinguish six international brands in the luxury segment, that differentiate Proóptica through the high technological capabilities, innovative designs and superior quality of its products, allowing the company to represent in Portugal premium brands. The suppliers are chosen according to their strategy based on technical competence and excellence in service. Thus, Proóptica respects its partner's culture, strategy and positioning, since they are essential to sustain progress and develop know-how.

- Fashion: In this segment Proóptica has five main brands, with a strong brand awareness recognized in the fashion clothes and accessories world, signed by designers that differentiate their products with chic details, sophisticated, fashion and elegant designs.

- Fast-Moving: The brands from this segments are direct to a very wide target, and are characterized simple and modern designs. Through each brand positioning is possible to reinforced a good perceived quality with an attractive price

- Portuguese Design: The Portuguese brands represent a strong bet of Proóptica in the Portuguese Fashion eyewear. This segment includes 5 Portuguese known brands, and present products well positioned and segmented, with good quality, trendy design and a price adjusted to the reality of the Portuguese economy.

- **Workshop and Accessories:** In this business unit, Proóptica represents one of the biggest suppliers of Europe - Breitfeld & Sckliekert that represents an excellent quality, ergonomics, efficiency and distinctiveness. The company sales team follows day by day the client, functioning as a consultant of the optician, always concerned in finding the best solution for the client's business.
- **Ophthalmic lenses**: Proóptica represents the brand Nikon that owns a large notoriety and allows the company to reinforce its positioning of high quality and technological differentiation, accessible to all budgets. This segment allows Proóptica to integrate the frames and sunglasses area with high tech lenses and create an integrated offer to the market.
- **Design + Architecture: Through** This department Proóptica creates value through turnkey solutions. The company develops all the innovation process, work and complements. This segment allows Proóptica getting closer to the client, through Taylor made solutions, creative alternatives and designs, value creation in all stages of the project, knowledge of the market and innovate design solutions.

These four business areas define Proóptica as a supplier that delivers integrated solutions, and that allows the creation of a larger web of clients. In the CEO words "(…) Proóptica adds value to the market every day, through its dedication and relational character. (…)" *(*Luís Justino *in* Interview*).*[4]As was already mentioned, Proóptica follows a strategy of integration of all business units that depend on each other, and thus must act together. Frames and Lenses are often presented together, since one complements the other; the Service Center offered by Nikon's workshop promotes B&S products, and detaches the importance of this business unit in the optical market; and the Design + Architecture area creates business leads to other business units, based on the confidence and experience transmitted. The entire components of the company must follow the same path and move forward together as one.

In the interview the CEO of Proóptica, mentioned that "(…) in the definition of our strategies we always have in mind the client. We are always concerned with our partners. (…) We developed a group of strategic business units with integrated solutions. (…)". *(*Luís Justino, *in* Interview*)*[5].

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[4] See Attachment 1.

[5] See Attachment 1.

### 4) Results

Proóptica's business volume has been growing in the past few years.

If we analyze the solvency ratio we can verify the strong financial solidity of the company and its capacity of satisfy financial commitments.

The working capital has been growing which means that is more than sufficient to assure the solvability of the company and build its security margins.

Professional and higher education has been one of the most valued characteristics in the company, which creates new competencies and improves the internal and external relations.

The company has its activity based on its headquarters in Lisbon, where is also based the only warehouse of the company. Proóptica covers all the territory with 8 permanent reps that are divided in two areas of territory and business: North and South and frames and workshop. Both territories have high potential and similar number of clients that represent a similar level of competition. In each territory the clients are divided per commercial that manages the client accounts. In the workshop and accessories department two of these 8 reps are specialized and focus only in this area, one in each region of the country. Thus, each client has a frames seller and a workshop and accessories seller.

## VI. Workshop and Accessories

### 1) Workshop and Accessories Segments

The workshop area of optics regards all the materials needed in an optical workshop, like machines, consumables and other tools, following a business model of B2B (Business to Business), since is based on products directed to the consumer's business that are essential to fulfill and complete is core business. This is the more important area of an optical store, since is where all the construction and creation of vision happens. All the innovation in machines and tools made so far, had as main object facilitate and deliver the best equipment to the optical workshops.

The accessories area follows a business model of B2B2C (Business to Business to Consumer) since offers commercial products and services in specific segments more directed to the final customer and not the business. In some way, the accessories products are essential to the client since they complement and improve its main offer. Part of this segment offer are products that seek to offer quick daily solutions, or specific needs.

**Table 2 - Workshop and Accessories Segments**

| WORKSHOP | ACCESSORIES |
|---|---|
| Machines | Ready Readers |
| Consumables | Safety Googles |
| Pliers | Sport Frames |
| Small and Precision Tools | Sun: sunglasses and Clip-On |
| Measuring Devices | Cleaning and Lens Solutions |
| Frame Parts | Useful and Practical |
| Working and Organizing Aids | |

*Source: own elaboration*

Through Table 2 we can understand how each area of business is divided. In the workshop area are included seven segments:

- Machines: To work with frames and lenses in a workshop. In this segment we can distinguish the following machines: Pupilometer (to measure pupillary distances); Lensmeter (to verify prescriptions); Ultrasonic (to clean and sterilize workshop material); Frames Heater (to heat frames) Lens Groover and Manuel Edgers (to open lenses) ; Polishing Motor (to polish frames); Drilling Machines (to create drill in lenses); Solder Machines (to sold frames); Polariscope ( to analyze lenses centers); UV Lamp (to fix glue in frames); Machines for lens coloring and Clavulus (to work in frames parts).
- Pliers: In this segment are included all kinds of pliers to work in each part of a frame. Each plier serves a different end, such as, inclination, parallel, pressure, adjust, nylon shapers, bending, pad removers, cutters and peening pliers.
- Small and Precision Tools: This segment includes all types of screwdrivers, drills, cutters, reamers, files, tweezers and small precision and cutting tools.
- Measuring Devices: This segment includes material to test and apply prescriptions, such as, trial frames and lenses, confirmation tests, prism foils, testing rulers, occluders, lenses clock (to measure lenses curve) and tenth caliper (to measure lenses thickness).

- Consumables: This segment includes all the materials needed to use in machines and frames, such as, adhesive blocking pads (used in lens cutting machines), materials to polish frames, material to color frames, pens to mark lenses, different types of glues and liquid silicone for frames, lens cleaners and solder material.
- Frame parts: this is the more specific segment of workshop that includes different types of nose pads, screws and nut Germans, in order to fit all the types of frames. In nose pads are included several types that can have two different systems, screw system or click system, is possible to distinguish the following: silicone pads, that can be symmetric and extra thin; PVC nose pads that can be flexible and tough; Plastic nose pads, that are very tough; hypo-allergenic nose pads and anatomic nose pads. In terms of screws, nutgermans and washers the offer varies in terms of size and colors, in order to fit all the types of frames. Since this chapter is dedicated to frames parts, are also included, different types of temples and temple tips (for griffins or normal frames; in metal or acetate), hinges and bridges (with different sizes and colors), nylon line and lens washer to apply when mounting frames.
- Working and organizing aids: This is the most recent segment of the area that includes labels to apply in exhibition frames and organizing boxes to use in the workshop environment and organize workshop works.

In accessories area are included six segments:

- Ready-readers: glasses with standard prescription, only essential in specific situations (reading, seaming or mechanic);
- Safety Googles: frames to use at work or in specific activities. This type of frames can be gradated with the client specific prescription.
- Sport frames: This segment includes all the types of sport frames, such as: swimming googles, cycling glasses, general sport googles and diving masks. This frames can also be gradated with the client's prescription.
- Sun: This segment includes materials related with sun and UV-protection. We can distinguish, all the kinds of clip on's (differ in terms of color, size and destination frame – acetate or metal), sun lenses (that can be polarized, in CR39 or polycarbonate) and sunglasses for kids.

- Cleaning and Lenses solutions: This segment includes cleaning liquids (normal or anti-fog), cloths and boxes for contact-lenses. All these materials can be personalized according with the client's needs.
- Useful and Practical: This segments includes Cords and ribbons (for adults and kids) to adapt in frames and also cases for frames that can be personalized according with the client needs.

In an interview with the Proóptica's Director of Workshop and Accessories area was possible to understand how this business area works. In order to construct an adequate marketing plan is essential to understand how important this area is to the opticians. The answer is not encouraging, according with the Director of the Business Unit "(…)in a scale of customer's needs from 1 to 7, being 1 the product more asked by the opticians in the management of its business and 7 its last concern, workshop and accessories are located between 6 and 7. This means that above our business area are all the others: ophthalmic lenses, machines to work with lenses, frames and sunglasses, contact lenses and store furniture.(…)" (Rui Silva *in* interview)[6]. This can be explained by the fact that workshop and accessories are not the optician's core business, being set aside and devalued in the moment of purchase. This information was also possible to confirm, through the interviews conducted to Portuguese opticians[7], that considered lenses (ophthalmic and contact) and frames and sunglasses, the most important products for their business.

Encouraged to fight this principle Proóptica decided that Workshop and Accessories should no longer be a complementary area, but a central area of business with high potential to grow, which was proven with a growth of 22% this year.

In order to be successful is necessary to continuously be aware of what is happening in the market. Which means that is not profitable to make long-term plans and catalogues, since things are constantly changing, especially in accessories segment, where factors like fashion or trends are determinant.

[6] See Attachment 2.

[7] See Attachment 3.

## 2) Prooptica Brands

Proóptica believes that this is a very important area in the optical market. Since 2000 the Portuguese company offers solutions to the workshop and accessories area, through the representation of Breitfeld & Schliekert, and later Optical Essentials. These brands have all the possible products and solutions for the opticians.

### 2.1) Breitfeld & Schliekert

Breitfield and Schliekert (B&S) is a German distributor of optical products for workshop and accessories. The company has already 80 years of experience in the international market, and is directed to the opticians that seek reliable products of quality with high guarantees.

The brand B&S is ususally associated with quality and the majority of the products have extensive guarantees. Besides that, the german brand made another efforts to distinguish itself from the competitors, such as in the design of its products, that are usually allied whit functionality. In order to create innovative and better products B&S listens to the needs of its customers, wich allows the company to undesrtand the problems of the market, and then create the best products possible.

B&S is divided in two areas: workshop and acessories. In the workshop area, the german company creates the following products: machines, pliers, precision tools, measuring devices, frame parts (pads, screws and temples); consumables (occluders or adhesive blocking pads) and working and organizing aids.In the acessories departement B&S dinstinguish itself with the sport frames from PROGEAR or with the safety frames, with an European certificate. Although the company also distributes reading frames, clip-ons, sunglasses for kids and cleaning and lenses solutions.

### 2.2) Optical Essentials

Optical Essentials (OE) is a company that was created by the need of a mid-rage offer in the optical market with basic and essential elements. Thus, OE was created in China, in order to produce optical products that have a fare price-quality relation, being directed to customers more focused on price with a reasonable quality.

With more than 10 years of experience this company seeks to satisfy the clients needs, by creating economic products for the optical market, from small parts until tools or machines. OE’s offer is based on seven main principles:

- Transparence: fast efficiency
- Consistent quality: Continuos and rigorous control system;
- Excelent prices: competitive price that don't descart quality;
- Essential and Objective Offer: Carefully developed in order to fill the clients needs;
- Low quantities of order: allows personalized orders, without the need of ordering large quantities;
- Stock management: Low time delivery;
- Ordering Systems: manual of online is simple and fast.

OE has 5 main areas of business: tools, pliers, frame parts and small pieces, acessories and work aids. This brand is distributed in Portugal by Prooptica since 2013, as an alternative and low-cost solution, that doesn't puts aside quality.

### 3) Workshop and Accessories at Proóptica

In the past four years the Workshop and Accessories area has been slightly increasing its performance. According with data of 2015 given by Proóptica this area has been growing around 22%, in terms of sales[8]. This growth can be explained by the bigger focus of the sales force of this area (now Proóptica has two sales reps specialized in workshop and accessories), the increase of communication and marketing actions about these products and the bet in chains and not only in the traditional market.

Currently Proóptica follows a strategy based on the value of the customer. Before presenting any brand to the opticians, is necessary to first understand if they have deep knowledge about this area and what they value the most: price with reasonable quality or a product with high quality that delivers confidence and safety. However, like The Business Director mentioned in the interview, the optical market is not linear, and the big clients of frames, may not be the same of workshop and accessories. The current market is characterized by several levels of clients that must be carefully evaluated by Proóptica, and only after that decide which brands should be presented (Rui Silva *in* Interview)[9].

[8] See Attachment 4, Chart 1 and 2.

[9] See Attachment 2.

Comparing workshop with accessories, in general both areas have been increasing its performance in the last few years. During the analysis to the chart 3 in attachment 5[10], is possible to verify that the workshop sales represents 47% of the business unit sales, growing around 5%, comparing with 2014. The accessories area, slightly decreased the sales representing this year 53% of the business unit sales, -5% comparing with the values of 2014. However, is possible to verify that the accessories area is more strong than the workshop segment, in terms of sales, mainly due to the type of product of each segment, that are more or less essential to customers. In the chart 4 from attachment 5[11], is possible to verify that the workshop sales increased around 28% from 2013 to 2014 and 40% from 2014 to 2015, representing here the strong power that this business area has been acquiring in the market. In the accessories segment was registered a sales increase of around 41% from 2013 to 2014 and 11% from 2014 to 2015[12]. Thus is possible to conclude that the accessories area lost power inside the business unit, but didn't decrease its sales. These results can also be explained by the agreements made with some of the biggest chains in the market and by the existence of two specialized reps dedicated to this business area.

This continuous growth is also a consequence of the increment of the number of clients. During the analysis of Attachment 6[13], was possible to conclude that in the last four years the number of clients in this area has increased, to be more precise, around 15% in the last year. Through this chart is also possible to understand which area conquers more clients. According with the data and in line with the graphics in attachment 4, was verified that through the year's accessories was the area that growth the most, also in number of clients. Although in the last year, this tendency was inverted, and workshop area grew around 20% in terms of number of clients, while accessories only growth 15.5%. This can be explained by the marketing actions made in the last year, the biggest focus on the workshop area made by the company and the continuous bet in Chains, rather that only in traditional market. Also to understand this data, should be remembered that workshop products are the last concern of the opticians, and that they only buy this kind of products when they need it, while with accessories products, clients buy it to have it in store permanently exposed, like other frames.

[10] See Attachment 5, Chart 3.

[12] See Attachment 5, Chart 4.

[13] See Attachment 6, Chart 5.

Like was already mentioned, the area of sales is divided in two zones: North and South, and the type of clients from each area are different. In general, is possible to affirm that the South zone concentrates more workshop and accessories sales, mainly because the headquarters of the majority of the big clients from Proóptica, are located in Lisbon and because there are more optical stores in the south region, than in the north. Still considering the perspective from the client's influence, the traditional market is still the main actor. Although, chains have become more strong day by day, which according with the information gathered in the interviews with opticians affects the business of the smaller players, that can't compete with their prices and communication power. Both in chains and in the traditional market the sales have been increasing and the business unit has a stronger position in the market, mainly because of the forcing made by the sales force, with two specialized sales reps in this business area and also by the special agreements made with these clients.

### 3.1) Performance in each area

### Workshop

Considering all the segments that compose this area of business[14], is possible to verify that some segments are strongest and more requested by clients than others. Should also be considered that clients have different criteria, some prefer low-cost brands and others value more the quality and guarantee of products. Considering the chart in attachment 7[15], is possible to verify that this business area has been growing in the past few years, and also that B&S maintained the superiority. However, in the last years OE has increased its performance, which can be justified by some marketing campaigns and special accordance's made with Key Account clients that prefer to furnish all its stores with low-cost products. As was concluded in the interviews conducted with the opticians, the "low-cost" fever in the Optical market has become a problem to their business that again can't compete with such prices. Some clients are struggling to survive to a market that is extremely competitive especially in the biggest regions, where the number of optical stores is higher, and consequently the competition.

Considering all the segments of Workshop is possible to say that in general all segments have been growing[16]. Although, machines, consumables and Measuring devices, should be

[14] See Table 2 (pag.34)

[15] See Attachment 7, Chart 6.

[16] See Attachment 8, Chart 7.

destinguished as the three major areas that sell more products in proóptica's brands. Frame parts, grown around 47.8%, in this segment are included products that are needed everyday in every workshop. The growth of 32.7% in the machines segment, can be justified by the quality and large guarantee of this products in B&S, and also because of the fact that the number of optical stores in Portugal has been increasing in the past two years, needing this kind of products to open. During the analysis of Chart 7, is possible to verify that in the past two years areas like Working and Organizing Aids" and "Precision Tools" had also represented some growth.

During the comparison of the two brands in each segment, is possible to conclude that B&S is superior in all the segments, however should be considered that this brand has more years in the market, than OE. In the graphics of attachment 9[17], is possible to verify that in general both brands have been growing in the last years. Concerning the brand OE, the segments where this brand has a larger expression is in "Frames parts" and in "Pliers". This can be explained by the type of segments in cause. Frame parts, is composed by tools needed every day, and thus, the clients prefer to save money in this kind of products that they buy regularly. Also, these are the segments where OE has the larger offer, which is positive for the brand and means that is being well accepted in the market. In the remaining segments like machines or consumables, the lower expression of OE can be justified by the lower or inexistent offer of the brand in this kind of products. Through the interviews made to the opticians, was also concluded that the majority of the clients prefer to buy products like machines or precision tool, that have a higher price, in regular brands like B&S, and not in the low-cost segment, where they don't feel so safe.

Concerning B&S, the coherent and continuous good results, are a consequence of the good job from the sales team, and of the good reputation that the brand has in the market.

**Accessories**

In general once again B&S reveals itself has the strongest brand in the accessories market. In the last year OE even decrease it's impact, mainly because of the strong offer of B&S in this market. During the analysis of the graphic in attachment 10[18], is observed that in the last year B&S icreased its perfomance while OE decrease it for almost half, comparing with the previous

[17] See Attachment 9, Chart 8.

[18] See Attachment 10, Chart 9.

years. This is not only explained by the strong offer of B&S but also by the marketing campaigns of this type of products that usually only focus on B&S products and by the bet in large groups that only purchase B&S products.

Concernign each segment of this area, in attachment 11[19] is possible to verify that some areas are decreasing its performance. The ready-readers segment, is representing a decrease of -14%, partly because of the strong comeptition in other types of stores, like supermarkets or chinese stores and because of the direct competition in the optical market from other brands. In the case of „liquids and cloths" and „Cords and cases", the decrease is explained also by the strong competition from other type of stores and low-cost offers, but also because B&S offer is not diverse and competitive. Sport glasses and safety glasses are the segments with higher expression, mainly because usually imply gradated lenses, and because B&S offer is very well-know in the market, by its quality-price relation.

2014 was a very strong year for OE in the accessories market, since increased its sales in almost all the segments of accessories[20]. However, is possible to affirm that is speccialy in „Liquids and cloths" and in „Cases and Cords", that OE has the bigger expression. This happens mainly because are products not used so often and more accessible in the low-cost segment. Ready-reads and Consumables, are the segments where the low-cost brand has lower expression, mainly because doesn't have a large offer. Concerning Consumables, after analyzing the graphic in attachment 11, is possible to say that is where B&S is superior than OE, mainly because the low-cost brand doesn't have a good offer, but also because of the good relation of quality-price of B&S in this segment.

### 3) Comparison of Proóptica with Competitors

**Table 3 - Comparison with Competition**

| Brand/category | Main competitor |
|---|---|
| **B&S workshop** | Centro Style workshop |
| **B&S accessories** | Centro Style accessories |
| **OE workshop/accessories** | 3 T  workshop/accessories |

*Source: own elaboration*

[19] See Attachment 11, Chart 10.

[20] See Attachment 12, Chart11.

## B&S vs Centro Style (CS)[21]

(Verify Figure 4)

Through the deep interviews made to the opticians[22], was possible to verify that B&S is known for its German high quality in workshop products and CS for its Italian lifestyle accessories. Both brands are very well perceived and opticians are using both in a very balanced way. In terms of offer and price is possible to affirm that both brands are similar, although should be considered that these brands are in a high price segment, where the quality, functionality, service and lifestyle dimension, is a very important factor to the client, which means that the client is using both brands in different segments depending of its previous experiences with the products.

In order to better understand the differences between the brands offer, a comparison of B&S and CS was made based on price and in terms of product (quality; range of products in workshop and in accessories; prices of workshop and accessories products; brand loyalty and Innovation) and in terms of marketing sales (USP[23]; product promotion; price discounts; campaigns; distribution channels; online presence; customer service and delivery time).

## Product Evaluation

- **Quality:** In terms of workshop B&S products are perceived has very good, mainly because of its large guarantees (e.g. pliers with 10 years of guarantee; machines from 12 until 36 years of guarantee). CS is perceived as having good quality, although lower than B&S. In terms of workshop CS has a better position in the market in terms of quality, especially because of its clip-on's, that in B&S have less quality. In the accessories area B&S distinguish itself from CS in the Sport frames that have better quality than the sport frames from CS.
- **Range of Products:** In terms of workshop, the range of B&S is more extended than CS, especially in the frame parts segment. CS has also a very good range of products from workshop, although they lack of products for "special needs" (e.g. rolls pliers or ray ban

[21] See Attachment 13.

[22] See Attachment 3.

[23] USP: Unique Selling Proposition

pads). In terms of accessories, B&S offers a very good range of sport and safety frames, although CS distinguish itself in the cords and chains, that in B&S have a really poor offer. CS also has a good offer in sunglasses for kids, clip-ons and cleaning & lens care.

- **Price:** In terms of workshop and in accessories B&S has the lower prices, while CS has the higher prices, but a larger offer in terms of accessories.
- **Brand Loyalty:** In both brands, clients purchase according with: its previous experiences with the product; the relationship that they have with the company and their reps; and also according with its comfort and habits of working with the brand catalogue.
- **Innovation:** In the last year B&S presented 400 new products, and constantly tries to improve its offer, according with the client's feedback. In CS case, there are no obvious innovations, since they maintained the same range of products in the past two years.

**Marketing & Sales**

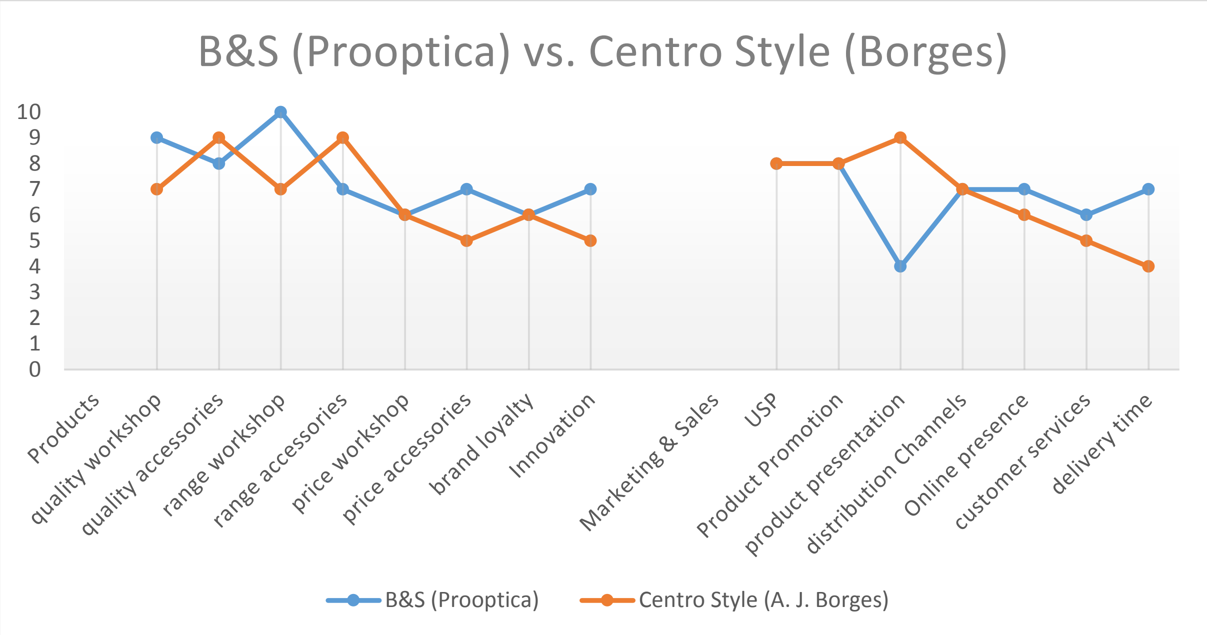
- **USP:** B&S defines itself has an expert in office products with German high quality, with a very good an efficient after-sales service. CS presents itself has a brand with a large range of commercial products, with high-quality and with an Italian design.
- **Product Promotion:** In some range of products, especially in accessories, B&S has a weak presentation to the public, mainly because doesn't uses human faces in its communication (e.g. Clip-On's; Chains; cloths and lens care). CS distinguish itself in this segment having a very good presentation in the majority of its products
- **Campaigns:** Usually B&S does promotions offering 10% of discount. In this matter Proóptica tries to have from 3 to 4 campaigns per year. CS does discounts offers every two months. In both cases if the distributors want to do some special campaign to the client, they have to create their own promotion material.
- **Distribution Channels:** B&S is mainly sold through sales reps, newsletters, Proóptica's web store and mailing (B&S catalogues). CS is sold through flyers, newsletters, sales reps and brands catalogue.
- **Online Presence:** B&S has its own website, web-store and social media pages. CS has no web-store, but has a better presentation of its website and of its online catalogues.
- **Customer Services:** In this filed, B&S has no autonomous call-centre of B&S, two of them specialized in workshop and accessories products. In CS, there are two persons in

a specific call-centre, 5 sales reps, 3 persons in the logistics department, but a weaker after-sales services, comparing with B&S.

- **Delivery Time:** This is probably one of the most important factors for the client. In B&s usually there are no problems in this matters, except in high season (e.g. Summer). CS presents problems in this field through the year.

**Figure 4 - Summary of the Comparison between B&S and CS**

NOTE: Scale from 0 (low level) to 10 (high




*Source: own elaboration – Results of prices comparison and interviews*

The Figure 4, is able to summarize all the main points that were concluded in the interviews with the opticians and through the price comparison[24]. Considering these data is possible to affirm that in terms of product evaluation, B&S is much stronger than the competition in the workshop segment, where the prices are similar with the competition but the quality is much superior. In terms of accessories, in the opticians opinion, Cento Style has a better range of products in some segments, while B&S is distinguished in sports and safety frames segments. In terms of innovation, B&S always showed more advances and new products, while Centro Style maintained its offer for more time. In terms of marketing evaluation, both brands own a strong USP and strengths, since they are very similar in the opticians opnion and generally in terms of price. However, Centro Style is considerd as more strong in terms of product

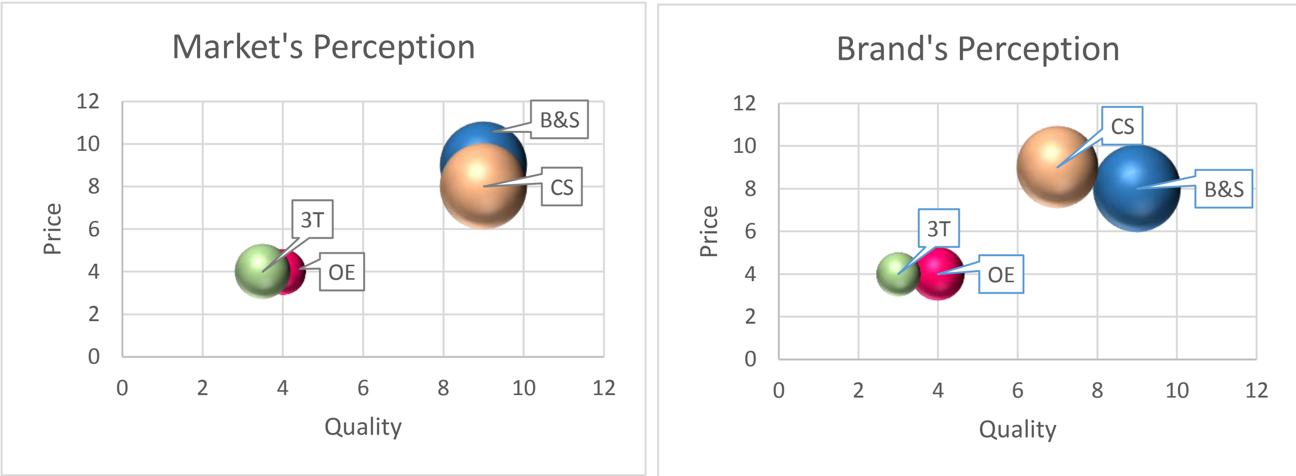
[24] See Attachment 3 (question 3 from chapter II) and Attachment 11.

presentation and communication, while B&S has a more traditional communication. In terms of marketing and sales B&S is destinguished in terms of online presence, mainly because Proóptica's has an online strore, where the clients can purchase and consult the available products; in the delivery time, that is faster than the competition and in the customer service that is more personal and accurated that the competition.

## 5) Positioning of Proóptica

**Figure 5 - OE and B&S Positioning**

NOTE: Scale price and quality from 0 (lower quality/ price) to 12 (higher quality/price)




| Brand's Perception | Presence in the Market | Price | Quality | Market's Perception | Presence in the Market | Price | Quality |
|---|---|---|---|---|---|---|---|
| B&S | 38% | 9 | 9 | B&S | 40% | 8 | 9 |
| Centro Style | 38% | 8 | 9 | Centro Style | 35% | 9 | 7 |
| OE | 10% | 4 | 4 | OE | 15% | 4 | 4 |
| 3T | 15% | 4 | 3,5 | 3T | 10% | 4 | 3 |

*Source: own elaboration based on data from small interviews to the opticians*

The Figure 5 summarizes the average of responses given by the opticians in the interviews, concerning their opinions about Proóptica's brands[25]. According with this figure is possible to verify that B&S and OE are very close to their competitors in terms of presence in the market. This means that the clients are not loyal to any brand and that they purchase from all brands, according with their previous experiences and specific needs. In terms of price and quality the Proóptica's brands are close to their competitors, confirming again that B&S is perceived has

[25] See Attachment 3, question 4 from chapter II.

more expensive than the competition, with products of very good quality, when in fact the German brand has lower prices that the competition in the majority of its products[26].
In terms of accessories B&S quality products and ranges are perceived as less good comparing with CS products, and B&S workshop products are perceived as better in terms of quality than CS products. In part this positioning is true, since was already verified that in terms of clip-ons and cords CS range of products is slightly better than B&S, and also the products presentation of B&S is weaker than CS presentation. However, the remaining accessories offer of B&S is very similar or better than CS offer (e.g. swimming googles or safety frames). This positioning is also a victim of the current market philosophy that lives based on a discounts principle. According with Proóptica's Director of this business unit "(…) clients do not value the price, they value the size of your discount. The competitor of B&S gives bigger discounts then us, so the client thinks that CS is less expensive than B&S. (…)" (Rui Silva *in* Interview).

OE is very close with 3T in all the segments of evaluation, although the quality of its products is perceived has better, in the client's opinion. This means that the brand can detach this factor in other to improve is positioning and acquire a higher presence in the market

In general, is possible to affirm that the actual client's perception of the brands B&S and OE slightly deviates from the desired positioning in relation to the competitive brands CS and 3T especially in terms of price.

**Brands Attributes:**

B&S defends its excellent quality and services that are made in Germany, Europe and Japan. The brand is located in a high price range that currently covers almost all the opticians' needs and has one of the broadest workshop ranges in the market. The products large guarantees are one of the best qualities of workshop products, since they have a high quality control in B&S subsidiaries in Asia. The B&S service is very good, since the brand gives all the support to their clients from tips and tricks until marketing support. More and more the products have better designs and better communication, although the brand still needs to improve this part of the presentation of products. In conclusion B&S is a very strong brand very well-known for its quality.

[26] See Attachment 13.

OE positions itself in the market has a brand with the best price possible, with good quality products from Asia at a very fair price. The brand product range is very basic, and tries to offer mainly the essential to opticians (tools, consumables and accessories), and also products where other brands like B&S are weaker (e.g. cords, cases or occlude bands). In terms of quality control, in OE this is not so rigorous has in B&S but exists before shipping. This brand tries to differentiate itself through the personalized service that delivers in the individual print of cloth and cases, however it doesn't invest much in product design of imaging, being this the reason why the brand is not very known in the market.

# VII. SWOT Analysis

<table>
<tr><th></th><th>STRENGTHS</th><th>WEAKNESSES</th></tr>
<tr><td></td><td><ul><li>Bright range of products;</li><li>Specific Sales Reps for Workshop and Accessories area;</li><li>B&S is very well-known brand and more innovative;</li><li>B&S has better range of specific products (e.g. swimming google and safety frames).</li><li>OE has reached very good results in last few years.</li><li>Proóptica owns a web store, that the clients can use to purchase;</li><li>Customers are loyal to Proóptica;</li><li>Divisions synergy: the fact of Proóptica has other business areas, creates opportunities/business leads for workshop and accessories.</li><li>The Workshop and Accessories business unit grown already 22%.</li><li>Company maintains good partnerships with chains</li><li>OE products are perceived has having more qualities than 3T.</li></ul></td><td><ul><li>Low outbound/inbound capacity at Proóptica to manage all the client's demands;</li><li>Many products can be substituted by competitors;</li><li>B&S is perceived as an expensive brand;</li><li>B&S/OE products are not customer's core business;</li><li>Some categories of the Accessories area have a low offer in B&S (e.g. cords);</li><li>Web-store organization is confusing to clients;</li></ul></td></tr>
<tr><th>OPPORTUNITIES</th><th>Opportunities and Strengths Strategy</th><th>Opportunities and Weaknesses</th></tr>
<tr><td><ul><li>Few competitors in the market (only CS and 3T);</li><li>3T is more focused in other markets outside Europe;</li><li>Potential Clients are open to try B&S and OE products;</li><li>Chains are buying more and more;</li></ul></td><td>- Continue Focusing on core customers and chains;<br>- Increase contact with potential clients<br>- Create Specific communication about certain products;<br>- Connect with new customers</td><td>- Improve Web store;<br>- Create Special Offers inside the web store with promotions;<br>-Create cross-selling and up-selling suggestions inside the web store and through customer service;<br>- Increase OE range of products;<br>- Search and create new products and services;<br>- Create more joint-services, between Proóptica's business units<br>- Use other business areas leads;</td></tr>
<tr><th>THREATS</th><th>Threats and Strengths</th><th>Threats and Weaknesses</th></tr>
<tr><td><ul><li>No clear market organization (there are different type of customers, and they don't respect a specific way of purchasing);</li><li>New channels are starting to sell the same or similar products as opticians (e.g. Sport stores or Pharmacies);</li><li>CS products, in terms of accessories, have very good quality, in some cases better that B&S;</li><li>CS products have a better product communication then B&S;</li><li>Low brand loyalty of the customers;</li></ul></td><td>- Communicate company as a wholesale;<br>- Keep the current discount system;<br>- Create a new catalogue for OE;<br>- Create Selling Packaging's.</td><td>- Upgrade customer service;<br>- Recruit more people to the commercial assistance department;<br>- Train reps and commercial assistants<br>- Strategy of sensibilization directed to the final customers;<br>- Improve range of products in both brands;<br>- Improve product communication of both brands and in each segment;<br>- Review product and price strategy, to acquire the desired positioning.</td></tr>
</table>

*Source: Own Elaboration*

After analysing all the opportunities and strengths is possible to conclude the following points: Proóptica should continue focusing on core customers and chains, in order to develop B&S turnover; continue using the other business areas to create business leads and opportunities of selling; keep the current discounts system and special commercial agreements that maintain clients; connect more with potential clients, open to try B&S and OE products; since B&S has such high quality in specific products, like swimming googles or safety frames, special communication focused on this products can be created, which will make the client aware of them; Proóptica should also transmit itself as a wholesale that can offer all the solutions for the optical stores (frames, stores design, workshop material and lenses).

However, according with the weaknesses and threats pointed, there's still a lot to improve, such as: upgrade the customer service and improve the online store service, since Proóptica doesn't have the inbound/ outbound capacity to take all the calls of after-sale services and orders. The other option can also be to recruit more people to commercial assistance and training them to sell workshop and accessories products through telephone; since new types of actors are entering in the market, a new strategy and sensibilization of final consumers should be made in order to face this new competitors; OE range of products must be improved, especially in the segments where B&S is weaker; The new OE's catalogues must be more inviting, with a better product communication; There's a need to review the product and price strategy, since B&S is perceived as expensive, but actually is less expensive than the competition; and in order to improve sells performance selling packages should be created, for stores openings and essential needs of all workshops;

# VIII. Marketing Plan

### 1) Goal

Proóptica's goal to workshop and accessories area is to increase the autonomy of this strategic business unit, guarantee means and investment, in order to develop sales and growth.

#### 1.1) Goals

- Make the Workshop and Accessories area more dynamic and present in the optician's daily life;
- Improve customers service during and after sale;

- Conquer more potential customers;

## 2) STP

### 2.1) Segmentation

The general optical market is composed not only by the types of clients previously referred. The new business and alternative stores (e.g. Pharmacies, sport stores or supermarkets), are also part of this market, even if in an undirected way, since they're not specialized in optical products, but sell products included in this industry.

In the optical market are three main types of clients: chains, groups and the traditional market:

**Chains**: These are the main players of the market and have big dimensions. They are often confused with groups, the big difference is that chains have their own stores and Groups are composed by independent stores. In general, this type of client purchases in large quantities, but less often, since each store doesn't purchase independently and needs to ask to the headquarters. Chains purchase only B&S products valuing more the safety and quality delivered by the brand's products, and thus the communication with these clients is more relational and less transactional. Usually this type of client has own campaigns and commercial agreements.

**Groups:** These are also considered big players in the market, but that act independently. Groups have big dimensions, but might be composed by small individual stores, that are supported by the financial and marketing power of the group. Since the individual stores from the group can purchase independently, they buy more often than chains, but in small quantities. Groups purchase mainly B&S products valuing more the quality and safety delivered by the brands products, but is also common to see that in some segments (e.g. frame parts) groups purchase also OE products, but in very small quantity. The relationship with this type of clients is also more emotional and less transactional, since these clients can be considered as loyal. Usually this type of clients also has special campaigns and commercial agreements.

**Traditional Market:** This group of clients represents a large part of the optical market, and is where are located the smaller players. Usually this type of client has small dimensions and buys several times in small quantities. Is possible to divide this type of clients in two groups: the one that have high potential (they buy very often and are loyal to Proóptica and its brands, being the relationship with the company more close) and the ones that have low potential (they buy randomly and are not loyal to Proóptica's brands, being the relationship more transactional).

Usually only the high potential clients have commercial agreements that are constructed according with turnover goals.

In order to do a proper segmentation of the market, was necessary to conduct a market segmentation based on behavioral and psychographic variables, like the commercial and proximity value; dimension (number of stores in the optical market) and purchase behavior in the workshop and accessories segment (how often this client purchase workshop and accessories products). Thus, three main segments were selected with differentiated characteristics, considering the chosen criteria.

### 2.2) Targeting

Considering the previous segmentation is possible to define three main targets: Key Accounts, Accounts and Prospect clients.

**Key Accounts**

The personal relationship and communication with this type of client is very important. These are the more important clients, the ones that represent the larger slices of turnover to Proóptica. Thus, Key Accounts only relate with one sales rep from Proóptica that visit the client in average two times per month, and thus has a very important role in the relationship with this client. Usually this type of clients has big dimension owning a large number of own or independent stores (considering if they are a chain or group).

B&S is the only brand presented to these clients that purchase in large quantities. Usually they own special commercial conditions, and Proóptica constructs specific marketing campaigns and special events for them (e.g. proóptica supported Ergovisão in a Sport event, where the Progear frames were distinguished).

**Accounts**

The relationship with the sales forces is very important, and they relate with two reps, one for workshop and accessories products and another for frames. These type of clients are visited in average one time per month, considering how important they are to the company, and like all the other customers, B&S is presented as the major brand in workshop and accessories segment. These clients have general marketing campaigns, at least 3 per year, although these campaigns don't improve the clients purchase habits, they will continue to purchase with or without campaigns. Usually this type of clients has a medium or small dimension, acting mainly in the traditional market.

These clients are very independent, they know how to use the catalogue and they purchase not only through the sales rep but also via online or telephone.

**Prospect Clients**

With these clients the personal relationship is very weak and they are only visited by the reps once a year. These clients change they purchasing habits mainly when they receive the general campaigns, representing here the opportunity for them to try B&S and OE products. This type of clients tends to have small dimensions and don't buy very often workshop and accessories to Proóptica.

### 2.3) Positioning

The workshop and accessories defines itself as an important area in the optical industry, capable of offering products of high quality with large guarantees, which delivers safety and confidence to the client.

Through this business unit, Proóptica aims to transmit operational excellency at every level (supply, customer service, marketing and financial), differentiation through products, with unique designs, quality/price relations and also through the relationships of proximity with other business areas.

Through this efficiency the company must be able to fulfil its main goal, which is the customer satisfaction, since they are the main asset of the company.

Deriving, the following positioning statement was developed:

**"Products of quality and excellency at a fair price"**

## 3) Marketing Mix

### 3.1) Product

**Main Goal:** Reorganize the current range of products.

The current range of products in workshop and accessories is directed to two types of customers: the ones that value quality and the ones that value price. For each client Proóptica offers a solution. Although, sometimes this segmentation is not clear and can be improved.

As first step, Proóptica needs to reorganize and clarify its offer in terms of workshop and accessories products, it must be clear that there are two independent brands: B&S and OE.

In order to capture new clients and improve the workshop sales, could also be interasting to **create two Packs of products**:“Opening Pack” with all the products that an optician needs to open a new workshop; and an “Essential Pack”, with essential products for every optician. This measure will facilitate the client’s search for products and the sales force job. **Innovation in products and services** can also be made in order to differentiate from the competition. The innovation in products can be made through the research of new suppliers. However, much can be made in terms of services, and the **integration with other business units**, has proven to be a profitable measure. Thus, joint-services are suggested, for example, lenses and B&S products can offer mounting services, as a way of promiting two business units.

Another interesting measure could be create an **advisement service**, fully focused on advising and assisting clients in this segment, through telephone, e-mail or even personally. For example when a customer orders a new machine, he could have personalized trainning with Proóptica’s specialist in the area. This measure will increase proximity with the client and can be a way to promote other products.

**Proposed Measures in B&S**

In the accessories segment can be interesting to **create specific catalogues with specific products:** Sports catalogue, with products exclusively dedicated to sport; sun catalogue with all the products of this segment; Safety catalogue, with products dedicated to safety at work; Personalized material catalogue (cases, sprays and cloths) with all the products that can be personalized and a Ready readers catalogue. This measure will help to destinguish a strong range a products and face the competitors in morre efficient way.

**Proposed Measures in OE**

In the product segments where B&S has a weaker offer, OE range of products should be abble to complement this gap. Was verified that the gaps in OE’s offer can deviate the clients that search only for low-cost products, since in OE they won’t have the best offer. This means that **OE offer must be improved,** not only in the segments where B&S doesn’t have the best solution (e.g. cords), but also in the segments where this brand is weaker, such as in ready readers, pliers and measuring tools.

### 3.2) Price

**Main Goal:** Restructure price strategy in order to reposition the main brand, and increase sales.

Currently, the price is a way of segmentation and differentiation in the market, being extremely important to set a correct price strategy, that generates profits and fair results. The current Proótpica's strategy is not mainly based on price but in quality of the products.

In order to set a price, Proótpica needs to consider cost prices, operational costs and the competition prices. Through this variables Proótpica defines a speficic price for its products

In terms of price there are also some few changes that can be made in the workshop and accessories area. In order to fullfil the goal of repositioning B&S brand in cosumers minds, is necessary to change the actual price strategy.

As was verified in the positionning chapter, B&S is perceived as more expensive than the competition, when in pratice is not. Based on this is advised **a change on the communication, more focused on fair price philosophy.**

Thus, press releases should be made, as well as newsletter with B&S products and the real positionning of the brand, focusing on the quality of B&S products allied with fair prices.

This repositionning can also be made and ephasized by the sales force, that can even compare products when visiting the customers. (e.g. "see this adhesive blocking pads – better quality and less expensive that the competition").

As was verified in the interview with the Director of this area in Proóptica, was understood that the higher the sales, the higher are the operational costs. In order to reduce these costs **the cost price should be regularly negotiated with suppliers**, in order to maintain and increase profit.

To increase the number of sales and the focus on specilized products, **special offers can be made:** for example, when purchasing 10 Progears, we offer 2 and a display for 12 frames. This will motivate sales and will communicate the existing marketing tools.

The **current commercial agreements should be maintained** and when needed updated, since they have proven being a tool than maintain customers, and make them purchase in a continuous way. Although, there's a need to improve the segmentation of clients, through an adequate evaluation of customers. Currently some accounts have similar discounts and conditions as chains our groups, which doesn't make sense and leads to a wrong segmentation. The client's path must be constantly monitored and the conditions can be re-adapted when needed.

### 3.3) Placement

**Main Goal:** Improve the delivery proccess.

In terms of distribution channels, B&S and OE are directly shipped from the logistic department of Proóptica. However, before this process when the client doesn't ask directly to sales reps, he orders online or by telephone.Thus, is necessary to understand if all the process is working as it should.

The distribution process of workshop and accessories materials begging's at Proóptica that sells products to the optical market that then delivers to the final consumer.

The workshop products follow a business model of B2B, since they're only used by the optician and not to by the final customer. However, the accessories segment doesn't follow the same logic since they're considered B2B2C, they enrich the clients offer, but are directed to the final consumer.

#### 3.3.1) Logistic Service

Like was previously verified, workshop and accessories is growing very fast, and this implies more orders to the suppliers per week, and consequently two deliveries per week. Sometimes the logistic department doesn't have enough space to deal with the amount of material that arrives every day in the warehouse, being obligated to separate the bigger orders first, in order to give space to the next ones. This means that in a very near future, Proóptica will need to **add space or restructure the current** space of the warehouse. Although, this is not a measure that is considered to be determinant for the success of this marketing plan.

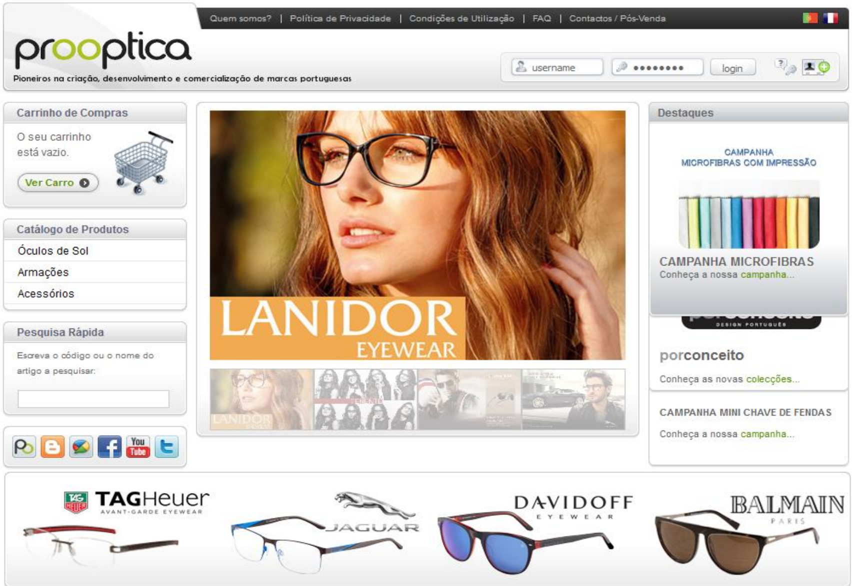
Another issue in this department is the fact that every client has a different process of shipment. This is very common in chains and clients that belong to big groups. Each client has a different process, which demands more effort from the staff (e.g. every time Proóptica sends products to Sonae, the process is made by the logistic department that separates and sends to the client, and by the financial department that has to insert the invoice in the online software of the client). The number of chains and groups are growing and so the shipment process and specificities that demands a huge effort from the logistic team that may not be prepared for so many details. Those processes must be constructed in a way that is practical to the logistic department that currently has only three persons. If the market continues in this direction of grouping, might be necessary to recruit a specific person to deal with big chains and groups processes. Although, this is not a measure that is considered to be determinant for the success of this marketing plan.

In general there are no problems with the delivery time, execpt in the high seasons. This means that is necessary to **create stocks** of the products with more sales, specially in B&S case (e.g solar lenses /clip-on's), in order to better satisfy the clients in these specific seasons.

### 3.3.2) Web Store Process

Through the interviews with the opticians, was possible to conclude that the ordering process trough the web store is complicated and confusing to costumers. The online ordering is becoming each day more important to Proóptica since customers order alone more than ever, and Proóptica doesn't have enough human resources to deal with all the telephone and e-mail orders. Based on this is necessary to **improve the online ordering system**, the web store organization needs to be upgraded, became more clear and easy to the client navigate, so more people can order trough the online store.

**Figure 6 - Current Proóptica's Web Store**




*Source: online.prooptica.pt*

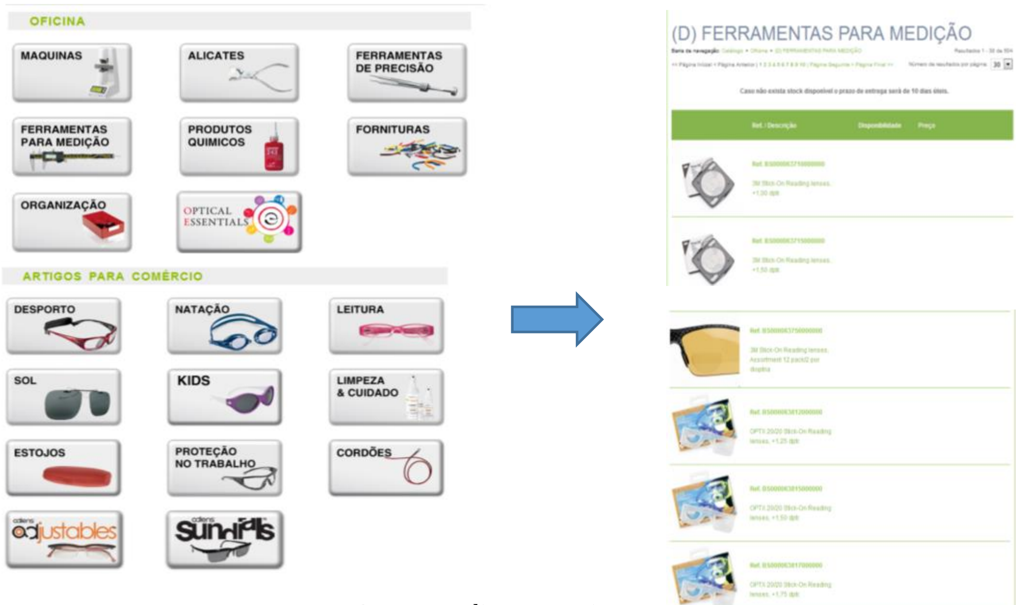
Thus, is suggested that in the web store the **segments that can be purchased throught the online system** (frames, sunglasses, workshop and accesosries), **should be more visable**. Also, the **current campaigns must be actualized,** and if the customer decides to subscribe the campaign, an automatic order form must appear after clicking in the campaign link.

Shouldn't be forgeten that this online system is also used by the sales force to introduce the orders made in meetings with clients. Thus, the systems of introducing orders must be easier not only to the customer but also to sales force. A **quick order system** is suggested, where clients and sales force can easily introduce products reference or name, and select it. Also, when a client selects one product, **cross-selling and up-selling suggestions should automatically appear** (e.g.:when a client selects a progear, a suggestion to purchase an anti-fog liquid should appear automatically).

Several customers purchase very often the same product over and over. However, they always struggle to find and remember the reference they previously order. In order to facilitate this process, is suggested tha in every client's account a **purchase histroic must be available**, so the client won't need to search again for a reference he already acquired in the past. Through the interviews was also possible to notice that the products descriptions are in english, which doesn't make much sense, since Proóptica's customers are portuguese.Thus is suggested that the **description must be more completed**, always metioning quantities of each reference and sizes, and also must be **in portuguese language.**

Inside the segment of workshop and accessories the organizations and location of the products must be more clear and invitive. The current problem is that every reference is mixed without no clear organization.

**Figure 7 - Current Web Store Organization**




*Source: online.prooptica.pt*

Is suggested that the **web store organization, must be more similar with the B&S catalogues**, since the clients often use the catalogue to support thei're online orders, and that's also the ornagization that the client is familiar with. For this to be possible is necessary to coordinate the online store information with the company's software (Artvision), which will implies a coordination and change of the current software.

**Figure 8 - Example of a Possible Web Store Presentation**


*Source: Example made by iweb2u*

However, all of this it only makes sense if proóptica **directs the clients to the online store**. Thus, **campaigns** similar with the ones suggested in the price mix, **can be made**. For example: the clients thar order more that 10 products trough the online store will have free tax of delivery services.

If this measures succeed, all the process will be facilitated and more clients will be atracted.

### 3.4) Promotion

**Main Goal:** Restructure and improve the communication with customers.

The main goal of promotion is to connect with the customer. Thus, is necessary to understand through which ways Proóptica communicates B&S and OE to its customers: sales force and customer service; online; catalogues; advertising and events. Based on this some improvements in each via of communication are proposed.

### 3.4.1) Product Communication

After this step the company must improve both brands presentation and of their products. In both brands the product communication is not inviting, which means that the **communication of products must be better, and should use people.**

**Figure 9 - Example of Product Communication**

*Source: Centrostyle.com*


*Source: Centrostyle.com*

**OE**

In OE the situation is more critical, since the catalogue doesn't have a good presentation. Thus, is necessary to **create a new catalogue for OE** with a more professional presentation.

**Figure 10 - Proóptica's Catalogues**


*Source: Proóptica's Catalogues – own photos*

### 3.4.2) Direct Sales Force

One of the most important tools of the sales force is its showcase that must have products from all the segments of workshop and accessories, and must be equal in south and north zones. Thus, is necessary to understand, what are the most important products that should be in reps showcases. **The following products in each showcase are proposed**:

<u>Accessories Showcase</u>

- Progear (one model of each size – notice that we have two models in 4 sizes, each with 6 colors in average);
- Swimming googles (at least 3 models - 2 adults; 1 for kids and one Ocean Rx) and Diving Masks (1 model – the best one);
- Sport Frames (one model of each reference with different colors);
- Ready readers, including make-up ready readers (one model of each reference with different colors);
- Kids Sunglases (one model of each reference with different colors);
- Clip-On's (1 display with clips for metals, for acetate and flip ups, each with differnt sizes and colors);
- Solar Lenses (one pack of mirrored lenses and another pack with one model of each color in polarized, non-polarized and degradé);
- Cords (special showcase of this products, with one model of each reference in different colors);
- Cloths (a sample with colors, sizes and priting systems);
- Cases (one model of each reference, one with ptrinting system).
- Safety Frames (one model of each reference).

<u>Workshop Showcase</u>

- Give away sample of adhesive blocking pads (one roll with the most used references);
- Give away samples of products from Frame Parts segment (nose pads and screws – the most used references);
- Box with different types of frame parts;
- Set of pliers;
- Set of screwdrivers
- One organizing box (the best seller).

Along with the showcase, the sales reps should always carry the brands catalogues and the current campaigns. The sales arguments should be in accordance with Proóptica's strategy, and the sales force should always try to create business leads to other areas, and cross-selling and up-selling situations (e.g. if we are selling a Progears we can mention the anti-fog liquid).

In order for all of this be possible, the **sales force should have trainning about the products** and sales arguments. Thus, is suggested the **creation of trainning flyers** to rep's, since this currently only happens to frames and sunglasses reps. As was already mentioned, besides the sales reps, customer service is also a way of communication with clients. The commercial asssistance departement needs a **reinforcement of people**, in order to be able to give a proper response to all clients. However the new people should have an initial trainning in order to be able to give adequated responses to all clients needs and demands.

### 3.4.3) Online Communication

Online is another via of communication with the customers that has become more and more important.

In Proóptica's case, both website and the web store are confusing to the client, and don't show the complete offer of Proóptica in a clear way (e.g. OE is currently present in the web store as a segment of workshop). The **brands catalogues should be more visible** and not only on website, but also on the web store. [27]

Concerning the social media, this tool should be used specially to **communicate accessories area, new products and events,** in order to create buzz. Proóptica should use the blog and Facebook to communicate B&S products at least one time per month. Should be understood that this tool is more directed to the final customers, thus the main goal is to re-direct people to the closest optical store, in order to acquire the products.

[27] Check suggestions made in Placement mix

**Figure 10 - B&S on Social Media**


*Source: Proóptica's Facebook*

### 3.4.4) Direct Mailing

Direct mailing is extremely important in the promotion mix, since is how Proóptica **sends the catalogues to the clients**. However, more communication should be made through this way. Every time that there's a new campaign or new catalogues, this should be send to customers through mail.

Along with the direct mailing, this communication should also be made through e-mail, in order to reinforce the communication already made through the traditional mail.

Every time some of the brands have new products, **a newsletter should be made** and send to customers via e-mail.

### 3.4.5) Advertising and Press Releases

The communication about products quality and real positioning of the brands can be made through press releases. At least **one press release per month** should be sent to Optical magazines (e.g. Look Vision, OpticaPro and VER). This will help the repositioning of the brands, and its communication o in the optical market.

**Figure 11 - B&S Advertisement**

Região // Desporto

EXPERIMENTE
Sábado, das 17 às 19 horas
Domingo, das 16 às 18 horas

Andorinha e Ruby "apadrinham" batismos equestres

"O cavalo é um animal só por si fascinante. O que se pode fazer a cavalo é belo e mexe com as nossas emoções". É assim que Francisco Alcaide descreve a experiência de montar a cavalo e é essa sensação que o Centro Equestre, de que é responsável, leva à Festa do Desporto.

Durante dois dias será possível fazer o batismo equestre, em pequenos passeios na Andorinha e no Ruby. Apesar do receio inicial que animais de grande porte provocam em quem nunca andou a cavalo, Francisco Alcaide garante: "Rapidamente todos percebem a docilidade do cavalo". Como animais sensíveis, apenas pedem tranquilidade. "Não Gostam de muita confusão, nem de gritos". Se estiver perto da Andorinha ou de Ruby, lembre-se disso.

2

cavalos participam nos batismos equestres. Melhor dizendo: a égua Andorinha e o pónei Ruby vão permitir a quem quiser uma primeira montada e um pequeno passeio a cavalo. Ruby vai permitir uma primeira experiência equestre a crianças a partir dos 4 anos

ergovisão
FOR YOUR EYES
Av. Heróis de Angola, nº74 Leiria
Telf: 244 837 837

Equipamento adequado para todos os tipos de desporto

- A melhor proteção com elevada durabilidade
- Armações almofadadas e lentes com resistência aos impactos
- Minimizam o risco de lesões oculares durante a prática desportiva
- São certificadas de acordo com normas europeias de segurança no desporto
- Perfeitamente adaptáveis para lentes com prescrição

4 TAMANHOS: S (6/10 anos); M (11/15 anos); L (+15 anos); XL
Graduações entre: -20.0 dpt a +18.0 dpt, com cil. até +6.0

PROGEAR EYEGUARD
Armações desportivas para crianças e adultos

PUBLICIDADE

32 Região de Leiria – 17 setembro, 2015

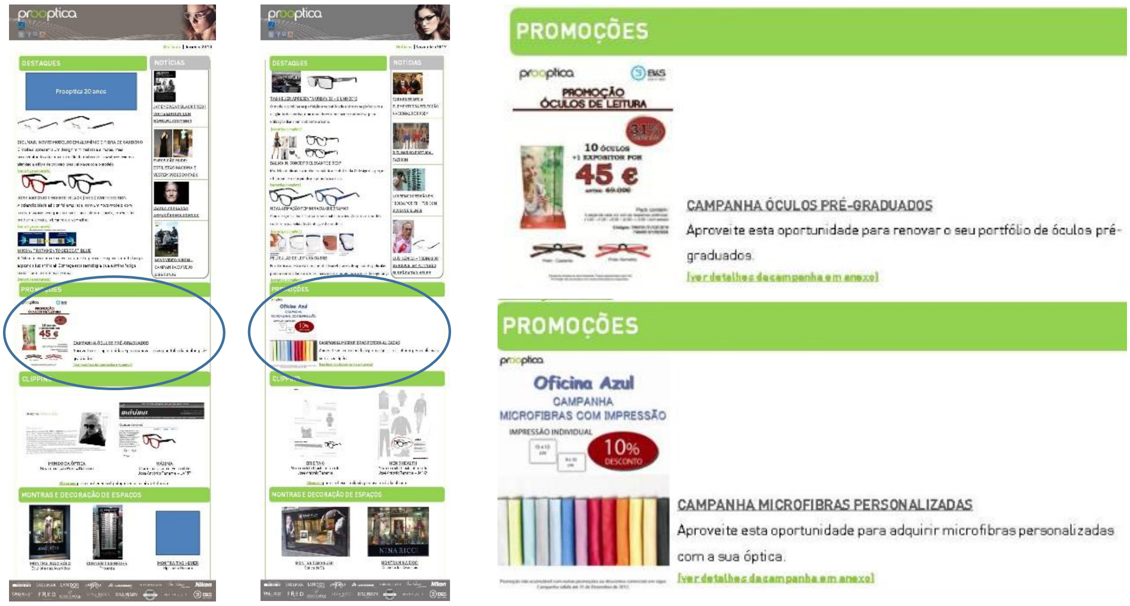
*Source: Jornal de Leiria*

In terms of advertising, **communication about specific products should be made in specific magazines**, at least five times per year (e.g. Sport Frames should be communicated in sports magazines or Kids solutions should be communicated in magazines for parents or for kids).

### 3.4.6) Campaigns / Newsletter

The communication sent to clients should be divided in: **campaigns and newsletters**. At least 1 way of communication per month should be made. Thus, in one month a campaign of accessories should be made and sent to customers. In another month a newsletter about workshop products should be made and sent to customers, and so on.

**Figure 12 - Current Newsletters**




*Source: Proóptica's Newsletters*

Currently these newsletters are general, which means that they focus on all of Proóptica's areas, and are sent to customers only through e-mail. Is suggested to do a specific newsletter in a more serious and continuous way, that should be sent to customers through e-mail every month.

As was also mentioned in the price and place mixes. **Special offer**s can be made for those who choose to purchase through the web-store (e.g. If purchase an "essential pack" are offered boxes and trays to organize the material inside the workshop or If purchase 10 Progear's are offered 2 and a display for 12 frames.).

**Figure 13 - Example of Campaigns**


*Source: Proóptica's Campaigns*

### 3.4.7) Public Relations

Concerning this area of communication, the presence in events related with accessories products as proven to be very efficient to Proóptica. Thus is suggested that Proóptica should try to **support events about specific products** (e.g. Sport Event), as a tool to promote accessories products.

**Figure 14 - B&S in a Sport Event**

*Source: Proóptica's own photos*

Proóptica uses to make **exhibitions in hotels** to promote its offer, more focused on frames and sunglasses, however the area of workshop and accessories is usually also present. In this sense is suggested that before each exhibition, an analysis should be made, and only the best references of products should be presented. This will improve the brands presentations to potential and current clients, and will communicate the best possible offer without being confusing.

**Figure 15 - B&S and OE in Proóptica's Exhibition**

*Source: Proóptica's own photos*

### 2.4.8) Trade Marketing

This tool as been proving to be very efficient. In order to engage more vitrines, in the beginning of each year a **calendarization** should be made, where vitrines of workshop and accessories must be included.

**Figure 16 - B&S Vitrine**


Ergovisão Viseu

*Source: Vitrine made by Proóptica in Ergovisão from Viseu*

Beside vitrines, should also be created **"Sport corners**" inside the stores giving a special place to Progear and other Sport frames.

## 4) Calendarization

In order to implement the proposed actions, a calendarization and budget was constructed and can be analyzed in attachment 14.

The budget was based on the feedback given by consulted companies that could make some of the proposed measures. However, should be noticed that some of the measures have no specific costs, and only imply a strategic reorganization inside the company.

The total budget is of 88.900€, where the promotion mix measures include campaigns, advertisement and direct mail, having a total of 34.750, the placement costs are the higher, mainly because of the new web store cost and the implication of creating stocks, having a total budget of 45.000€, the price mix share part of its costs with the promotion mix, since the only costs considered were the ones of making special offers, and finally the product costs, that are mainly based of the creation of new specific catalogues and on the communication of a new service, having a total budget of 9150€.

## XV. Conclusions

The main goal of this project was to propose an amount of marketing actions to implement during the next year of 2016, with the end of empower a business area with a large potentital, that hasn't been well explored by Proóptica. The reson for a marketing plan, was because Proóptica made the decision of making a change of direction in the area of Workshop and Accessories, that until now has been just a complementary area without an autonomous role in the company and without the presence that deserves in the market.

As first step was conducted a literature review, where two main concepts were explored: Strategic marketing, where are included the main steps needed to establish a marketing strategy: external analysis (competitors, consumers and external enviornment) internal analysis (organization), STP, SWOT analysis and the importance of construct a marketing plan. The Marketing Mix concept was also explored, where were explained the elements of this concept: product, price, placement and promotion. This step allowed to set important conclusions in order to establish the best marketing strategy and marketing actions in an proper way.

In order to propose the most adequated marketing actions, was necessary to understand the organization, the market, players and customers under study. Thus, was necessary to interview people of interest inside the company and with a deep knwoledge about this specific market. Was also necessary to study the market and the brands under analysis, through deep interviews made to a sample of 50 Portuguese opticians that work with Proóptica's brands: Breitfeld & Schliekert and Optical Essentials.

After concluding the scientific part of this project, recent studies were searched, and trough them was possible to define a characterization of the Optical Market, where was verified that currently exist around 1700 optical stores in Portugal, where is possible to destinguish three main actors: Grandvision (Multiopticas); Pharmacontinente (Grupo Sonae) and General Optica (Mais Optica). In this characterization were also defined the main business areas of this market: ophtalmic lenses, frames, contact lenses and cleaning solutions, sunglasses and workshop and accessories, and its main wholesalers where is possible to detinsguish the three more importants in the Portuguese market: Luxottica, Sáfilo and Proóptica.

In the external analysis was possible to understand how the external environment affect the market under study. Through the PEST analysis was concluded that the economic crisis has caused some serious damages in the Portuguese consumption habits, which consequently affects the optical market values ans results. There's also a new tendency that is transforming the market, the low-cost products, that are invading the optical market and difuclt the fair competition. Some technological advances had also showed how incredbly the market can change at any time, whith technologies like the bionic eye or the fitting box. In the future this technologies migh modify the role and importance that the optical stores have in the market, being necessary to set strategies of adaptation to the new technologies and society tendencies.

In the external analysis was also possible to define the two main competitors: Centro Style competing againts B&S, in the high quality segment and 3T competing against OE in the fair-price segment. The market is divided in three types of customers: chains, groups and the traditional market, that purchase workshop and accessories products mainly based on previous experiences, price and quality. Workshop and accessories clients are extremely independent, they know very well the brand's catalogues and know how to purchase alone.

The CEO of Proóptica, was interviewed, in order to understand the market, the philosophy and current strategy of the company. It must be noticed that the CEO of the company under study workes inside the optical market for more than 25 years, knowing it better then anyone else.

Proóptica is a portuguese company created in 1993, and acts in four main areas of business: Frames and Sunglasses, Lenses, Workshop and Accessories and Design + Architecture. The company in currently present in Portugal, Morroco, Spain and Angola, and defines has main values the human relationships, partnership, value creation, pioneering, inovation, constant adaptation, familiarity inside the organzation and concern with social causes. The company follows a strategy of differentiation, through the high quality of its products and through the good relationship with its customers and partners. Currently Proótpica is the third company more important in the Portuguese Optical Market, just after two international actors, which makes Proóptica the most important portuguese company in the national market.

A second interview was conducted, this time with the Director of Workshop and Accessories area of Proóptica, that works in this specific market for 13 years. Through this interview was possible to clearly understand how this area works, and set important conclusions for the study: 1) the workshop and accessories area, is often the last concern od the opticians, which can represent a dificulty to this area of business, that is competing against all the other areas, always more important to the portuguese optician; 2) This area is divided in two main areas: workshop, concerns about the material needed inside every workshop of every optical store (B2B); and the accessories area, that concerns about the comercial materials that can deliver alternative and specific solutions to the opticians (B2B2C); 3) After Proóptica decided to change the route of this business area, the workshop and accessories department already grown around 22% in terms of sales, which means that this area has potential and can grow even more with a more specific strategy. 4) Was also concluded that in this area exist different types of clients, with very different needs. In order to reach every client, Proóptica needs to previously analyze each client, understand its needs and knowledge of the area and what he values the most price or quality.

During the analysis of Proótpica's brands in this market (Breitfeld & Schliekert and Optical Essentials ), was concluded that this business area has increased not only in terms of sales, but also in number of clients, which can be explained by the fact that Proóptica defined two sales reps specialized in this area, that only sell workshop and accessories products. In the analysis of each brand was concluded that Proóptica follows a strategy mainly focused on B&S products and that is revealed in the numbers and graphics analyzed, where the german brand was always superior. Altough, in the past year Optical Essentials showed some increse and revealed itself as very potential in some areas of acessories, like in "cases", "cords" and "cleaning solutions". Although, should be mentioned that currently B&S is the strongest brand in both segments.

Along with this interview, the Portuguese opticians were asked to evaluate and compare Proótpica's brands and the competitors, where was concluded that B&S is the brand perceived with more quality in the workshop accessories while CS in better in the accessories range of products. The segment where the competition is stronger than B&S is mainly in product communication where B&S has a lot to improve. In terms of positinning both B&S and OE brands must improve, since their positionning are not in accordance with the market's perception. According with the collected information, B&S and CS have a very similar presence in the market and B&S is perceived as more expensive when in fact has very similar prices with CS. In the opticians opinion OE has a smaller presence in the market than it thinks, however is perceived has having high quality than the competition.

After conducting the internal an external analysis was possible to denvelop a SWOT analysis, where were set as main opportunities and strengths the following points: the existence of low competition; the increase of chains more active in this business segment; the current proeminence of Proótpica's brands in this market; the fact of Proóptica has specific sales reps for this business area; Proótpica's web store, that allows clients to search products for themselves; and the business leads created by other areas of Proóptica. As main threats and weaknesses, were considered the disorganization of the market in this business area; the fact of new business are starting to offer similar products to the ones of workshop and accessories; the low loyalty to brands from the customers; the low outbound/ inbound capacity of Proóptica to face customers demands; the fact of B&S is perceived has more expensive then the comeptition; the desorganization of the webstore and the the fact of B&S and OE produts are not the core product of the opticians.

Based on this analysis were proposed several marketing actions. In terms of product,is possible to destinguish the need of new innovativee products and services and new specific catalogues that can promote specific products. In terms of price is necessary to change the strategy, and adopt a communcation of fair price, in order to change the brand's positionning. In the placement mix, in order to fulfill the main goal that is to improve the delivery process, was proposed a reorganization of the web store, that is a very important tool to the company representing a serious competitive advantange. In terms of promotion, is very difficult to define which measure is more important however is possible to detach the change in products communication that must be more invitive and a new catalogue for OE, with a more professional presentation. The main point in promotion is to understand that all the measures proposed seek to attract and reach the customer in the most organized way possible, so the communciation is not dispersed or confused in the optical market. Through all the proposed actions, I believe that workshop and accessories area will became a more autonomous and present area in the market.

## Project Contributions

The main aim of this project was to explore a area that wasn't yet explored, which is the segment of Workshop and Accessories in the optical market. Proóptica needed a solution to improve this area's perfomance, which gave this thesis a porpuse and sense.

Low studies had been made in this area, and maybe this project will help to awake the need of study and analyze a market in exponetial growth, and I'm not mentionning only the workshop and accessories area, but all the optical market.

I believe that the actions proposed in this plan will help the company to reach higher results in this business area, and become more autonomous, more organized and more present in the market. Proóptica has been growing exponetially in the last two year, and the workshop and accessories area must follow the organization and contribute to this growth.

- **Limitations of the Project**

The biggest limitation of this project was the lack of information about the area. This is why this project is mainly based on experienced people knowledge, small interview to a small sample of opticians and data given by the company.

This lack of information influenced all the levels of the study, the access to information about the comepetition was very difficult and limited, which is why was only possible to compare B&S with CS anf not OE.

Some of the actions proposed in the plan, must be evaluated during the year, so it can be possible to understand if they are efficient or not.

- **Future Recomendations**

To future reasearches I recommend to re-evaluate the consumers behaviour and the competition, since the market is constaly changing, new actors and tendencies are constaly emmerging and this was possible to verify in the current technolgies that threat to change the market at any time.

New actions of marketing can be defined, based of the results of the ones defined in this marketing plan. Although, I recognize that is very hard to set specific communication actions in this segment, since is very difficult to obtain the opticians attention towards this subject.

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# Attachments

## Attachment 1. – CEO's Interview

### INTERVIEW TO LUÍS JUSTINO

I'm a master's student from ISCTE Business School and in the scope of my thesis about the need of construct a marketing plan for the workshop and accessories area for Proóptica, became necessary understand the history and strategy of Proóptica.

Thus, we conducted an interview with Luís Justino, CEO of Proóptica. The main goal of this interview was to understand Proóptica's philosophy and its consequent strategic measures.

1) **Proóptica has already 22 years old. Can you talk a little about the trajectory and philosophy of Proóptica until today?**

Proóptica began its project in April of 1993. A company of familiar nature and values, at the time with its activities based on importation if international eyewear brands. Proóptica started by representing a Spanish manufacturer, Kadima, distributing brands such as: Massimo Dutti, Manolo Pertegaz or Adagio.

From 1995 until 2003, Proóptica's portfolio increased, not only in quantity but also in quality, establishing connection with the biggest French supplier at the time, Airess lunettes. Proóptica was responsible for distributing brands form this group, with high international notoriety, such as: Escada, Kenzo, Dunhill, Galliano, and others. These brands allowed the company to gain some experience in selective distribution.

In 2000, Proóptica started to diversify its offer, by including a new business unit in its portfolio: workshop and accessories. The company begin here a strong strategic relationship with Breitfeld & Schliekert, the biggest European supplier of this area. B&S and Proóptica developed until today a strong partnership in the distribution of this kind of products, not only in Portugal but also in some African countries.

In 2001, Proóptica began a strategic creation, by developing and selling Portuguese fashion eyewear, using the strategy to build a strong position in the market, as a strong alternative to the big Italian groups.

This strategy was reinforced during this fourteen years, representing today at a national and international level the following brands: João Rolo, José António Tenente, Ana Salazar, Lanidor, Quebramar, Dielmar e Throttleman.

In 2004 we begin a strong partnership with some international partners with a high technological capacity, innovative design and superior quality that allowed Proóptica to represent in Portugal high-end brands: TAG Heuer, Fred and Gold&Wood.

To reinforce and complement our portfolio, in 2009 we made a partnership with Nikon, ophthalmic lenses, which permitted the reinforcement of a positioning of high quality and technological differentiation.

In 2011, we started the distribution on renowned brands, such as Nina Ricci, Vuarnet and Markus T, and we also launch our first own brand, Masai eyewear.

In 2013 we created a new business area, Design and Architecture, specialized in remodelling optical interiors, being an alternative of trust in optical decoration.

In the beginning of 2014, we changed our identity, where each business area is represented in our logo with a different colour:

Green is for frames and sunglasses distribution, where we distinguish: Tag Heuer, Frederic Beausoleil or Marius Morel and the Portuguese brands that represent a strong preoccupation with the brand PORTUGAL and with the national economy.

Yellow is for Nikon lenses, that allow the reinforcement of a strong position in the market, characterized by quality, technological differentiation and innovation.

Blue is for workshop and accessories, where we present the best catalogue in the market, with high quality, exemplary products and a German guarantee given by Breitfeld & Schiekert.

Orange is for Design and Architecture, specialized in reshuffle of interiors, complements and decoration.

In this last year, we made a very important step by starting the representation of the German group Menrad: Jaguar, Davidoff, Morgan, Menrad and Joop.

I would say that our clients know that they can count on us, as a company that of offers integrated solutions and that owns a mature, serious, compromised, proactive and dynamic structure with a committed team.

In our history we grown a lot, we transformed a lot of times, but we always maintained our values of commitment, progress, involvement, rigor, trust and relational.

**2) What distinguishes Proóptica's from the competitors?**

In the definition of our strategies we always have in mind the client. We are always concerned with our partners. We dialogue, we look for joint solutions and we improve the sellout.

We also distinguish ourselves in terms of marketing and communication with our partners. In terms of web we are pioneers and innovators with our web store, but we also in the vanguard in the traditional means.

We developed a group of companies with integrated solutions. We listen our clients and along with them we define the needs in terms of frames and sunglasses. We follow our clients in their daily life with a strong offer in terms of workshop and accessories. With Nikon, we offer a range of ophthalmic lenses, always concerned in innovating and offering the best service, with the latest technology, accessible to all kind of budgets.

In 2013 Proóptica reinforced its position as an integrated supplier, with a wider portfolio focused on the market needs. With Design and Architecture area we are now closer to the client.

To Proóptica every client is a big client, we believe in long-term relationships!

Thus I can say that Proóptica differentiates itself in the market through this following areas:

- Portuguese fashion eyewear and international luxury and technological eyewear. In our portfolio we can distinguish some brands: Lanidor, Dielmar, José António Tenente, Quebramar, Tag Heuer, Marius Morel, Jaguar, Morgan and Laura Biagiotti. In this business area we are focused in listening the client and identifying which brands fall in its strategy and target.
- In workshop and accessories area we represent one of the biggest suppliers of Europe - Breitfeld & Sckliekert. Our team follows day by day the client, and we function as a consultant of the optician, always concerned in finding the best solution for the client's business.
- In ophthalmic lenses, we represent the brand Nikon, that owns a large notoriety and that allows us to reinforce our positioning of high quality and technological differentiation, accessible to all budgets.

- In Design and Architecture, we try to create value through turnkey solutions. We develop all the innovation process, work and complements. This segment allows us to get closer to the client.

After 22 years of history in the optical market, Proóptica adds value to the market every day, through its dedication and relational character. We are persistent in the creation of value and in the analysis of the market that we make. We are, “builders”, we are always thinking in new strategies and in new ways of approaching the market and helping our clients, so they can equally help us. Today we are proud to say that we are a company that listens and innovates, that has a consultant and proximity posture.

**2.1) Tells us about your strategy of differentiation by betting on Portuguese brands.**

Today is easier to explain, than at 14 years ago, when we began this project.

14 years ago we were the only ones that believed in Portuguese fashion eyewear brands, in a serious and committed way. When we started we wanted to communicate Portugal to Portuguese people in a selfless way. We wanted to end the prejudice of the Portuguese consumer. We analyzed the market and we understood that the Portuguese people was beginning to be more patriotic, and was starting to love is flag and its country. Step by step, and during this last 14 years, we passed from a generalized prejudice to a growth of confidence and credibility in Portuguese products. We passed from PREconcept to FORconcept.

At 14 years ago our clients gave us straight. They believed in us and helped us improving. Without our partners, without their confidence we will never be where we are today. Each suggestion, proposal, critic and protest was carefully listened, so we could learn, invest and develop.

Today, Portuguese Fashion represents to Proóptica its biggest flag of differentiation, at a national and international level.

Every product from our seven national brands, without exceptions, are designed, evaluated and approved in Portugal. Its comfort and style are carefully analyzed. Thus, I can say that the Portuguese collection reinforce the creativity and Portuguese design.

All the creators and designers are involved in each phase of the creative and innovation process. They follow the production, they are involved in the distribution and they participate with our clients in the commercialization to the final costumer.

Our Portuguese eyewear collections have a large product portfolio with a strong positioning, well defined with the brands. These products are created with a great binomial of price vs quality, along with a great delivery service. Considering the current situation of the country, buying Portuguese products is betting on Portugal, and believing in Portugal.

The past prejudice considering the Portuguese brands, was definitely putted apart and now gave place to a brand, PORCONCEITO. These brands are the symbol of Proóptica's investment in Portuguese fashion. We gave an "umbrella" to every Portuguese brand that the consumer can find today in an optical store. PORCONCEITO means exactly, "for Portugal, for a Portuguese design, for high quality, for fair prices, for demand and differentiation from international mass brands".

3) **How do you evaluate the current status of the Optical Market?**

The current Portuguese market is in fast change, is a market focused on the entry of new international players, and in a time where the purchasing power is decreasing and the economic life is more demanding than ever.

Although, the market is more instructed, answering in a better and efficient way to the consumer's needs. The market improved its communication and adapted very fast to the new technologies, communicating in a very professional way with the consumers.

In my opinion, is a market that need cooperation from all the agents in the business area, in order to find and use all the opportunities that have been showing a large *entrepreneurial* capacity and high qualifications.

### 4) What is next for Proóptica? Is the answer in innovation and internationalization?

Today internationalization represents an important share of sales to the company and will continue in our current strategy of integration. We develop an internationalization in a sustainable and committed way, with markets where we are acting at the moment: Spain, Morocco, Angola, Cape Verde and Mozambique. These countries recognize the quality and technologies of the materials explored in our business areas, and they value the commitment with a partner of trust.

Proóptica is always innovating in the way of acting in the market. We want to be perceived as a company of integrated solutions, committed in finding solutions and new opportunities to our partners. In the next years we will continue betting in the national market, by launching new brands and products, and focused on conquering international markets. We want to do more. We are compulsive entrepreneurs! From Portuguese fashion, Nikon lenses, TAG Heuer, workshop and accessories until internationalization in new markets we want to make a difference.

We surely can affirm that in the next few years we will be able to change the strategy and business decisions of the company. But we will never change our attitude and values that always sustained this company. Our clients know that they can count with a mature, trustworthy, committed, serious and dynamic team.

## Attachment 2. - Rui Silva's Interview

# INTERVIEW TO THE DIRECTOR OF WORKSHOP AND ACCESSORIES AREA OF PROÓPTICA

I'm a master's student from ISCTE Business School and in the scope of my thesis about the need of construct a marketing plan for the workshop and accessories area of Proóptica, became necessary understand the current strategy and segmentation of the Portuguese market and of Proóptica: how clients, price and products are segmented.

Thus, we conducted an interview with Rui Silva, the responsible person for workshop and accessories area in Proóptica.

1) **Can you explain the need of creating Proóptica Activa in 2013?**

In the beginning, the workshop and accessories business area had a very residual presence in Proóptica's business, it was seen as a complementary area, and not as a main business area. Nobody was focus on workshop and accessories, both Proóptica and the customer was focused on frames and sunglasses.

In 2007/2008 the workshop and accessories business area had a harsh decreasing, mainly because of the economic crisis. This is justified also because in a scale of client's needs from 1 to 7, being 1 the product more asked by the opticians in the management of its business and 7 its last concern, workshop and accessories were located between 6 and 7. This means that above our business area are all the others: ophthalmic lenses, machines to work with lenses, frames and sunglasses, contact lenses and store furniture.

In customers minds the workshop and accessories area is still complementary. However, this area is becoming day by day more important in their offer, as a tool of differentiation to their most close competitors, contributing to the growth of their business.

Through the years we adjusted to the market and we are today in terms of product, quality and price the main actor in the Portuguese market.

## 2) What are this business area goals?

The goals are based on our previous growth capacity of the last few years, on our logistic capacity and on demand. We pass from a goal of 700 thousand euros in 2014 to a goal of 850 thousand euros in 2015, we seek to make 1 million in 2016 and 1200 million in 2017. These are goals based on a growth perception of each segment of workshop and accessories. We are continuously observing the market demands, in order to be able to satisfy them. In nowadays, we can't have a large action plan of our collection, since needs, tastes and desires are constantly changing. That's why we don't have no longer a two years catalogue of accessories products, like the competitor, since things change every 6 months, making no sense working with big quantities of stock.

Today, we need to be aware of what it's going to happen next, and the next are maybe only 6 months. In the more technical areas there's not much we can do (e.g. nose pads, screws or temple tips), since there's not a big technical change of these articles in each collection. This is more common in the workshop area, since is a more technical and traditional area. Although we should be aware that these type of products support the big collections of accessories.

The big change happens mainly in the fashion factors, the more seasonal factors, more common in the accessories segment. A ready reader with a new design or a new color and spring of clip on's, are factors that actually add value to our offer, and distinguish clients from each other's.

### 2.1) What are the main ideas that we should follow, in order to reach these goals?

Our goals can be reached through two different ways of acting:

The negotiation of the price cost with our suppliers. If we are selling more, means that our operational costs are also increasing, which means that, in order to actually profit, we need to negotiate the price cost. In the optical market we don't have a channel management. There's no clear understandment of what is a delivery process. This is the reason why, suppliers sometimes don't understand the pressure to negotiate price costs, they think that if we are selling well with this price cost, why change it. They don't see operational costs, they don't understand that our growth has aggregated costs.

The other option is to look to new suppliers or products. A new supplier or product can help us segment the market and reach new clients. However, these new options must be a long-term solution that will covers all the costs and will help us quantify the customer's loyalty, though the growth of number of clients.

Currently we are growing in terms of turnover but also in numbers of clients.

**3) How is divided the market, in terms of customers?**

We consider modern distributers players like Well's and Jumbo, as a new way of acting in the optical market, a structure with more than 20 years. Than we have chains (considering the number of stores) like Multiópticas or Optica Médica das Beiras (OMB). Finally, we have the considered Traditional Market.

**3.1) Can you explain us, Proóptica's and the market customer's segmentation?**

We should be aware that big clients (chains) are day by day more important. However, we can't depend on them, we should also concern about the traditional market. The truth is, that in workshop and accessories we can identify big clients, and we can't compare those big clients with the frames and sunglasses big clients, because the market is not that linear.

These big clients are the drivers of the market. Which means that if we work well with these clients, identifying, positioning and communicating well our products, we will be able to define the others directions.

I believe that the Portuguese culture is mainly based on "the follow the leader" principle and not in innovating. Of course there are some new actors that appear and try to differentiate the market, but the main principle is to "follow the leader", since in general the clients are afraid to make different.

This principle allows the smaller actors to evaluate the strong a low points of the leader, being able to better define their actions an offer. In a first phase they imitate, then is a second phase they re-adapt and in a third phase they re-create, without the need of big investments.

The biggest danger is if the smaller actor decides to nestle the leader. That might be the end, because the leader will crash him.

For Proóptica's segmentation is incredibly important to be able to describe and identify the client's DNA. Through that, Proóptica is able to see all the levels of clients we have in the market, and adapt its offer. Is also based on this DNA evaluation that we decide our strategy: B&S or OE.

**4) Can you explain Proóptica's Strategy in this business area?**

The mains strategy is that B&S is Proóptica's Workshop and Accessories face. Usually we only propose OE if the client shows some interest in low-cost products, or if we look for products that we don't have in B&S, which almost never happens, since B&S has the best range of products of the market. In my opinion, this strategy happens less and less, that's why OE has been growing so much in the past year.

Here again the analysis of the client's DNA is extremely important. Is based on this principle that we define our strategy. If we understand that the client value quality and prestige, I present B&S. If it is a client that values price, I present OE. However, before that, the DNA of the client tells me what type of client I'm I facing: Does he have or not technical knowledge? If he has deep optical knowledge I can make him a mix of both brands, giving to him OE in the most rotational products were top quality is not so determinant, as it is in machines or measuring tools. If the client doesn't have technical knowledge, I only present B&S, and then I can see if he values more brand or price.

**5) Can you explain us how come B&S is positioned has more expensive than the competitors, when is actually not?**

In the traditional Portuguese market,

New customers, with new ways of thinking appear and start to cut the tradition. But the main principle is still in the market. Maybe in five years the market will think differently.

Is mainly because of this principle that we continue to making our marketing campaigns.

**6) In terms of communication, how do evaluate the marketing campaigns in Workshop and Accessories made so far?**

I concluded that we don't need campaigns. We only need to communicate. We need newsletters, we don't need to be focused on communicating price and discounts. We just need to communicate monthly, in order to maintain the connection with clients.

However, we are aware that currently we don't have the human resources to make this monthly newsletter.

Our communication strategy must be balanced between maintaining continuous communication and relationships.

**Attachment 3. - Direct and Deep Interviews to the Opticians**

**DIRECT AND DEEP INTERVIEWS TO THE OPTICIANS**

I'm a master's student from ISCTE Business School and in the scope of my thesis about the need of construct a marketing plan for the workshop and accessories area for Proóptica, became necessary understand the customer's behavior and purchasing habits.

Thus, were conducted interviews by telephone, to a small sample of 50 opticians that work with Proóptica's brands. The main goal of this interviews was to understand how the clients make their purchasing decisions and what is their perception about Proóptica's brands.

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The contents in this Interviews are extremely confidential, being only used to the scope of this study, and won't be disclosed.

**Name of Optical Store: ____________________**

**Chain of Group: ____________________**

**Person of Contact: ____________________**

**Region: ____________________**

## I. General

**1)** In your opinion, what are the main threats felt in your business?

**2)** In terms of importance, how do you divide your budget through the five business areas (frames and sunglasses, ophthalmic lenses, workshop and accessories, architecture and contact lenses)?

## II. Workshop and Accessories Business Unit

**1)** What type of products do you buy more often?

**2)** In this business area, with which companies/partners do you work with? What are the factors that you appreciate the most in each supplier?

**3)** Please evaluate B&S and Centro Style, in a scale from 0 (worst performance) to 10 (best performance). Please justify the differences in the classifications between B&S and Centro Style.

| **PRODUCT** | **B&S** | **Centro Syle** | **Observations** |
|---|---|---|---|
| Quality workshop | | | |
| Quality accessories | | | |
| Range of workshop | | | |
| Range of accessories | | | |
| Price of workshop | | | |
| Price of accessories | | | |
| Brand loyalty | | | |
| Innovation | | | |

| **MARKETING&SALES** | **B&S** | **Centro Syle** | **Observations** |
|---|---|---|---|
| USP | | | |
| Brand Strengths | | | |
| Product presentation | | | |
| Distribution Channels | | | |
| Online Presence | | | |
| Customer service | | | |
| Delivery time | | | |

**4)** How do you evaluate in terms of quality and price, the brand's performance that are currently present in the market:

Scale from 0 (lower price/quality) to 12 (higher price/quality)

| | **B&S** | **Centro Syle** | **3T** | **OE** | **Observations** |
|---|---|---|---|---|---|
| **QUALITY** | | | | | |
| **PRICE** | | | | | |

**5)** How do you divide your annual budget through the different companies?

**5.1)** In your opinion, how important is each company in the Optical Market?

Please Divide 100% for the 4 companies, as a way of explaining the importance of each one.

| | |
|---|---|
| **B&S** | |
| **Centro Style** | |
| **3T** | |
| **Optical Essentials** | |
| | **TOTAL: 100%** |

**6)** Considering Proóptica's brands, do you consider that the current marketing campaigns are enough?

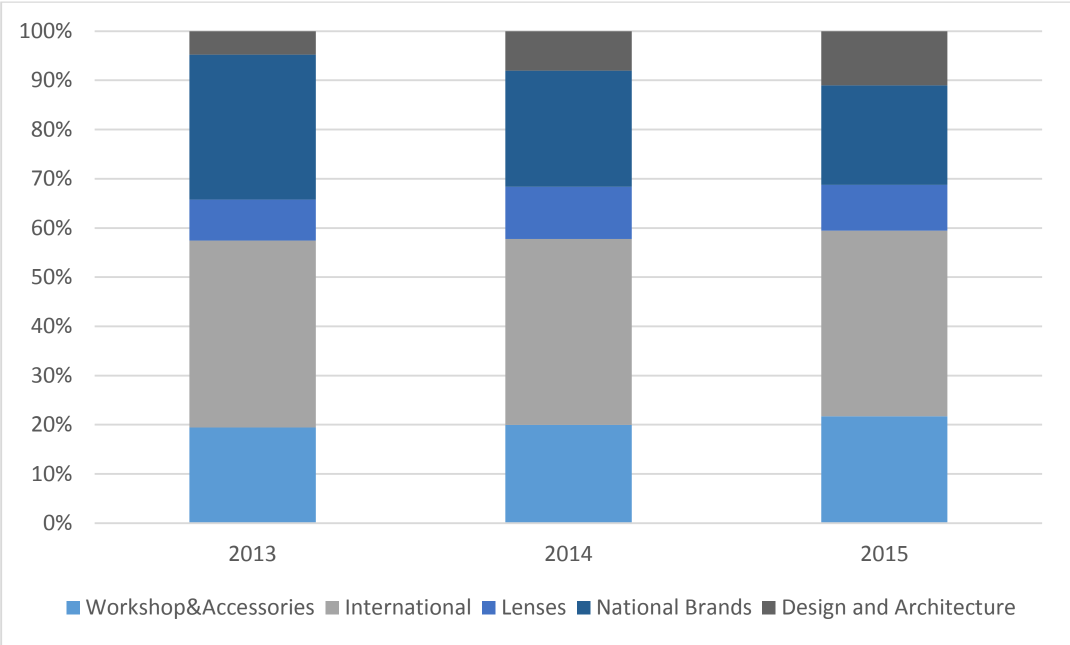
**7)** Did you ever felt the need of having a product from the workshop and accessories segment, and didn't find a solution in any supplier? If yes, what product?

**8)** How do you like to purchase this kind of products? Do you order through telephone, sales force or online?

**8.1)** Did you ever try to purchase workshop and accessories products through the Internet? If yes, which difficulties did you felt?

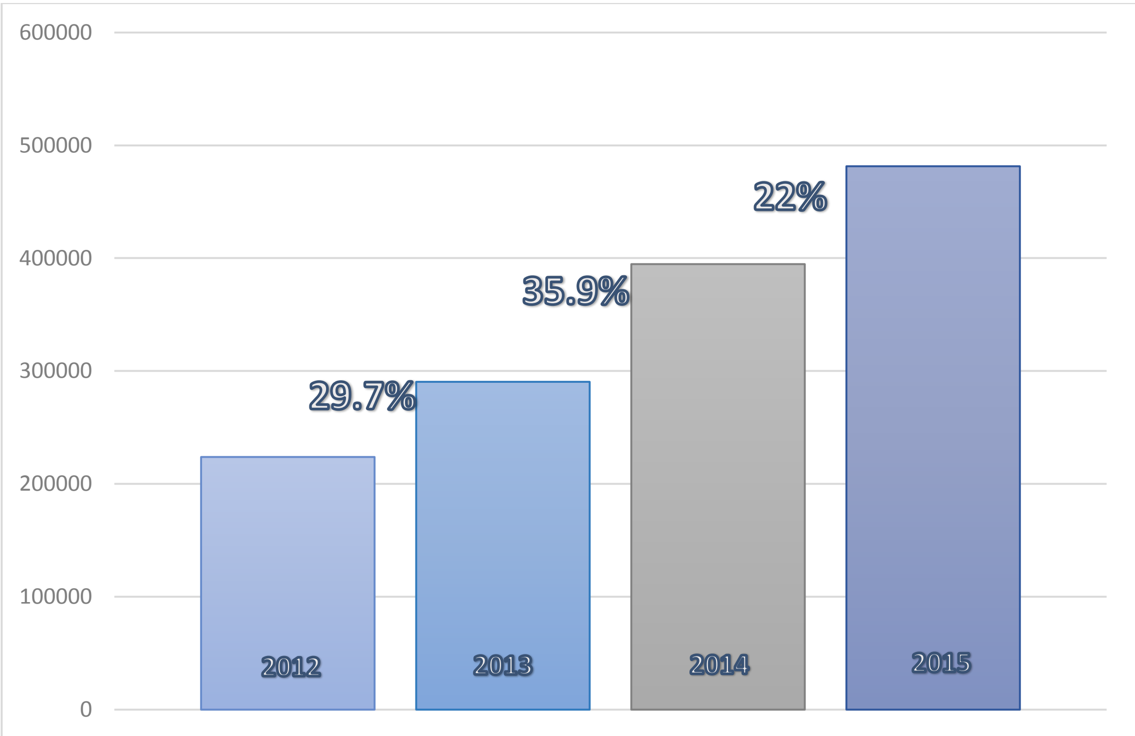
## Attachment 4. – Sales Growth

### Chart 1 - Sales Growth of Proóptica’s Business Areas




*Source: Proóptica's Elaboration*

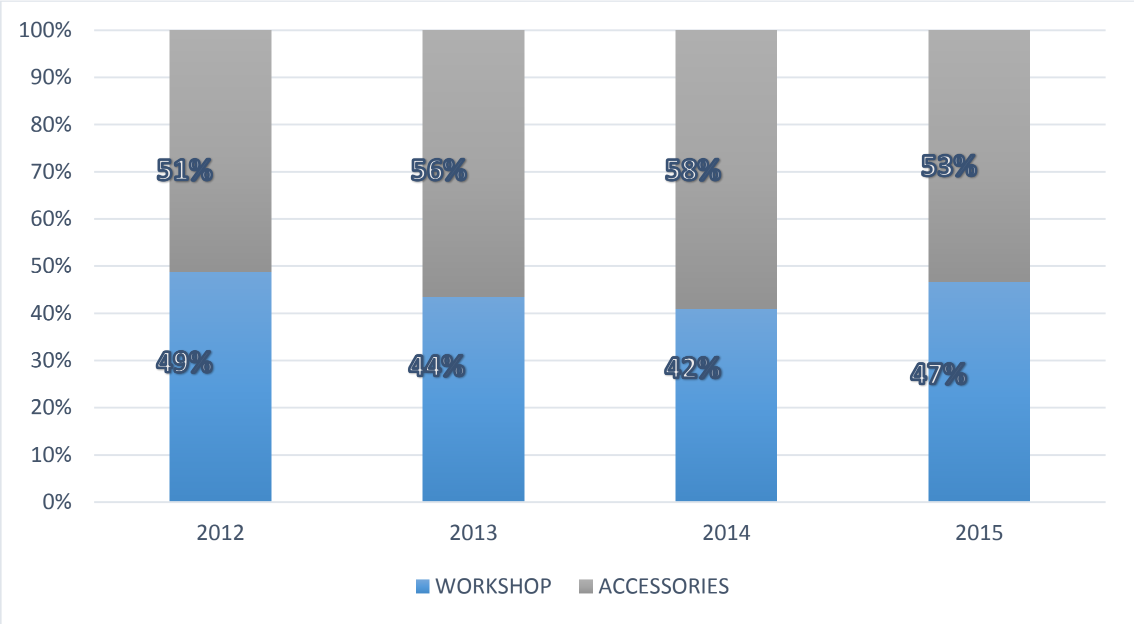
### Chart 2- Sales Growth of Workshop & Accessories




*Source: Proóptica's Elaboration*

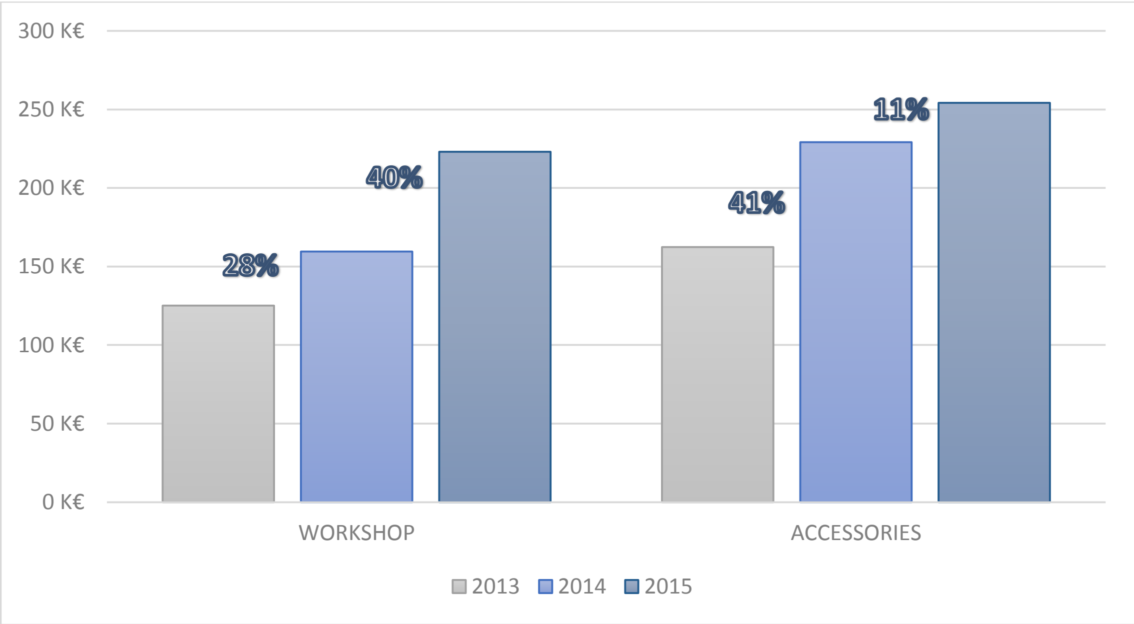
## Attachment 5. – Segments Evolution

**Chart 3 - Sales evolution of each segment.**




*Source: Proóptica's Elaboration*

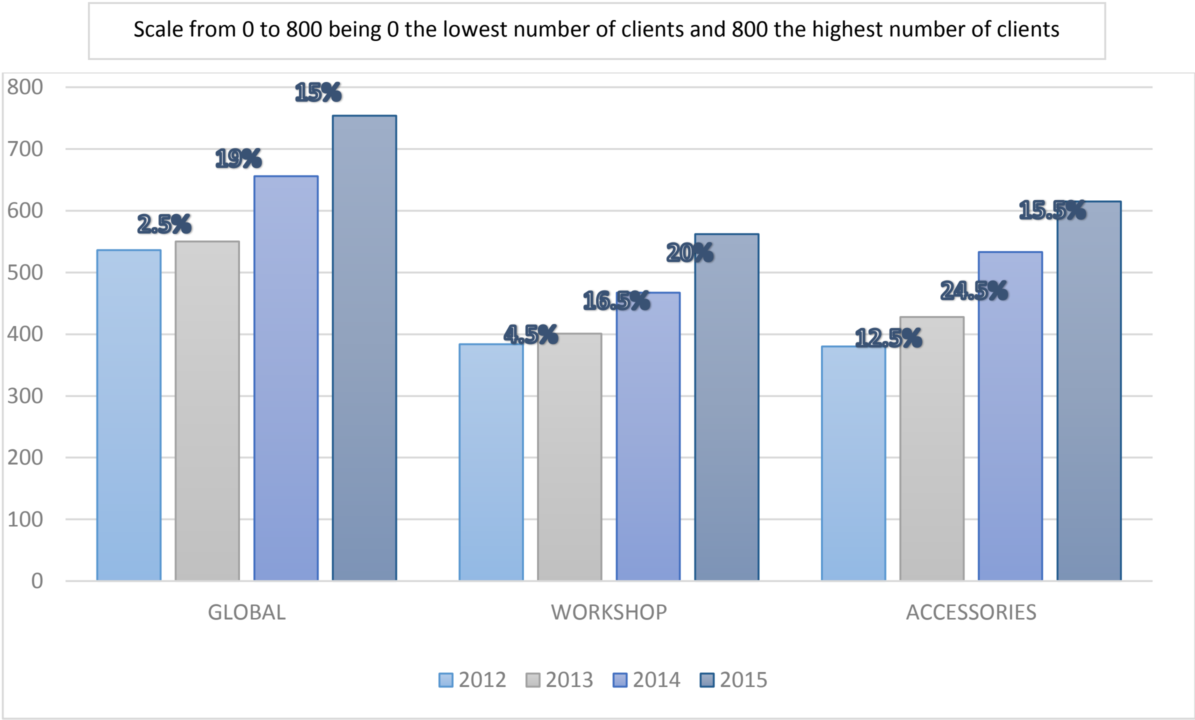
**Chart 4 - Sales Evolution of each segment**




*Source: Proóptica's Elaboration*

## Attachment 6. - Evolution of the number of Clients by area

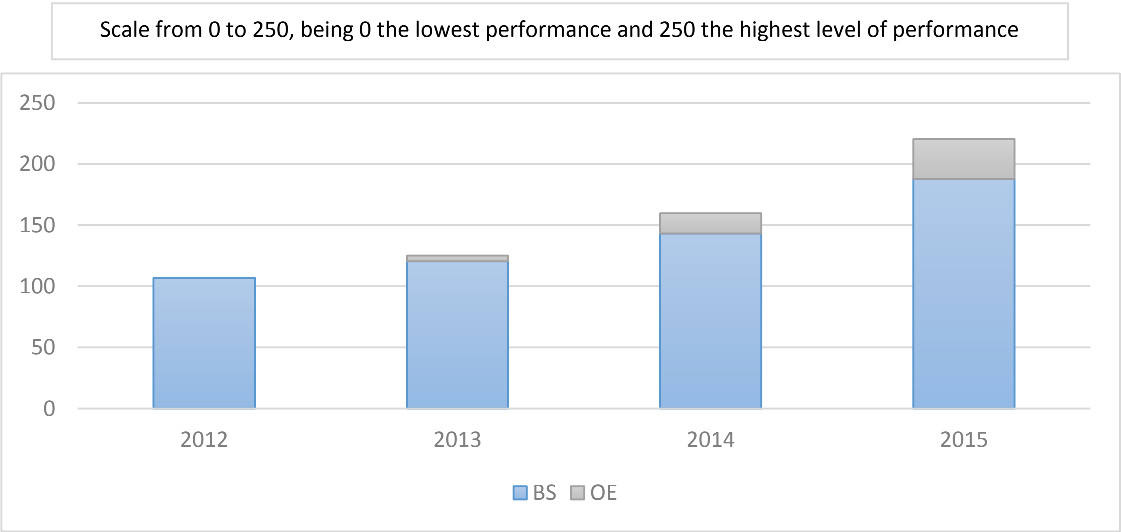
### Chart 5 - Evolution of the number of Clients by area




*Source: Proóptica's Elaboratio*

## Attachment 7. Brand's Performance in Workshop Area

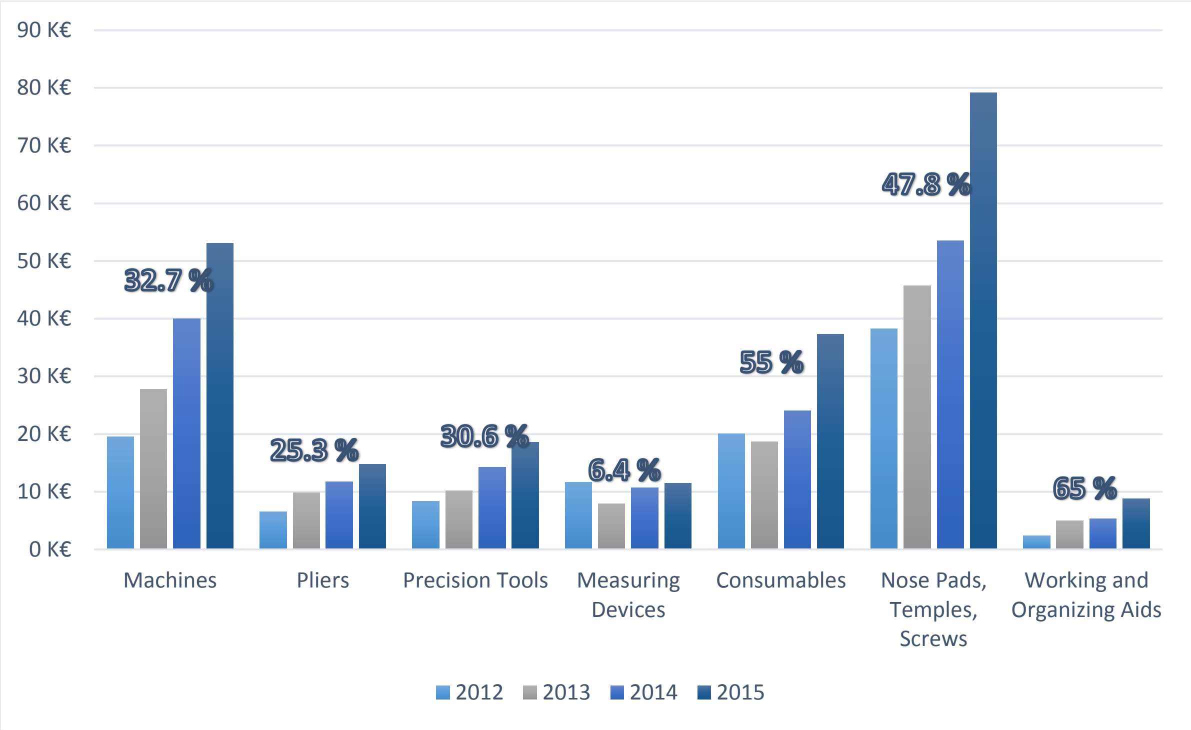
### Chart 6 – Brand's Performance in Workshop Area




*Source: Proóptica's Elaboration*

## Attachment 8. Workshop Sales by Segment

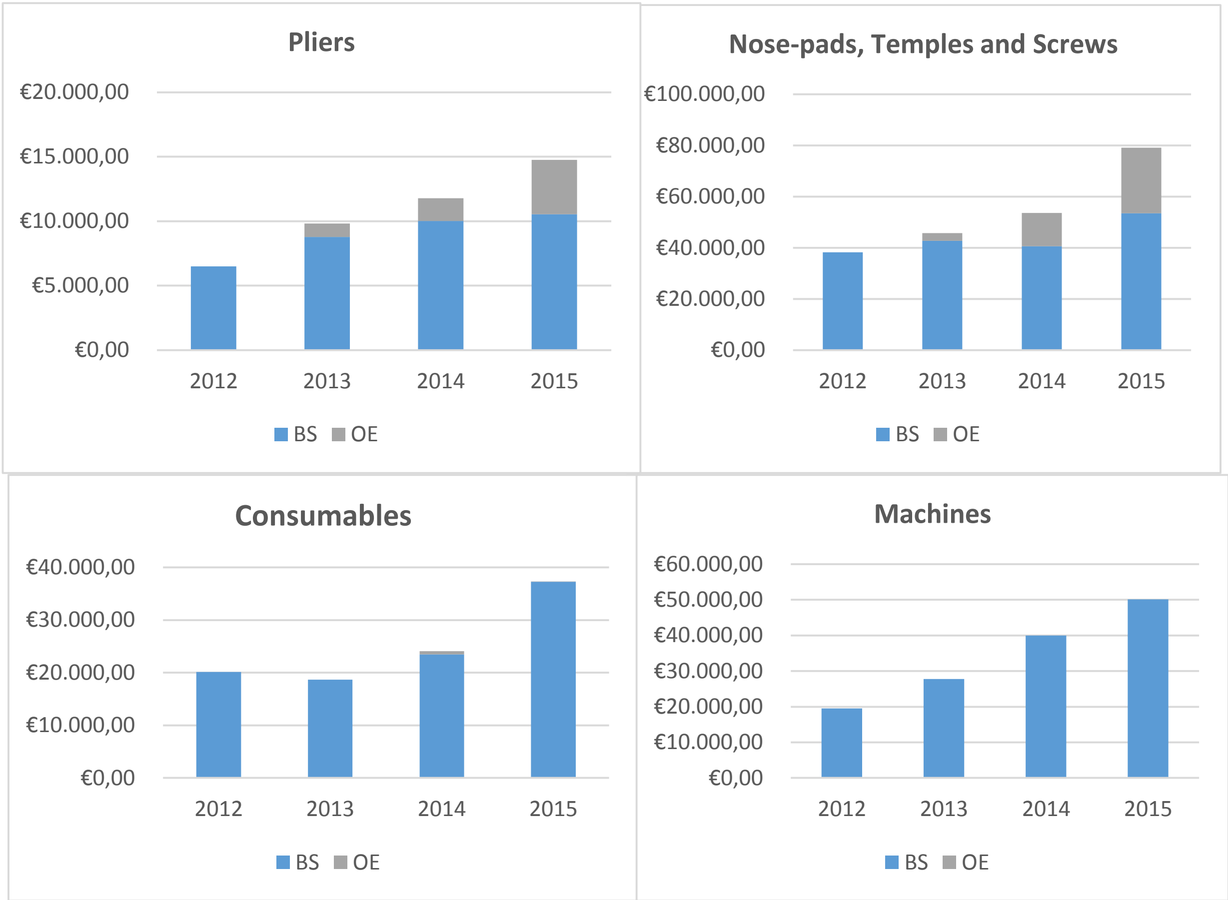
### Chart 7 - Workshop Sales by Segment




*Source: Proóptica's Elaboration*

## Attachment 9. – Brand's Performance by Workshop Segments

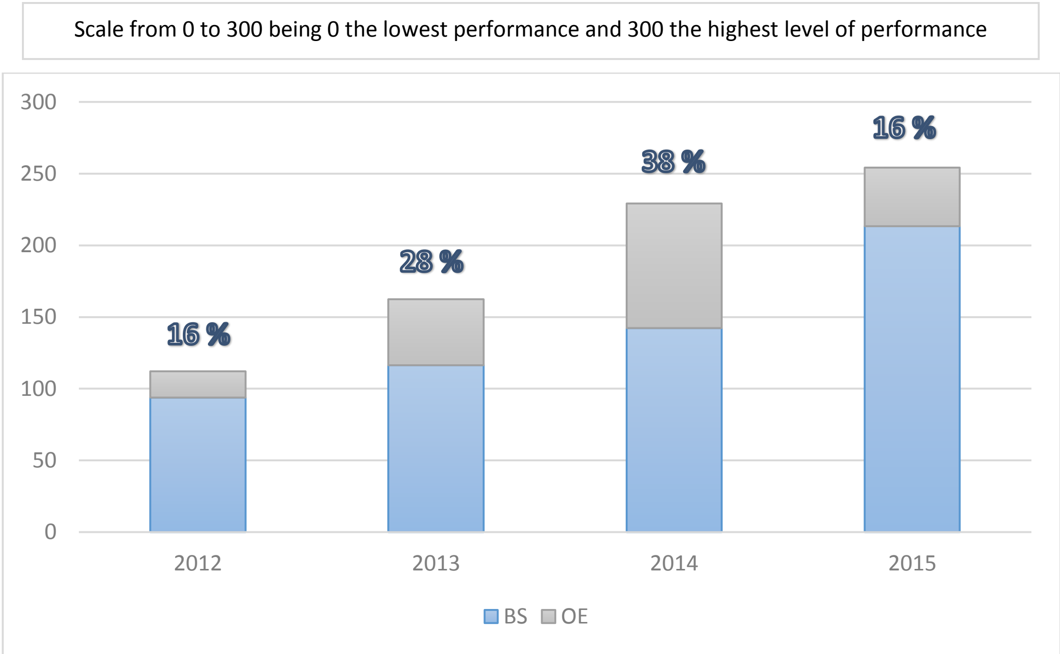
**Chart 8 – Brand's Performance by Workshop Segments**




*Source: Proóptica's Elaboration*

## Attachment 10. – Brand's Performance in Accessories Area

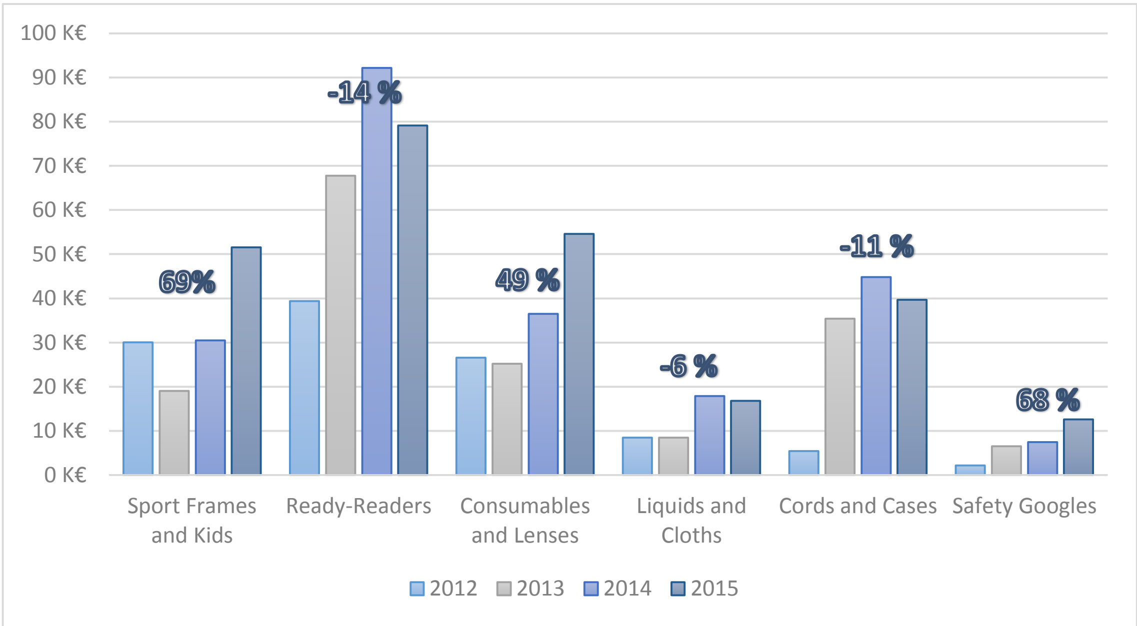
### Chart 9 – Brand's Performance in Accessories Area




*Source: Proóptica's Elaboration*

## Attachment 11. - Sales Evolution in Accessories Segments

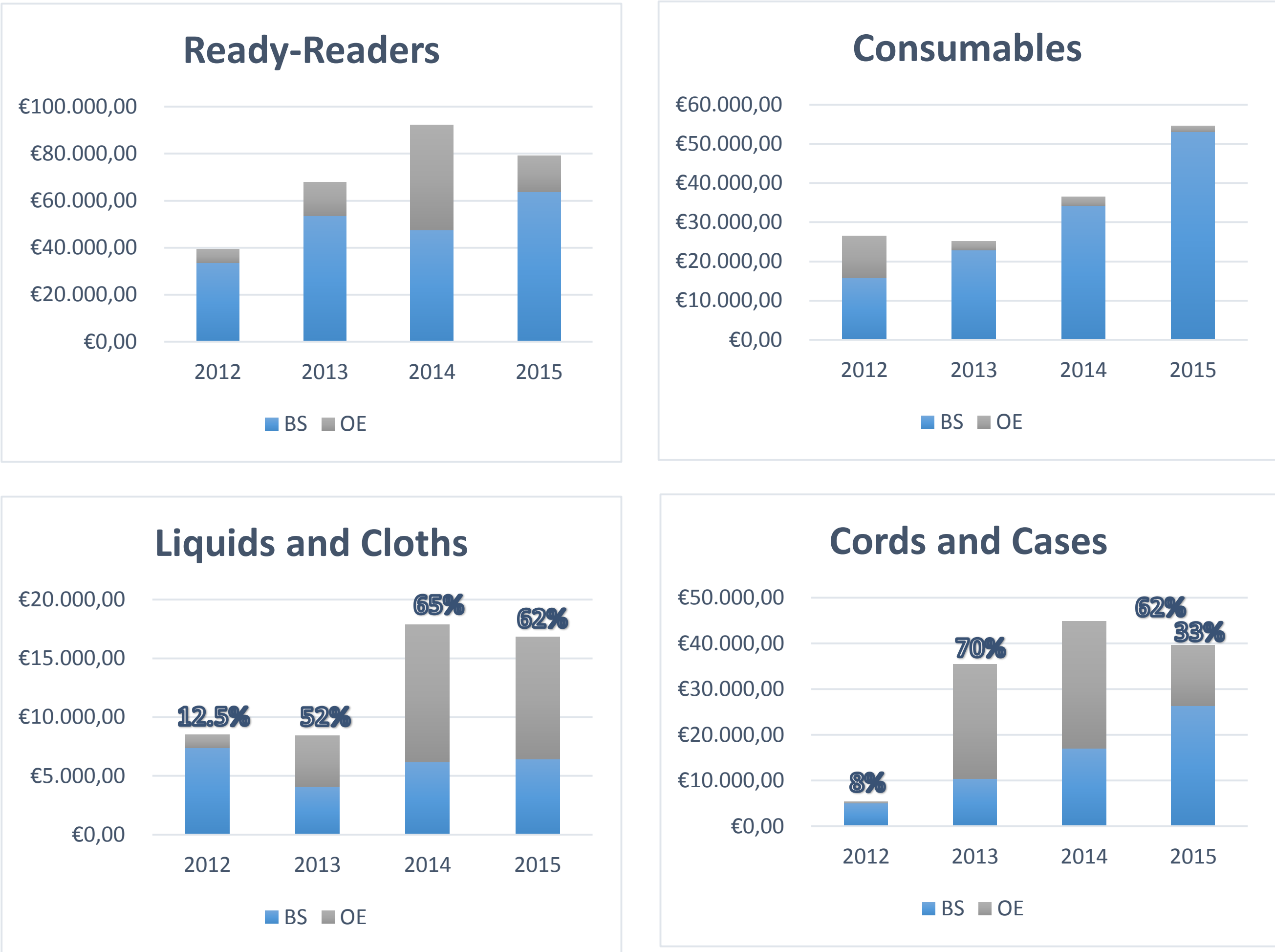
### Chart 10 - Sales Evolution in Accessories Segments




*Source: Proóptica's Elaboration*

## Attachment 12. – Brand’s Performance in each Segment of Accessories

**Chart 11 - Brand’s Performance in each Segment of Accessories**




*Source: Proóptica’s Elaboration*

## Attachment 13. - B&S and CS prince comparison

| | B&S (Prooptica) | | Centro Style (A. J. Borges) | |
|---|---|---|---|---|
| **Product categories** | **Range** | **Price range €** | **Range** | **Price range €** |
| **Workshop** | | | | |
| **Machines** | Frame Heater (Ref. 2869) | 405,10 € | Similar product (Ref. 05030) | 740,72 € |
| | Optosonic (Ref. 297700) | 361,80 € | similar product (Ref. 05420B) | 740,00 € |
| | Lens Grover (Ref. 289900N) | 365,00 € | Simlar product (Ref.5083) | 571,30 € |
| **Screwdrivers** | General | 7,30€ - 8,30€ | Similar product | 7,50 € |
| **Pliers** | General | 24,60 € - 34,90€ | Similar product | 24,38€ - 37,24€ |
| **Measuring Tools** | Thickness Gauge (Ref.231700) | 209,60 € | Thickness Gauge (Ref. 04955) | 256,10 € |
| **Frame Parts** Nose Pads | biofeel, 10 pcs | 15,95 € | biofeel, 10 pcs | 22,26 € |
| | primadonna, 20 pcs | 6,50 € | primadonna, 20 pcs | 6,50 € |
| **Frame Parts** Screws with Self locking | Ref. 0811.. (50 pcs) | 12,30 € | Similar product (50 pcs) | 13,50 €- 16,70 € |
| **Frame Parts** Temples | General | 2,90 € - 13,20 € | Similar product | 6,50€ - 24,00€ |
| **Consumables**Blocking Pads 3M | Ref. 250317 (1000 pcs) | 78,50 € | Ref. 07347 (1000 pcs) | 117,00 € |
| **Consumables** General | Loctite 460 (Ref.316210) | 19,90 € | Similar product (Ref.01406) | 35,28 € |
| **Working Aids** boxes, work organisation material | Boxes Ref. 144927 (10 pcs) | 39,10 € | Boxes Ref.0169 (6 pcs) | 35,10 € |

| | B&S (Prooptica) | | Centro Style (A. J. Borges) | |
|---|---|---|---|---|
| **Product categories** | **Range** | **Price range €** | **Range** | **Price range €** |
| **Accessories** | | | | |
| **Sports** | | | | |
| **sports frames with eye protection, correction** | Progear Eyeguard | 48,90 € | Similar product | 34,80 € |
| | shoptic Frames (Ref.8914) | 15,90 € | Similar product (Ref.1356) | 34,80 € |
| **sports frames, correction** | B&S Lenses | 21.80€ | good range, kids/adults | 22,00€ - 24,00€ |
| **sports frames with sun protection, correction insert** | Shoptic frames | 16,20 € - 28,90 € | Similar product | 34,80 € - 46,20€ |
| **swimming goggles, individual glazeable** | Shoptic Ocean frames | 31,50 € | no comparable concept | |
| | Shoptic Frames (Ref.9461 or 9489) | 23,80 € - 41,50€ | no offer | |
| **swimming goggles, glazeable** | very big range, different glazing possibilities, kids/adults | 9,90 € - 18,30 € | small range, kids/adults | 13,20 € - 15,00€ |
| **diving masks, individual glazeable** | 3 diving masks | 125,80 € - 353,60€ | 1 diving mask | 226,55€ - 295,50€ |
| **diving masks, plano** | 3 diving masks | 25,90€ - 69,50€ | 1 diving mask | 45,31 € |
| **diving mask + 2 ready made lenses** | 2 diving masks | 67,90€ - 128,50€ | 1 diving mask | 95,20€ - 109,20€ |

| | B&S (Prooptica) | | Centro Style (A. J. Borges) | |
|---|---|---|---|---|
| **Product categories** | **Range** | **Price range €** | **Range** | **Price range €** |
| **Ready readers** | | | | |
| **READY READERS** | good range, less than CS, high quality | 4,90€ - 15,50€ | very broad range, high quality | 5,40€ - 27,00€ |
| | Ref. 7476 (plastic retro) | 9,90 € | Similar product (Ref. 68600-68658) | 11,00 € |
| | Ref. 7478 (neckholder temples) | 11,90 € | Similar product (Ref. 69370-69399) | 14,50 € |
| | Ref.7486 (wooden effect) | 11,90 € | Similar product | 15,00 € |
| | Ref.7480 (metal frame) | 8,90 € | Similar product | 9,50 € |
| | Ref.7474 (soft touch) | 9,90 € | Similar product(Ref. 69100) | 10,50 € |
| | Ref.747499 (20 KIT) | 189,00 € | Ref.691 (20 KIT) | 171,60 € |
| | Ref.74990 (make-up frame) | 9,90 € | Ref.1419. (similar product) | 26,00 € |

| | B&S (Prooptica) | | Centro Style (A. J. Borges) | |
|---|---|---|---|---|
| **Product categories** | **Range** | **Price range €** | **Range** | **Price range €** |
| **Sun** | | | | |
| **Adult sunglasses** | no offer | | good range | |
| **Kids sunglasses** | good range, form 0-10 years | 13,00€ - 15,00€ | very broad range, 1-10 years | 11,40€ - 17,20€ |
| | Ref. 8808 | 14,00 € | Similar product (Ref.1686) | 15,50 € |
| | Ref. 880199 and 880799 12 frames in a case | 156,00€ - 168,00€ | Ref. 16176KIT/D 12 frames in a case | 264,00 € |
| **Overspecs** | very good range, 7 frames, one with flip up function that CS does not have | 17,60€ - 26,50€ | very good range, comparable to B&S, but no flip up function | 19,50€ - 31,00€ |
| | 8960.. with interchangeable lenses | 26,50 € | Ref. 1270 (interchangeable lenses) | 29,40€ - 31,00€ |
| **Sun clip-ons** | good range, no "drop in" sun clips, lower quality than CS | 7,20€ - 12,30€ | very broad range, better quality than B&S (bridge+color), but more expensive | 9,00€ - 13,80€ |
| | Ref. 932699, KIT- 20 pieces | 125,00 € | Big range of kit's - 20 pieces | 234,00€ - 240,00€ |
| **Sun Lenses** | good range, no photocromic lenses | | very broad range, more expensive | |
| | Ref. 805203 CR39 (3 pairs) | 7,90 € | Similar product (Ref.06612) | 11,47€ (22,93€ for 12 pcs) |
| | Ref. 807700 (1 pair) | 13,90 € | Similar product (Ref.06620) | 17,64€ (35,28€ for 2 pcs) |

| | B&S (Prooptica) | | Centro Style (A. J. Borges) | |
|---|---|---|---|---|
| **Product categories** | **Range** | **Price range €** | **Range** | **Price range €** |
| **Cleaning & Lens care** | | | | |
| **Microfibre Cloths** | smaller range, but high-end microfibre and 30x30 cloths are unique | | broader range, 6 collections of printed cloths with motives | |
| | OPSE151813S (standard, 15 x 18 cm white, cut edges, not printed) | 24€ (100 pcs) | Similar product (Ref. 11542B) | 27,44€ (100 pcs) |
| | OPLU151813S (premium, 15 x 18 cm white, cut edges, not printed) | 30€ (100 pcs) | Similar Product (Ref. 11764EV) | 49,00€ (100 pcs) |
| **Lens Cleaner** | good quality, bonklar for different needs, Anti-Fog gel and cloth are unique | 1,20€ - 1,90€ | more possibilities for individual print | 0,43€ - 0.82€ |
| **Cords & chains** | | | | |
| **Chains** | basic range | 4,75€ - 7,40€ | BIG range, different collections | 4,53€ - 14,00€ |
| **Cords** | basic range, only one cord for kids | 0,35€ - 2,10€ | BIG range, different collections | 0,41€ - 2,71€ |
| **Safety frames** | | | | |
| | good range | 6,30€ - 24,00€ | good range | 8,50€ - 27,58€ |

# Attachment 14 - Calendarization and Budget of Actions

| MARKETING ACTION | DESCRIPTION | BUDGET | JANUARY | | FEBRUARY | | MARCH | | APRIL | | MAY | | JUNE | | JULY | | AUGUST | | SEPTEMBER | | OCTOBER | | NOVEMBER | | DECEMBER | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| PRODUCT MIX | | | 1 | 15 | 1 | 15 | 1 | 15 | 1 | 15 | 1 | 15 | 1 | 15 | 1 | 15 | 1 | 15 | 1 | 15 | 1 | 15 | 1 | 15 | 1 | 15 |
| **CREATE PACK'S** | In order to make the purchase and sell easier, packs of products should be launched in the beginning of the year:<br>Essential Pack - with the basic products that every optician needs;<br>Opening Pack - Directed to clients that are opening new stores.<br>In this measure there are no cost associated since is only a strategic measure, the product will be purchased in the same way as it is today. | - | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **NEW PRODUCTS/SERVICES** | Innovation of products and services:<br>- Search for new suppliers, in order to find new and innovative products;<br>- Create speccial communication to new joint-service of B&S with Nikon Lenses workshop<br>Costs include the communication of this new service. | 400 € | | | | | | | | | | | | | | | | | | | | | | | | |
| **ADVISEMENT SERVICE** | Advisement Service<br>Specialized person in B&S and OE products that can advise the client. | - | | | | | | | | | | | | | | | | | | | | | | | | |
| **CREATE SPECIFIC CATALOGUES** | Specific catalogues should be created:<br>sports catalogues;<br>safety catalogues;<br>sun catalogues,<br>personalized material catalogue (cloths, spray's and cases)<br>ready readers catalogue.<br>Considering the importance of each segment, the quantities of catalogues will be different.<br>Those can be launched in high seasons, considering each type of product.<br>The considered costs are according a budget give by a graphic company, and the direct mail service o 250€ per catalogue. | 8.750 € | Safety Catalogue<br><br>(1300€ - 1300 units) | | | Personalized Material Catalogue<br><br>(1300€ - 1300units) | | | | | Sun Catalogue<br><br>(1300€ - 1300 units) | | | | | | | | Sports Catalogue<br><br>(1300€ - 1300 units) | | | | | | Ready Readers Catalogue<br><br>(2300€ - 2300 units) | |
| **IMPROVE OE'S OFFER** | OE must have a better offer, that can be negotiated with the supplier.<br>The Director of the area must negoatiate with the supplier new products, or search for new suppliers. | - | | | | | | | | | | | | | | | | | | | | | | | | |
| **TOTAL OF MIX** | | **9.150 €** | | | | | | | | | | | | | | | | | | | | | | | | |
| PRICE MIX | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **NEGOTIATION OF PRICE COSTS** | During the year, the price costs should be negotiated with both suppliers, in order to balance the profit and operational costs.<br>In this measure there are no costs. | - | | | | | | | | | | | | | | | | | | | | | | | | |
| **COMMUNICATION STRATEGY** | Change Communication Strategy in order to reposition the brand's . This a strategic measure, doesn't have cost associated. | | | | | | | | | | | | | | | | | | | | | | | | | |
| **SPECIAL OFFERS** | Create special offers in order to motivate more sells.<br>Strategic measure with no costs associated. | - | | | | | | | | | | | | | | | | | | | | | | | | |
| **COMMERCIAL AGREEMENTS** | Update and maintan commercial agreements | | | | | | | | | | | | | | | | | | | | | | | | | |
| **TOTAL OF MIX** | | **-** | | | | | | | | | | | | | | | | | | | | | | | | |
| PLACEMENT MIX | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| **CREATION OF STOCKS** | Stocks of the more rotated products, should be created.<br>Was considerade na average price, based on previous stocks creation. | 30.000 € | | | | | | | | | | | | | | | | | | | | | | | | |
| **IMPROVE THE WEBSTORE** | The web store must be reorganized in order to improve the delivery and order process.<br>The cost is associated with a budget given by a company that creates websites. | 15.000 € | | | | | | | | | | | | | | | | | | | | | | | | |
| **CREATE ONLINE CAMPAIGNS** | Online campaigns can be made, in order to attract more clients to the web store.<br>This should be launched at the same time of the web store and during the year if they prove to be profitable. | - | | | | | | | | | | | | | | | | | | | | | | | | |
| **TOTAL OF MIX** | | **45.000 €** | | | | | | | | | | | | | | | | | | | | | | | | |
| PROMOTION MIX | | | | | | | | | | | | | | | | | | | | | | | | | | |
| **PRODUCT COMMUNICATION** | Change the product communication, using more people.<br>This measure depends more on the suppleir than in Proóptica.<br>Although, the supplier must be informed about this need. | - | | | | | | | | | | | | | | | | | | | | | | | | |
| **OE NEW CATALOGUE** | Create a new catalogue for OE, with a better presentation.<br>The considered costs are according a budget given by a graphic company. | 6000€<br>(2000 units) | | | | | | | | | | | | | | | | | | | | | | | | |
| **RESTUCTURE OF REPS SHOWCASES** | The reps showcases must be restructured. This should be made in the beginning of the year in order to reproduce better sales during the year, and then evaluate if the showcases are working, or if changes must be made.<br>This cost was calculated considering the price cost of the suggestions made, aThe cost of one showcase is approximately 3000€ | 6.000 € | | | | | | | | | | | | | | | | | | | evaluation | | | | | | | |
| **CREATE TRAINNING FLYERS** | Trainning Flyers to Reps and Commercial Assistance should be created and updated during the year, everytime new products arrive.<br>The costs of this measure will considered the printing inside the company and not of na extern company | 400 € | | | | | | | | | | | | | | | | | | | | | | | | |
| **COMERCIAL ASSISTANCE SUPPORT** | Like was suggested, the department of commercial assistance should be reinforced with one more person.<br>The posisbility of na internship could be considered. Although, the price considered here is of a regular employee | 9.800 € | | | | | | | | | | | | | | | | | | | | | | | | |
| **ONLINE COMMUNICATION** | The website must be more organized.<br>The cost considered here, is accordining a budget given by company that creates websites. | see placement mix | | | | | | | | | | | | | | | | | | | | | | | | |
| **SOCIAL MEDIA COMMUNICATION** | Social Media Communication should be made every month, in the blog, facebook and instagram.<br>There are no costs associated with this measure | - | | | | | | | | | | | | | | | | | | | | | | | | |
| **DIRECT MAIL** | Catalogues and campaigns should be sent through mail.<br>Should be noticed that the catalogues have a price to Proóptica, and the final cost of this measure will icnlude the direct mailling service and the catalogue's cost. | 2.000 € | | | | | | | | | | | | | | | | | | | | | | | | |
| **PRESS RELEASES AND ADVERTSIMENT** | One Press Release per month should be made in magazines of the Optical Market (e.g. VER, Optica Pro or Look Vision).<br>Advertising about specific products should also be made in specific magazines (e.g. Pais e Filhos or SportLife) at leats three times per year.<br>The costs only consider the advirtsment since press releases don't have costs associated. | 5.450 € | press | AD | press | | press | | press | AD | press | | press | AD | press | | press | | press | AD | press | | press | | press | AD |

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| **CAMPAIGNS AND NEWSLETTERS** | The business area must be communicated at least one time per month. In one moth a campaign and in another a newsletter.<br>In each month the subject should also change: in one month accessories in another workshop.<br>The newsletters must be made in a more serious way, using a proper sfotware and sending service. Concerning the campaigns, each include the graphic work and the direct mail service.<br><br>N: newsletter<br>AC: Accessories Campaign<br>WC: Workshop Camapaign | 3.000 € | AC | N | WC | N | AC | N | WC | N | AC | N | WC | N |
| **EVENTS** | Support  events where Workshop and Accesosries area could be present (e.g.: Sport Events).  The company can support through communication and specilized persons in the event.<br>The area should also be present in every exhibition of the company, which demands a reorganization of the products presented. Here the costs can be reduced, if the Directo of the  area negotiates with the supplier the possibility of loan the products to expose. However, the company spends a large quantity in renting the room, and the fact of this brand is present in the exhebition represents a cost. | 1.100 € | | | | | | | | | SPORT EVENT | | | |
| **TRADE MARKETING** | More vitrines of Acessories should be made. Thus, a calendarization with clients in the beginning of each year, should also be made, in order to soon program the presence of the brand in stores.<br>The costs presented, concern a simulation of 4 vitrines, but it can variate according with the number of vitrines programmed to the year. | 1.000 € | | | | | | | | | | | | |
| **TOTAL OF MIX** | | **34.750 €** | | | | | | | | | | | | |
| **TOTAL BUDGET** | | **88.900 €** | | | | | | | | | | | | |

* The prices iclude IVA tax (imposto aduaneiro)