

UOB-SMU Asian Enterprise Institute



A Clear Vision of Growth

With a track record of over 50 years, Nanyang Optical Pte Ltd is already an established home-grown brand

name. It has continued to keep up with the times through innovative new designs, technology and services. It has established itself as the world's first eco-friendly optical specialist, fulfilling its commitment to build a sustainable environment with the implementation of a full-circle recycling system. Its retail stores also feature eco-friendly elements like bamboo flooring and themes associated with nature. To put words into actions, each store has a recycle box to encourage and involve customers in recycling their old eyewear. Within the community, Nanyang Optical is also an active supporter of recycling programs organized by private and public institutions.

Nanyang Optical has 12 retail outlets and two licensed stores in Singapore. They are conveniently located in suburban malls and along the Orchard Road shopping belt to cater to its loyal clientele as well as potential customers. It retails optical goods and eyewear across the categories of sunglasses, spectacles (frames and lenses), and contact lenses. Its wide brand offerings include luxury names like Armani, Chanel, Dior, Prada, Ray Ban and Versace, as well as niche and streetwear labels like Super, Oliver Peoples, Linda Farrow and Superdry.. But unlike others, it differentiates itself with four proprietary brands of frames called Urband, Eyelet, Glossi and Linkskin. Each of these exclusive house brands has their own distinct brand story, and is made for different personalities and styles. Developed and manufactured by its subsidiary Eye-Biz, these brands are conceptualized and created by an in-house design team, and distributed across Europe, China, UAE and Asia.

Not for nothing is Singapore known as the myopic capital of the world as 90% of students need glasses by the time they leave school. Add to this the demand for sunglasses, a younger generation that views spectacle frames and contact lenses as fashion accessories, and the government's call for optical shops to play a bigger role in eye-screening, and the optical industry clearly has a bright future.

More than what's in front of the nose

The optical industry in Singapore is very fragmented with a mix of small, independent optical shops operating alongside optical chains like Nanyang Optical, Optical 88, Mee Mee Eyecare, Spectacle Hut and more. As many of them carry the same brands and offer services that are largely similar, it is difficult to distinguish the value propositions of each shop. Established brands may be known for their reliability and track record, but run the risk of being perceived as old-fashioned or boring by the young and trendy. New stores may stock frames that are eye-catching and fashionable, but building a loyal following takes time, and the tough business environment does not always favour start-ups without a sound business plan.

People's spending habits have evolved through the generations. For example, Gen Yers, referring to those born in the 1980s, are in touch with the latest fashion, beauty and digital trends. They are active in pursuing their interests, take good care of themselves and are willing to pay a premium for what they want. They also account for a very large segment of society. Worldwide, unprecedented numbers are

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entering the workplace, and by 2025, they will make up 75% of the global workforce¹. Singapore is home to an estimated 600,000 people aged between 25 and 34 years. This is the generation with the spending power, and companies are working hard to “help” them spend their money. However, across industries, the challenge facing retailers is how to attract the more “generous” Gen Yers, and successfully retain their interest and patronage. After all, this generation is adept at research and going after what they perceive to be the “best” value, and is not known for its long attention span nor loyalty to brands.

By contrast, Gen Yers’ baby-boomer parents are not as particular about trends and have a tighter hold on the purse-strings. They are known for their loyalty, and form a steady client base for many companies. Though they are more careful with their spending, they will pay for quality items. And though they do not upgrade to fashion frames several times a year, they will replace their frames when necessary – and mostly likely at the optical shop where they have an existing relationship.

With a rapidly-aging population, Singapore is gearing up for a surge in diabetes-related vision problems. Planning ahead, the government announced in November 2012² that it is roping in family doctors and optical shops in a new eye-screening initiative. Whereas previously, patients would have the photographs of their eyes taken by eye doctors, they can now do so at any participating optical shop after being referred by general practitioners. This initiative presents another opportunity for optical shops to establish relations with a new group of customers, or strengthen the bond with their loyal clientele.

Fun, fashionable and functional

It is a truism that a positive retail experience is crucial to ensure repeat customers. A positive experience is a combination of many factors including memorable service delivery; store décor, ambience and products, and staff interaction at one level, plus a buy-in to the brand promise or what the company stands for at another level. In short, the visit should be a happy and fulfilling one that satisfies the senses enough for the customer to want to come back for more, or recommend friends and family there.

For an optical shop where the personal touch is so important, a retailer will score if the staff is familiar with a customer’s taste, and can accurately recommend frames that are to his/her liking. Even if the spectacles were to be priced slightly outside his/her normal range, a loyal customer is willing to pay the extra because of the personalised service. Conversely, a new customer tends to be more sensitive to price and promotions.

It makes good business sense to expand a company’s reach to all segments of the population. As people become more image conscious, this means optical shops must add to their product spread more visually-attractive eye wear and accessories that continue to serve their primary functions. Funky frames for the trendy – even if they hold progressive lenses or no lenses at all; coloured contact lenses that may or not have power-correcting properties, and fashion-forward sunglasses that protect the eyes from the sun’s glare... there must be something for everyone, with the marketing messages conveyed through the most appropriate platforms, and products retailed at the correct price points.

¹ Figures from an BPW Foundation Gen Y study, referenced by Erica Dhawan, speaking on “Leadership across the Generations”, at the World Economic Forum in Davos, January 2012

² <http://www.straitstimes.com/breaking-news/singapore/story/optical-shops-roped-eye-screening-20121107>

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Sounds like a tall order? But being in business is tough. With clarity of purpose, optical shops can thrive as they build on the essential service that they provide.

Look further, see more

Nanyang Optical is seen as a pioneer in the optical industry, and like other pioneers, it has not stopped in its quest to do more. It had participated in the UOB-SMU Asian Enterprise Institute's SME Consulting Programme as it was looking to grow its reach to a new segment. Declaring himself "satisfied with the SMU selection of dedicated student-consultants and project supervisor", Mr Yang Wah Kiang, Chairman, Nanyang Optical, shared that "their findings and conclusions corroborated our in-house intuitive understanding of our business".

One of the benefits of the SME Consulting Programme is the use of more methodical and scientific approaches to address business issues. Nanyang Optical experienced this first-hand. "Some of the qualitative and quantitative findings did make a difference as they gave meaningful snapshots of what we were looking for. We have also adapted and implemented several recommendations," said Mr Yang.

"The project gave us more than we asked for. We experienced the motivations and passion that SMEs founders put into their business – which isn't something we get to see every day," said the student-consultants. Handling a real-life case also taught them "how to react to curve-balls "unexpected challenges" which are notably absent in academic assignments.

Project Adviser Dr Steven Chua called the student-consulting team "a joy to work with" as members were "bright, vocal and innovative in their approaches to the issues at hand". His *modus operandi* was to get them to "think like the SME leadership, and consider what they hope to get out of this project". Only by understanding the client can the team proceed to craft the project framework. The team, which took his advice to heart, won over the client. "The vision and thought leadership provided by the SMU team was both challenging and stimulating for us," said Mr Yang.

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