

Drive Value in Your Practice

1 hour

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Course Description

Consumers make decisions based on the perceived value of the product or service being offered will drive value in the practice. The patients will perceive value and see the practice as having greater value. This course provides practical examples of how an Optometric Practice can deliver on the drivers of perceived value (quality, service, level of need, convenience), which enables them to justify price (the final component of perceived value). Enhancing perceived value also fosters higher patient compliance to professional recommendations and treatment plans.

Learning Objectives:

1. Identify the components of perceived value, and the concept of commoditization.
2. Understand generational differences in perceived value, and their impact on patient perception and compliance.
3. Recognize strategies which maximize perception of quality, service, level of need, and convenience.

Outline:

I. What is Perception of Value?

A. Components of Value Perception (5 minutes)

1. Quality
2. Service
3. Level of Need (aka Desire)
4. Convenience
5. Price
 - a. Price is actually one of the least important factors.
 - b. Example: Of your personal purchases over the past month, how many times did you purchase the absolute least expensive option?

B. Lack of Value Perception = commoditization (3 minutes)

1. In the absence of differentiation, price = value
2. Examples of a commodity product
 - a. gasoline
 - b. disposable contact lenses
 - c. spherical SV ophthalmic lenses
3. A patient / consumer who indicates a desire to shop for “a better price” is indicating you have failed to differentiate on any of the other components of perceived value.

II. Value Perception is in constant flux.

A. Case Example: Blockbuster vs. Netflix (5 minutes)

1. Netflix offered to Blockbuster in 2000 for \$50m
2. Blockbuster’s value built on convenience and level of need

3. Netflix's value built on service (no late or rewind fees)
4. Netflix has changed its business model 2x since 2000

B. Generational shifts bring vast changes to Value Perception. (5 minutes)

1. Millennials = *"If I'm in a line, the process is broken"*
 - a. A Gen X patient who sends a question by email will give you 1.5 days to respond before seeking an answer from another source.
 - b. A Millennial patient will give you approximately 1 hour before seeking another source.
2. In-person experiences need to add value

III. Creating Perceived Value

A. QUALITY (10 minutes)

1. In the US, quality perception is driven by branding
 - a. eyewear consumers believe all products are the same
 - b. eyewear consumers are virtually unaware of ophthalmic brands
2. Case Example- grocery shopping (spaghetti sauce = "Ragu" or "Prego")
3. Create quality differentiation through branding

B. SERVICE (10 minutes)

1. Service perception starts with a relationship
2. Case example = female consumers' relationship with hair stylists
3. Case example = Doubletree and the warm chocolate chip cookie
4. Created service differentiation through relationship building and find your cookie
 - a. Patients will follow recommendations if you build a relationship
 - b. Patients are loyal to those they view as a friend

C. LEVEL OF NEED (6 minutes)

1. Consumers don't pay for things they don't need
2. How much do you need something you've never had?
 - a. <30% of US consumers have ever worn AR
 - b. only 1 in 15 Rx wearing consumers own Rx polarized sunwear
3. Create need through product trial.

D. CONVENIENCE (5 minutes)

1. Convenience is usually a detractor- not an attraction.
 - a. however, there are "convenience" stores
 - b. Amazon has set a new bar for convenience
2. Millennials have a unique view of convenience
 - a. the sole judge of convenience is the consumer
 - b. be ruthless in identifying and eliminating inconvenience
 - c. the internet is an underutilized tool in many iECP practices
3. Choices are inconvenient to consumers (even though they claim to want them)
 - a. case example = MIT study of jelly sales with 6 vs. 18 choices

E. PRICE (3 minutes)

1. If it's come to price, you have failed to differentiate!
2. Case Example = Perrier (a \$5 bottle of water?!?)
3. Don't get mad at the price shopping patient- take a closer look at your practice.

IV. Never-ending Homework (3 minutes)

Each time you make a purchase, ask- "What aspect of Perception of Value brought me here, and can I leverage it in my practice?"

V. Q&A / Discussion (5 minutes)