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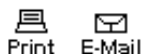
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LifeStyle Choices Attracts 900+ ECPs

By Seth J. Bookey
Senior Editor

PITTSBURGH--Since its introduction to independent optical retailers a year ago, the LifeStyle Choices private-label credit-card financing plan, which gives eyewear customers financing at purchase time and the flexibility in no-interest payment schedules, had attracted more than 900 eyecare practitioners. ECPs are primarily introduced to the private-label credit card via LifeStyle Choices' lab members. The remainder responded to the plan's Web site or to its presence at trade shows.

For the optical retailers and independent wholesale labs participating LifeStyle Choices, the immediate financial benefits and long-range implications of being involved with no-interest financing and low-interest revolving credit have been attractive. Streamline Communications, the company that is marketing the GE Retail Consumer Finance-backed private label card is pleased with the numbers LifeStyle Choices has gained in its first year, but its partners feel there is much untapped potential among independent ECPs.

According to Tim Fortner, a partner in Streamline Communications, ECPs can offer patients either credit card or financing plan options. Participating labs are charged a one-time \$3,750 fee. The doctor or dispenser receives a terminal that accepts both personalized cards (featuring the patient's and the ECP's names) as well as bank-issued credit cards. Approved consumers can choose revolving credit with a 25-day grace period, or a choice of 90-day, six-month, or 12-month no-interest payment plans. Plan clients who default are shifted automatically into revolving credit.

Dispensers pay 2.5 percent of the transaction amount when customers choose the revolving credit plan, 5 percent for 90-day extended payment, and 6.9 percent for six- or 12-month extended payments. Doctors and dispensers are paid within 48 hours and GE handles bill collection.

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Extending credit to optical retail consumers is an idea whose time has come, Fortner noted, especially since some of the country's largest retailers (Sears, JC Penney, Wal-Mart) as well as large optical retail chains have been doing it successfully. Pearle Vision and LensCrafters both introduced private-label credit cards early last year.

The plan benefits retailers with a variety of clientele. At Palmer Optical, Palmer, Pa., which has been offering LifeStyle Choices since October 2003, about 24 patients have signed up at what owner and optician Dean Wiley describes as "a nice upscale practice" with a mixture of value and high-end customers." I really see it [working] with third-party coverage. Some people buy something extra that insurance won't cover in full."

At Dr. Rosenak's Optical Options in St. Joseph, Mo., about 100 patients have signed up since the practice started offering the plan a year ago. Office manager Terry Callaway told **VM**. "About 20 percent [of our patients] apply for it daily. We put a brochure for it on their history form. It really helps the second-pair sale."

Value and managed-care patients are not the only ones benefiting. At Wesson & Mothershed Eye Center in Tupelo, Miss., which doesn't take insurance plans, premium-product sales have gone up. According to office manager Pam Scruggs, the single-location retailer doesn't promote the plan heavily, but it is presented "when people are taken aback by prices," she said. With PALs, ranging from \$199 and go to \$499, "this gives people an option."

The uptick in sales also benefits the independent wholesale labs that offer LifeStyle Choices,

Currently, there are 21 member labs, with four recent additions: Cherry Optical, Green Bay, Wis. and Melvindale, Mich.; Optical Resources, Louisville, Ky.; Dietz Laboratory, Fort Worth, Texas; and B&W Optical in Baltimore. (For more information on participating labs, go to www.lifestylechoices.com.)

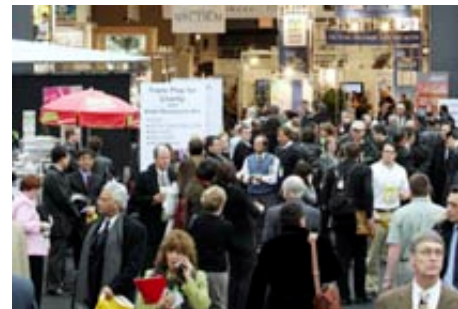
Wholesale optical labs see the plan as another way of building customer loyalty while increasing sales. Dale Parmenteri of Balester Optical, a Wilkes-Barre, Pa. lab that serves several Mid-Atlantic states, said that LifeStyle Choices is a "perfect model." He said, "People are buying cars for \$4,000 more [than planned] because they got no-interest financing. Ten percent of all retail purchases in 2003 in the U.S. were on private-label credit cards."

Brian Green, a Toledo Optical's sales rep for Ohio who concurs about the trend, noted, "Patients come back when they have credit with a particular doctor." Since joining the plan, Toledo Optical, based in Toledo, Ohio and serving four Midwestern states plus Pennsylvania, has supported participating ECPs with promotional advice, training programs, and an initial polarized lens sales incentive.

Cherry Optical, a lab serving Michigan and Wisconsin, added LifeStyle Choices five months ago, and supports it with onsite training and adding the plan's promotional

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material to its statements. Adam Cherry, sales manager for Cherry Optical, told **VM**, "The lab now has two ECPs using the program, and Cherry noted increases in sales of premium products, like 1.70 high index, polarized lenses, and AR coatings.

Despite the plan's competitive benefits, labs have found it a somewhat "tough sell" to independent ECPs. Cherry said, "ECPs almost think it's something only Best Buy or Home Depot can do."

ECPs are reluctant to appear too much like a retailer "don't want to be seen as presenting credit," noted Green. "We're competing more with chains, and their strong point is marketing, and independents haven't been able to compete on a marketing level with them."

Balester Optical's Parmenteri notes, "As a lab, we are giving them tools to keep patients." He told **VM** that the lab expected a better ECP reaction to LifeStyle Choices (the lab has signed up 12 ECPs so far), but also noted "the ones who are embracing it are attuned to merchandising and competing with the chains." "The doctor has total control over the eyecare." Balester provides a variety of materials to launch the plan, including a tip sheet that explains why it's better than a credit card.

Peggy Hynes, a partner at Streamline Communications, noted many doctors and dispensers don't like talking to patients about financial matters, "Look how long it took for progressives and AR to really take off. This reluctance is commonplace. The best technique for overcoming this is 'just the facts'--the average card transaction is more than \$500, more than double the industry average; the major optical retailers have their own private label cards."

Fortner also noted that "Look at phone book ads for surgeons and dentists--you will read 'major credit cards accepted, financing available.' It is a part of health care in the 21st century."

Volume Number: 18:10 Issue: 8/30/2004

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