Executive Summary

In this study, the current marketing strategies and promotion plans of Skyview Optical Company Limited (sole distributor of Ophtecs in Hong Kong and Macau) that applied on GP solution, named as Ophtecs Cleadew GP, for Hong Kong market will be analysed.

The external environment factors will be analysed with PEST analysis and Porter's five forces analysis. The GP solution market growth based on the myopic population is increased due to students spent more time on using screens during pandemic, more children take Orthokeratology treatment for myopia control.

The internal environment factors will be analysed with Porter's value chain analysis. The resources and cost control of Skyview will be analysed. After reviewing the internal factors, there are enough resources but Skyview didn't utilise with them.

Skyview has segmented and targeted Part I optometrists as their target customers, since only Part I optometrists are legal to provide Orthokeratology treatment to patients in Hong Kong. Based on this, Skyview's current marketing plans are focusing on optometrists only, such as selling Ophtecs Cleadew GP to those optical shops and eye centres with Part I optometrists work in, then organise congresses and events for optometrists to promote Ophtecs Cleadew GP.

The growth of sales is forecasted that will be flatten in the next few years if Skyview do not change marketing plans. Pull market strategy and digital marketing are recommended to be applied, will lead the sales growth as 22% and increased market share to 45% with the improved perceived quality in the next year.

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1. Introduction

In Hong Kong, Ortho-K lenses, which is hard contact (GP) lenses, users increased lately due to school children spent more time watching screens during pandemic period. Since patients have to wear the lenses overnight every day, protein removal is a necessary step in daily cleansing of long-term usage contact lenses. In this case, the demands of GP lens solution should also increase in the market, as the sales is dependent to the amount of GP lenses users.

Ophtecs Cleadew GP is one of the most popular GP solutions in Hong Kong, it has the second place of the most market share of Japanese brand GP solution in the market. Skyview Optical Company Limited (Skyview), as a sole distributor of Ophtecs products in Hong Kong and Macau with a team of professional sales members, has introduced Ophtecs Cleadew GP to the market since 2016. Although Skyview has such strong resources, the sales growth of Ophtecs Cleadew GP (Japanese brand) remains around 16 -18% only from 2018 to 2021.

Hence, the current marketing strategies of this product should be reviewed and a new marketing plan is recommended in this study, to achieve the sales growth to 22% and increase the market share to 45% in the upcoming financial year for increasing our market share.

2. Situation Analysis

Before drafting out the marketing plan, we should have a strong understanding about both external and internal environment factors. In that case, situation analysis is a helpful tool to explain these factors (Steenburgh & Avery, 2010). To have a consummate analysis for GP lens solution market in Hong Kong, both external and internal factors will be analysed in below sessions.

2.1 External Analysis

External analysis is often used to analysis the uncontrollable environment factors that the organisation may face in the market, and separated them into opportunities and threats (Drummond & Ensor, 2006).

Hong Kong is one of the cities that having the most myopic population in South East Asia, especially school age children. Before pandemic, 25% of age 6 to 8 children are myopic, 0.7% of age 8 children were high myopia in Hong Kong (Yam et al. 2020). However, schools were closed and the outdoor activities were restricted from 2020, which caused students spent more time on using screens for e-learning and entertainment, from 2.5 hours to 7 hours per day (Chinese University of Hong Kong, 2021). Therefore, the myopic population is increasing in Hong Kong. Moreover, high myopia may lead to serious eye diseases in elderly age, such as retinal degeneration, glaucoma and blindness (The Hong Kong Polytechnic University, 2022). With the education to the public by different organisations, Hong Kong people raise their awareness on high myopia. Generally speaking, parents usually take optometrists' advice, letting their children to take the Orthokeratology treatment, as known as Ortho-K lenses, for altering the corneal shape to slow the progression of myopia.

On the other hand, GP solution is a product that very easy to build up the brand loyalty, patients would not change the brand due to safety and afraid of allergies. Unfortunately, our main competitor, Menicare Plus, has groups of brand loyalty customers with their longer history (at least 10 years more) in the market. And of course, Ophtecs Cleadew GP has less word of mouth than Menicare Plus with less users, it is not easy to influence users to purchase their first Ophtecs

Cleadew GP with current marketing plan.

In this session, PEST Analysis and Porter's Five Forces Analysis will be used for analysing the external factors which would affect the sales of Ophtecs Cleadew GP in Hong Kong.

2.1.1 PEST Analysis

To understand the strategic risk, we usually analyse the external environment factors under Political, Economic, Social and Technological, which is called PEST analysis (Sammut-Bonnici & Galea, 2014).

Political - By law, only Part I Optometrists have right to provide Orthokeratology treatment service to their patients (Please refer to Appendix for details)	**Economic** - Sales of GP solution is increasing every year - Number of Ortho-K lenses users is increasing
Social - Student spent 7 hours on using screens per day due to pandemic - Parents raise awareness on high myopia with public education	**Technological** - Official website could develop online ordering system - Ready to start digital advertisement to end-users on social media platform with enough resources

Table 2.1: PEST Analysis
Construct by Author

By combining the external environment factors that mentioned before, we can summarise them into the table as above.

2.1.2 Porter's Five Forces Analysis

Except the direct competitors, there are four other competitive forces also influence the competition of profit and further development of a brand or product in the market, which are threat of new entrants, threat of substitutes, bargaining power of suppliers and buyers (Porter, 2008). According to current buyers' habit, GP solution is a consumable product that easy to build up brand loyalty, which means users would not change to use other brand unless there is any quality issue or allergies. Moreover, the market share of Ophtecs Cleadew GP is increasing every year while

Menicare Plus's is decreasing, we can assume that Ophtecs Cleadew GP will be able to replace Menicare Plus in the next few years. Therefore, it is difficult for new entrants to enter the market, and this is favourable to Ophtecs Cleadew GP. On the other hands, Skyview is the sole distributor of Ophtecs in Hong Kong, which means we are the only channel for Ophtecs to sell their products to the market. Ophtecs really relied on Skyview for selling their products so they are very supportive to any scales of promotions in Hong Kong, they are willing to sponsor samples or inviting speakers for the seminars. However, there is a new treatment to control myopia called DIMS lenses for children (The Hong Kong Polytechnic University, 2018), which would affect the number of Otho-K lenses and GP solution users in Hong Kong in the future.

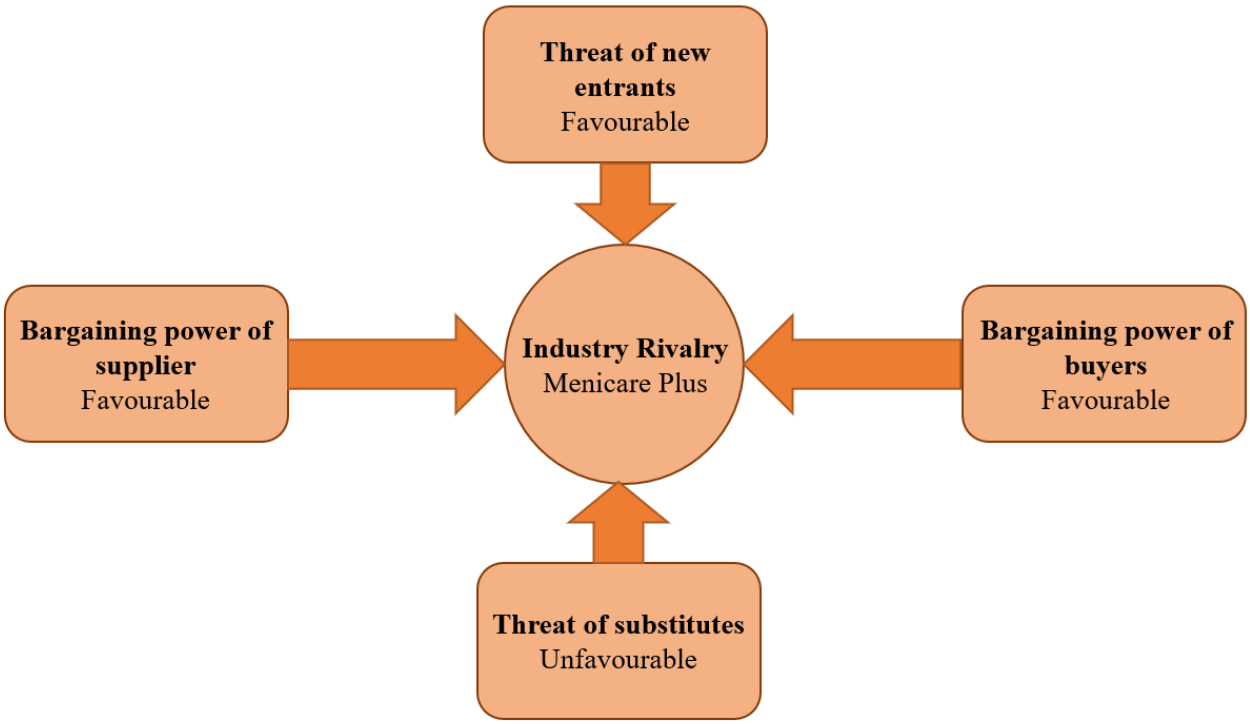

Figure 2.1: Porter's 5 forces Analysis
Construct by Author

Since there are four forces are favourable to Ophtecs Cleadew GP and Skyview, which means we should stay in the market and it is worth to invest more on promoting this product.

2.2 Internal Analysis

As external environment factors are uncontrollable, internal analysis is used to analyse those controllable factors of the organisation that would affect the cost of products or services (Herder, 2021). More important is, if we understand the details of the flow from procurements to sales, we will be able to control the cost better and increase the margin. In this session, Porters Value Chain Analysis will be used for internal analysis of Skyview and marketing strategies for Ophtecs Cleadew GP.

2.2.1 Porter's Value Chain Analysis

Porter's Value Chain Analysis is often used for analysing the cost from purchasing materials to selling products to the customers as gaining the profits. This analysis tool separated the factors into Primary and Support Activities of an organisation that are influencing the margin amount (Herder, 2021).

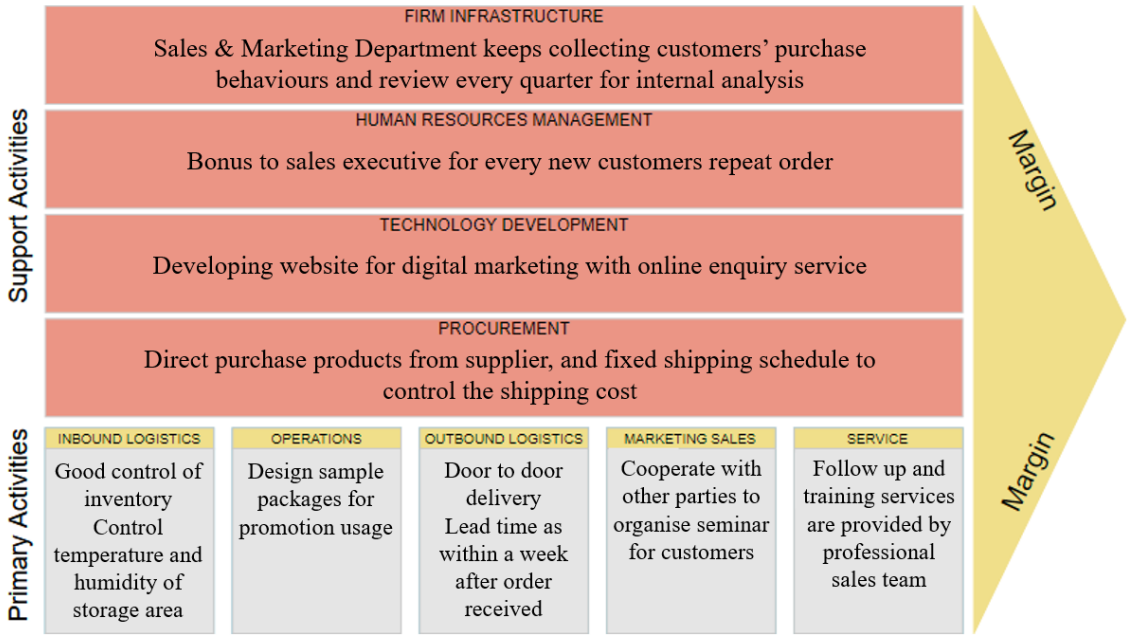

Figure 2.2: Porter's Value Chain Analysis
Construct by Author

As a principal supplier to Hong Kong ophthalmic and optical market, Skyview has built up the professional image to the market, so they are often invited to organise seminars or events to the optometrist by different parties with supplier's support, The Hong Kong Academy of Orthokeratology is one of them. On the other hand, Skyview maintained the good quality and

control storage conditions, customers have more confidence on purchasing products from Skyview continually, the loyalty customers would be increased by these factors. However, in this digital generation, Skyview has not fully utilized with their official website or social media as a promotion channel with digital marketing. Although Skyview hired inhouse designer with experiences of creating social media marketing contents, Skyview is still promoting their products in a traditional way, such as print out leaflets and mail to customers directly. More important is, Ophtecs Cleadew GP is not popular as Menicare Plus in the market, which means the products could not reach the end users as much as the competitor does. Unfortunately, current marketing plan didn't include direct promotion to the public, which would slow down the market share growth.

From the above figure, we could see that Skyview has few support activities to motivate sales team to drive the sales and increase the market share of Ophtecs Cleadew GP in Hong Kong. For example, marketing team has been collecting customers' purchase behaviour from 2016, which would be easier for managers to choose the most suitable promotion strategies with analysis. With the above support activities, the sales would be motivated to provide better quality follow up services to customers, which could help to build good relationship with customers.

2.3 SWOT Analysis

After analysing the external and internal environment factors that the organisation would be facing, these could be identified into four areas: Strengths, Weaknesses, Opportunities and Threats, to form a SWOT matrix and organisation will able to choose a suitable strategy (Gurl & Merba, 2017).

Strengths - Sales professional follow up service - Good relationship with customers	**Weaknesses** - No public promotion plans - No digital marketing or advertisements
Opportunities - Supplier usually invite speakers (with Doctorate of Optometry) to introduce product to optometrists - Supplier is very supportive on product promotion - Public awareness of high myopia - Able to build up brand loyalty	**Threats** - Less word of mouth than competitor - Competitor already have groups of brand loyal customers with longer history in market - Substitute treatments entered market

Table 2.2: SWOT Analysis
Construct by Author

Form the above table, we can see there are few areas that Skyview have missed out in current marketing plans of Ophtecs Cleadew GP for Hong Kong market. As SWOT analysis is a guiding tool for choosing a suitable marketing strategy, the recommendation (Chapter 7) in this study will be referring to this table by targeting the weaknesses and threats parts.

2.4 BCG Matrix

To understand the potential of a product in the market, BCG matrix is a helpful tool to do so. By knowing the market share and growth rate of the product, we may define it into four categories: Star, Question Mark, Cash Cow and Dog (Mohajan, 2017).

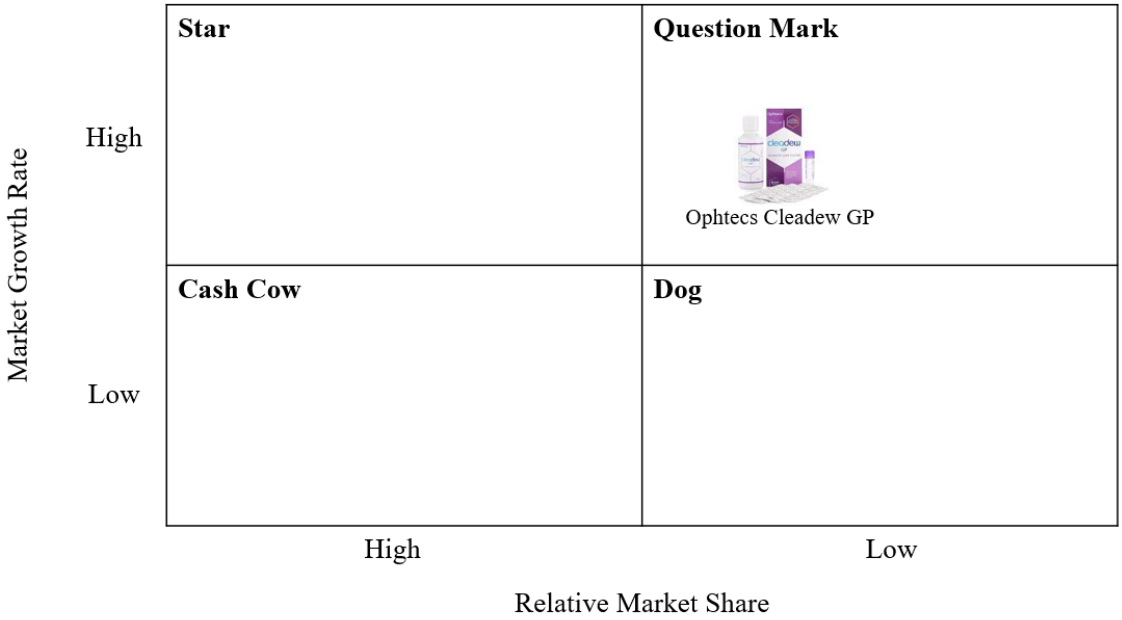

Figure 2.3: Current BCG matrix
Construct by Author

As mentioned above, although the market share of Ophtecs Cleadew GP is less than competitor, the myopic population is increasing and students spent more time on using screens for learning and entertainments during pandemic, the growth rate of GP solution market is high. Therefore, Ophtecs Cleadew GP is defined as Question Mark product and has potential to become a Star product.

3. Segmentation, Targeting and Positioning

Before drafting a marketing plan, organisations usually will set a target group of customers to choose the most efficiency strategy for product promotion. After market research, the organisation may find a group of customers have similar demands, these customers could be formed into a market segment (Dibb & Simkin, 1991).

By dividing customers into specific segment as target customers, organisation could increase their sales and profit with focus marketing communication (Camilleri, 2018).

Since Skyview is running a B2B business model, we segment customers with their occupation. In Hong Kong, optometrists are divided into 4 classes (please refer to Appendix for details), and only Part I optometrists are legal to provide Ortho-K lenses treatment to their patients. Other optical shops in the market would refuse to sell GP solution since patients usually prefer to buy this kind of products from Part I optometrists. Therefore, Part I optometrists will be the target customers of Ophtecs Cleadew GP solution.

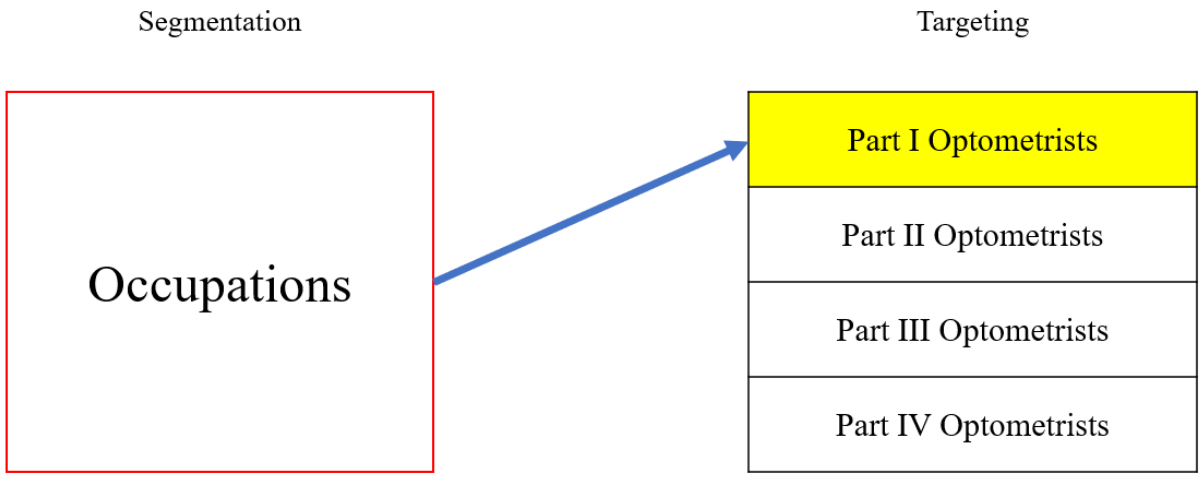

Figure 3.1: Segmentation and Targeting of Ophtecs Cleadew GP solution
Construct by Author

According to the market analysis of Segmentation and Targeting, Positioning is used to compare with other competitors under the same group of target customer among the competitive market (Moutinho, 2000)

Currently in Hong Kong market, MeniCare Plus from Menicon is the main competitor, which is

also a Japanese brand with longer history in Hong Kong. The positioning of these two products is:

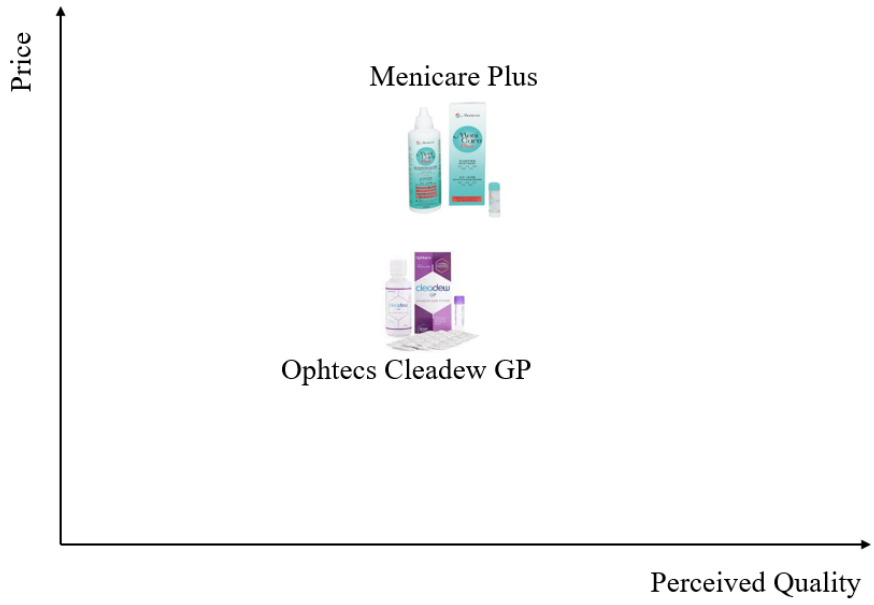

Figure 3.2: Current Positioning Graph
Construct by Author

As the product quality and function of these two products are very similar to each other, so the positioning graph for these products will be “Price vs Perceived Quality”.

Although the list price of Ophtecs Cleadew GP is slightly less than Menicare Plus, more customers would suggest patients to buy Menicare Plus with the higher perceived quality.

Therefore, Skyview should make a marketing plan to increase the perceived quality of Ophtecs Cleadew GP for increasing the sales and market share.

4. Marketing Mix Strategy

Marketing Mix Strategy is used for developing and analysing the tactical programme with four aspects: Product, Price, Place and Promotion (Singh, 2012). In this chapter, Marketing Mix Strategy (4P) is used to analysis the current marketing plan that Skyview is applying on Ophtecs Cleadew GP in Hong Kong.

4.1 Product

In marketing mix strategy, the definition of product is any physical object or service that the organise would giving out to attract the market attention (Khan, 2014).

Ophtecs Cleadew GP has two different packages:

Ophtecs Cleadew GP (for 30 days)

Ophtecs Cleadew GP Starter Kit (for 10 days with CareSolution (Saline Solution) sample)

Skyview also provides after sales services and training services to the customers. Sales will briefly introduce Ophtecs Cleadew GP with the lab test results that have been completed by Ophtecs to the optometrists, also provide some pamphlets for optometrists to explain the function of this product to their patients easily. Moreover, Skyview has guaranteed the long shelf-life time up to two to three years, and allow to exchange if there is any damaged product.

4.2 Price

Pricing is one of the marketing strategies to attract customers' attention once the products are launched into the market. The most common customers' purchase behaviour is, customers are willing to purchase a cheaper product in the market, even the products are brand new to the market, they are easily to be influenced with the lower price. Therefore, price of products and market demand are in an inverse relationship (Drummond & Ensor, 2006).

Current pricing strategy that Skyview is applying with cost-plus pricing, which has defined as the organisation would markup the price base on the total cost of the product, such as material, labour, shipment etc. (Hinterhuber, 2008). By this strategy, the list price will be dependant to the total cost

changes of Ophtecs Cleadew GP, that's the main reason that Skyview review the list price every half year.

4.3 Place

Place is the method that how the end users or customers to reach the products (Khan, 2014). Refer to chapter 3, Segmentation, Targeting and Positioning, Skyview has targeted their customers of Ophtecs Cleadew GP as Part I optometrist, mainly because patients' purchase behaviour is buying the GP solution during visiting their optical shops or eye centre for follow up checking, so these locations are the place to reach the end users.

As this requested the sales force to have specialised product knowledge to provide services to optometrists, Skyview has a sales member who has been trained with professional knowledge in this aspect. With this specialisation strategy, this would be more efficiency for the sales force to provide professional services to the customers in the market (Drummond & Ensor, 2006).

4.4 Promotion

Promotion is used for raising customers' awareness on the products to drive positive sales growth (Kahn, 2014). Organisation often use different promotion tools for different products or customer groups. As mentioned in chapter 2.2, Internal Analysis, Skyview has cooperated with other parties to organise seminars for optometrists to promote Ophtecs Cleadew GP, Ophtecs also sponsored to invite Doctorate of Optometry as guest speaker, who has brand loyalty on this product, as word of mouth from specialists in this aspect.

Moreover, Skyview often provide some limited time discount to motivate optometrists for selling this product to patients, which may gain more profit than other brands. By influencing their patients to purchase Ophtecs Cleadew GP, there will be more brand loyal customers in the market and drive positive sales growth for optometrists.

5. Future Developments in the Area of Marketing

Every year Skyview would attend exhibitions, organise or sponsor few congresses and workshops for the optometrists, and promote Ophtecs Cleadew GP to the participants.

On the other hand, Skyview usually will offer seasoning sales promotion to Part I optometrists, such as summer sales, Christmas and New Year sales.

Moreover, since the customers are still ordering by phone call or WhatsApp messages, Skyview is planning to develop an online ordering system on their official website, to reduce duplicated administrative workload for the sales team members.

6. Conclusion

Based on current marketing plans of Skyview, they are still focusing on introducing Ophtecs Cleadew GP to Part I optometrists only. According to the sales history, apparently these marketing plans have successfully increased Ophtecs Cleadew GP sales and market share year by year, basically it has no disadvantages to continue the current marketing plans in the next year. However, the growth of sales would be flatten in the next few years.

7. Recommendations

According to the previous sessions, we can clearly see the main reason that Ophtecs Cleadew GP have less market share than our competitor, Menicare Plus, is less word of mouth from the end users. To achieve our goal, increasing our sales by 22% and market share to 45%, I would like to suggest Skyview to apply the pull marketing strategy for the upcoming year.

Pull marketing strategy is to understand the demands of the market from the end users and giving out the suitable promotion to drive the sales (Brocato, 2010).

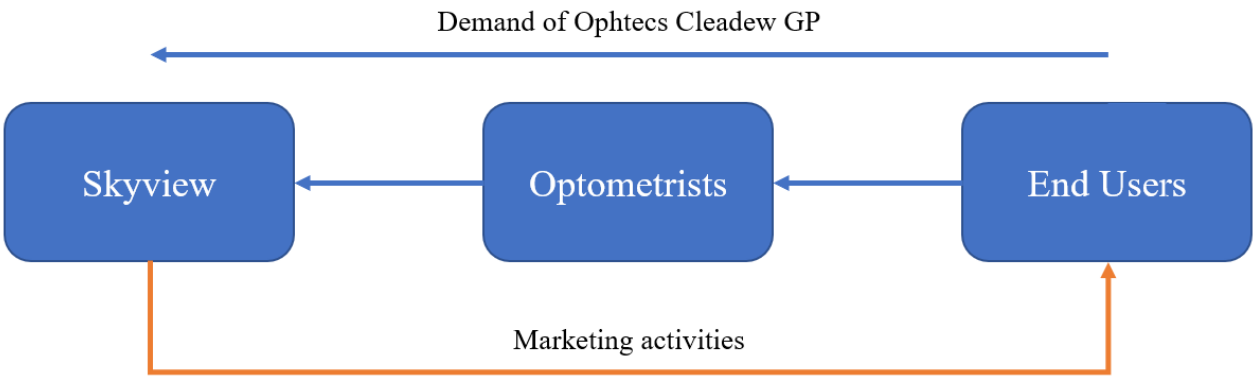

Figure 7.1: Pull Marketing Strategy
Construct by Author

To understand the demands from the end users, the best way is to create chances to communicate with them, also providing information direct to them, here are the recommendation of new promotion plans:

First, as the children usually start their treatment before age 12, we may collaborate with primary schools to organise talks for parents and free simple sight checking service before summer holidays for students as public promotion, and inviting our customers, Part I Optometrists, as speakers. The reason that to have a public promotion for Ophtecs Cleadew GP, is this product is already well known by our customers, but not to the end users since Skyview has not planned any advertisement for public. The market demand of this product may grow with more end users get to know about it. In addition, these events would also help our customers (optometrists) to have extra business opportunities by reaching their new customers.

Second, it is a digital generation nowadays, people use smartphones for hours and scrolling on social media daily in Hong Kong. There are 50% of the users is over age 45 who spend around 12 hours per week on social media (Legislative Council, 2019). Therefore, digital marketing is another tool for reaching and giving information to the public directly. Skyview may consider to use social media platform, Facebook and Instagram, to place eye-catching advertisements with target audience as public. In addition, sales and marketing team may communicate with end users directly on the social media to reply their enquiries.

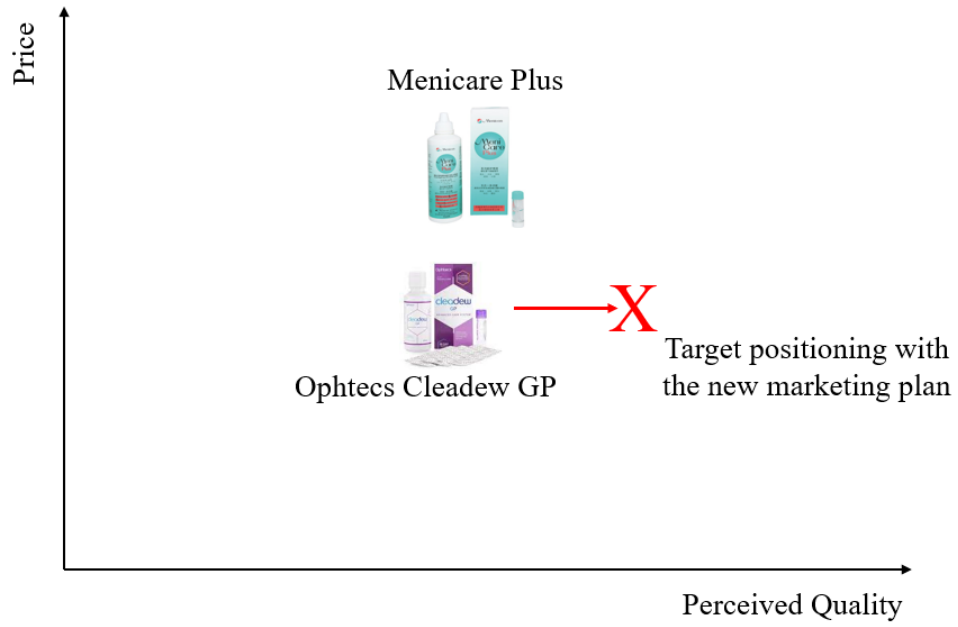

Figure 7.2: Target New Positioning Graph
Construct by Author

With providing more professional services and attractive advertisements, the perceived quality of a product will be increased (Moorthy & Zhao, 2000). Therefore, it will attract more optometrists to cooperate with us to promote and influence their patients to use Ophtecs Cleadew GP as they could also gain more business opportunities. In results, the sales growth of Ophtecs Cleadew GP is possibly to reach 22% in 2023. After increased the sales, Ophtecs Cleadew GP would gain more word of mouth and influence more end users to change their GP solution to it.

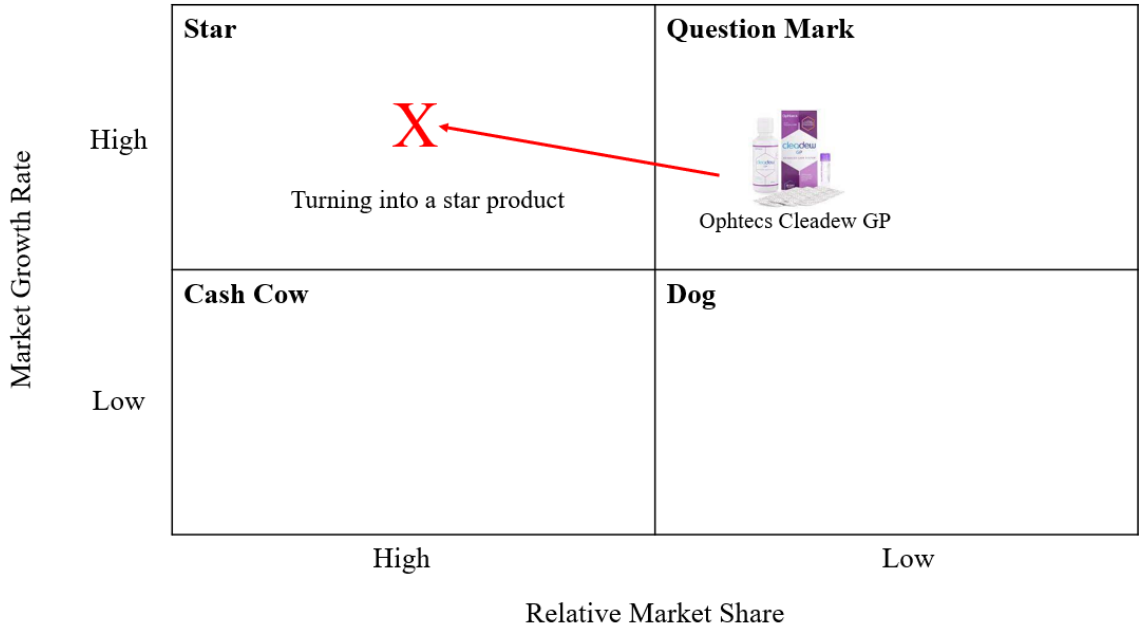

Figure 7.3: Target BCG growth-share matrix
Construct by Author

Not only drive the sales growth by 22%, these marketing plans would also increase the market share as well. After achieve our targets by increasing the market share of Ophtecs Cleadew GP to 45%, this product will turn into a star product in next year.

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Appendices

6. Restrictions on the practice of Part II, Part III and Part IV optometrists

(1) An optometrist whose name has been entered in Part II of the register shall not in the course of practising his profession use any diagnostic agent other than staining agents.

(2) An optometrist whose name has been entered in Part III of the register shall not in the course of practising his profession perform any function or engage in any activity other than work relating to refraction.

(3) An optometrist whose name has been entered in Part IV of the register shall not in the course of practising his profession perform any function or engage in any activity other than work relating to refraction or refraction and contact lenses, as appropriate.

Source: Hong Kong legislation (2016)

Available at: https://www.elegislation.gov.hk/hk/cap359F!en@2016-01-01T00:00:00 (Accessed on 15 June 2022).