

Developing Innovation and Creativity for Business Advantage

BMSW6102

Student: Laura Visan
ID: 1918676

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Executive summary

Innovation is very important in the business environment because it better the operations, the products and services and it creates progress. The most important it can create competitive advantage and generate success.

In the United Kingdom (UK) the cost of living has exacerbated with a high inflation rate due to impacting factors worldwide. Operating online saves costs which can be mirrored in the price paid by the customer without affecting the quality. It also suits the consumer's needs as it has developed the online shopping behaviour post pandemic and with the popularity of smartphones.

The report proposes an e-commerce business from the eyeglass industry which combines innovative elements in order to deliver high quality for their products and services.

Introduction

Based on the analysis of the current economic situation from the United Kingdom, this report proposes a business opportunity to have an e-commerce activity. The report is organised in four main sections which explain and critically analyse different elements related to the business proposition.

First section presents the selected industry of eyeglasses from the local market the United Kingdom and it analyses the industry by using the PESTEL theoretical model. It describes in more detail the business proposition for an online store which will sell glasses with prescription, sunglasses and will provide various services by making use of the latest technologies. It also discusses how it is anticipated to sustain the business, it analyses the competition and provides arguments for the selected innovation model.

Section two of the report looks at the e-commerce platforms that can be used to develop the business and critically assesses the most suitable option desired for the business. It selects the payment options that the business can have and emphasises the advantages for the business.

In section three it is developed a marketing strategy by making use of the Marketing Mix and the elements related to market segmentation, targeting and positioning. It also discussed the increasing role of social media for the running of a business, especially for a business that activates online.

Section four of the report explains the legislation related to data protection in the UK and what regulations the proposed business should adhere to and comply, because data collection is crucial to an e-commerce business. The report concludes with recommendations for online business and for business who want to activate in the selected industry.

Section 1

Business environment

The industry for the business proposition is the eye wear industry in the United Kingdom (UK). For the industry analysis it will be applied the PESTEL framework.

Political factors

The business will be affected by any changes in the UK corporation tax, Carbon Tax and any taxes imposed by the Government. The UK political situation is favourable to investment.

Economic Factors

The high cost of life has reached unprecedented values for the modern society and it can be considered that the high-end eye wear industry can be influenced by the market changes and that is also very sensitive to changes in prices. The potential growth of the market can be limited by growth of inflation and slow recovery from economic regression. Although it becomes a closed chapter, Brexit has also influenced the currency rates and still impacts the economy at some levels.

Social Factors

The changes in consumer lifestyle and taste can influence the eye wear industry and it has been observed a growing trend in spectacles as a fashion accessory. Another element to look at is the ageing population in the UK which can increase demand for spectacles. Alternative vision correction treatments such as eyes surgeries, laser and contact lenses are considered to be a threat for the industry.

Technological Factors

Currently digitalisation is a must in this era and E-commerce marketing needs are very strong. Virtual try features provide a good experience for the customers to decide which style suits them better. The use of IT systems for invoicing and payments are very common nowadays and are accessed through secure servers. Technology development has also been realised in the next generation lenses to improve the quality of lenses and reduce costs. For a business that wants to be in trend with latest developments, technological advancements are crucial for example blue light lenses for the sun protection, photo chromic lenses and so on (NPR, 2016).

Legal Factors

Legislations related to health and environmental issues can affect the industry. Data protection act is another aspect to look at for collecting and storing large data of the customers. Employment laws also needs to be analysed even if the business is online and equal pay for all the employees is a major factor.

Environmental Factors

The industry can have increased cost of material along with the introduction of Carbon taxation and other environmental regulations. The cost of developing technology or make changes in processes can be high for the industry (Worthington, Britton, 2006).

Product proposition

Based on the analysis above it has been observed that there is a demand for online eyeglass stores and it is specifically a market niche for customers who are fashion

oriented and have high values for disposable income. Society's expectations to have instant access to everything online is also taken into consideration and for that purpose new trends should be exploited as well as new technologies. Online eye testing is a new service which can be very convenient for customers who have lost or broken their glasses or who want to check their sight in between their regular eye checks with the optician. It is intended the launch of an online store for prescription glasses, sunglasses, prescription sunglasses, online eye tests. The business will have a complex offer of various branded frames, designers frames, prescription glasses.

Sustaining the business

According to Van Den Poel and Buckinx (2005) the online shopping has become a trend worldwide and in the United Kingdom market. Increased usage of smartphones has contributed to the development of online shopping and pandemic has been pushing the boundaries for business to identify ways to adapt operations for e-commerce. Online eyeglasses industry has developed even further with new technologies emerging and the market of online vision test it is blooming. The online eyesight test service can be realised by using a computer or a smartphone. It can be checked how sharp is the vision, astigmatism condition, light sensitiveness, colour-blindness. These changes in customers needs and technology development can generate business opportunities and the business proposition to be considered in this report is the online eyeglasses, prescription glasses and online eye test. The costs are reduced considerably for an e-commerce business and it can involve more business, with customers being able to use the technology for eye tests, for ordering prescription glasses, for virtually trying frames without being constrained by going to a physical shop. The strategy for the online store will focus on being sustaining based on the customer demands and industry trends.

Innovation model

The online eyeglass business can be categorised as the service innovation. The class of innovation involved is need pull where innovation has been triggered by the market needs where during the pandemic there have been imposed various lockdowns with non-essential shops being force to closed for a limited period. These dramatic lifestyle changes have also lead to society developing a fear for getting in contact with others and being less inclined for human interaction. It is also based on the advantages of reducing time for appointments, transportation to a physical store and convenience in general (Alcor, 2020).

The proposed online store business is an open innovation where the innovation process makes use of the environment, of the developing technological trends for online eye tests and for e-commerce business practices. Innovation therefore arises from the interaction of and original idea of offering the customers a complex platform for purchasing glasses and having sight tests realised from the comfort of their house and the external ideas in the form of developing technologies for online eye tests, virtually trying the frames by uploading own picture. The open innovation for this proposed business involves collaboration with branded suppliers trusted by customers and technology providers which can come at high cost for the business and the use of other intellectual property, but which gives the business support and ability to offer qualitative services and products.

Competition

According to Bainbridge (2010) the retail brands such as Specsavers, Boots and Vision Express remain a fixture on the high street, other entrants from different industries who have entered the eye care market such as Asda and Tesco, have opened in-store opticians with aggressive price plans. For the e-commerce Glasses Direct is a major player and has cut costs for those willing to use the online route in order to attract customers. Mintel research suggests that four in 10 people buy their glasses from the place where they had their eyes tested. As a result, there has been a great deal of vertical integration across the sector. Frame manufacturers have sought to ensure their in-store presence by increasing their shares in the retailers. Internet and mail-order home shopping for spectacles remain a very small part of the market, as customers still prefer the personal service and the option of trying on the products.

According to Forbes (2018) a high number of millions of pairs of prescription eyeglasses are being sold online, but it represents a small percentage of the total prescription eyeglass market. One of the global market leaders is Warby Parker which is very popular, as well as Zenni which has a large market share.

Evening Standard (2022) states that there is a high wave of e-opticians on the digital high street and “internet retailers can pass on the savings to customers without compromising on quality. Many are using artificial intelligence (AI) to let the customers try the frames on virtually to make sure they’re perfect”. Therefore the competition can be rising and in the UK the main online providers are: Glasses Direct, Mister Spex, Superdrug Glasses online, SmartBuyGlasses, Fashion Eyewear, Jimmy Fairly, Cubitts, Ace+Tate, Cutler and Gross, Bloobloom.com, Ambr Eyewear, Monc London.

Porter’s 5 forces for the online eyeglass industry

Industry Rivalry The industry of online eyewear is fragmented and there are no dominant players in the UK market, although there are active large firms, many of which are trading internationally. Product differentiation is realised through brand names and technology provided, as well as capability of service provision for eye testing which requires latest technological development.

Bargaining power of suppliers can be high as it depends on suppliers for product provision, for designer offer of products. It can involve dependance on fuel for transportation and products delivery.

Bargaining power of buyers can be moderate to high because the switching costs are low, there is moderate buyer information made available, online eye tests are still receiving criticism from professionals and most important there are a large number of buyers.

Threat of substitutes is low to moderate as there are not many options besides laser surgeries and contact lenses, where many buyers can be reticent in having surgeries because of costs and risks.

Threat of new entrants is moderate because licensing and franchising involves high cost. Collaborating or supplying big brands and designer products involves a high cost for enabling the online provider to stock appropriately (Statista, 2022).

Section 2

eCommerce Platform

The business proposition refers to the offer of high levels of qualitative products, latest technology and qualitative services. That is why it is required a complex and well developed platform attractive for customers, easy to navigate and use, with various and most secure payment options, detailed information about products and services. Shopify is an organisation which specialised in digital services, it makes available for their customers customisable templates and digital platforms for online retailers to develop their business. It has capabilities and expertise in providing support for business "from marketing and payments to secure transactions and shipping" (Shopify, 2023).

Shopify is a complete commerce platform that will allow the online eyeglass store "Future Sight" to start the business, to manage it and to grow and expand its operations. It gives the required support for running the business, to be able to sell online, through mobile app, social media. It gives the needed support for managing products, for inventory and stock control, for methods of payment and for organising the products shipping to the customers. Shopify emails order status and shipment tracking information automatically to the

customers and that is what the proposed business intends to deliver a complex service and detail oriented. The business will also opt in for features like email marketing and abandoned cart remarketing. It will also be required a branded mobile app which will allow customised product recommendations. The business will subscribe for monthly payments to secure continuous support and to benefit of the certified Shopify experts knowledge and experience. According to Forbes (2023) “Shopify is virtually unmatched in the world of ecommerce platforms for ease of use and seamless connections to sales channels”.

The commerce platform for the “Future sight” online store will have an easy to navigate interface that will present the brand name “Future sight” will have separate sections for glasses, sunglasses, lenses and eye test. Each section will have available in alphabetical order the name of the brands for the frames, but also possibility to select the product by colour, style, type of lenses. Each brand name will have short description and will incorporate various types of collections in order to have different choices for the customers. When selecting a product the customer will have the option to virtually trying it by accessing the device camera. It will have a blog sections, where customers can be kept up to date with product launch events, technology development, social events, shows and other content relevant to the targeted customers. The top part of website will have a search option or customers to be able to find required products faster. The bottom part of the website will have sections for Frequently asked questions, policies for delivery and returns, options for contacting the business, Privacy Policy and About us to describe the business mission and values to its customers and to present the main team members. The platform will present the available methods for payment and will have an online customer service option to chat online with an adviser available limited during working hours.

Payment services

The Shopify Payment Processing and Transaction Fees are provided through subscription plans. The customer for “Future Sight” online store will enable to its customers diverse methods of payment in order to give suitable options such as credit card payments, Paypal, Apple Pay. In the credit card payment process, payments are authorised and then they must be captured within an authorisation period. Capturing a payment sends credit card information to the customer’s bank for processing. By enabling the Shop Pay option from Shopify Payments the customers are able to save the shipping details and the desired payment for future check out. Shopify’ has a built-in fraud analysis system which makes use of machine learning algorithms to identify suspicious orders and signal them to the business. (Shopify Help Center, 2023).

Section 3

Marketing Strategy

Segmentation, Targeting and Positioning

The segmentation looks at elements such as demographic, geographic, psychographic and behavioural. “Future Sight” will focus on the segment of age from 20 years old to 50 years old for sunglasses and from 40 years old to 80 years old for prescription glasses. It is a niche market with expensive products and latest technologies for lenses and that requires higher incomes with customers with higher disposable budget, who are in general professionals who can afford to pay few hundred pounds on a pair of glasses. The company will only be able to deliver to UK based customers initially, but intends to expand business once it creates a customer base. The targeted customers are fashion oriented customers who are willing to pay a higher price for latest trends in glasses and latest technologies that buy the products to show their status. The organisation on both segments of age for different product offer and based on that will position the products.

Marketing Mix 4Ps

Product: “Future Sight” company will sell a large range of glasses and sun glasses and will provide free online eye test services. In order to deliver these products and services will collaborate with various organisation which will source them the products and the technology needed. The collection will include popular brand names such as: Austin Reed, Balenciaga, Bottega Veneta, Burberry, Bvlgari, Calvin Klein, Carolina Herrera, Cartier, Chanel, Converse, David Beckham, Diesel, Dolce&Gabbana, Emporio Armani, Giorgio Armani, Givenchi, Gucci, Guess, Hugo Boss, Jimmy Choo, Karen Millen, Lacoste, Michael Kors, Moncler, Moschino, Marc Jacobs, Mulberry, Nike, Polaroid, Prada, Ralph Lauren, Ray-Ban, Roberto Cavalli, Swarovski, Ted Baker, Tiffany & Co, Tommy Hilfiger, Versace, Victoria Beckham, Zeiss. The store will have various options for lenses, rimless glasses with different frame types Lindberg, Standard (with metal frames, plastic frames or half rim), Silhouette. The prescription glasses will have available a variety of lens brands and different lenses types: single vision, varifocals, transitions lenses, Try Optics, Essilor lenses, Zeiss lenses, Ray Ban lenses. The business will be able to have a complex offer of products from Zeiss: Zeiss BlueGuard which protects the eye from the blue light especially with the prolonged exposure to the screens, Zeiss PhotoFusionX which are photochromic lenses with blue light filtering, Zeiss single and varifocals lenses. The sunglasses will also

be available to be ordered with prescriptions lenses. In collaboration with Zeiss will offer services for online vision screening tests. The customer will be able to do an online eye test developed by Zeiss for free which will indicate if is needed or not the visit to the opticians. The screening test will check visual acuity, contrast vision, colour vision, astigmatism, visual field. The online tests are able to provide an initial impression of the vision quality (Zeiss, 2023).

Price: The business will provide high end services and products and will practice skimming pricing strategy. The price of the products will be set according to the market prices and will aim to have a price in the same ballpark as the competition, but will reflect the brand name of the products. For product launch will practice higher prices, but with older collections will reduce prices.

Place: The e-commerce platform for “Future Sight” company is the main place for the customers to place orders and make purchases. The business will also make available to their customers an app which will comprise all the elements from their website with separate sections for glasses, sunglasses, lenses and eye test, with options to select the product by colour, style, type of lenses. An attractive feature of the website is that the customer can virtually try the glasses and that can choose to have an online eye test, both free services. The business intends to provide best customer experience and be able to suit the customers needs and exceed them. The business will make use of the services offered by Shopify for the shipping system. It will pay fees to ensure it has available the required technology for shipping label printing and discounted rates on USPS, UPS, DHL and other carriers (Forbes, 2023).

Promotion: The business will use different social media platforms to promote the business, but also will pay for online adds that will be distributed online. The business will focus on reaching a large number of customers by making itself visible and known. It will also pay for tv advertising and for that purpose will outsource the services of a company to create an attractive add for tv promotion.

The organisation will also practice introductory offers to their customers, 10% for any new customers registering on the website and another 10% when recommending a customer who will make a purchase. Prescription lenses will have introductory discounts of 20% in order to gain the trust of the customers and discover the quality of the service provision. The promotional offers will be presented to the customers on the website, through the mobile app, on business social media platforms such as Facebook, Instagram, through paid advertisements, in online magazines and publications. The business will invest a large amount of funds in advertising to ensure that customers are becoming available with

the products offer and service provision. The business will work towards creating a brand image for providing quality eye glasses and latest trends and technologies in the industry.

Social media

The organisation will maximise its visibility to customers through great presence on social media platforms. Will create Facebook page and Instagram account to promote their products and services, to provide information on latest technology development in the industry. On a regular basis will create content related to the business activity, to the business activity of their partners. It will emphasise social events. It will advertise the blog from the website. It will post on a regular basis under Celebrities hashtag pictures with celebrities wearing glasses or sunglasses and will identify the model worn by the celebrity and will provide the link to the specific model on the business website. It will be an attractive element for customers who want to wear what celebrities are wearing.

Section 4

Privacy and data protection

There are different regulations and legislation for electronic commerce. The website should present clearly the name of the business, the address, the company registration number, the VAT number and the email address for contacting the business and way of contacts. "Future Sight" will have this distinctive information at the bottom of the page and will also have the methods of payment which can be a decisive factor for the customers to make the purchase. The e-commerce business have to inform the customers for their right to cancel and exemptions from that with perishable goods or bespoke products. It should also state the interval of time for shipment (FSB, 2022).

Besides these regulations very important are aspects related to privacy and data protection. The Data Protection Act 2018 is a controlling mechanism that has to be adhered to when organisations, business or the Government uses personal information. This legislation is the implementation of the General Data Protection Regulation (GDPR). This legislation replaced the existing Data Protection Act 1998. Originally the GDPR were an EU regulation but it has been incorporated to the UK law (FSB, 2022).

According to GOV (2023) the information must be used "fairly, lawfully and transparently used for specified, explicit purposes, used in a way that is adequate, relevant and limited to only what is necessary". The collected information has to be accurate and not stored longer than is required, being handled in the most secured way it is indicated to avoid unauthorised access or processing, to avoid irrevocable damages or loss. Under the Data

Protection Act (2018) the customers have the right to know how will their data be handled ; to be informed about the purpose of usage and to be able to object if the process is not satisfactory or to stop or restrict it; to access it when intended; to be able to update it; to be allowed to obtain the personal information and reuse it when is the case. Further that the rights apply also for automated decision-making process and profiling systems. As an e-commerce business “Future Sight” needs to ensure the customer data is handled correctly and that it adheres to the legislation related to data protection. The customer will have the option to register on the website to make purchases, especially for prescription glasses where it is required provision of medical information. The customers can also register to receive marketing email about the products.

Privacy and Electronic Regulations (PECR) come in addition to the GDPR and refer to the rights regarding the individual privacy in relation to the electronic communication methods. For “Future Sight” business this refers to the email marketing, cookies and other communications. To comply with PECR on the business website will be displayed the terms and conditions for the customers to agree when are using it. The terms and conditions will explain what are the requirements for using the website which are also used to protect the intellectual property.

The business will ensure the processing of data customer is handled safely and in accordance with GDPR regulations. The customers will get information about how their data will be handled, how long and for what purpose, that they can decide if they want to opt in or out through pop-ups and in the emails. The website will also have a section for policies related to cookies where the customer can check the type of cookie and its purpose, to track the customer behaviour to recommend products.

The payment options needs to be secured and follow the security measures like the Payment Card Industry Data Security Standard (PCI DSS). Although it's not required by law, failure to comply with PCI can result in fines from the bank provider if there is a data breach. Latest requirements under Payment Service Directive 2 have to confirm identity for online shopping (FSB, 2022).

Conclusion and recommendations

This report has identified an innovative business in the eyeglass industry, based on the open innovation model. It had incorporated elements of innovation for their products by offering latest technologies for lenses, virtual match of the product by using customers picture and making available online eye tests in collaboration with a known and trusted specialist in the industry. It has selected a niche for the business activity and has targeted the different segments of population for their products. The prescription glasses for the segment of customers who need for medical purposes to wear glasses. The products are targeting the customers who are also fashion oriented and want to be in trend with latest and higher quality products, being an element of representing their status.

The proposed business has elements of innovation through the modality of delivering the services and selecting the e-commerce. This is based on complex analysis of the market and of the current economy, on consumer behaviour and market demand. The online testing is still a novelty for many, but it starts to get known and the business takes advantage of that. Based on the research discussed throughout the report, the business proposition has strong elements of innovation and that could benefit the business and its success. Choosing the specialist knowledge provided by Shopify involves costs, but it ensures the business runs smoothly and gives the customer the best shopping experience. Cooperating with big brands from the industry is another high cost, but it gives the business credibility and benefits of the brand images.

The recommendation for e-commerce organisations is to ensure the usage of technology in order to provide best customer experience and to surpass their expectations. The lack of face to face interaction has to be replaced with other elements that make the customer feel that is looked after. The customer needs to be kept informed at all times about any aspect that interests him. It has to be great effort towards that to gain the customer trust through quality, promptitude and fast shipment and responsiveness for queries. Technology provides fast and easy to use elements to complete the purchase and the business needs to ensure security and data protection at all times.

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