



Luxottica Group – The Business

Luxottica is one of the largest eyewear manufacturer franchisors in the world and the leading optical group in Australia, and owns OPSM, Laubman & Pank and Budget Eyewear. The company's heritage can be traced back to the founding of Laubman & Pank 100 years ago, OPSM more than 76 years ago and Budget Eyewear more than 29 years ago. Over the years the company has become synonymous with expert eye care and high quality prescription eyewear.



Luxottica operates approximately 550 OPSM, Laubman & Pank and Budget Eyewear stores in Australia and New Zealand, 225 Sunglass Hut stores in Australia, New Zealand and Hong Kong, and 70 branded sunglass stores in South Africa. More recently, the company purchased Bright Eyes Sunglasses.

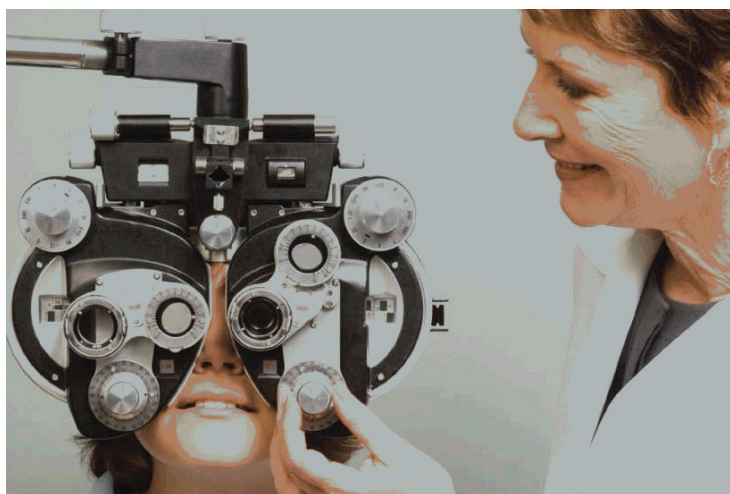


In Australia and New Zealand each year, the Luxottica Group sells approximately:

- 885,000 prescription frames
- 730,000 pairs of sunglasses
- 2.2 million prescription lenses
- 660,000 contact lenses



Luxottica's world-class business support infrastructure – from marketing and merchandising through to training, continuing professional development, IT and financial systems – underpins their position as a highly competitive provider of optical care, prescription eyewear and sunglasses in the Australian market.



The Challenge

With an established presence in the Australian market, Luxottica's growth needed to come from both increased points of presence and better performance at individual store level.

Understanding that the business needs vary significantly depending on the location as do the skills and objectives of individuals, Luxottica sought to develop a range of operating models which matched the individual with the business system. The new business model needs to address the following factors:

- **Engagement** – shifting the mindset of employees to take greater ownership of their actions and business performance
- **Retention** – increasing the retention of key people in a relationship based business
- **Motivation** – alignment of the remuneration system with activities proven to increase client satisfaction and business performance
- **Owner Operators** – developing an offer available to existing business owners or entrepreneurs who want to own and run a Luxottica branded optometry business

The Solution

To address these challenges, Luxottica worked with DC Strategy to develop an Optometry Franchise and a Retail Franchise model to form part of the companies distribution strategy. The resulting restructure provided Luxottica with the following models for national rollout:

- **Optometry Franchise** – a highly incentivised model akin to a ‘business within a business’ where each operator is responsible for all activities linked to the optometry business and receives all billings from their activities. There is also a collaborative component which links the optometry and dispensing business and ensures the optometrist contributes to and shares in the business growth
- **Retail Franchise** – a retail franchise system which provides business owners the opportunity to invest in, run and realise the value of growing an asset under the Luxottica brand



Network Rollout

The key to optimal network rollout is in matching the operator and business needs with the right business model

The Outcomes

Luxottica has implemented the developed models to increase its market share and the performance in selected stores. The following factors are key to its rollout success:

- 1) A range of business models ensures Luxottica can consider their network rollout, market opportunity and available operators, matching the most suitable operating model with the business needs
- 1) Highly engaged operators have proven the ability to realise significant uplift to performance and profitability for the company and individuals

The introduction of these models has been well received by Luxottica optometrists and the industry as a whole enabling the company to offer the opportunity to suitable candidates and to attract operators external to the network.

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