

'not a lot of people know that'





Boots Opticians (BOL) produced an excellent performance, accelerating the growth in sales and profits. Like for like sales increased by 20.5 per cent and continuing expansion resulted in an overall increase of 23.5 per cent to £182.9 million. Operating profit before the exceptional item rose 23.2 per cent to £17 million. The exceptional item, as in past years, consisted of VAT refunds resulting from court rulings against HM Customs & Excise.

Strategy BOL aims to become the UK market leader in optical retailing by making effective use of the Boots brand attributes of quality, professionalism, product innovation, value and customer service. It complements the Boots The Chemists (BTC) health and beauty offer.

Sales Competition between the four major multiples, including BOL, remains fierce. However, an increase in market share was secured in the year. Real market growth reflected consumer confidence and the trends towards more expensive 'designer' frames and ownership of several pairs of spectacles. Capitalising on these trends and the Boots brand, BOL increased its sales at about three times the market rate.

People Successful expansion depends crucially on attracting and retaining skilled staff, especially optometrists, who are in short supply. BOL has built a reputation among professionals as 'the best place to work' by combining leadership in graduate and continuing education with flexible conditions and career opportunities. In 1997/98 it was the largest provider of pre-registration places and in the professional examinations BOL staff took eight of the 13 national prizes.

New products Designer brands are increasingly important in raising transaction values and positioning spectacles as fashion purchases. BOL has strengthened its designer ranges, introducing names such as Calvin Klein and Kookaï and in 1997 became the first UK retailer to sell Mont Blanc frames. BOL's own label Elite fashion frames and Daily contact lenses continued to increase market share and successful launches included the Zero rimless range and Transitions enhanced plastic photochromic lenses.

Capital investment BOL opened 13 new stores during the year and refitted a further 31. It is on track to complete the refit programme in all stores by the end of 1998/99. Four new stores in edge of town BTC superstores brought the total to six, and BOL is steadily building its presence in the Greater London area.

A database marketing system has been successfully established to make more effective use of customer records. Initial results are encouraging. A full EPOS and dispensing system is also under development for introduction from Autumn 1998.

Outlook The rate of new store openings is increasing this year as BOL takes advantage of the progressive availability of quality high street locations. However, 1998/99 profits will be significantly affected by the £4 million revenue investment cost of the new EPOS system.

Boots Opticians	
Managing Director, Stephan Murray	
Sales £m	182.9
Increase %	23.5
Profit £m (before exceptionals)	17.0
Increase %	23.2
Sales split	%
Spectacles	70
Contact lenses	15
Other	15



Boots Opticians own brand products now account for 66% of sales. They include the Elite and Zero ranges.