



LuxoAR: Augmented Reality Glasses

Marketing Plan Part 2

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Adrianne Mercado

Zayd Salahieh

Zara Raza

Nate Dicostanzo

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Positioning Statement

To men and women ages 25-54, LuxoAR is the tech accessory that provides a unique and immersive travel experience for stylish, global sightseers.

Product Strategy

Product Description + How it Works

EssilorLuxottica is innovating travel by introducing the augmented reality glasses, LuxoAR. This new wearable technology will act as a hyper-reality tour guide to help further immerse global sightseers into their travel destinations. The interface will provide various languages and allow personalized pacing for tourists who wish to skip the hassle of a paid tour guide/group. The glasses will highlight and briefly explain major tourist attractions that can be filtered between entertainment sites and historical landmarks. Additionally, as an accessory, the glasses will use transitional lenses to swap between dark and clear lenses. Thus, travelers will not have to worry about the sun in their eyes or removing their glasses when indoors. Considering the frame, per Ray-Bans's assessment of the average face size, the lens and bridge width would be 50mm and 20mm respectively¹. The glasses will be available for purchase in a simple variety of neutral color options and, using EssilorLuxottica's optical hubs, we will provide prescription versions of the glasses to consumers with sight deficiencies. Finally, aside from the physical aspects, the technology itself will be controlled through an app available on the Google Play Store and Apple App Store. Guarding consumer privacy rights, the app will request to use a traveler's location, only while the glasses are powered on so that tourist sites can update in real-time.

Packaging

Mimicking the Ray-Ban Meta glasses, also owned by EssilorLuxottica, LuxoAR glasses will be sold in an Italian leather charging case that can keep the battery alive for a full day of travel but is also sleek enough to store away in backpacks/purses while touring (Appendix 1). The glasses will come packaged with care instructions, a QR code with video instructions for usage, a fiberglass cloth to wipe the lenses, a wired charger, and a lifetime warranty. Considering the steep price and the luxury label of LuxoAR, we want consumers to have an experience when

¹ Ray-Ban, "Smart Glasses," RayBan, accessed June 24, 2024, <https://www.lenscrafters.com/lc-us/ray-ban/8056262047514>.

unpackaging their glasses. Therefore, using sustainable, minimalist, and sleek packaging, LuxoAR consumers will feel satisfied and luxurious when revealing their new augmented reality glasses.

Branding Approach

LuxoAR is derived from the name of its parent company, EssilorLuxottica, but also gives consumers a luxury feel using the prefix “lux-”. Since none of the sub-brands under EssilorLuxottica have the name on their label, we would separate ourselves by simply having *LuxoAR* seen on our packaging and it is a name we can trademark. Our name will brand us as a unique luxury travel glasses retailer and our company would be considered a strategic business unit, utilized by EssilorLuxottica, to target the market segmentation of travelers (aged 25-54).

Pricing Strategy

EssilorLuxottica is attempting to do something challenging, they want to be a pioneer in their field, following the wise guidance of Riese and Trout. Given its large market share, EssilorLuxottica has the resources necessary for a large research and development department, having a past budget of USD 321 million just last year². Being a pioneer certainly has its risks, as there are limited sources of reliable data that can assist in forecasting product sales and production costs. This is why we have chosen a cost approach as our pricing strategy. With a risky investment and limited data from possible competitors to assist in pricing, EssilorLuxottica’s best bet is to base its pricing strategy directly on production costs. This ensures profit upon its introduction into the market and will limit the chances of product failure for EssilorLuxottica. When it comes to risky investments, being conservative is key. Cost pricing also allows EssilorLuxottica to change its prices with the ever-volatile computer chip market fluctuating.

Estimating the cost per pair of augmented reality glasses is key. The COGS, otherwise known as the cost of goods sold, was roughly USD 9.3 billion in 2022³. Since the COGS includes both labor and manufacturing costs, this gives us our variable costs. Additionally,

² Essilor Luxottica, “2023 Interim Financial Report,” July 27, 2023, <https://www.essilorluxottica.com/en/investors/financial-publications/>

³ WSJ, “Essilor Luxottica S.A. Annual Income Statement,” accessed June 24, 2024, <https://www.wsj.com/market-data/quotes/FR/XPAR/EL/financials/annual/income-statement>

EssilorLuxottica sold 225 million units⁴ of eyewear that same year. Given this information, we can conclude that the unit variable cost for producing one pair of eyewear for EssilorLuxottica was approximately USD 41. ($\$9.3 \text{ billion} / 225 \text{ million units of eyewear} = \41 per pair).

However, given the current cost of materials such as virtual reality technology, augmented reality computer chips, and safety protocols required by the FDA, we estimate an adjusted unit variable cost to be roughly USD 280. We arrived at this figure based on the average computer chip cost to be roughly USD 40⁵ and estimated the cost of the development of a new ergonomic design plus miscellaneous technological components to be around USD 200. With the average markup from EssilorLuxottica to be 60%⁶, and the LuxoAR being the only of its kind in the market, we increase this to 70%. LuxoAR's final price will be USD 475 ($\$280 * 170\% \text{ mark-up}$).

This price point is significantly cheaper than any of EssilorLuxottica's competitors, with Apple Vision Pro costing USD 3,500 and Meta Quest Pro costing USD 1200. At a price point of USD 475, LuxoAR positions itself as a more sustainable and "affordable" (relative to its competitors) option for augmented reality eyewear. This perfectly aligns with EssilorLuxottica's mission statement, which emphasizes sustainable development. What better than to have a complimentary sustainable price point? Being more "affordable" also gains EssilorLuxottica a large portion of the market share, something it is already accustomed to handling.

Distribution Channel Strategy

LuxoAR's glasses will be available through a comprehensive and strategic distribution network to maximize market infiltration and consumer convenience. Distribution will be through Luxottica-owned retail stores to ensure that LuxoAR glasses are shown in high-traffic areas where consumers can experience the product firsthand. Having retail stores in locations of tourist destinations, including historical sites, museums, and travel hubs will enhance LuxoAR accessibility to travelers, who are our key target demographic (e.g. the RayBans store near the Duomo, etc).

Having an omnichannel marketing channel plays a substantial role in LuxoAR's strategy. Luxottica as the channel captain will offer access to the product and provide detailed information

⁴ Essilor Luxottica, "Q4/FY 2023 Results," February 14, 2024, <https://www.essilorluxottica.com/en/newsroom/press-releases/q4-fy-2023-results/>

⁵ Intel, Estimator, Accessed June 24, 2024, <https://estimator.intel.com/vpro-iot/>

⁶ Chavie Lieber, "Glasses can have a markup of 1,000%. Two former LensCrafters executives revealed why," Vox, March 6, 2019, <https://www.vox.com/the-goods/2019/3/6/18253555/eyeglasses-cost-lenscrafters-essilor-luxottica>

about the product, customer reviews, and different purchasing options. Partnerships with big e-commerce companies such as Amazon and Shopify will reach larger demographics, making LuxoAR glasses available to a global audience.

The Business-to-Consumer (B2C) market will focus on the ultimate consumer through various channels. Collaborations with Amazon will target consumers frequently looking for the next tech while expanding the product's market presence. The distribution method will further glamorize LuxoAR glasses, thanks to digital interactive guides, attracting tourists, tech enthusiasts, and art/history connoisseurs.

Geographical coverage will focus on countries with the highest tourism rates such as the United States, France, Italy, and Spain aiming toward individuals aged 25-54⁷. Providers such as Amazon, FedEx, UPS, and DHL will support the logistics network. Utilizing existing Luxottica distribution centers will enable efficient inventory management and distribution.

A just-in-time inventory system will minimize extra stock and reduce costs⁸. Regular monitoring of sales will allow for adjustments based on demand while having product availability and not overstocking. Seasonal adjustments will be made to increase stock during Q3 and Q4 due to peak tourist time.

Integrated Marketing Communications Strategy

Objectives

Essilor Luxottica's objectives for LuxoAR focus on achieving 30% awareness and 25% trial purchase among all genders between ages 25-54 within the first year of launch in Italy.

Creative Strategy

Key Prospects: Males and females between ages 25-54 who enjoy traveling, art, and history.

Key Benefit Promised: A hyperreality tour guide, connecting travelers with the world.

Support for Promise: The augmented reality glasses bring surrounding sites and landmarks to life in real-time.

Tone: Sleek, Experiential

⁷ Afifa Mushtaque, "35 Most Visited Countries in the World: 2024 Rankings," Yahoo! Finance, February 18, 2024, <https://finance.yahoo.com/news/35-most-visited-countries-world-131945662.html>.

⁸ Caroline Banton, "Just-in-Time (JIT): Definition, Example, and Pros & Cons." Investopedia, March 12, 2024. <https://www.investopedia.com/terms/j/jit.asp>.

Communication Vehicles

Consumer/Trade Promotion

Consumer and trade promotion will primarily be through demonstrated use of the glasses hosted by sellers of LuxoAR, including pop-up tables by Lenscrafters and Sunglasses Hut. For the first month of its launch, displays of the glasses will be in shopping malls and outdoor centers throughout Italy, inciting interest among visitors and inspiring purchases after they try them. By testing the comfort and features of the glasses, consumers will understand the unique experience and immersion they can bring into their travels with LuxoAR.

Social Media

In Europe, 90% of the population is online with 98% being youth (see Appendix 2)⁹. As social media use increases across all ages, it provides the largest platform to promote LuxoAR by allowing us to advertise the new product with creative campaigns as well as partnerships with travel influencers. By creating buzz and making a trend, similar to that started by the RayBans Meta Glasses, we can quickly gain a vast audience and further increase awareness for the product. Facebook, TikTok, and Instagram lead in the number of users (see Appendix 3)¹⁰, declaring to be the most effective communication platforms Essilor Luxottica will use. Furthermore, the responses to our social media interactions can be measured and help navigate our further use of social media.

⁹ Facts and Figures 2023, “Youth Internet Use,” 2023

¹⁰ Statista, “Social Media Advertising: Market Data & Analysis,” November 2023

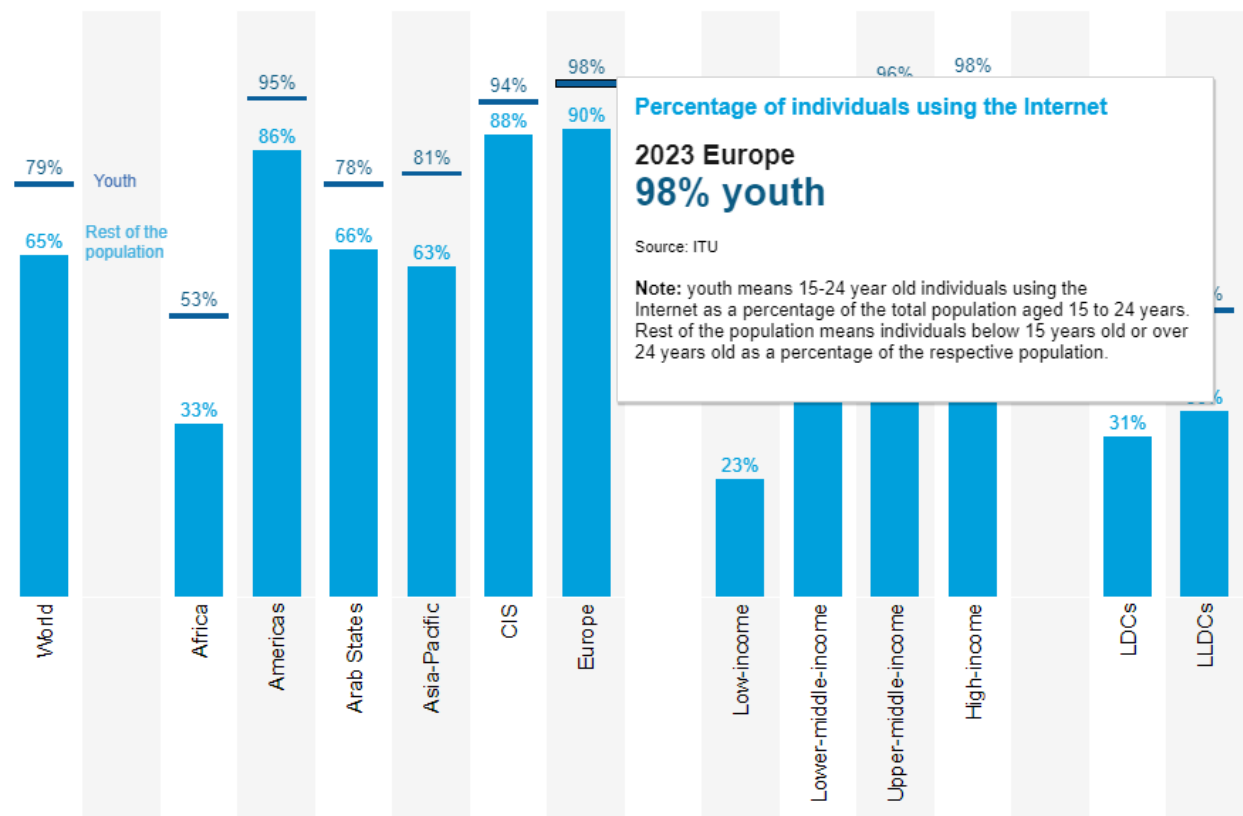
Appendix

Appendix 1 - Leather Charging Case



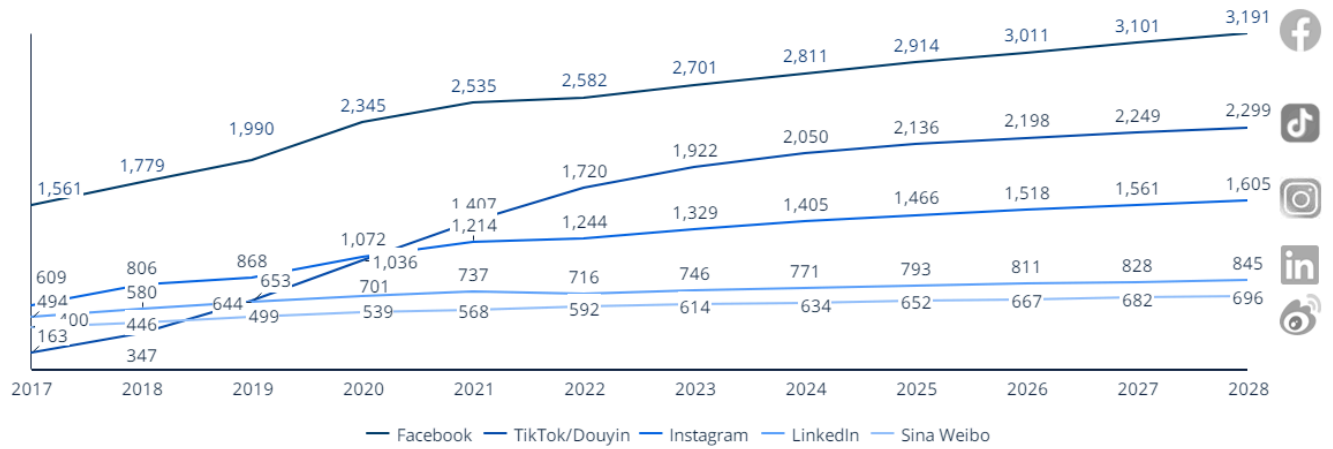
Appendix 2 - Facts and Figures 2023: Youth Internet Use

Percentage of individuals using the Internet by age group, 2023



Appendix 3 - Social Media Platform Users

Number of active social media users by platform, in million



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