

“There's a lot of potential in this business”: Follow up Conversation with Eric Wong, Laotian distributor and retail owner, on entrepreneurial models of distribution.

Ambika Samarthya-Howard
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Ambika Samarthya-Howard: Can you start by introducing yourself? Where are you calling in from?

Eric Wong: I'm Eric Wong. I work as a mining manager for an international mining company, I also run a retail outlet in Laos where I sell hygienic and sustainable bed sheets as well as eyeglasses. I've been living in Laos for the past twenty years, but I travel a lot. I only spent about 10% of my time in Laos last year.

Ambika Samarthya-Howard: Who takes care of the work you're doing when you're not in Laos?

Eric Wong: I'm quite busy, so last year, I appointed one individual to look after it. She made quite good progress last year but unfortunately, I couldn't keep her for long. Her partner, who works at the US Embassy, was assigned to Texas, to the Mexican border, so she left our organization just last week. I need to rebuild the capability on the ground right now.

Ambika Samarthya-Howard: How has your work been impacted by government events?

Eric Wong: In Laos, the level of acceptance is generally pretty high, but we need to focus on the remote areas. In the city, people still prefer to go to the optical shop because they believe that is where you can get genuine reading glasses, which is totally different from the reality.



We've made great progress this past year entering into key accounts. I call it modern trade. Even though we are small-scale, we managed to get our product into a very big, Laotian supermarket– really like a hypermarket, which is very similar to Costco– as part of the SKU [stock keeping unit]. It's in the front of the store, just before the checkout counter. That is really good progress.



We release eyeglasses to hypermarkets every month, and the ticket rate is good. I now need to penetrate into chain convenience stores; those are my next key target. Right now, we are talking to them about a plan where we lease into their hypermarket, and if the sales rate is going well and they like it, they will recommend us to lease into the entire chain. They have about 60 stores across the country.

Ambika Samarthya-Howard: Can you tell me how you made that happen?



Eric Wong: I am dealing with Fast-Moving Consumer Goods [FMCG], and you really need to have empathy in this kind of a channel. You can't just knock on a door and offer your product because no one's looking for the product. What they're looking for is how you can minimize their storage with the highest revenue and how you can increase earnings per square meter or per square foot. Then, they want to know the price range and how much margin they can have.

In the industry, we have the front margin and the back margin. The front margin is the sales cut. You give them a 10% or 15% sales cut. If you understand this industry well, you can even do a back margin. Back margin means that, if the payment is made within the first seven days of the payment cycle, I will give you another 2% back margin on that. That is what they're interested in. They're not really interested in your product; they're interested in the [profit] margin.

Ambika Samarthya-Howard: How do you even start your initial conversations? Do you call them up, or do you already have existing relationships?



Eric Wong: It's always a relationship. That is the way I leverage my business. We generally have had a listing with them in the past because we ran a retail space with them. Once I establish a contact, I try to be very persistent and keep on talking to the lease manager, asking the lease manager to connect me to someone who is looking after our division. We call

our division home care even though it's not really home care—these are glasses. But we'll get hold of the home care division and have a conversation with someone and tell them it's highly recommended from the lease manager because we have a good reputation in terms of our timeline, our project, our cleanliness, and our discipline in operating our outlet.

Ambika Samarthya-Howard: So you had pre-existing relationships, and you understand the market really well. Has there been any government regulation around any of this?



Eric Wong: Laos is very lapsed in terms of regulation, so it's a really free market here. It's all very focused on supply and demand. There's no regulation at all, especially in terms of eyeglasses. I don't think any ministry or agency really checks or asks for anything. Even the licensing that we have right now is something we just pack in as part of our retail store/business license.

Ambika Samarthya-Howard: How do the optometrists and the ophthalmology sector in general feel about what you're doing? Don't they feel any competition with you?

Eric Wong: Yes, they feel the competition, but it's very monopolized because, currently in Laos, there's only one big player, and they don't see us as a competitor at all. The market is big enough, and the owner never really manages the business day to day. He's already delegated that to his team. There's a difference between owner-run business and businesses run by a manager. I don't think they open their eyes the same way.



One thing that we are doing really well selling our glasses wholesale to an NGO called The Fred Hollows Organization [Fred Hollows], which is something we discussed last year. This year they've upped their budget and doubled their purchase size from last year, which is great news.

Ambika Samarthya-Howard: How did you make that happen? What would you say is the main reason for that success?

Eric Wong: I personally have good credit because of my full-time job for the mining company here. Laos is small. The regional director from Fred Hollows in Hong Kong came here and heard the staff say, "Oh, Eric Wong is an executive, but he's doing all these things for the people of Laos." She was interested in meeting up with me because she's purchasing from us, and then she wanted to understand the story of why I wanted to start selling these glasses. We were very aligned in terms of intention because both of us are doing a lot for Laos.

Ambika Samarthya-Howard: How are you doing with your penetration into the rural market? If I remember correctly, when we talked in April, you were trying to partner with an NGO that was already succeeding with rural penetration.



Eric Wong: It's not going as quickly as what we wanted it to go. There are four major institutions that we've partnered with and sold to—one is an NGO and the other three are private businesses. Only one of them has come back to us at the end of last year to purchase another set, a private bank called Maybank.



We put in a pitch to the bank saying this will cost you \$2,000, but 800 people will benefit from this small little donation. We will help you to pack. We will send it to your door. Then, when you organize the corporate social responsibility [CSR], we will have two people come to support you and work it out with you.



I asked a friend who's a volunteer to create a video for Maybank as well, which they were able to submit to their country to present this as an CSR program. They won the award. The second year they came back to us and said, "Let's do it again. This time, I would like to add a few hundred more dollars."



We want to use this indirect way of doing the business. My objective is still the same, which is to reach out to the people. I want the glasses to reach the people who really need them.

Ambika Samarthya-Howard: What was the difference between the three that didn't come back and the one that did? What made Maybank successful?



Eric Wong: It's very difficult to call this. Sometimes, when you're working in a country that's not very developed, you will encounter an issue with engagement. The staff we tried to reach out to started to ask for further margin, and we had to say no. It's such a low margin product, we told them that we couldn't do that. It would defeat the whole purpose. The money should be spent on the right people.

Ambika Samarthya-Howard: That's unfortunate. The other thing we talked about, Eric, was scaling beyond Laos, into different countries. Are you still focusing on Laos, or are you focusing on any other countries?

Eric Wong: I am still focusing on Laos because of the capacity issue. I don't really have a dedicated team working on this business, it's really just me, and I've been very busy in the last six months, so I don't have a lot of time to focus on it. I want to sustain this business in Laos for the time being until I'm ready, or someone else is ready, to scale.

Ambika Samarthya-Howard: Let's talk about some of the price details and the numbers. How many grocery stores are you in right now, and how many products does each grocery store have? What are they selling for?



Eric Wong: We have four hypermarkets, as we call them. Three of them are local chains and one is international. The international one is called the Big C, and it's a Thai chain. My previous manager helped me connect with them by showing up at their sales office and knocking on their door persistently.

Ambika Samarthya-Howard: Do you feel like that in-person element makes a big difference?

Eric Wong: Oh, yes. Culturally it makes a very big difference here because it's manners. It's respect. If the buyer wants to feel respected, that's key.

Ambika Samarthya-Howard: How long did the deals take you to make?

Eric Wong: Four months, on average. I need to be persistent about checking in and reminding my team every week. Have you done that? Have you followed up? Have you worked with them?



For each store, we lease most or all of our SKU. We have 22 SKUs, and we put 10 of each per store, so we have around 220 to 260 average per outlet.

Ambika Samarthya-Howard: How long does it take to move the product?

Eric Wong: It's pretty slow. On average, we move around 40 to 42 per store each month. It's not optimum, and not as much as I had expected.

Ambika Samarthya-Howard: Of the four stores, do you feel like any one of them is getting more than the others?

Eric Wong: Yes, the Big C, which is an international chain.

Ambika Samarthya-Howard: Do you think that's because the people who come there are more savvy?

Eric Wong: Yes, they're definitely more savvy. They know how to compare the products there to the ones they get from the Chinese market.

Ambika Samarthya-Howard: You're getting the glasses from VisionSpring, and you're selling most of them in the big international market, where it's taking four to five months to move the 200 pairs you give them. What's your price point in terms of how much you pay to get it and how much you're selling it for?



Eric Wong: The currency keeps on dropping thanks to the strong US dollar, but on average, we're selling them at roughly 280 with a 30% sales cut. That's around \$2 per pair of glasses, and we're getting them from VisionSpring for around \$1.30 per pair, which includes the logistics. We're making around a 34% gross margin.

Ambika Samarthya-Howard: How does that compare to other consumer goods?

Eric Wong: The profit on other consumer goods is generally double, at least 60%.

Ambika Samarthya-Howard: Why do you think this margin is so low?



Eric Wong: I'm bordering China, which is a disadvantage as China is the main producer for all the glasses in the world. Their price point is really low. In addition, there's no governance on the border, so you can literally import anything without paying any tax if it's coming from China. We treat it just like a door-to-door delivery service. You put it in the parcel, you send it over, and you can avoid all the taxation issues. Those logistics companies do pay tax. They call it a lump sum tax. Over one year they pay this much, and then they can carry all the commodities coming into this country.

Ambika Samarthya-Howard: So eyeglasses have a profit margin of about 30% and other consumer goods have a profit margin of about 60% to 70%. Can you explain that discrepancy a bit more?



Eric Wong: The difference is the competition and the market positioning. For items like bedsheets, which my wife sells, there is less competition from China itself, but China is a major

producer of glasses. The key hub is in Shanghai. They can sell whatever they throw in the market for \$1 or \$1.20. We're selling glasses at a higher price than them, and the reason is because our quality is better than theirs.

However, the consumers aren't really concerned about frames or colors or design. For a country like Laos, pricing is always the key point, and the first point of contact.

Ambika Samarthya-Howard: Is VisionSpring getting its glasses from China?



Eric Wong: Yes, they are getting them from China as well, but I think because they're putting in the demand, they're emphasizing that theirs are slightly better quality than the ones that are floating in the market.

Ambika Samarthya-Howard: You don't feel like that makes a difference to some of the consumer groups? I ask because something that's come up in a lot of these conversations, especially with some groups in different regions in Africa, is that people want better frames. They want better glasses, and they're willing to pay a little bit more for them.

Eric Wong: That is usually only applicable for urban areas or in city centers. Laos is a very rural country with a small population, and the infrastructure is not very good. If I'm coming from the village, I don't really care about whether a pair of glasses, or any product, is good quality or bad quality. I'm looking into whether you have this product or not.

Surprisingly, when I started this early last year, I needed to educate a lot of people about what reading glasses do. When we sold them in the province, you know what happened? Rather than using them for reading, people wore them all day as if they were regular glasses. We kept having to remind people, "No, that's going to make you dizzy. It's going to make you feel bad, and give you a migraine. You only use it for reading."

Ambika Samarthya-Howard: Even if people in the rural areas don't care about the style as much as people in the urban areas, aren't your four grocery vendors in urban areas?



Eric Wong: Yes, they are all in the urban area. That's why, in order to reach remote communities, we need to work through NGOs like Fred Hollows because they have a better network.

Ambika Samarthya-Howard: There's this big interest in second pairs, and this idea that, if there's enough penetration with the first pair, people will start to understand the dependency on eyeglasses, and the sector will become sustainable because people will buy the second pair. I wanted to hear your thoughts on that, not just for Laos, but as a business person and as Eric Wong.



Eric Wong: Purchase with purchase is always a good outcome. We even try to package our glasses as a set rather than a single pair.

Ambika Samarthya-Howard: Do you sell two different prescription strands in each set?



Eric Wong: Yes, the prescription is slightly different. One diopter can be 2.0, and then another one 2.5, and we also pack together different colors. Because it's so cheap, people who can afford to buy glasses or people who are interested in our product often don't really care to have two or three pairs. So we upsell it by just packing them as a pair. Purchase with purchase.

Ambika Samarthya-Howard: Wow. Whose idea was that? That's brilliant.

Eric Wong: It comes from business experience.

Ambika Samarthya-Howard: Ah, so it's your idea.

Eric Wong: Yes.


Ambika Samarthya-Howard: Do you feel like people are going to buy second pairs?





Eric Wong: Yes, always. I'll give some real-life examples. When I sell to my friends, or people I know, after I sell them two pairs, you know what happens? They keep coming back. Eventually, they start to buy 10 pairs, even 20 pairs from me, so they can give them to their relatives and friends as a small gift.

Ambika Samarthya-Howard: Do you think that's just because they have a lot of money? Folks in the rural area wouldn't do that, right?

Eric Wong: No. In the rural area, people are still learning about reading glasses, so the level of consumerism is different.



Ambika Samarthya-Howard: How do you think people in the rural areas can be brought into more awareness? How do you think we can teach them about reading glasses?

 **Eric Wong:** This is a very good question. One thing Jeremy [Hockenstein] and I do is we call them “earning” glasses rather than reading glasses. Most of the rural population is doing a lot of handicraft type of work. You need the right reading glasses in order to be more productive. You’re picking up the husk, or separating the husk from the rice, or you’re doing some weaving. This kind of work is part of rural jobs, so that’s where we try to convince them.

    I personally have one real-life experience that’s very funny, but it worked so well. My company opened a small store in Luang Prabang, a rural area in the north of Laos, and we told people that we carry \$2 reading glasses that will help you to read better. People were suspicious, and wanted to know what this was. We said it’s free, you can try them out, but they were too shy to even try.

Then one of my team members—she’s very smart—took out all her money notes, put them on the table, and then put the glasses on top of the notes. The villagers thought that, if they tried the glasses, they would get that money. People started to pick up the glasses, look at them, and put them on. Then we told them, “Now, look at the money,” and we got a lot of, “Oh, I can see the money so clearly now.” We sold more than 200 pairs that day; it was really exciting.

Ambika Samarthya-Howard: That’s amazing. I guess my question is, if you sold 200 glasses that day, and it takes you a month to sell that much across all four grocery stores, why don’t we do more things like that?

  **Eric Wong:** That is largely a question of capacity. Talking from the business perspective, in order to expand, you need noise. Without noise, you won’t distract the consumer. If you put the glasses or whatever product in the grocery store and leave it to sell by itself, it won’t work. You need to hire a person, a promoter, to disturb and distract people, and [get them to pay attention to the product]. That is called noise. I haven’t had the opportunity to scale that because of the capacity issue. There’s still a lot of room to grow.

Ambika Samarthya-Howard: Since you have these four NGOs going into those areas, can you have them do that? You’re just one person, even though you do eight people’s jobs— but what about those organizations?



Eric Wong: I did have a conversation with the director of Fred Hollows, but they have their own mission. Their mission is not to distribute these glasses. Their mission is to provide surgeries, operations, and support for people who need eye support and eye care. It's a very different mission. In order for them to change, I think they would need to go through a lot of different bureaucracy within their own organization.

We did ask the SS [Social Security] Network. They have a database of all the local community and health centers. The challenge is, again, that it's very difficult if you don't give them to attendees. When we reached out to the director of a local community center, there was a lot of red tape which needed to go through. This is what I try to avoid.

Ambika Samarthya-Howard: What's next for you?

Eric Wong: Rebuild the capacity. That's the most important thing. I need to fix my timing problem. I had a new guy who just joined me, and he has a good network with the grocery stores. I think that will be key. I'm going to meet with him next week to talk about the convenience stores and the NGOs. He will be helping me with all of that.



I keep telling people there's a lot of potential in this business. I think the key is having the right people, who are passionate enough to drive it. We see a big difference when we have a true salesperson.

Ambika Samarthya-Howard: My understanding is that, because you have contacts and you're already in the big grocery stores, the convenience store initiative shouldn't take a long time. Is that right?



Eric Wong: Yes. We basically need what we call relationship management. It's not sales anymore. My new guy just needs to go there, have a coffee, ask for feedback, and see if there are any improvements we can make. Is there any way we can make their retail area better in terms of what we call the POS, or the post-marketing materials? Is there an event we can support them with? It's more like ongoing relationship management. Every buyer gets thousands of products. They don't really know what product they are selling in those big groceries.

Ambika Samarthya-Howard: What's your timeline for all of this?

Eric Wong: I've got to do it in the next six months because last year, I said to [LIF], "Give me a year, and let's see how it goes with this retail chain."

Ambika Samarthya-Howard: This is really interesting, Eric. We're looking at several models: one is specifically around government interaction with community health workers, another is specifically around pharmacies, still another is around faith-based awareness work in churches and mosques. Your model is purely business.



Eric Wong: In the community context, it's not really sustainable because there are a lot of different elements involved. But in purely business terms, you earn your marks. For instance, if you have a big enough market share, this is a way you can have a better supply chain to reduce the cost. Then, once you have a better supply chain, you can start to rebuild your brand. You can even build your own brand.

Ambika Samarthya-Howard: Everyone else I talk to is part of a government or a big organization like Last Mile Health, or CHAI, but you're just you.

Eric Wong: Yes. That's the fun part of it, right?

Ambika Samarthya-Howard: Do you describe yourself as an entrepreneur?

Eric Wong: It's my dream. I've been fascinated with entrepreneurship since I was very young. I'm someone who can always see the vision, but I don't have the capacity because I'm not good at delegating, or in making sure that things are moving in the right direction.

Ambika Samarthya-Howard: Why not start an organization, like Laos Eyeglass Corporation?

Eric Wong: To be honest, I come from a very modest background. I'm a very typical Asian. Right now, I depend on my permanent job to pay for everything. I not only pay for my own family, but I pay for my parents in Malaysia. I pay for my brother who lost his job two years ago. My budget is quite big, but my responsibility is quite large, too.

In addition to that, I have 60 people working for me in my current mining company. They still have a lot of respect for what I've done for them. That's why they never transition or shift this business. We don't have any mining interests in this country, but we maintain an office in Laos because I've trained up a group of 60 Lao people who can do an international job, and who are certified by a lot of international accounts and an international payroll firm.

Another obligation is to my wife's business, which I've helped build to be quite successful from the Lao market perspective. We just started two years ago, but we have become a market leader, and our brand is quite famous in Laos right now. That business started with four people, and we have grown to 32 people. All of them are coming from households with an income of just a few dollars per day.

Ambika Samarthya-Howard: How did you meet Abi and get involved in any of this to begin with?

Eric Wong: I used to work for Jeremy [Hockenstein] in the Digital Divide Data back in 2009. I left his company because my current company, the mining company, asked me to join. They offered me a different way of seeing things.

Ambika Samarthya-Howard: Can you talk a little more about Fred Hollows? I'd love to hear how your work is succeeding through that particular NGO partnership.



Eric Wong: Fred Hollows is doing super well. They are our superstar and our backbone. They're purchasing 8,000 to 10,000 [pairs of glasses] a year right now from us.

Ambika Samarthya-Howard: Are they rural?



Eric Wong: It depends on their needs. They never really tell us where they distribute. Maybe they will distribute the glasses to a local community, maybe to a health committee, or sometimes at their road show; wherever it is, they order a lot. We essentially sell wholesale to them. We always have a lot of people volunteer to help them do all the packing and to make sure that all the glasses are in good condition. We check all the glasses because every time they order, it's in the thousands.

Ambika Samarthya-Howard: That's awesome. Thank you, Eric. You just blew my mind, so I really appreciate your taking the time to talk.

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Partnerships



Technology



Distribution channel



Regulation



Training



Media campaigns and marketing



Screening

Ambika Samarthya-Howard Samarthya-Howard (she/her) is Solutions Journalism Network's Chief Innovation Officer. She strategizes on communications, metrics, impact, product and technology, leveraging platforms for the network and creating cool content. She also leads the Solutions Insights Lab, an initiative of SJN that uses targeted research and analysis to identify and interrogate what's working and what's not in a particular sector or field. She has an MFA from Columbia's film program and has been creating, teaching and writing at the intersection of storytelling and social good for two decades. She has produced content for Current TV, UNICEF, Havas, United Nations Population Fund (UNFPA) and Prism.

** This interview has been edited and condensed.*