

Leading Retailers Climb To a New Sales Record

VM Top 50 U.S. Optical Retailers
2012



Top 50 Retailers Approach \$8 Billion in Sales for 2011

BY JOHN SAILER / SENIOR EDITOR

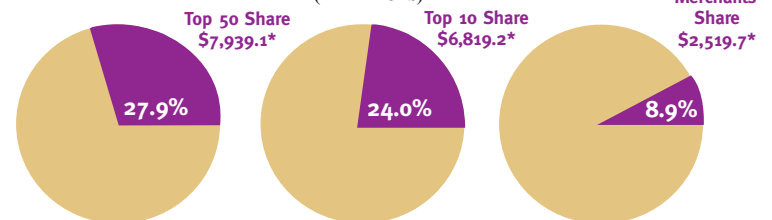
NEW YORK—During a sluggish economic recovery, the country's 50 largest eyewear/eyecare retailers and optometric practices achieved another new high in combined optical sales in 2011. That's no surprise, as this sales record followed a previous record achieved during a year of economic challenges and uncertainty in 2010. As an aggregate, these high-volume optical retailers generated estimated sales of \$7,939.1 million in calendar year 2011, according to VM's exclusive Top 50 U.S. Optical Retailers annual ranking.

The upward trajectory of optical sales endures, and with many of the top 50 U.S. optical retailers adding locations and reporting healthy increases in sales, that

trend continues. Their solid sales performance brought these leading retailers' combined share of the overall U.S. vision care business to 27.9 percent of last year's \$28,430 million total U.S. market for vision care products and services sold at optical retail locations, as estimated by The Vision Council's VisionWatch ongoing consumer survey.

These eyewear/eyecare players operated an estimated 10,287 retail locations as of Dec. 31, 2011, with many of the players on the VM Top 50 list adding new

U.S. Vision Care Market (in millions)



Total 2011 Market: \$28,430.0**

* VM Estimate ** Vision care products and services sold at optical retail locations. Source: VisionWatch Data is from 12ME Dec. 2011

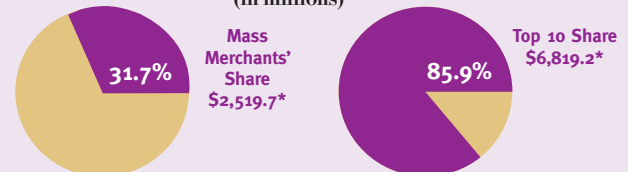
units. Due to growth and consolidation, two new retailers entered the Top 50 for the first time and one other player made its first appearance in the Top 10. ■

—With reporting from Contributing Editor Cathy Ciccolella

Top 10, Mass Merchants' Sales Grow in 2011

NEW YORK—While sales for the 10 largest retailers on the VM Top 50 list for 2011 increased by 6 percent to an estimated \$6,819.2 million, their share of the total sales for the Top 50 dropped 1 percent to 85.9 percent. The mass merchants' share of Top 50 sales picked up half a percent, which increased from 31.2 percent to 31.7 percent, with their total estimated 2011 sales growing 8.2 percent to \$2,519.7 million. ■

Top 50 Retailers' Sales (in millions)



Total Top 50 Sales: \$7,939.1*

* VM Estimate Data is from 12ME Dec. 2011

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Key Optical Players Ranked by U.S. Sales in 2011

2011 Rank	2010 Rank	Retailer	2011 Sales ¹ (\$ Millions)	2010 Sales ¹ (\$ Millions)	2011 Units	2010 Units	Comments
1	1	Luxottica Retail	\$2,520.0*	\$2,470.0*	2,822	2,891	Sales estimate includes revenues from company-owned and franchised Pearle Vision stores. Retail brands: Lens-Crafters (978 units), Pearle Vision (310 company-owned and 351 franchised units), Sears Optical (802 units), Target Optical (330 units), Optical Shop of Aspen (21 units), Ilori (23 units), Oliver Peoples (7 units).
2	2	Wal-Mart Stores	\$1,506.7*	\$1,375.5*	3,309*	3,037*	Retail brands: Walmart Vision Center (2,785* company-owned units), Sam's Club Optical (524* units).
3	3	HVHC Retail Group	\$729.2	\$698.1	557	541	Retail brands: Visionworks (195 units), EyeMasters (170 units), Empire Vision Centers (52 units), Vision World (32 units), Hour Eyes (25 units), Dr's ValuVision (17 units), Cambridge Eye Doctors (16 units), Eye DRx (15 units), Davis Vision (13 units), Dr Bizer's VisionWorld (11 units) VisionWorld [Rhode Island] (5 units), Dr Bizer's ValuVision (3 units), Total Vision Care (3 units).
4	4	National Vision	\$685.0*	\$595.0*	682	639	Retail brands: America's Best Contacts & Eyeglasses (312 units), The Vision Center (Walmart-227 units), Eyeglass World (67 units), Vista Optical (Fred Meyer-31 units), National Vision (military-43 units), other (2 units). Acquired AC Lens, June 2011.
5	5	Costco Wholesale	\$628.0	\$577.0	419	414	Retail brand: Costco Optical.
6	6	Refac Optical Group	\$225.0	\$239.7	688	706	Retail brands: JCPenney Optical, BJ's Optical, The Bay, Macy's, Boscov's, Sears, Meijer.
7	7	Eyemart Express	\$180.0	\$162.0	135	130	Retail brand: Dr. Barnes' Eyemart Express.
8	8	Cohen's Fashion Optical	\$137.0	\$128.0	121	114	Sales include revenues from company-owned and franchised stores.
9	9	For Eyes/Insight Optical Mfg.	\$110.0*	\$105.0*	140*	140*	Retail brand: For Eyes Optical.
10	11	Texas State Optical	\$98.3*	\$81.5*	126	114	All locations independent network affiliates.
11	10	Shopko Stores	\$86.0*	\$85.0*	138	137	Retail brands: Shopko Eyecare Center (132 units), Shopko Hometown Eyecare Center (4 units), Shopko Express Eyecare Center (2 units).
12	12	Emerging Vision	\$85.7	\$80.9	125	129	Sales include revenue from company-owned and franchised stores. Retail brands: Sterling Optical (12 company-owned and 75 franchised units), Site for Sore Eyes, Singer Specs.
13	13	Eyecarecenter	\$70.5	\$67.7	55	54	Sales include revenues from 31 franchised locations.
14	N	American Optical Services	\$61.2	N	73	N	Acquired The Eye Gallery (10 units) in March 2011.
15	14	Henry Ford Optimeyes	\$57.0	\$54.0	17	18	Retail brands: Henry Ford Optimeyes, Henry Ford Optimeyes Super Vision Center.
16	N	MyEyeDr	\$55.0	N	39	N	
17	17	Clarkson Eyecare	\$52.9	\$48.6	53	50	
18	15	Luxury Optical Holdings	\$50.8	\$50.0	47	50	Retail brands: Morgenthal Frederics (7 company-owned units), Optica, Scene, Davante, AuCourant, Classical Eye.
19	16	Nationwide Vision	\$50.6	\$50.0	64	64	Retail brands: Nationwide Vision (61 units), Nationwide Optique.
20	19	SVS Vision	\$50.0	\$44.0	56	54	

¹ Includes retailers' product sales, professional services and managed vision benefit revenues.

*=VM estimate. N=not on last year's list. American Optical Services reported \$29.7 million in sales from 35 units in 2010. MyEyeDr reported \$50 million in sales from 35 units in 2010. **Note:** U.S. sales include Puerto Rico.



COVER TOPIC

2011 Rank	2010 Rank	Retailer	2011 Sales ¹ (\$ Millions)	2010 Sales ¹ (\$ Millions)	2011 Units	2010 Units	Comments
21	18	Doctors Vision Center	\$41.7	\$45.0	42	45	Sales revenue from 22 company-owned units and 20 franchised locations.
22	20	Eye Care Associates	\$36.3	\$32.6	21	19	
23	21	NuCrown	\$32.6	\$31.1	26	26	Retail brand: Crown Vision Center.
24	22	Allegany Optical	\$28.7	\$26.0	25	24	Retail brands: Allegany Optical (17 units), National Optometry.
25	23	Rx Optical	\$26.4*	\$25.5*	48	47	
26	25	Eye Doctor's Optical Outlets	\$25.9	\$22.8	42	40	Retail brand: Optical Outlets.
27	24	Today's Vision	\$25.5	\$22.9	39	35	Locations are independent network affiliates.
28	30	Macarius & Daniel	\$23.0	\$14.0	18	15	Retail brand: Stanton Optical.
29	28	SEE	\$23.0	\$18.0	24	24	
30	26	Wisconsin Vision	\$22.6	\$22.0	27	27	Retail brands: Wisconsin Vision, Heartland Vision.
31	27	Standard Optical	\$17.5	\$18.1	18	18	Retail brands: Standard Optical, Opticare of Utah.
32	29	City Optical	\$15.8*	\$15.8*	20	20	Retail brands: Dr. Tavel Family Eyecare, Vision Values, Premium Optical.
33	32	Rosin Eyecare	\$14.0*	\$13.0*	17	16	
34	34	The Hour Glass	\$13.6	\$12.4	11	10	Retail brands: The Hour Glass, Eye Savers, South East Eye Specialist.
35	33	Accurate Optical	\$12.3	\$12.8	14	13	Retail brands: Accurate Optical, H. Rubin Vision Centers.
36	42	Spex	\$12.0*	\$10.0*	16	15	Retail brands: Spex (16 units), Spex Lumiere (3 sun units, not included with total optical stores).
37	36	Horizon Eyecare	\$11.7*	\$11.5*	6	7	
38	38	Sunland Optical	\$11.3	\$10.9	31	36	All locations on military bases.
39	37	J.A.K. Enterprises	\$11.0	\$11.0	19	18	Retail brand: Bard Optical.
40	39	Partners In Vision	\$10.6	\$10.8	42	34	Operates leased optical departments in MD practices.
41	40	See Center/Group Health	\$10.4*	\$10.4*	12	12	Retail brand: The See Center.
42	45	Midwest Vision Centers	\$10.0	\$9.1	20	20	
43	44	Thoma & Sutton Eye-Care Professionals	\$9.7	\$9.4	20	21	Retail brand: Thoma & Sutton.
44	31	United Optical	\$9.0*	\$13.5*	16	24	
45	41	Cooperative Optical Services	\$8.7	\$10.2	11	11	Retail brand: Co/op Optical.
46	47	Europtics	\$8.0	\$7.6	4	4	
47	46	Voorthuis Opticians	\$8.0	\$8.5	7	7	
48	48	Optyx	\$7.5*	\$7.0	11	9	
49	49	Eye Doctors/Eye Surgeons of Richmond	\$6.7	\$6.6	7	5	Retail brands: Virginia Eye Institute Optical Shop, Virginia EyeHealth Partners.
50	50	May & Hettler	\$6.7	\$6.3	7	7	Retail brand: Drs. May, Hettler & Associates.
		TOTAL	\$7,939.1*	\$7,386.8^{2*}	10,287*	9,891^{2*}	

² The retailers and totals given for 2010 are different from what appeared on the May 2011 VM Top 50 list because the Top 50 companies differ from year to year due to industry consolidation and other factors.

Source: VM's 2012 Top 50 U.S. Optical Retailers. When 2011 sales are the same for more than one company, the retailer with the fewest 2011 U.S. stores is ranked first. If store counts and sales are both equal, the ranking is alphabetical.





Snapshots of Optical's 10 Largest Retail Players



LUXOTTICA RETAIL

Leading the *VM* Top 50 Optical Retailers for the 13th consecutive year, Luxottica Group's Luxottica Retail division rebounded slightly in 2011 with a *VM*-estimated increase of \$50 million for its stores in the U.S., a 2 percent increase over 2010 sales. The company reported that comp-store sales were up overall 4.7 percent at LensCrafters and 1.4 percent at Pearle Vision, but its Licensed Brands retail division sales (Sears Optical and Target Optical) were collectively down 2.1 percent.

Against a backdrop of organizational changes made earlier in the year for all North American operations, Luxottica is investing substantially in U.S. LensCrafters stores as it is all around the world. In addition, LensCrafters is strengthening the brand through continued investment in the I Love LensCrafters campaign. Key initiatives for LensCrafters in 2012 include a new store design and a pilot in-store digital experience for patients.

In December, Pearle Vision named Srinivas (Srin) Kumar senior vice president and general manager. Using his experience as president and COO of Baskin-Robbins International, a division of Dunkin' Brands Group, Inc., he plans to "rapidly grow and expand the number of Pearle franchise locations."



WAL-MART STORES

Wal-Mart Stores is estimated by *VM* to have topped the 3,300 mark for company-owned vision centers in its U.S. discount stores and Sam's Club warehouse clubs during 2011, generating an estimated \$1.5 billion in revenue through the two retail brands.

Its optical operations are part of the retail giant's health and wellness segment, headed by Paul Beahm, senior vice president for health and wellness. Beahm told *VM* future plans include adding

vision centers to most new stores on the drawing board for the next several years.

The mass merchant's optical services segment manufactured more than 5 million pairs of eyeglasses last year, sold with a free one-year breakage guarantee; Wal-Mart's opening price point is \$38 for single-vision eyeglasses. In addition to its eyeglass sales, the company sells contact lenses through its exclusive partnership with 1-800 Contacts.com. Nearly 3,000 independent optometrists practice in Walmart and Sam's Club vision centers. Walmart has also linked with key training partners to provide its optical associations with free training materials for national ABO and NCLE certification.



HVHC RETAIL GROUP

The Highmark Vision Group of companies organized under HVHC Inc., a wholly owned Highmark subsidiary, expanded its retail operations in 2011. Continuing as the third largest optical retailer in the U.S., HVHC Inc. consists of a group of companies, including Visionworks of America (formerly Eye Care Centers of America), Davis Vision and Viva International Group. Visionworks of America operates more than 550 retail stores in 39 states and the District of Columbia through 12 store names. Nearly 200 stores are currently branded as Visionworks, and HVHC Retail Group is in the process of consolidating its 14 regional retail brands under the Visionworks banner.

During the past year, Davis Vision relocated its national headquarters from New York to Texas and joined HVHC and Visionworks of America at a new downtown San Antonio location. The new space accommodates executive and administrative offices, a conference and training center. A flagship Visionworks store opened in the building in January 2012.



NATIONAL VISION

Again the fourth largest optical retailer in the U.S., National Vision operates nearly 700 retail locations with over 6,000 employees in 44 states. In 2011, National Vision added over 40 locations and increased revenue by an estimated \$90 million. National Vision has plans to open over 40 America's Best and military locations annually. The company also operates a lab network with over 600 employees at two domestic locations in St. Cloud, Minn., and Lawrenceville, Ga., and two international locations in China and Mexico.

In June 2011, National Vision expanded its online presence with the acquisition of Columbus, Ohio-based AC Lens, which had been handling online contact lens sales for National Vision's America's Best and Eyeglass World superstores for several years. In addition to continuing to implement online contact lens sales for National Vision, AC Lens also sells directly to consumers via websites such as ACLens.com, DiscountContactLenses.com and others.



COSTCO WHOLESALE

Costco Wholesale added five new, everyday-low-price Costco optical vision centers last year within its U.S. warehouse clubs. Of the 433 Costco Wholesale locations in the U.S., 419 of them have vision centers. The company sells 3 million pairs of eyeglasses each year and reported eyewear/eyecare revenue in 2011 of \$628 million. Costco Optical also maintains a website to educate patients about lenses, lens materials and contact lenses, with a Healthy Eyes section that recommends an annual eye exam. Costco currently has more than 65.7 million cardholders, representing 36 million households and providing a built-in traffic flow for its in-store Costco Optical locations.

More →



Top 10 Snapshots

6 REFAC OPTICAL GROUP

Since last year's VM Top 50 report and acquisition of Refac Optical Group by ACON Investments in mid-March 2011, Refac's number of optical units has decreased 2.5 percent from 706 to 688, and overall revenue has decreased by 6 percent from \$239.7 million to \$225 million. However, its number of BJ's Wholesale optical departments is on the upswing. At the end of September 2011, BJ's Wholesale was acquired for an estimated \$2.8 billion by Beacon Holding Inc. (an affiliate of Leonard Green & Partners) and funds advised by CVC Capital Partners, bringing in an infusion of capital. Since then, BJ's opened three more wholesale clubs with optical departments toward the end of last year and added three more in January 2012. Refac took over operation of BJ's Wholesale's optical departments in 2008.

Refac has also begun opening optical departments in Meijer retail stores, a regional supercenter retailer based in Grand Rapids, Mich., with about half the company's more than 200 stores located in that state and additional locations in Illinois, Indiana, Ohio and Kentucky. In addition, the Refac Optical Group operates its own optical manufacturing laboratory.

7 EYEMART EXPRESS

Continuing its expansion, "value" retail chain Eyemart Express added five stores in 2011 for a total of 135 while increasing its sales 11 percent to \$180 million. In addition, Eyemart Express took the leap into online optical retailing with eyemartexpress.com, entering a realm that most of the major brick-and-mortar retailers have been reluctant to venture into so far. The company describes the website as "an extension of our retail locations helping eyeglass wearers save

money without sacrificing selection, quality, service or convenience." The site also offers a home try-on service that enables patients to choose from among four styles during a five-day trial period, complete with prepaid return packaging and a 30-day satisfaction guarantee. Eyemart Express is still focused on its "everyday low price" philosophy, offering single-vision eyeglasses starting at \$38.

8 COHEN'S FASHION OPTICAL

Adding seven stores in 2011 to reach a total of 121, this 85-year-old retailer that traces its roots back to a pushcart selling eyewear on New York City's Lower East Side saw its revenues increase 7 percent to \$137 million. Purchased by Houchens Industries in 2008, the franchise chain now has locations in seven Eastern Seaboard states and in Puerto Rico.

The Cohen's stores actively work to retain patients through eye exam recalls, direct mail programs and internet marketing, including frequent discount coupons available in the Cohen's Fashion Optical website. In addition, an Internet Eye Exam Scheduler available to every Cohen's location allows patients to set up their eye exams online. Taking advantage of social media, Cohen's informs its patients about eye health issues through its own WordPress blog and stays connected through Facebook, Twitter and LinkedIn.

9 FOR EYES/INSIGHT OPTICAL MFG.

As part of a larger corporate strategy to invest in its infrastructure and internal resources, For Eyes welcomed several new executives to its key departments in 2011, building talent from outside and within, working to strengthen and streamline all aspects of its operations. Integrating social media into its marketing platform, For Eyes is

expanding its presence on the web. The company's aggressive marketing continues to focus on For Eyes' position for value, customer service and experience.

The reinvestment continued in store renovations, primarily closing less productive units and taking advantage of real estate opportunities to open new ones, with the group still concentrating on existing markets of Florida and the East Coast along with the greater Chicago area and Northern California. For Eyes is considering growth in new markets, both organic expansion and potential acquisitions. For Eyes is still owned and operated by the same family and friends who started the company in Philadelphia in 1972. The company continues to operate its own lab in Hialeah, Fla.

10 TEXAS STATE OPTICAL

Steadily rising from the 12th position two years ago to number 11 last year, Texas State Optical made it into the Top 10 this year, entering at 10th place. The number of locations increased 11 percent to 126 while revenues increased an estimated 21 percent to an estimated \$98.3 million. Substantial growth began 10 years ago when the franchisees purchased the company in 2001 and converted it to a member-owned company. The company has opened over 43 locations in the last seven years alone.

Six new locations are already scheduled to open this year with a potential of four more additional locations by the end of the year. These represent brand new startups that take between nine and 12 months to open. To guide its growth, Texas State Optical conducts its own research, qualitatively testing marketing campaigns before they are launched, for example.

One recent study compared the behavior between someone using third party payment versus someone paying with cash. While continuing its upward trajectory, Texas State Optical remains focused on its mission statement, "We help people see the important things in life." ■



Mass Merchants/Clubs' Near One-Third of Top 50 Sales

NEW YORK—As the economy gradually recovers, 2011 optical sales by leading mass merchandising chains and warehouse clubs grew by an estimated 8.2 percent to an estimated \$2.5 billion, according to *VM* estimates, representing nearly a third of Top 50 sales for 2011. Their combined number of in-store vision centers grew 6.5 percent to an estimated 4,626, an increase of an estimated 281 optical locations over the previous year.

As it has for years, Walmart once again led the mass merchant/warehouse club segment of the optical business in 2011, with an estimated 2,785 company-owned vision centers in its Walmart discount stores, an estimated 524 Sam's Club optical departments, and 227 leased departments operat-

ed inside Walmart stores by National Vision. Those three operations gave the discount giant an estimated 3,536 optical locations under its two retail brands, including its leased vision centers.

Maintaining its position at number four, Shopko has expansion plans for 2012 as it merges with Pamida's 193 locations, adding optical departments where appropriate. Shopko now operates 138 Shopko Eyecare Centers in 12 states, filling more than 500,000 prescriptions annually. The company maintains its own optical laboratory and last year invested \$2 million in free-form and anti-reflective coating equipment.

Again ranked at number six in the mass merchant/warehouse club segment, BJ's Wholesale

VM Top 50 U.S. Optical Retailers 2012

seems poised for growth. With optical departments (operated as leased departments by Refac Optical Group) located in all but a handful of the 192 warehouse clubs it operated by the end of last year, BJ's Wholesale got an infusion of cash last September when it was acquired by private equity firms Leonard Green & Partners and CVC Capital Partners. The deal, estimated at about \$2.8 billion, was first agreed to in June 2011. ■

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Leading Mass Merchants, Clubs With Optical Departments

Rank 2011	Rank 2010	Mass Merchant (Operator)	2011 Retail Sales (\$ in Millions)	2011 Units ¹	Class	2010 Retail Sales (\$ in Millions)	2010 Units ¹
1	1	Walmart Wal-Mart Stores National Vision	\$1,532.6* \$1,370.5* \$162.1*	3,012* 2,785* 227	MM	\$1,405.7* \$1,245.2* \$160.5*	2,757* 2,530* 227
2	2	Costco Wholesale	\$628.0	419	WC	\$577.0	414
3	3	Sam's Club Wal-Mart Stores	\$136.2*	524*	WC	\$130.3*	507
4	4	Shopko Stores	\$86.0*	138	MM	\$85.0*	137
5	5	Target/Super Target Luxottica Retail	\$70.5*	330	MM	\$63.5*	322
6	6	BJ's Wholesale Refac Optical Group	\$56.8*	172	WC	\$58.0 ^{R*}	177*
7	7	Fred Meyer National Vision	\$9.6*	31	MM	\$9.4*	31
		Totals	\$2,519.7*	4,626*		\$2,328.9^{R*}	4,345*

Source: *VM's* 2012 Top 50 Optical Retailers

*=*VM* Estimate

MM=Mass merchant

WC=Warehouse club

R=Revised: the total for 2010 is different from what appeared in the May 2011 Mass Merchants chart due to revised 2010 retail sales estimates.

¹ Optical locations