

Consolidation Reshapes Retail

COVER TOPIC

VM TOP
50 U.S. OPTICAL
RETAILERS
2017

Players Advance to New Positions Within VM's Latest Top 50 Report

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NEW YORK—Acquisitions and consolidations, fueled by challenges faced by independent practices and some regional retail leaders, as well as the involvement of private equity investment, are reshaping the U.S. optical industry.

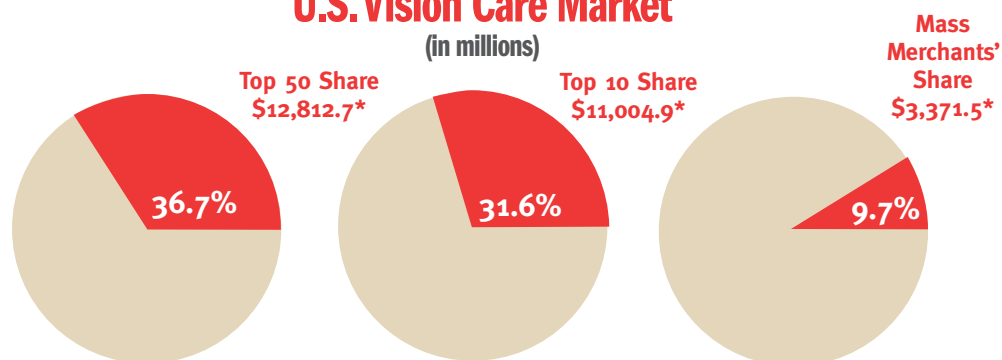
As a result, there is a new positioning among the top players within the 2017 Vision Monday Top 50 U.S. Optical Retailer's Report, which assesses rankings based on 2016 calendar year sales.

Vision Source, a franchisor with 3,344 locations, reported collective revenues of \$2,632 million in 2016, bringing it to the number 1 position on Vision

Continued on page 41

U.S. Vision Care Market

(in millions)



Total 2016 Market: \$34,879**

* VM Estimate ** Vision care products and services sold at optical retail locations. Source: VisionWatch
Data is from 12ME Dec. 2016

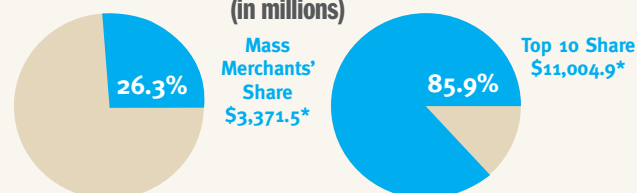
VM's Top 50 Retailers' Sales Stable With Last Year

NEW YORK—The 2017 group of VM Top 50 U.S. Optical Retailers' collective sales totaled \$12.8 billion in 2016, according to VM's estimates. That's just a sliver above the \$12.1 billion they were estimated to be in 2015, although the composition of the regional groups, franchises and chains in the total differed slightly.

The shift in the Top 10's share of sales, however, grew to a collective estimated \$11.0 billion for 2016, compared to \$10.5 billion in the prior year. And the composition of the retail groups within the Top 10 changed, with a new number 1 group and a new number 9 and number 10. ■

Top 50 Retailers' Sales

(in millions)



Total Top 50 Sales: \$12,812.7*

* VM Estimate Data is from 12ME Dec. 2016

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Key Optical Players Ranked by U.S. Sales in 2016

2016 Rank	2015 Rank	Retailer	2016 Sales ¹ (\$ Millions)	2015 Sales ¹ (\$ Millions)	2016 Units ⁴	2015 Units ⁴	Comments
1	2	Vision Source L.P.	\$2,632.0	\$2511.5	3,344	3,262	In accordance with franchise law, Vision Source is a franchisor, and its members are franchisees who own their respective practice.
2	1	Luxottica Retail	\$2,400.0*	\$2,530.0*	2,438*	2,311	U.S. sales estimate includes revenues from company-owned and franchised Pearle Vision stores plus Glasses.com. Retail brands: Lenscrafters (934 units), Pearle Vision (57 company-owned and 412 franchised units), Sears Optical (519 units), Target Optical (476: units), Ilori: 13 stores, Optical Shops of Aspen (7 units), Oliver Peoples (19 units), Alain Mikli (1 units). All U.S. + P.R. locations.
3	3	Wal-Mart Stores	\$1,733.0*	\$1,714.0*	3,575	3,582*	Retail brands: Walmart Vision Center (3,000* company-owned units), Sam's Club Optical (575* units). (Additional Walmart Vision Centers operated by National Vision, Inc.)
4	4	National Vision, Inc.	\$1,150.0*	\$945.0*	943*	860*	Retail brands: America's Best Contacts & Eyeglasses (526*units), The Vision Center (Walmart 227* units), Eyeglass World (105*units), Vista Optical (Fred Meyer 29* units), National Vision (military 56* units). Revenue figures include e-commerce.
5	5	Costco Wholesale	\$961.0	\$915.2	491	475	Retail brand: Costco Optical
6	6	Visionworks of America, Inc.	\$917.9	\$908.4	748	699	Retail brand: Visionworks
7	7	MyEyeDr./Capital Vision Services, LP	\$411.0	\$305.0	318	205	Retail brands: MyEyeDr. Acquired many independent locations and also acquired: Opticare, Conn, 18 locations in Feb 2016; Spex, Chicago, 25 locations in March 2016, and Alleghany/National in fall 2016.
8	8	Refac Optical Group	\$280.0	\$275.2	780	780	U.S. Vision store count: 699 leased and 1 company owned; includes: JCPenney Optical, BJ's Optical (203 units), Meijer Optical, Boscov's Optical, Sears Optical, Optical Center (AAFES Exchange), 20/20 Vision Center, Hudson's Bay Optica. Nationwide Vision Centers (73 units)
9	11	EyeCare Partners	\$275.0	\$139.3	230	129	Clarkson Eyecare (74 locations) (including 9 acquisitions in 2016 consisting of 1 unit in MO, and 8 in FLA), Thoma & Sutton Eyecare (18 locations in Ohio), EyeCare Associates (24 locations, Ala, including 3 office acquisitions), and eyecarecenter, p.a. (29 locations including 9 acquisitions). New to the group in 2016: Rinkov Eyecare Centers (OH), 9 locations acquired Feb 2016, and 2 additional offices for total of 11 locations; EyeCare Associates of Kentucky (KY) – 6 locations, new group to ECP in 2016 [ACQ 7/1]; Eye Elements (GA) – 5 locations, new group to ECP in 2016 [ACQ 7/15]; The EyeDoctors Optometrists (KS) – 19 locations, new group to ECP in 2016 [ACQ 8/1]; Quantum Vision Centers (MO/IL) – 27 locations, new group to ECP in 2016 [ACQ 9/23]; Ophthalmology Consultants (IL) – 6 locations, new group to ECP in 2016 [ACQ 9/23].
10	9	Eyemart Express, Ltd.	\$245.0	\$233.0	182	171	Retail brands: Eyemart Express (161 units), Vision 4 Less (16 units), Eyewear Express (4 units), Visionmart Express (1 unit).
11	13	Warby Parker	\$220.0*	\$110.0* ³	46	24 ^R	VM Estimates include total revenue from online sales including 46 retail/showroom locations open at end of Calendar Year 2016.
12	10	Cohen's Fashion Optical	\$151.0	\$152.0	126	126	All stores are franchised.
13	12	TSO, Inc	\$112.1	\$111.0*	111	122	All stores are franchised. Retail Brands: TSO, Texas State Optical
14	15	For Eyes/Insight Optical Mfg.	\$108.0*	\$105.0*	116	116	Brand Names: For Eyes. Acquired by GrandVision in December 2015.
15	14	Emerging Vision, Inc.	\$103.6	\$107.3	115	120	Retail sales of company owned and franchised stores: Site for Sore Eyes (41 franchised units), Sterling Optical (4 company-owned and 60 franchised units), The Eye Gallery (8 company-owned units), Singer Specs (1 franchised unit), and The Artful Eye (1 company-owned unit).
16	16	Shopko Stores Operating Co., LLC	\$98.0*	\$94.0*	140	140	Retail brands: Shopko Eyecare Center (129 units), Shopko Hometown Eyecare Center (9 units), Shopko Express Eyecare Center (2 units).
17	17	Henry Ford OptimEyes	\$97.0	\$89.0	19	19	Retail brands: Henry Ford Optimeyes
18	19	Vision Precision Holdings, LLC	\$88.5	\$75.0 ^R	55	45	Retail brands: Stanton Optical (44 units), MyEyeLab (11 units).
19	18	Luxury Optical Holdings	\$80.9	\$79.7	57	61	Retail brands: Optica (22 units), Morgenthal Frederics (14 units), Robert Marc (7 units), Scene (5 units), Davante (3 units), Leonard Opticians (2 units), Opticians3 (1 unit), Specs Optical (1 unit) Riehle Optical (1 unit). Acquired Eye-Q, Rochester, Minn in Feb 2016) Tim Mayhew named CEO in July 2016, Glenn Reisch continued as president/ COO while Gunnar Spaulding named president Robert Marc.
20	20	SVS Vision	\$78.0	\$70.0	70	68	Retail brands: SVS Vision.
21	21	Ossip Optometry + Ophthalmology	\$52.0*	\$52.0*	37	45	Ossip Optometry + Ophthalmology
22	24	Partners In Vision	\$46.6	\$40.2	118	104	Operates leased optical departments in MD practices.

Source: VM's 2017 Top 50 U.S. Optical Retailers. When 2016 sales are the same for more than one company, the retailer with fewer 2016 U.S. stores is ranked first.

*VM ESTIMATE includes company sources and documents, reports and industry sources.

*=VM estimate.

R=Revised

N=Not on last year's list.

COVER TOPIC

2016 Rank	2015 Rank	Retailer	2016 Sales ¹ (\$ Millions)	2015 Sales ¹ (\$ Millions)	2016 Units ⁴	2015 Units ⁴	Comments
23	23	Optical Outlets	\$45.7	\$40.7	45	44	Retail brand: Optical Outlets.
24	30	Rx Optical Laboratories, Inc.	\$40.1	\$30.1*	53	51	Sales revenue from 51 company-owned units. Retail Brand: Rx Optical
25	28	SEE, Inc.	\$39.3	\$34.7	38	37	Retail brand: SEE Optical
26	26	Today's Vision Licensing Corp.	\$38.0	\$36.0	50	46	All locations are independent network affiliates. Retail Brand: Today's Vision
27	27	Wisconsin Vision, Inc. and Eye Boutique, Inc.	\$34.5	\$35.5	38	38	Retail brands: Wisconsin Vision (30 units), Eye Boutique (8 units).
28	N	Southwestern Eye Centers	\$32.0*	N	24	N	Based in Mesa, Ariz. Acquired by H.I.G. Capital in April 2017.
29	31	HW Holdings, LLC	\$31.0	\$28.4	24	21	Retail brand: All About Eyes, Hometown Optical.
30	32	Schaeffer Eye Centers	\$28.4*	\$28.1*	18	17	Retail brand: Schaeffer Eye Centers
31	33	Houston Eye Associates	\$28.0	\$26.3	21	21	Retail brand: Houston Eye Associates
32	N	Northeastern Eye Institute	\$26.0*	N	15*	N	
33	34	Rosin Eyecare	\$22.8	\$19.0	29	23	Retail brands: Rosin Eyecare, Dr. Weinstein at Rosin Eyecare, Family Eye Centre (2 units), Vision Care Associates, and Reiff Eye Center. They also have 5 "centers of excellence" where ODs, MDs, and opticians work side by side and operate 2 optical shops for a local university.
34	36	Dr. Tavel Optical Group	\$20.0*	\$18.5*	19	19	Retail brands: Dr. Tavel Family Eyecare (17 units), Vision Values (2 units).
35	35	Standard Optical Company	\$19.5	\$18.5	20	18	Retail brands: Standard Optical, Opticare of Utah.
36	22	NuCrown, Inc.	\$16.8	\$15.5 ^R	28	28	Retail brand: Crown Vision Center. Via strategic acquisition with Riata Capital Group, became part of a new entity, Acuity Eyecare Holdings, in March 2017. Acuity will consist of Crown Vision Centers, Eyetique and International Eyecare Centers and others and will be ranked as a new entity next year.
37	39	J.A.K. Enterprises, Inc.	\$16.5	\$16.0	21	21	Retail brand: Bard Optical.
38	N	International Eyecare Centers	\$13.9	\$13.3	11	11	Retail brands: IEC Via strategic acquisition with Riata Capital Group, became part of new Acuity Eyecare Holdings group in March 2017. Acuity will consist of Crown Vision Centers, Eyetique and International Eyecare Centers and others and will be ranked as a new entity next year.
39	40	Horizon Eyecare	\$13.5*	\$13.0*	6	6	Operates as Horizon Eye Care Laser & Eye Surgery Centers
40	38	Eyetique	\$12.9	\$12.3 ^{RR}	21	21	Retail brands: Eyetique (13 units), Three Guys Optical (6 units), Norman Childs Eyewear by Eyetique (1 unit); Chromos Eyewear (1 unit). Via strategic acquisition with Riata Capital, became part of new Acuity Optical in March 2017. Acuity will consist of Crown Vision Centers, Eyetique and International Eyecare Centers and others and will be ranked as a new entity next year.
41	43	Accurate Optical Co., Inc.	\$11.7	\$11.1	14	14	Retail brands: Accurate Optical (8 units), H. Rubin Vision Centers (6 units)
42	41	Cocolunette Holding, LLC	\$11.6	\$12.8	12	12	Retail brand: Edward Beiner Purveyor of Fine Eyewear.
43	N	Barnet Dulaney Perkins	\$11.0*	N	15	N	Based in Phoenix Ariz, 15 locations plus two affiliates. Acquired by H.I.G. Capital in April 2017.
44	48	DaVinci Equity Group LC	\$10.7	\$8.8	6	6	Retail brands: Riverfront Eyecare, Bloomberg Eyecare
45	44	Midwest Vision Centers, Inc.	\$10.6	\$10.1	20	19	Retail brands: Midwest Vision Centers (18 units), Taft Optical (1 unit), and Jerry's Optical (1 unit)
46	46	Eye Surgeons of Richmond, Inc.	\$10.1	\$9.2	7	7	Retail brands: Virginia Eye Institute (7 units).
47	49	Optyx	\$7.3*	\$8.5*	8	9	Stores in NYC and Long Island, NY
48	N	Vincett Eye Care Associates LTD	\$7.2	N	4	N	Retail brands: Vincett Eye Care Associates, State Street Eye, NewtonEye
49	N	Drs. May, Hettler & Associates	\$7.1	N	7	N	Retail brands: May & Hettler, OD PC, Family Vision Care
50	50	WCE, LLC	\$6.0	\$7.0	7	7	Retail brands: Co/Op Optical, Co/Op Optical Vision Designs, Couture Optique
		TOTAL	\$12,812.7*	\$12,015.1*	14,648*	13,960*	

¹ Includes retailers' product sales, professional services, managed vision benefit revenues and e-commerce sales when applicable. U.S. sales include Puerto Rico, not Canada.

² The retailers and totals given for 2015 are different from what appeared on the May 2016 VM Top 50 list because the Top 50 companies differ from year to year due to industry consolidation and other factors.

³ VM Estimate* includes online sales, including 46 retail/showroom units open as of Dec. 2016.

⁴ Optical locations

Snapshots of Optical's 10 Largest U.S. Retail Players



VISION SOURCE

Vision Source L.P. continued its upward trend with the addition of roughly 80 new locations last year, enabling the alliance group, which is a franchisor, to enter the top spot in the VM ranking of top U.S. optical retailers for the first time based on 2016 sales.

Essilor of America acquired Vision Source from a group of private equity companies in late 2015.

Vision Source reported 3,344 U.S. franchised optical locations at the end of 2016, a net increase of 82 locations compared with 3,262 locations in the year-ago period. These locations achieved collective sales of \$2.6 billion in 2016, an increase of about 4.8 percent. Vision Source has more than 4,200 members.

It was a busy period all around in 2016 for Vision Source, which celebrated 25 years of patient-focused optometry during its 2016 "Exchange" meeting in San Antonio, which drew record attendance. Among its 2016 initiatives, Vision Source developed a new advertising campaign, which debuted in January in six U.S. markets and launched innovative new programs intended to advance diabetic eyecare.

The centerpiece of a new marketing campaign, a 30-second television spot, aired to an audience of roughly 1.9 million local viewers during the 2017 Super Bowl pregame show broadcast on Houston's Fox affiliate. The new commercial and campaign, "My Vision Source Family," introduced a vibrant family-doctor relationship and the comprehensive medical eye exams and vision services available at Vision Source practices.

Also in 2016, CIO magazine honored Vision Source with its annual CIO 100 Award, a distinction that recognizes flexibility, commitment and advancement.

Vision Source reported no acquisitions or divestitures during 2016, and it had no company-owned locations or leased departments.



LUXOTTICA RETAIL

In January 2017, the news announced by Luxottica and Essilor, a planned merger of the two companies, captured global headlines and the attention of all players within the international optical market. The historic agreement, which will combine the two businesses and create a major integrated player in eyewear, will,

executives emphasized, start to take shape over the next several years.

As it announced its fiscal 2016 results in early March, Luxottica Group noted that its overall global retail division, including its optical operations around the world plus Sunglass Hut internationally, saw sales grow 6.8 percent at constant exchange rates to reach €5.6 million compared to the prior year.

For Luxottica Retail North America (RONA), the year brought the announcement of new store openings (a new partnership to open LensCrafters stores within Macy's, a major expansion of Target Store optical departments), some store evaluations, and the debut of a new global design and Clarify exams across LensCrafters.

In addition, there were executive management changes, with the departure of Nicola Brandolese as head of RONA and the departure of Pete Bridgeman, a long term Pearle and LC exec. Giorgio Candido was named general manager of LensCrafters; he had been CEO of Salmoiraghi & Vignano, the Italian optical retail chain recently acquired by Luxottica Group.

The roll out within Macy's began and 78 new LensCrafters stores opened in Macy's during the year.

Pearle inaugurated a new marketing advertising campaign in its "neighborhood eyecare" theme and was ranked #24 in Entrepreneur Magazine's Annual Franchise 500, moving up 91 spots from the 2015 report.

The Target Optical expansion continued strong with 86 new stores opened in 2016 for a total of 476 Target Optical departments by the end of the year.

Luxottica Retail in the U.S. also includes 13 Ilori and 7 Optical Shop of Aspen stores. As well, there are now 19 Oliver Peoples retail stores.

Once again, this year's estimates for Luxottica Retail's U.S. sales also include estimated revenue from the Glasses.com e-commerce business.



WAL-MART STORES

Wal-Mart Stores holds the number 3 position on VM's ranking again for estimated optical retail sales in calendar year 2016. The retailer operates approximately 3,000 of its own Walmart Vision Centers as well as another 575 Sam's Club wholesale clubs which include optical centers.

Together, those mean that Wal-Mart Stores optical retail sales were an estimated \$1,767 million in 2016.

(An additional 227 Walmart Vision locations, operate by arrangement with National Vision, Inc. (NVI) These are tallied within NVI's results but ranked as their own number of VM's Leading Mass Merchants Chart on Page 40).

Collectively, combining Walmart's own corporately-run vision centers, the estimated revenue from Sam's Club opticals and VM estimates for the NVI leased vision departments within Walmart would put Walmart's overall total vision care revenues at an estimated \$1,925 million in 2016.

Independent optometrists operate private offices next to Walmart Vision Centers and Sam's Club optical centers to provide comprehensive eye exams and prescriptions by appointment and on a walk-in basis.



NATIONAL VISION

National Vision Inc. (NVI) continued along a consistent growth track last year, progressing from 860 locations in 2015 to 943 optical units spread over 44 states, Puerto Rico and the District of Columbia at the end of 2016.

NVI has several retail divisions under its corporate umbrella, including America's Best Contacts & Eyeglasses, Vision Centers inside select Walmart stores, Eyeglass World, Vista Optical inside Fred Meyer and Optical Centers on select military bases. Among its retail locations, NVI has an estimated 227 leased optical departments inside Walmart stores, and another 56 locations that are within military facilities.

The company was acquired by the private equity firm KKR in 2014, and at that time owned and operated roughly 750 retail locations. The retailer has added almost 200 net new optical locations during a three-year period under KKR's ownership.

In 2016, NVI launched a new, multi-year partnership with Boys & Girls Clubs of America (BGCA). The partnership is designed to provide vision screenings, access to comprehensive eye exams and free eyeglasses for qualified members at select Boys & Girls Clubs through the America's Best Contacts & Eyeglasses retail brand.

In addition to providing free eyecare and eyewear to eligible boys and girls, NVI will contribute \$1 million annually over a three-year period to support BGCA and

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Snapshots of Optical's 10 Largest U.S. Retail Players

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its preventive care and wellness initiatives.

In a separate partnership, NVI teamed up late last year with Feld Entertainment, a leader in producing live family entertainment. The partnership makes NVI's America's Best Contacts & Eyeglasses brand an official national partner of Monster Jam. The collaboration includes cross-promotion, advertising and "fully immersive" experiences for America's Best customers and Monster Jam fans.



COSTCO WHOLESALE

Costco Wholesale Corp., the largest U.S.-based membership warehouse club, maintains its Number 5 spot in the Top 50 rankings after reporting a 5 percent increase in optical sales in 2016 for its Costco Optical business. The warehouse-club retailer reported optical sales of \$961 million in 2016 from 491 optical locations, which compares with \$915.2 million in revenue at 475 optical locations in 2015.

Costco operated 491 optical centers within its 506 clubs in the U.S. and Puerto Rico at the end of 2016. The optical centers offer frames, contact lenses and a variety of prescription and special lens options for Costco members. Many Costco optical departments also have an independent optometrist (OD) in or near the optical department. The ODs often are contracted on an individual basis.

In September 2016, Costco and benefits company VBA signed an agreement that designated Costco Optical as an eyecare provider in the VBA network. VBA is a group vision coverage provider that was formerly known as Vision Benefits of America. The new partnership will allow VBA members an additional access point for maintaining and managing their eye health, according to an announcement.

Costco also is taking a leading role in advocating for the online sale of contact lenses in the U.S. The retailer has joined with 1-800-Contacts and Lens.com to establish the advocacy group Coalition for Contact Lens Consumer Choice, which supports the efforts to deregulate sales of contact lenses in the U.S.

A Costco membership is not required to receive an eye exam at Costco warehouse clubs, but it is required to purchase frames and/or lenses from the optical department.



VISIONWORKS

Visionworks, which operates optical stores in 41 states and the District of Columbia, opened almost 50 new locations in 2016, a year in which its steady growth kept the company solidly at No. 6 in the ranking of Top 50 U.S. retailers.

Visionworks is a division of HVHC Inc., along with Davis Vision, and the HVHC group has its headquarters in San Antonio, Texas. Highmark Health, based in Pittsburgh, Pa., is the parent company of HVHC and is one of the nation's largest integrated health care delivery and financing networks.

Visionworks finished 2016 with 748 company-owned locations (compared with 699 in 2015) and reported optical sales of \$917.9 million last year, an increase of roughly 1 percent compared with the year-ago period. In 2015, which was the second full year Visionworks operated nationally as a unified retail optical brand, the company moved into key metro markets such as Detroit and New York City.

In June 2016, Highmark Health confirmed press reports that it was exploring options that could result in a sale of the HVHC vision business and the Visionworks and Davis Vision operations. Davis Vision is the third-largest managed vision care player in the U.S. No further details on Highmark's plans were available at press time.

Also, late last year Visionworks announced that it was teaming up with Little League to become the official eyewear and eyecare provider of Little League Baseball and Softball. The two organizations said their partnership will raise awareness about the importance of annual eye exams and protective eyewear for school-aged children, especially those who play sports.



MYEYEDR.

It was another busy year in 2016 for MyEyeDr./Capital Vision Services, which closed 2016 with 318 company-owned optical locations.

The company has expanded from 139 locations at the end of 2014, to 205 locations at year-end 2015, and then added more than 100 locations last year, which included MyEyeDr.'s entry into the Chicagoland market. In the spring of 2016, MyEyeDr. acquired the

25-unit Spex operation, and moved quickly to rebrand the locations under the MyEyeDr. name.

Chief executive Sue Downes told Vision Monday last October that she believes the Spex foundation in the Chicago area positions MyEyeDr. to add "another 10 to 20 locations in the region over the next 12 months.

Also in August 2016, MyEyeDr. partnered with Allegany/National Optometry, which has 27 locations in Virginia, West Virginia, Pennsylvania and Maryland. Thirty-six doctors, including the two largest shareholders Dr. Patrick Fleming and Dr. James Whitelock, joined MyEyeDr. as a result of the transaction. The Allegany and National Optometry locations are in the midst of being rebranded to MyEyeDr. during 2017.

A third major deal for MyEyeDr. in 2016 was the acquisition of Opticare of Connecticut, which added another 18 optical locations under the MyEyeDr. corporate umbrella and marked the company's entry into the Northeast region.

Overall, MyEyeDr. reported revenue of \$411 million in 2016, an increase of almost 35 percent compared with revenue of \$305 million in 2015.



REFAC OPTICAL GROUP

Refac Optical continued to achieve sales growth across its optical business in 2016. Refac, which operates optical departments in stores such as J.C. Penney, BJ's and Sears under the umbrella of its U.S. Vision division, reported revenue of \$280 million in 2016, an increase of slightly less than 2 percent compared with 2015 sales results.

The company—which also owns and operates Nationwide Vision—had 780 optical locations at the close of 2016. This included 203 BJ's Optical locations. (Note that U.S. Vision also operates optical locations within Canada's Hudson's Bay department stores, but those results are not included in this report.)

Other retail locations at which U.S. Vision runs the optical departments are: The Optical Shop at Meijer, Boscov's Optical, AAFES Exchange (in military locations) and 20/20 Vision Center. Arizona-based Nationwide Vision Center operates 80 optical units (73 company-owned and seven U.S. leased departments), and reported sales of roughly \$65 million in 2016.

Refac reported no significant acquisitions or divestitures in 2016, but early in 2017, U.S. Vision launched

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Value-Conscious Consumer Propels Spending at Mass Merchant, Club Optical Locations

NEW YORK—While the general merchandise consumer retail market, across many categories, felt a sting in terms of customer traffic and spending in 2016, optical category dollars spent at vision departments within mass merchants and wholesale clubs held their own.

Overall optical retail sales among seven businesses ranked by VM generated an estimated \$3,371.5 million in 2016, from an estimated 5,141 locations.

That represents approximately 9.7 percent of the total U.S. optical retail market sales of \$34.9 billion for 2016, a slightly more than 4.0

percent increase compared to the prior year. That increase was less, however, than the more robust (15 percent) growth seen in 2015 compared to 2014, per VM's prior reports.

The number of vision departments within Wal-Mart Stores' own Walmart locations (as well as those run by agreement with National Vision, Inc) remained relatively stable in terms of locations. Combining those with Wal-Mart Stores' Sam's Clubs with optical departments, would put Walmart's overall total vision care revenues at an estimated \$1,925 million in 2016.

Costco Wholesale opened up 16 new optical departments in 2016, keeping them at a solid number two among mass merchants, with estimated sales of \$961 million.

Also noteworthy was the expansion within Target Stores, overseen by Luxottica Retail. Sales of optical at Target hit an estimated \$285 million in 2016, with 86 new locations.

Shopko's optical departments also grew in line with mass merchants' overall growth rate for the year, a 4 percent gain over 2015 to reach an estimated \$98 million. ■

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Leading Mass Merchants, Clubs With Optical Departments

Rank 2016	Rank 2015	Mass Merchant (Operator)	2016 Retail Sales (\$ in Millions)	2016 Units ¹	Class	2015 Retail Sales (\$ in Millions)	2015 Units ¹
1	1	Walmart Wal-Mart Stores (vision centers) National Vision (Vista departments)	\$1,767.0* \$1,575.0* \$192.0*	3,227* 3,000* 227*	MM	\$1,746.0* \$1,554.0* \$192.0*	3,228* 3,000* 228*
2	2	Costco Wholesale	\$961.0*	491	WC	\$915.2	475
3	3	Target/Super Target Luxottica Retail	\$285.0*	476	MM	\$225.0*	390
4	4	Sam's Club Wal-Mart Stores	\$158.0*	575*	WC	\$160.0*	582*
5	5	Shopko Stores	\$98.0*	140	MM	\$94.0*	140
6	6	BJ's Wholesale Refac Optical Group	\$87.5*	203	WC	\$86.7	201
7	7	Fred Meyer National Vision	\$15.0*	29*	MM	\$15.0*	29*
		Totals	\$3,371.5*	5,141*		\$3,241.9*	5,045*

Source: VM's 2017 Top 50 Optical Retailers

*=VM Estimate MM=Mass merchant WC=Warehouse club ¹ Optical locations

For a look at prior years' reports, go to the VM Reports category on VisionMonday.com.



Players Advance to New Positions Within VM's Latest Top 50 Report

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Monday's list for the first time.

Luxottica Retail, which has held that top spot, is number 2, as the company strategically re-evaluated its mix, design and approach in the U.S., closing certain underperforming stores, many within Sears' locations, and embarking on a store refurbishment and new store design for LensCrafters, expansion at Target, the focus on Pearle as the neighborhood eye doctor and a realignment of its higher end stores.

The pending merger of Essilor, which acquired Vision Source in late 2015, and Luxottica Group, both major international players in the optical/vision care space, herald plans to integrate the two businesses, although executives at both firms say that reality is several years away and no one is yet sure how this will manifest on the retail side of their businesses.

Wal-Mart Stores maintained its number 3 spot

through vision centers at Walmart and those within Sam's Club.

National Vision held to number 4 with a significant estimated 18 percent to 20 percent revenue gain on top of an 80+ store expansion; in fact, NVI broke the \$1 billion barrier with estimated sales of \$1.15 billion for the year, according to VM Estimates.

Costco also added more optical departments, reaching \$961 million in sales in 2016 while HVHC's Visionworks of America national chain grew to 748 locations across the country and revenues of nearly \$918 million.

MyEyeDr./Capital Vision Services continued its expansion pace, as significant new acquisitions of regional groups as well as the integration of dozens of smaller independent practices came into the fold. MyEyeDr. grew to nearly 320 locations by the end of 2016 with collective sales of \$411 million in that period.

Backed by Acon Investments, Refac Optical Group remains committed to operating optical departments within host environments such as J.C. Penney, Boscov's, Meijer's, Sears and BJ's clubs. It is growing its presence within the Hudson's Bay stories with its new agreement to open at least two Saks Fifth Avenue optical locations this year. And its Nationwide Vision Centers operations continues to grow.

FFL's investment has helped to fuel aggressive expansion from EyeCare Partners LLC. EyeCare Partners' collective sales in 2016 reached \$275 million from 230 locations, more than double what they were at the end of 2015, bringing them from number 11 up to number 9 this year.

Eyemart Express, Ltd, with sales of \$245 million from its 182 locations in 2016, is also backed by FFL Partners, though run separately. That group, rounds out the Top 10. ■

Snapshots of Optical's 10 Largest U.S. Retail Players

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a new partnership with the luxury department store company Saks Fifth Avenue. Under this arrangement, U.S. Vision and Saks expect to open two Saks Optical departments in 2017, the first of which debuted in April at the Saks store in Boca Raton, Fla.

Since 2011, Refac has been owned by ACON Investments, a Washington, D.C.-based private equity investment firm.

Al Bernstein is president of the Nationwide Vision group, which Refac acquired in 2013. Adam Levy is president and chief executive of Refac, a position he has held since September 2015.



EYECARE PARTNERS

New to the VM Top 10 is EyeCare Partners (ECP) LLC, moving up this year to the number 9 spot, fueled by sustained acquisition in 2016.

Based on 2016 sales, the group's eyecare practices numbered 230, generating collective sales of \$275 mil-

lion. As of early May 2017, EyeCare Partners is already at 250 locations—with more acquisitions on the way, executives said.

Kelly McCrann, ECP's new CEO said the group's mission is "practice optimization," offering a range of infrastructure and internal service support teams to help practices in the field with such resources as IT and medical tech investment and support, HR and training, professional services, marketing, product purchasing and merchandising.

McCrann stated, "We are a capital and operating partner to exceptional medically focused, full medical scope optometry offices. And we are bringing in the best in ophthalmology, too."

EyeCare Partners (ECP) began in April 2015, when private equity firm FFL Partners invested in St. Louis-based Clarkson Eyecare group, which had 63 locations at that time. In the prior year, Clarkson acquired 19-unit Cincinnati-based Thoma & Sutton. In July 2015, as VM reported, ECP acquired EyeCare Associates 19 offices in Alabama and then eyecarecenters, with 61 offices in North and South Carolina.

Today, these are four of the major groups which are serving as regional "hubs" for the EyeCare Partners operation. The others—new to ECP in 2016—include Rinkov Eyecare Centers in Ohio, EyeCare Associates of Kentucky, Eye Elements in Georgia, The EyeDoctors Optometrists in Kansas, Quantum Vision Centers in Missouri and Illinois and Ophthalmology Consultants in Illinois.



EYEMART EXPRESS

Eyemart Express is a leader in the value segment of the market and remains among the Top 10 at number 10 for 2016 sales.

FFL Partners made an investment in Eyemart Express in December 2014. Founder Dr. Doug Barnes, Sr., remained as chairman, while Doug Barnes, Jr., is CEO.

In 2016, Eyemart Express opened 11 additional stores, for a total of 182, generating sales of \$245 million. The group, which operates locations in more than 30 states, runs stores under the names of Eyemart Express, Vision 4 Less, Eyewear Express and Visionmart Express. ■