

Stacking Up the Top 50 Optical Retailers

COVER TOPIC



VM TOP 50 U.S. OPTICAL RETAILERS 2019

Updated on 5/15/2019

VM's Ranking Underscores Expansion Among the 10 Leading Players

MARGE AXELRAD / SENIOR VP, EDITORIAL DIRECTOR
AND MARKTOSH / SENIOR EDITOR

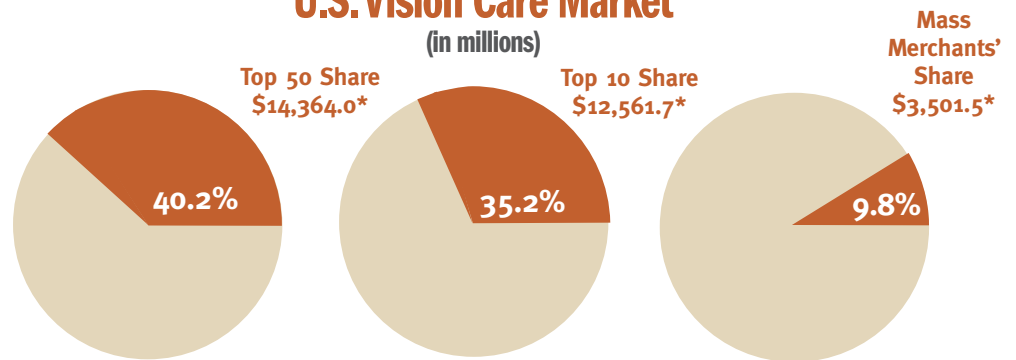
NEW YORK—New attitudes among consumers toward purchasing in general and the rise of digital exploration and purchasing may have upended the general retail marketplace last year with many store closures and reorgs. But as the U.S. economy held its own, the optical industry's total sales rose just slightly and remained stable.

It was new and continued private equity-driven investments in optical and optometric retail and solid organic sales growth from value-sector optical retailers that reflected a higher dollar volume among the 50 U.S. Optical Retailers in Vision Mon-

Continued on page 44

U.S. Vision Care Market

(in millions)



Total 2018 Market: \$35,725**

* VM Estimate ** Vision care products and services sold at optical retail locations. Source: VisionWatch | The Vision Council
Data is from 12ME Dec. 2018

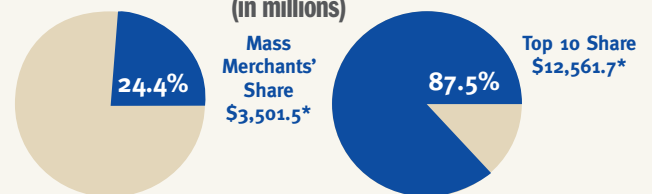
VM's Top 50 Sales Concentration Grows

NEW YORK—There was a higher concentration of sales among the 2019 VM Top 50 U.S. Optical Retailers, which assesses estimates of 12 months of calendar sales for the year ending Dec. 2018. The Top 10 optical retailers collectively comprise 87.5 percent of the Top 50 U.S. optical retail sales. That equated to a collective-estimated \$12.6 billion out of the market's total optical retail sales of \$35.7 billion, as reported by VisionWatch/The Vision Council.

In 2018, the Top 50's share of the total market just exceeded 40 percent. Mass merchants were an estimated 24.4 percent of the top 50. ■

Top 50 Retailers' Sales

(in millions)



Total Top 50 Sales: \$14,361.0*

* VM Estimate Data is from 12ME Dec. 2018

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Key Optical Players Ranked by U.S. Sales in 2018

Updated on 5/15/2019

2018 Rank	2017 Rank	Retailer	2018 Sales ¹ (\$ Millions)	2017 Sales ² (\$ Millions)	2018 Units ³	2017 Units ³	Comments
1	1	Vision Source L.P.	\$2,840.0	\$2,733.0	3,279	3,330	In accordance with franchise law, Vision Source is a franchisor, and its members are franchisees who own their respective practice. Essilor acquired Vision Source in 2015.
2	2	Luxottica Retail	\$2,470.0*	\$2,445.0*	2,187	2,392	Retail brands: LensCrafters (including Macy's): 973 units, Pearle Vision: 469 units total—62 corporate locations, 407 franchised; Target Optical: 512 units, Sears Optical: 199 units, Oliver Peoples: 24 units, Ilori: 7 units, Optical Shop of Aspen (OSA): 2 units, Alain Mikli: 1 unit.
3	3	Walmart Inc.	\$1,762.0*	\$1,692.0*	3,403	3,483	Retail brands: Walmart Vision Center (2,866 company-owned units), Sam's Club Optical (537 units). (227 Walmart Vision Centers operated by National Vision Holdings, not included in this estimate.)
4	4	National Vision Holdings, Inc	\$1,537.0	\$1,375.0	1,082	1,013	Retail brands: America's Best Contacts & Eyeglasses (657 units), The Vision Center (Walmart 227 units), Eyeglass World (115 units), Vista Optical (Fred Meyer 29 units), Vista Optical on select military bases (54 units). Revenue figures include e-commerce. Company went public, traded NASDAQ:EYE, in October, 2017.
5	5	Costco Wholesale	\$1,129.8	\$1,064.9	509	497	Retail brands: Costco Optical.
6	6	Visionworks of America, Inc.	\$947.4	\$920.8	727	729	Retail brands: Visionworks.
7	7	MyEyeDr./Capital Vision Services, LP	\$602.0	\$490.0	437	365	Retail brands: MyEyeDr. acquired 36 Ossip Optometry locations in Indiana in July 2018. (Ossip Optometry & Ophthalmology ranked No. 22 in 2017.) Acquired 50 additional independent locations during the year.
8	8	EyeCare Partners LLC	\$420.0	\$296.0	292	240	Professional and retail brands include: Clarkson Eyecare (101 units); Rinkov Eye Centers (14 units); EyeCare Associates (26 units); eyecarecenter (37 units); Eye Elements (11 units); The EyeDoctors Optometrists (17 units); EyeCare Associates of Kentucky (5 units); 20/20 Eyecare (7 units). Ophthalmology DBA's include: Ophthalmology Consultants, St. Charles Surgery Center, Physicians Refractive Surgery Center, IEC Surgical Centers, Quantum Vision Centers, Midwest Physicians Services, Eye Surgery Center, St. Louis Eye Surgery & Laser Center, McPeak Vision Partners, John-Kenyon Eye Centers, William E. Holcomb MD & Associates, Galanis Cataract and Laser Eye Center, Bennett & Bloom Eye Centers, The Ophthalmology Group, Alabama Vision Center. In 2018, EyeCare Partners acquired 20 optometry locations and 30 ophthalmology locations.
9	11	Warby Parker	\$315.0*	\$244.0*	84	63	End of 2018: 84 retail locations in U.S. (3 additional in Canada). As of April 1, 2019: 88 retail locations in U.S. (and 3 in Canada)
10	9	Refac Optical Group	\$275.5	\$278.2	714	767	Retail brands in 2018 included JCPenney Optical, BJ's Optical, Meijer's Optical, Sears Optical, Saks Optical, Boscov's Optical, Optical Center (AAFES Exchange) 20/20 Vision and Nationwide Vision Center. Effective January 2019, BJ's Optical took over its own optical operations.
11	10	Eyemart Express, Ltd.	\$263.0	\$245.0	198	182	Retail brands: Eyemart Express (176 units), Vision 4 Less (17 units), Eyewear Express (4 units), Visionmart Express (1 unit).
12	13	Now Optics LLC [formerly Vision Precision Holdings, LLC]	\$155.0	\$132.3	110	85	Retail brands: Stanton Optical (87 company-owned), MyEyeLab (23 company owned units and 13 franchised units), FrameGenie (1).
13	12	Cohen's Fashion Optical	\$152.0	\$151.0	126	125	Retail brand: Cohen's Fashion Optical. All stores are franchised.
14	14	TSO, Inc	\$120.0	\$115.0	120	118	All stores are franchised. Retail Brands: Texas State Optical.
15	18	Emerging Vision, Inc.	\$110.4	\$98.3	126	111	Retail sales of company owned and franchised stores: Sterling Optical (1 corp.-owned, 59 franchised); Site for Sore Eyes (43 franchised); The Eye Gallery (8 units, company owned); The Artful Eye (1 unit, company-owned); Optica (14 units company-owned). The 14 Optica locations were acquired from LOH in February 2018.

Source: VM's 2019 Top 50 U.S. Optical Retailers. When 2018 sales are the same for more than one company, the retailer with fewer 2018 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.



2018 Rank	2017 Rank	Retailer	2018 Sales ¹ (\$ Millions)	2017 Sales ² (\$ Millions)	2018 Units ³	2017 Units ³	Comments
16	16	Henry Ford OptimEyes	\$110.0	\$105.0	19	19	Retail brands: Henry Ford Optimeyes.
17	21	Acuity Eyecare Group	\$103.0	\$70.0	102	70	Acuity, which was formed in 2017 around Crown Vision Centers, Eyetique and International Eyecare Centers, added 32 new locations in 2018 to finish the year above the 100-mark (102 overall at year's end). Retail brands include (in addition to the founding practices): Eyes on Missouri, Malbar Vision, One Hour Optical, ABBA Eye Care, Eyecare Specialties, 3 Guys Optical Center and 20/20 Image Eye Centers. The company also noted at the start of 2019 that funds and accounts advised by J.P. Morgan Asset Management made a substantial equity investment in Acuity to support further expansion.
18	17	Shopko Stores Operating Co., LLC	\$101.0*	\$100.0*	139	136	Shopko Stores filed for bankruptcy protection in January, and then subsequently decided to liquidate its core general merchandise business. As of late April, the company was negotiating the sale of its optical business and lab facilities. Shopko's optical business will continue operating, albeit in a reduced state, after a bankruptcy court's decision late Thursday. The court in Omaha, Neb., overseeing Shopko's liquidation approved the \$8.5 million sale of the optical business to a new entity, Shoptikal LLC, an affiliate of Monarch Alternative Capital. Company executives expect the go-forward Shopko Optical business will consist of about 80 standalone locations.
19	15	GrandVision USA Retail Holding Corporation [DBA For Eyes]	\$88.0*	\$92.0 ^R **	125	111 ^R	GrandVision said its 2018 U.S. results were impacted by the rollout of a new POS system, which resulted in lower sales during the rollout phase in the fourth quarter. In addition, many of the new For Eyes stores opened at the end of 2018 and, therefore, did not weigh as heavily in the annual sales total. Currency exchange rates, in euros, also impacted the results, the parent company noted.
20	19	SVS Vision	\$92.5	\$85.0	81	76	Retail brands: SVS Vision.
21	N	Vision Associates	\$68.4	N	208	N	All offices under Vision Associates, management of optical dispensaries. Owned by Essilor, operates majority of dispensaries in MD practices (formerly known as Partners in Vision) and a small number of optometric practices.
22	23	Eye Doctor's Optical Outlets	\$56.6	\$50.6	50	48	Retail brand: Optical Outlets.
23	N	Visionary Eye Partners [formerly HW Holdings LLC]	\$56.2	N	31	N	Brands / banners: All About Eyes, Kips Bay Optical, Wilson Eye Center, Eye to Eye Care, Look Optical. Visionary Eye Partners was formed in September 2017 (with the former HW Holdings as its core) with Nick Williams, his business partner Adam Rosengren (also a co-chief executive officer) and Imperial Capital of Toronto as the sole shareholders.
24	20	Luxury Optical Holdings	\$55.0	\$74.2	28	50	Retail brands: Morgenthal Frederics (14 units), Robert Marc (7 units), Leonard Opticians (2 units), Specs (1 unit) and 4 other units. Sold 16 Optica stores to Emerging Vision in Feb. 2018.
25	25	Rx Optical Laboratories, Inc.	\$47.0	\$42.0	54	53	Retail Brand: Rx Optical.
26	26	Today's Vision Licensing Corp.	\$45.0	\$38.7	53	53	All locations are independent network affiliates. Retail Brand: Today's Vision.
27	N	Total Eye Care Partners	\$44.3	N	26	N	Banners under Total ECP include: Gaddie Eye Centers, Shady Grove Eye & Vision Care, Gaillmard Eye Center and DW Nelson and Associates of Wisconsin. Imperial Capital Group, a Toronto-based private equity fund manager, formed Total ECP in late 2017 with the intention of creating a platform that seek partnerships with optometrists in medically focused optometry practices. Its first partnership was with Gaddie Eye Centers.
28	24	SEE, Inc.	\$44.0	\$42.0	43	41	Retail brand: SEE Optical.

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 2017 are different from what appeared on the May 2018 VM Top 50 list because the Top 50 companies differ from year to year due to industry consolidation and other factors.
³ U.S. and Puerto Rico optical locations.

Updated on 5/15/2019

2018 Rank	2017 Rank	Retailer	2018 Sales ¹ (\$ Millions)	2017 Sales ² (\$ Millions)	2018 Units ³	2017 Units ³	Comments
29	27	Wisconsin Vision, Inc. and Eye Boutique, Inc.	\$37.5	\$37.0	40	40	26 Wisconsin Vision, 6 Heartland Vision and 8 Eye Boutique units.
30	29	Rosin Eyecare and Comprehensive Physicians P.C.	\$36.0	\$30.0	45	37	In 2018, added 8 offices: Choice Eye Care, Marcia Blake, OD, in Beverly, Libertyville Vision Center, Buffalo Grove Eye Care, Family Eye Care in LaGrange, Family Eye Center in Rockford, Family Eye Center in Belvidere, and a new Rosin Eyecare center in Humboldt Park. Operates five centers of excellence with OD and MD services provided to patients.
31	31	Houston Eye Associates	\$29.2	\$27.5	19	20	Retail brand: Houston Eye Associates.
32	32	Northeastern Eye Institute	\$26.5*	\$26.0*	15	15	
33	33	Dr. Tavel Optical Group	\$21.5*	\$20.5*	21	21	Total of 21 locations: 20 Dr Tavel Family Eyecare, 1 Vision Values, and 2 instore Shades Sunglass operations. Retail brand: Bard Optical.
34	35	J.A.K. Enterprises, Inc.	\$21.0	\$17.0	21	21	
35	34	Standard Optical Company	\$19.1	\$19.3*	20	20	Retail brands: Standard Optical , Opticare of Utah.
36	36	Associates in Eyecare	\$18.9	\$14.5	11	9	Practices in Northern Va. (7) and D.C. area (2). Acquired two offices in Va. in 2018: Jeffrey Wynn, OD, and Dr. Finley's Family Eye Care. Operates as Horizon Eye Care.
37	37	Horizon Eyecare	\$16.0*	\$13.9*	7	6	
38	49	CVS	\$13.7*	\$6.0*	34	15	CVS Pharmacy, the retail division of CVS Health (NYSE: CVS) is expanding its CVS Optical Center locations. Its first locations opened in 2015. As of Dec. 2018, the company operated 34 locations in Maryland, Pennsylvania, New York, New Jersey, Illinois and California. Expansion continues in 2019.
39	38	Eyecare Plus PC	\$13.1	\$13.8	7	7	7 Locations in Tennessee.
40	40	Accurate Optical Co., Inc.	\$12.5*	\$12.4	14	14	Retail brands: Accurate Optical (8 units), H. Rubin Vision Centers (6 units).
41	41	Edward Beiner Group	\$12.3	\$11.4	11	11	Retail brand: Edward Beiner Eyes Forward.
42	39	DaVinci Equity Group LC	\$12.1	\$12.6	7	7	Retail brands: Riverfront Eyecare, Bloomberg Eyecare, Primary Eyecare.
43	42	Midwest Vision Centers, Inc.	\$10.8	\$11.0	19	20	Retail brands: Midwest Vision Centers (18 units) and Jerry's Optical (1 unit). One Taft Optical unit merged into MVC during 2018.
44	43	Shawnee Optical	\$9.0*	\$10.0*	9	10	
45	44	Eye Surgeons of Richmond, Inc.	\$8.9	\$8.2	7	7	Retail brands: Virginia Eye Institute (7 units).
46	N	Metro Optics Holdings, Inc	\$8.5	N	5	N	Retail brands: Metro Optics.
47	45	Optyx	\$7.6*	\$7.3*	9	8	Stores in NYC and Long Island, NY.
48	46	Drs. May, Hettler & Associates	\$7.5	\$7.2	7	7	Retail brands: Dr. May, Hettler & Associates, Family Vision Care.
49	47	Vincett Eye Care Associates LTD	\$7.0	\$7.0	4	4	Retail brands: Vincett Eye Care Associates, State Street Eye Care.
50	50	Visual Health Doctors of Optometry	\$5.4	\$5.1 ^R	5	5 ^R	Operates five locations in the Northern Virginia market under the Eye Care Center banner.
		TOTAL	\$14,364.0*	\$13,297.6*	14,690*	14,461*	

Source: VM's 2019 Top 50 U.S. Optical Retailers. When 2018 sales are the same for more than one company, the retailer with fewer 2018 U.S. stores is ranked first.

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³ U.S. and Puerto Rico optical locations.

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

1 VISION SOURCE

Vision Source L.P. retained its top spot in the annual VM ranking of the Top 50 U.S. optical retailers. It marked the third consecutive year that Vision Source has held the No. 1 position. Vision Source is an alliance group and franchisor.

For calendar 2018, Vision Source reported aggregated sales of \$2.84 billion, an increase of 3.9 percent compared with the year-ago total. The location count dipped slightly to 3,279 from 3,330 at the end of 2017.

In addition to keeping busy on the practice front, Vision Source also had a number of other initiatives underway in 2018 that are designed to bolster the overall entity going forward.

At The Exchange meeting in Anaheim, Calif., in May 2018, Vision Source, announced that it was planning to put more emphasis on building collaborative relationships with health care delivery systems. By developing these relationships, Vision Source noted that it is in better position to demonstrate that optometry is an integral component of the delivery of health services in the U.S.

Vision Source executives also provided details on two other significant initiatives underway in 2018: Vision Source Next, a program designed to facilitate the opening of new Vision Source locations, and a newly launched exclusive network to monitor ocular side effects among patients being treated for Multiple Sclerosis. The latter program will come under the umbrella of My Treatment Monitor, a health care initiative addressing chronic conditions that launched at The Exchange.

In December, Vision Source named Michael Marcroft as vice president of marketing. He succeeded Randy Sones, who retired after a 27-year working history with Vision Source. Marcroft took on responsibility for the group's overall marketing strategies, initiatives and communications.

And last September, Vision Source announced that Dr. Amir Khoshnevis was joining its leadership team as executive vice president and chief clinical officer, as of Jan. 1, 2019. Dr. Khoshnevis works alongside Vision Source leaders, including founder Dr. Glenn Ellisor, Dr. Bobby Christensen, Dr. John McCall and Dr. Paul Williams "to ensure that the voice and vision of the private practice optometrist continue to guide the network," according to an announcement at the time.

2 LUXOTTICA RETAIL

EssilorLuxottica officially became a new company in October 2018, but Luxottica Retail was pursuing growth on all fronts during the year. While Sunglass Hut posted a solid sales year in the U.S. and internationally (Sunglass Hut sales are not included in VM's Top U.S. Optical Retailers report), Luxottica management cited the strong performance of its Target Optical departments during the year, opening two additional locations to bring the total to 512 but generating significant sales gains in that group.

LensCrafters invested in improving and refining its U.S. operations, operating a total of 973 stores—among them, and by the end of 2018, there were 148 LensCrafters locations operated inside Macy's stores, per an agreement the two companies announced in 2017.

The Pearle Vision business finished the year with a strong top line performance and reduced the number of its corporately-owned locations to 62, adding new franchised ones, with a total of 407 franchised by the end of the year. In June 2018, Pearle announced it was launching a "strategic independent optometrist conversion program," called Pearle Vision "Ignite," that is tied to the company's commitment to growing the brand in new communities across the nation.

Across Luxottica Retail's licensed brands, business was impacted in 2018 by the closing of 200-plus Sears Optical locations as that retailer was forced to shutdown stores as part of its Chapter 11 bankruptcy process. By the end of 2018, there were 199 Sears Optical locations, about half of what was operating the prior year.

And Luxottica Retail also continued to focus on its brand stores such as Oliver Peoples' 24 units, and one Alain Mikli store. The group also ran fewer Ilori stores (7 units at the end of the year) and two Optical Shop of Aspen (OSA) locations.

3 WALMART INC.

Walmart Inc., the third-largest optical retailer in the U.S., maintained its standing in 2018 even as the big retailer made some key management moves in its health and wellness operations. Walmart named former OneSight executive Mony Iyer as vice president, Walmart U.S. Optical, and he assumed his new role in late July. Iyer previously was president of Cincinnati-based OneSight, a global

nonprofit organization dedicated to expanded access to eye exams and eyeglasses.

In Walmart's internal announcement of the health and wellness moves, the company said Iyer would be responsible for developing a "long-term strategy for our vision centers, and will lead the newly consolidated team focused on our optical business." The announcement added, "We will bring together parts of the optical business that currently sit across various teams in merchandising, contracting and optical labs to better achieve our goals in this space."

Iyer has held executive positions with the Luxottica units Sunglass Hut and LensCrafters, and with The Hershey Company and Boston Consulting Group. He received an MBA degree from Duke University's The Fuqua School of Business. At Walmart, he is reporting to Sean Slovenski, who was named as senior vice president of health and wellness for the Walmart U.S. business unit in July 2018.

Walmart operated 2,866 of its own Walmart Vision Centers as well as 537 Sam's Club optical centers at the end of 2018. The company has reduced the number of Sam's Club optical departments over the past few years. An additional 227 Walmart Vision locations are operated by National Vision Holdings under an arrangement with Walmart.

In mid-2018, Walmart confirmed that unspecified organizational changes carried out at the company's optical labs in Fayetteville, Ark., and Crawfordsville, Ind., would result in some positions being eliminated.

"In response to changing business needs, we are making adjustments at our Walmart Optical Labs in Fayetteville and Crawfordsville to help ensure we have the right people in the right place at the right time," a statement at the time noted. "We are committed to helping the associates impacted by this decision take advantage of new opportunities and are hopeful that we will be able to help many of the associates find other roles at nearby Walmart stores or Sam's Clubs."

4 NATIONAL VISION HOLDINGS, INC

National Vision Holdings Inc. (NVI) holds the No. 4 spot on the Vision Monday 2019 Top 50 list. The company operated throughout the full year 2018 as a publicly-traded company (NASDAQ: EYE). National Vision completed a successful IPO in October 2017.



At the end of 2018, the company operated America's Best Contacts & Eyeglasses (657 units), The Vision Center (Walmart 227 units), Eyeglass World (115 units), Vista Optical (Fred Meyer 29 units) and Vista Optical on select military bases (54 units).

The company achieved a double-digit increase in net revenue as well as in adjusted EBITDA in fiscal 2018. The optical retailer delivered its 68th consecutive quarter of positive same-store sales growth in last year's fourth fiscal quarter and ended 2018 with 1,082 stores. In January of 2019, the company opened a new state-of-the-art lens manufacturing lab in Plano, Texas which management said "added essential capacity to support future growth."

Overall, National Vision's comparable-store sales rose 6.7 percent, "driven by an increase in customer transactions and, to a lesser extent, average ticket," the year-end fiscal announcement noted. Overall, store count grew 6.8 percent from Dec. 31, 2017 to Dec. 29, 2018.

National Vision CEO Reade Fahs told financial analysts at year-end 2018 that the company's "net promoter" scores have risen to record levels. "In 2018, we expanded our footprint [and] increased market share in a highly fragmented market," Fahs told analysts. "We see a large opportunity in front of us."

In 2019, National Vision said it anticipates it will open approximately 75 new stores in 2019 (with the majority under the American's Best banner).

5 COSTCO WHOLESALE

The year 2018 proved to be another strong year for the optical departments at Costco Wholesale, the largest U.S.-based membership warehouse club. Sales in the optical departments increased 6.1 percent (a slight drop from the 10.8 percent increase in 2017) to almost \$1.13 billion last year. As a result of its billion-dollar year, Costco once again ranked at No. 5 in the Top 50 U.S. Optical Retailers ranking.

Costco opened a net 12 new optical departments in 2018 (it opened a net six new locations in 2017) and finished the year with 509 optical centers. Costco operated 475 optical locations at the end of 2015.

Among the company's 2018 accolades, Transitions Optical named Costco as a finalist for its U.S. Retailer of the Year award (ultimately won by National Vision.) However, Transitions honored the Canadian optical division of Costco with its Canadian Retailer of the

Year title, citing the group's "numerous unique training materials" used to educate staff on the benefits of Transitions lenses.

As of April, Costco overall operated 770 warehouses worldwide, including 535 in the U.S. and Puerto Rico, (509 of which have opticals), 100 in Canada, 39 in Mexico, 28 in the United Kingdom, 26 in Japan, 15 in Korea, 13 in Taiwan, 10 in Australia, two in Spain, and one each in Iceland and France. Costco also operates e-commerce sites in the U.S. and Canada, and other locations.

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. Costco 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.

6 VISIONWORKS OF AMERICA, INC.

Visionworks has continued to focus on improving its operations and strengthening its senior management team throughout the organization in the past year. The group held its number six spot on VM's ranking, generating \$947.4 million in sales for the year through 727 locations across the country.

According to Highmark, Inc.'s last quarterly report, Visionworks "continues to deliver on its turnaround plan under its new leadership team." According to the announcement, "the company reported an operating loss of \$21 million in 2018, an improvement of \$21 million over the prior year, excluding the results of managed vision care."

Under the leadership of CEO Pete Bridgman, Visionworks has also examined ways to generate more efficient growth, announcing this past March that the company would shutter its Syracuse, N.Y. lab facility and shift its capacity to its other facilities located in the San Antonio, Texas area, where Visionworks is headquartered. These facilities are larger, more efficient, have more advanced technology, and are located near company headquarters. The company has made significant improvements to these facilities to enhance their production capacity and they are capable of meeting its current and expected future production needs, the company said.

7 MYEYEDR./CAPITAL VISION SERVICES, LP

MyEyeDr./Capital Vision Services LP continued its robust growth in 2018, driven in part by key acquisitions of leading eyecare practices in Indiana and Alabama (a late 2017 transaction), and also the addition of more than 50 other independent practices across the nation.

As a result, MyEyeDr. solidified its spot at No. 7 in the annual Top 50 Optical Retailers ranking, but its hyper growth last year added more than \$100 million in annual sales and 72 new locations. The company closed 2018 with 437 locations overall and \$602 million in annual sales.

Since its launch in 2001 with one doctor and one location, MyEyeDr. has received investments from Altas Partners of Toronto and CDPQ, a Canadian pension fund. The company embraces a "Total Vision Care Concept, where the group provides for all aspects of vision care: eye exams, contact lenses, eyeglasses, sunglasses and medical eyecare services," executives said.

The company's banner acquisition in 2018 came in July when it acquired Ossip Optometry with 36 locations across the state of Indiana. The partnership boosted the presence of MyEyeDr. in the Midwest and marked the company's initial foray of the MyEyeDr. banner into Indiana. Future expansion is planned across Indiana and other markets throughout the Midwest, the company said at the time of the Ossip deal.

MyEyeDr. has expanded to its current position from 139 locations at the end of 2014 and 205 locations at year-end 2015. The company has more than doubled in size (by location count) over the past three years growing from 205 to 437 offices.

8 EYECARE PARTNERS LLC

EyeCare Partners LLC (ECP) continued its expansion efforts in 2018, adding 52 locations in both new and existing markets and topping the \$400 million mark in sales for the calendar year.

ECP, which is backed by the private equity firm FFL Partners, now offers comprehensive medical eyecare services throughout Alabama, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Michigan, Missouri, Ohio and North Carolina. Its doctors serve the vision care needs of more than one million patients annually, the

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Mass Merchants and Wholesale Clubs Feel General Retail Pressures

NEW YORK—Most notable among the mass merchants involved in optical, there was significant sales growth at Target Optical, which opened only two new stores but saw sales rise by more than 15 percent for the 2018 calendar year. Costco also had a solid growth year, with 12 new stores and a sales increase.

However, much of the optical retail business from other mass merchants and wholesale clubs was pressured in 2018, VM's Top 50 U.S. Retailers Report illustrates.

Larger "host" stores felt the pressure of the general retail market where the number of general merchandise stores were winnowed back

as consumers' interest in online purchasing as well as "new" types of retailing for brands in the value sector took hold. As a result, most other optical departments inside mass merchant hosts were pinched.

There were 60 fewer optical departments within mass merchants and clubs overall for the year, but sales collectively for those businesses on this list, rose slightly, about 2 percent, according to VM's estimates.

Shopko's optical operation, it should be noted, survived the general merchandise retailer's Chapter 11 filing and, as of this month, some 80 freestanding optical stores will continue to

operate.

Sam's Club brought in a new management team for its optical group as part of a health and wellness initiative, similar to the new team put into place at Walmart's optical centers, refocusing their business. BJ's operations in 2019 have moved from the Refac U.S. Vision group to BJ's directly taking them over, effective January.

Still, mass merchants and clubs with optical departments are approaching 10 percent of the total U.S. optical retail market and are edging toward 25 percent of the estimated sales of the VM Top 50. ■

maxelrad@jobson.com

Leading Mass Merchants, Clubs With Optical Departments

Rank 2018	Rank 2017	Mass Merchant (Operator)	2018 Retail Sales ¹ (\$ in Millions)	2018 Units ³	Class	2017 Retail Sales ² (\$ in Millions)	2017 Units ³
1	1	Walmart Inc Walmart National Vision	\$1,662.0* \$1,508.0* \$154.0	3,093 2,866 227	MM	\$1,679.0* \$1,525.0* \$154.0	3,127 2,900 227
2	2	Costco Wholesale	\$1,129.8	509	WC	\$1,064.9	497
3	3	Target/Super Target Luxottica Retail	\$358.0*	512	MM	\$307.0*	510
4	4	Sam's Club Walmart Inc.	\$154.0*	537	WC	\$167.0*	583
5	5	Shopko Stores	\$101.0*	139	MM	\$100.0*	136
6	6	BJ's Wholesale US Vision/Refac Optical Group	\$82.7	207	WC	\$83.6	204
7	7	Fred Meyer National Vision	\$14.0	29	MM	\$15.0	29
		Totals	\$3,501.5*	5,026		\$3,416.5*	5,086

Source: VM's 2019 Top 50 Optical Retailers

*=VM Estimate MM=Mass merchant WC=Warehouse club

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 2017 are different from what appeared on the May 2018 VM Top 50 list because the Top 50 companies differ from year to year due to industry consolidation and other factors.

³ U.S. and Puerto Rico optical locations.



Concentration of VM's Top 50 Sales Grow to 40.2 Percent of Market

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day's 2019 signature report and ranking. Based on estimated 2018 calendar year sales, the higher dollar volume among the group was especially notable for the concentration of sales among this year's Top 10 retailers.

Warby Parker did indeed enter the VM Top 10 this year at number nine, as the nine-year-old online optical company moved even more decisively into the brick-and-mortar optical sector, operating 87 stores at year's end—84 of which are in the U.S. VM estimates include Warby's online and physical store sales.

There is now a higher concentration of sales among several companies who are now more visibly comprising larger networks—formed by private-equity acquisitions of regional optical groups as well as many dozens of formerly smaller, inde-

pendent practices. These groups include MyEyeDr. as well as EyeCare Partners. However, other private equity-backed groups have also shown significant expansion, such as Eyemart Express, which grew in locations and sales, Acuity Eyecare Group, which grew via acquisition, and the Total EyeCare Partners and Visionary Partners groups.

National Vision's first full year as a publicly-traded company was accompanied by a major expansion in markets across the country and a higher visibility due to its value advertising and marketing partnerships.

Vision Source, which operates as a franchise, held its number one position. Luxottica Retail expanded via its LensCrafters locations inside Macy's. Target experienced major sales gains and Pearle's franchising expansion continued successfully while Sears was buffeted by financial travails and closed more than 200 stores.

Costco's continued strength, along with National Vision's and Walmart/Sam's Clubs' sales gains, despite the tightening of locations, were some of the operations speaking to the continued appeal of value messages to consumers.

BJ's, which went public as a company last year, decided to take over its own optical departments; Refac's U.S. Vision group operated them through the year but BJ's took over in January 2019.

Visionworks held its spot on the chart at number six, with a year focused on building a new leadership team and driving efficiencies through streamlined operations. A number of important regional groups continued to see the rewards of investing and branding. And several regionals grew by slowly adding locations to their roster, offering new alternatives to smaller independent ODs looking to make different kinds of transition transactions. ■

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

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company said.

The company's acquisitions continued in early 2019 as ECP expanded into its 11th state. ECP's CEO, Kelly McCrann said, "In addition, our acquisition model offers independent practitioners excellent liquidity as well as the ability to focus their attention on providing exceptional clinical care, while we provide world-class business support and scale advantages."

9 WARBY PARKER

Warby Parker moves into VM's Top 10, based on VM's best estimates of 2018 revenues, not corroborated by the company but taking into account a store count of 84 at the end of 2018 in the U.S. (another 3 in Canada) and continued online growth. As of April 1, 2019, Warby Parker had 88 retail locations in the U.S. (3 in Canada) and was continuing with its store expansion. It opened its first store in New York City in 2013.

The company took on an additional \$75 million in capital in a Series E funding in March 2018, led by T. Rowe Rice, accompanied by a statement from the

company that it is "profitable" and the financial press widely reporting it as a "pre-IPO" investment round, bringing the 9-year-old eyeglass retailer into the spheres of a \$1.75 billion valuation. Warby has taken on approximately \$300 million in investments since the firm's inception in 2010.

Warby Parker said, "The capital will go toward R&D and technology that will help the company better serve customers and continue to transform the optical industry in the years to come" and "to build deeper relationships with long-term shareholders."

Warby began to accept vision insurance in 2018 through an arrangement with UnitedHealthcare (UHC), where people enrolled in UHC's employer-sponsored and individual vision plans can access Warby Parker's prescription eyewear, online or at any of its stores nationwide. In May 2017, the company launched a mobile refraction service that lets current customers measure their visual acuity using an app called the Warby Parker Prescription Check.

This past March, Warby marked a milestone for its "Buy a Pair, Give a Pair" program, reporting it has officially distributed five million pairs of glasses to those in need in more than 50 countries.

10 REFAC OPTICAL GROUP

Refac Optical Group, parent company of U.S. Vision and Nationwide Vision, moved down one spot in the Top 50 rankings to No. 10 with sales of about \$275 million in 2018 (about a 1 percent decline compared with 2017). It was an eventful year for the company, which also reported that one of its large optical partners, BJ's Wholesale Club Holdings Inc., was taking its optical business in-house. The move by BJ's, which executed a successful initial public offering last year, was effective Jan. 6, 2019.

U.S. Vision operated 204 BJ's optical department locations at the end of last year. U.S. Vision unit continues to work with other retail optical partners, including JCPenney, Meijer's Optical, Sears Optical, Saks Optical, Boscov's Optical, Optical Center (AAFES Exchange) and 20/20 Vision Center. The firm's Nationwide Vision unit operates 90 company-owned stores and 20 leased departments.

In addition, U.S. Vision operates optical locations within Canada's Hudson's Bay department stores, but those results are not included in this report. Since 2011, Refac has been owned by ACON Investments, a Washington, D.C.-based private equity investment firm. ■