

VISION MONDAY TOP
50 U.S. Optical Retailers
 2009



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Top Optical 50 Retailers' Sales Hold Strong in 2008

VM's exclusive look at how the largest optical chains did in a tough economy

BY CATHY CICCOLELLA
 SENIOR EDITOR

NEW YORK—The ongoing global recession certainly impacted the nation's 50 largest eyewear/eyecare retailers last year, yet the aggregate optical sales of these key industry players again topped the \$7 billion mark in 2008. Taken as a group, these high-volume chains achieved combined revenues of an estimated \$7,163.7 million last year, according to VM's exclusive Top 50 U.S. Optical Retailers ranking.

That strong 2008 sales performance helped these retail players' combined share of the overall U.S. vision-care business edge up to 27.7 percent of the \$25,832.1 million total U.S. market for vision-care products and services sold at optical retail locations, as estimated by VisionWatch, a joint venture of Jobson

Optical Group and The Vision Council.

By comparison, in 2007 the Top 50 Optical Retailers' sales represented 27.3 percent of that year's \$25,759 million U.S. vision care market.

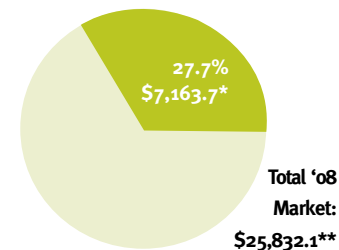
The estimated combined sales of this year's Top 50 are nearly \$122 million higher than the aggregate volume of the chains in the VM Top 50 U.S. Optical Retailers listing published in May 2008, which showed an estimated \$7,042.2 million in combined revenues for the industry's 50 largest players for calendar 2007. (It's important to note that the VM Top 50 U.S. Optical Retailers list published in this issue that reports 2007 sales and store counts is not directly comparable to the Top 50 list published last year, since the 50 retailers included in the Top 50 vary from year to year due to industry consolidation and other factors.)

This latest VM Top 50 list also reflects a growth in combined store count for these key eyewear/eyecare players, who operated an estimated 9,660 units as of Dec. 31, 2008. That's up from the estimated 9,304 units published on last year's VM Top 50 U.S. Optical Retailers list for calendar 2007.

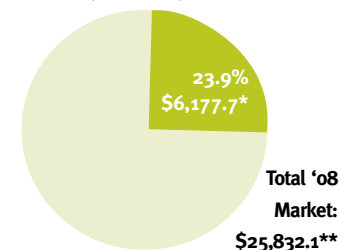
Along with the Top 50 retailers' slightly larger share in calendar 2008 of the total U.S. market for vision-care products and services sold at optical retail locations, the 10 largest optical retailers on VM's latest list have continued to gain market share both among the Top 50 and in the total eyewear/eyecare market.

On this year's VM Top 50 U.S. Optical Retailers list, the Top 10 retailers have an estimated combined volume of \$6,177.7 million, repre-

Top 50 Share of U.S. Vision Care Market
 (in millions)



Top 10 Share of U.S. Vision Care Market
 (in millions)



Continued on page 30

* VM Estimate

** Source: VisionWatch. Data is from 12ME Dec. '08



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TOP 50 U.S. Optical Retailers 2009

Key Optical Players Ranked By U.S. Sales in Calendar 2008

2008 Rank	2007 Rank	Retailer	2008 Sales ¹ (\$ Millions)	2007 Sales (\$ Millions)	2008 Units	2007 Units	Comments
1	1	Luxottica Retail	\$2,695.0*	\$2,680.0*	3,009	2,918	Sales estimate includes revenues from 379 franchised Pearle Vision stores. Retail brands: LensCrafters (966 units), Pearle Vision (430 company-owned units), Sears Optical (879 units), Target Optical (325 units), Optical Shop of Aspen (24 units), Oliver Peoples (6 units).
2	2	Wal-Mart Stores	\$1,344.0*	\$1,335.0*	2,974	2,942	Retail brands: Wal-Mart Vision Center (2,472 company-owned units), Sam's Club Optical (502 units).
3	3	HVHC Retail Group	\$537.6	\$587.8	515	503	Retail brands: EyeMasters, Visionworks, Vision World, Cambridge Eye Doctors, Hour Eyes, Dr. Bizer's Vision World, Stein Optical, Eye DRx, Binyon's, Empire Vision Centers, Total Vision Care, others.
4	4	Costco Wholesale	\$514.0	\$458.4	392	374	Retail brand: Costco Optical.
5	5	National Vision	\$460.0*	\$405.0*	508	473	Retail brands: The Vision Center (Wal-Mart-227 units), America's Best Contacts & Eyeglasses (211 units), The Optical Shoppe (Fred Meyer-32 units), The Optical Center (military-36 units), Vision Center II (2 units). Acquired 64 Eyeglass World stores 1/09.
6	6	Refac Optical Group	\$207.5	\$185.0*	640	521*	Retail brands: J.C. Penney Optical, Sears Optical, BJ's Optical, Macy's Optical, OptiCare Eye Health & Vision Centers, others.
7	7	Cohen's Fashion Optical	\$121.0	\$116.0	115	106	Sales include revenues from company-owned and franchised stores. Retail brands: Cohen's Fashion Optical, General Vision.
8	8	Eyemart Express	\$115.0	\$95.0*	84	75*	Retail brands: EyeMart Express, Vision 4 Less.
9	9	For Eyes/Insight Optical Mfg.	\$98.5*	\$94.0*	140*	140*	Retail brand: For Eyes Optical.
10	10	Emerging Vision	\$85.1	\$90.1	145	158	Retail brands: Sterling Optical, Site for Sore Eyes.
11	11	ShopKo Eyecare Centers	\$82.0	\$80.0*	136	131	Retail brand: ShopKo Eyecare Center.
12	13	Texas State Optical	\$71.0*	\$66.8*	100*	100*	All locations independent network affiliates.
13	14	Eyeglass World/ Vision Care Holdings	\$68.6*	\$66.5*	64	63	Stores acquired by National Vision 1/09. Retail brand: Eyeglass World.
14	15	Eye Care Center	\$68.0	\$66.0	55	52	Formerly Optometric Eye Care Centers.
15	12	Luxury Optical Holdings	\$55.0	\$71.0	55	46	Acquired Palm Beach Eyes (1 unit) 3/08, Au Courant Opticians (3 units) 5/08. Retail brands: Optica, Scene, Morgenthal Frederics, Davante, Lunettes, Au Courant.
16	16	Doctors Vision Center	\$51.6	\$56.2	53	56	
17	18	Henry Ford Optimeyes	\$48.5	\$46.2	18	18	Retail brands: Henry Ford Optimeyes, Henry Ford Optimeyes Super Vision Center.
18	17	Nationwide Vision	\$46.2	\$47.0	62	61	Retail brands: Nationwide Vision, Nationwide Optique.

¹ Includes both product sales and professional services, including managed vision revenues.

2008 Rank	2007 Rank	Retailer	2008 Sales (\$ Millions)	2007 Sales (\$ Millions)	2008 Units	2007 Units	Comments
19	19	Clarkson Eyecare	\$38.6	\$32.8	39	37	
20	21	SVS Vision	\$28.5*	\$28.5*	52*	52*	
21	27	Eyecare Associates	\$26.3	\$20.5	17	13	
22	23	NuCrown/Crown Vision Care	\$25.8	\$24.7	26	26	Optical retail brand: Crown Vision Center.
23	24	Rx Optical Laboratories	\$25.5*	\$24.3*	46	43	Retail brand: Rx Optical.
24	22	Eye Centers of Florida	\$24.5*	\$26.5*	13	14	
25	26	Wisconsin Vision	\$22.0	\$21.0	27	27	Retail brands: Wisconsin Vision, Heartland Vision.
26	32	Eye Doctor's Optical Outlets	\$20.9	\$17.0	35	36	
27	33	SEE/Selective Eyewear Elements	\$20.0*	\$16.0*	25	20	Retail brand: SEE.
28	30	Co/op Optical/Vision Designs	\$18.9	\$18.4	11	11	
29	29	Eye Health Vision Centers	\$18.5*	\$18.8*	5	5	
30	28	Spectera/United Optical	\$17.2	\$19.5	33	37	Retail brand: United Optical.
31	34	City Optical/Dr. Tavel Family Eyecare	\$15.2*	\$15.2*	19	19	Retail brands: Dr. Tavel Family Eyecare, Vision Values.
32	39	Standard Optical	\$14.8	\$11.5	17	17	Retail brands: Standard Optical, Opticare of Utah.
33	25	Allegany Optical	\$14.6*	\$21.0	16	23	Retail brands: Allegany Optical, National Optometry.
34	31	Horizon Eye Care	\$13.8	\$17.0	7	6	
35	35	Accurate Optical	\$12.5	\$12.3*	12	12	Retail brands: Accurate Optical, H. Rubin Vision Centers.
36	36	The Hour Glass	\$12.1	\$12.1	10	8	Retail brands: The Hour Glass, Eye Savers, South East Eye Specialist.
37	37	The Eye Gallery	\$12.0	\$12.0	11	10	Retail brands: The Eye Gallery, Artful Eye.
38	38	The See Center/Group Health	\$12.0*	\$12.0*	14	14	Retail brand: The SEE Center.
39	N	Sunland Optical	\$11.1*	N	43	N	All locations on military bases.
40	40	Rosin Eyecare	\$10.0*	\$10.0*	12	12	
41	41	J.A.K Enterprises/Bard Optical	\$10.0	\$9.0	18	18	Retail brand: Bard Optical.
42	42	Thoma & Sutton Eye Care Professionals	\$9.9	\$8.9	20	20	
43	44	Optical Management Systems	\$9.2	\$8.6	10	10	Retail brands: Riverfront Optical, Optiview Vision Centers.
44	45	Midwest Vision	\$8.8	\$8.6	18	18	Retail brands: Midwest Vision Centers, Taft Optical.
45	43	St. Charles Vision	\$8.5*	\$8.8*	8	8	
46	46	Europtics	\$8.2	\$7.8	4	4	
47	47	Voorthuis Opticians	\$7.6	\$7.6	7	8	
48	48	Fraser Optical	\$7.3*	\$7.3*	6	6	
49	N	Optyx by Gruen/grueneyes	\$7.0*	N	9	N	Retail brands: Optyx by Gruen, grueneyes.
50	N	Myoptics	\$3.8*	N	5	N	
		TOTAL	\$7,163.7*	\$7,003.7*	9,660*	9,271*	

Source: VM's 2009 Top 50 U.S. Optical Retailers
When 2008 sales are the same for more than one company, the retailer with the fewest 2008 U.S. units is ranked first.
* = VM Estimate. N = Not on last year's list. Note: U.S. sales include Puerto Rico.



FOR A DETAILED LOOK AT HOW VM'S TOP 50 LIST WAS CREATED GO TO THE METHODOLOGY BOX. ONLY ON VISIONMONDAY.COM

VISION MONDAY TOP 50 U.S. Optical Retailers 2009

LUXOTTICA RETAIL

2008 Optical Sales: \$2,695M (est.)

2008 Optical Units: 3,009

Retail Brands: LensCrafters, Pearle Vision, Sears Optical, Target Optical



Luxottica Group's Luxottica Retail division, heading the **VM** Top 50 Optical Retailers list for the 10th consecutive year, may

finish 2009 with a slightly lower store count than it had at the end of 2008. As a result of the economic slowdown, Luxottica's chief executive officer, Andrea Guerra, said in March the company will close 117 stores in North America this year, and will franchise 56 additional Pearle Vision units by year-end, with 110 more stores still "under review."

To help build traffic in its existing LensCrafters stores, that chain recently launched a multimedia national ad campaign focused on consumers' relationship with their eyewear and their optical store. LensCrafters has also revamped its lens mix this year, including adding prescription Ray-Ban lenses, according to Kerry Bradley, who was named president of Luxottica Retail North America early this year. Other recent moves include the reintroduction of warranty sales in the Sears Optical locations.

WAL-MART

U.S. OPTICAL SALES: \$1,344M (est.)

U.S. OPTICAL UNITS: 2,974

RETAIL BRANDS: Wal-Mart Vision Center, Sam's Club Optical



Retailing giant Wal-Mart continues to expand in the optical business, now with nearly 3,000 vision centers in its U.S. discount stores and warehouse

Top 10 Snapshots

What the largest optical players plan for 2009

clubs, in every state except Rhode Island, Delaware and Oklahoma.

Under the umbrella of Wal-Mart's health and wellness segment, the mass merchant's optical laboratories manufactured more than 5 million pairs of eyeglasses last year, and its vision centers sold more than 9 million boxes of contact lenses. About 2,500 independent optometrists practice in Wal-Mart Vision Centers and Sam's Club Optical Centers, according to the company.

Under Jeff McAllister, senior vice president for health and wellness, early this year Wal-Mart launched a new program for low-priced children's eyewear, and cut prices on contact lenses in conjunction with 1-800 Contacts. Wal-Mart's vision centers now offer pairs of eyeglasses for children beginning at \$39, with a year's guaranteed free replacement; they have also instituted price cuts of from 12 percent to 50 percent on annual supplies of CLs, in a program that began rolling out nationwide in January.

HVHC RETAIL GROUP

2008 Optical Sales: \$537.6M

U.S. Optical Units: 515

Retail Brands: EyeMasters, Visionworks, Vision World, Cambridge Eye Doctors, Hour Eyes, Dr. Bizer's Vision World, Stein Optical, Eye DRx, Binyon's, Empire Vision Centers, Total Vision Care, others



HVHC's retail group and its Eye Care Centers of America (ECCA) chain continued to expand during 2008, opening 22 new locations last year. The company has said it expects to add about 25 additional optical stores annually in 2009 and 2010, in both existing and new markets.

David Holmberg, named chair-

man and chief executive officer of ECCA in January 2008, also became president/CEO of HVHC in mid-June; Holmberg added responsibilities as ECCA's president in February 2009. He and his team led ECCA to a 7 percent increase in comparable-store sales last year, and said they are working this year to enhance efficiencies as part of a strategic plan to combat the recession.

Managed vision, through both sister division Davis Vision and outside vision plans, remains a key element of HVHC's retail strategy, with managed vision reimbursements accounting for about 31 percent of ECCA's revenues in 2008.

COSTCO WHOLESALE

2008 Optical Sales: \$514M

2008 Optical Units: 392

Retail Brand: Costco Optical



Costco Wholesale added another 18 new, everyday-low-price Costco Optical vision centers last year within its U.S. warehouse clubs. The company said it sold 2.8 pairs of eyeglasses during its 2008 fiscal year. Costco opened a total of 25 new warehouse clubs in fiscal 2008, and expects to add 21 more by the time FY 2009 ends on Aug. 30.

With about 54.5 million club cardholders spending roughly \$137 million per club annually, the Costco Optical locations have a built-in traffic flow. And like other "value"-oriented eyewear/eyecare retailers, they appear to be getting a boost from the recession; the parent company's overall comparable-store sales were running 3 percent ahead of the previous year for the 31 weeks through March 2009, excluding the impact of the drop in gasoline prices.

NATIONAL VISION

2008 Optical Sales: \$460M (est.)

2008 Optical Units: 508

Retail Brands: America's Best Contacts & Eyeglasses, The Vision Center (Wal-Mart), The Optical Shoppe (Fred Meyer), The Optical Center (military), Vision Center II



After expanding its everyday-low-price America's Best Contacts & Eyeglasses chain with 42 new locations opened in 2008, National Vision picked up another "value" retail optical brand in late January when it acquired the 64-store Eyeglass World chain from Vision Care Holdings. The Eyeglass World stores will continue to operate under their current name, according to Reade Fahs, National Vision's chief executive officer and president.

Aided by an economic climate that has made low-priced eyewear more appealing to many U.S. consumers—and spurred by the continuing expirations of its leases to operation vision centers inside Wal-Mart discount stores—National Vision plans to open another 40 America's Best locations this year. About half of those new stores had already opened during the first four months of 2009.

REFAC OPTICAL GROUP

2008 Optical Sales: \$207.5M

2008 Optical Units: 640

Retail Brands: J.C. Penney Optical, Sears Optical, BJ's Optical, Macy's Optical, OptiCare Eye Health & Vision Centers, others



Refac Optical Group's sales—and store count—got a boost last year when the company took over

Continued on page 30

VISION MONDAY TOP
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Continued from page 28

operation of 156 leased vision centers in BJ's Wholesale warehouse clubs in February 2008. The move was Refac's first venture into the warehouse-club optical arena, under president and chief executive officer Dave Pierson. Since Refac took over its optical operations, BJ's has added three more clubs, including one so far this year.

Refac's major host, J.C. Penney, on the other hand, is slowing its expansion. After posting a 10 percent drop in comparable-store sales and a high-single-digit decline in total sales for 2008, this year J.C. Penney plans to open just 17 new department stores.

COHEN'S FASHION OPTICAL

2008 Optical Sales: \$121M
2008 Optical Units: 115
Retail Brands: Cohen's Fashion Optical, General Vision



With help from Bowling Green, Ky.-based Houchens Industries, which purchased its franchise division in late February 2008, Cohen's Fashion Optical has been on an expansion track, adding nine new stores last year. The purchase covered 106 Cohen's stores in the Northeast and Florida. Of those, the Cohen family retained 30 franchised optical locations: 14 Cohen's Fashion Optical locations and the 16 General Vision Services stores, now being converted to the Cohen's format.

Robert Cohen, OD, Cohen's president and chief executive, continues to direct the chain's daily operations. According to Cohen, the chain's expansion will accelerate through both new franchised locations and potential acquisitions.

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Top 10 Snapshots

EYEMART EXPRESS

2008 Optical Sales: \$115M
2008 Optical Units: 84
Retail Brands: Eyemart Express, Vision 4 Less



Established as a discount optical retailer in 1990, Eyemart Express is in the midst of a major expansion program. It opened 14 new locations in the past six months, with 25 more planned by year-end, according to chairman and founder Doug Barnes, OD. Helping to spearhead that growth is the chain's new president, Jonathan Herskovitz, a 16-year company veteran who became president in early March.

In its marketing, Eyemart Express continues to stress its "everyday low price" philosophy, focusing on "two-pair" deals such as two pairs of single-vision eyeglasses starting at \$67.92 and two pairs with progressive lenses starting at \$117.92.

The Carrollton, Texas-based retailer also operates Vision Vantage, an eye-care discount program for employers that uses the Eyemart Express stores as its provider network.

growth plan for expansion in existing key and new markets, taking its everyday value message to additional consumers. The company remains committed to the "value" segment, offering two pairs of complete eyeglasses for \$99.

For Eyes has stores in major market areas on the East Coast from Boston to Florida, and in the Midwest, with a large concentration in the greater Chicago market. The chain also has stores throughout California, where it operates a specialized health plan, For Eyes Vision Plan.

continues to maintain a preponderance of franchised locations while paring its roster of company-owned optical stores.

During 2008, the chain closed five of its company-owned units and franchised four additional retail locations, under the direction of chief executive officer Christopher Payan and Sam Herskowitz, franchise division president.

Having bought two large buying groups—Combine Optical Management and Canada's The Optical Group—in 2006 and 2007, Emerging Vision is seeing buying-group revenues account for an increasing share of its overall revenues. The company also operates VisionCare of California, a state-licensed health maintenance organization there; in other states, its Insight Managed Vision Care operation offers managed-vision plans to help funnel customers into Emerging Vision's stores. ■■

EMERGING VISION

2008 Optical Sales: \$85.1M
2008 Optical Units: 145
Retail Brands: Sterling Vision, Site For Sore Eyes



Emerging Vision, parent of the Sterling Optical/Site For Sore Eyes chain,

Top 50 Retailers' Sales Hold Strong

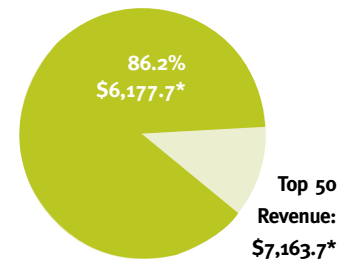
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senting 86.2 percent of the Top 50 retailers' overall sales. That Top 10 share for 2008 is up from the Top 10 optical retailers' 85.9 percent share of the VM Top 50's combined volume in calendar 2007.

In the overall U.S. optical marketplace, last year those Top 10 optical retailers generated 23.9 percent of the \$25.8 billion U.S. market for vision-care products and services sold at optical retail locations, up slightly from the Top 10's 23.5 percent share of the total market in 2007.

And perhaps as a sign of stability in the optical marketplace, this year's VM Top 50 Optical Retailer list is headed

Top 10 Share of VM Top 50 Sales
(in millions)



* VM 2008 Estimates

by the same 10 companies, in the same order, that comprised the Top 10 for 2007, with Luxottica Retail once again leading the list, for the 10th consecutive year. ■■



VISION MONDAY TOP 50 U.S. Optical Retailers 2009

NEW YORK—In spite of—or perhaps because of—the economic problems that hit the U.S. hard toward the end of last year, the mass merchandising chains and warehouse clubs with a presence in the eyewear/eyecare market increased their optical location counts and in many cases their optical sales during 2008.

As the nation's growing financial woes kept consumers tightening their discretionary spending throughout 2008, those Americans increasingly turned to the everyday-low-price mass merchants and warehouse clubs for the purchases they did make. That shift toward more cautious, "value" shopping gave chains such as Wal-Mart and Costco growth in both net revenues and comparable-store

Mass Merchants, Clubs Show Gains Despite Economy

sales for 2008, at a time when other retailers were struggling to stay even with the previous year in terms of sales.

In addition to boosting their overall revenues (though not always their comparable-store sales) during calendar 2008, these national and regional retail players increased their U.S. optical revenues by an estimated combined total of just under \$71 million—a considerably smaller increase than the estimated \$135 million increase in optical revenues these chains achieved during 2007. Their combined number of in-store vision centers grew last year as well, with an aggregate increase of 84 optical locations in 2008.

Overall, this group of mass merchants and warehouse clubs together generated optical revenues totaling an estimated \$2,187.3 million for calendar 2008, just 3.3 percent more than their

estimated \$2,116.5 million in optical sales and services in 2007 (and less than half the growth rate these same players generated in optical products and services in 2007 versus 2006).

That aggregate 2008 volume took these giant retailers' share of the total VM Top 50 U.S. Optical Retailers' combined sales volume to 30 percent in 2008, about even with their share of the Top 50's aggregate optical revenues the prior year.

As usual, Wal-Mart continued to dominate the mass merchant's sector of the optical business in 2008. Between the nearly 2,500 company-owned vision centers in its Wal-Mart discount stores, the 227 leased departments operated by National Vision and its more than 500 Sam's Club optical departments, the discount giant finished the year with just over 3,200 optical locations under its two

retail brands, making it the nation's largest optical retailer in terms of store count and giving it a total optical volume of \$1,484 million in the U.S.

Wal-Mart/Sam's Club and many of the other mass merchants and clubs in this group are continuing to expand this year in the U.S., despite the economy. Sam's Club will add 15 to 20 new locations during fiscal 2009, for example, while Target is also growing, already adding 27 new discount stores and Super Centers on March 8 alone. Costco executives have said they plan to add 13 to 15 new warehouse clubs by late August.

While not all of these stores' new locations may contain vision centers, this continued expansion is likely to provide an additional bump for the segment's presence in optical by the end of this year.—Cathy Ciccolella

Leading Mass Merchants, Clubs With Optical Departments

Rank '08	Rank '07	Mass Merchant (Operator)	2008 Retail Sales (\$ in Millions)	2008 Units	Class	(Operator)	2007 Retail Sales (\$ in Millions)	2007 Units
1	1	Wal-Mart Wal-Mart Corp. National Vision	\$1,356* \$1,216* \$140*	2,699* 2,472* 227	MM	Wal-Mart Wal-Mart Corp. National Vision	\$1,356* \$1,215* \$141*	2,701* 2,472* 229
2	2	Costco Wholesale	\$514	392	WC	Costco Wholesale	\$458.4	374
3	3	Sam's Club Wal-Mart Corp.	\$128*	502	WC	Sam's Club Wal-Mart Corp.	\$120*	470*
4	4	ShopKo Stores	\$82	136	MM	ShopKo Stores	\$80*	131
5	5	Target/Super Target Luxottica Retail	\$61*	325	MM	Target/Super Target Luxottica Retail	\$56.4*	296
6	6	BJ's Wholesale Refac Optical Group	\$36.6*	158*	WC	BJ's Wholesale Refac Optical Group	\$36*	156
7	7	Fred Meyer National Vision	\$9.7*	32	MM	Fred Meyer National Vision	\$9.7*	32
		Totals	\$2,187.3*	4,244*			\$2,116.5*	4,160*

Source: VM's 2009 Top 50 Optical Retailers MM=Mass merchant
*VM Estimate WC=Warehouse club