

Brick and Order

VM Top 50 U.S. Optical Retailers 2013



Top 50 Retailers Surpass \$8 Billion in Sales for 2012

BY JOHN SAILER / SENIOR EDITOR

NEW YORK—As the economy continued its gradual recovery last year, the U.S. optical retailing sector also exhibited slow but steady growth in 2012, fueled in part by the performance of the country's 50 largest eyewear/eyecare retailers.

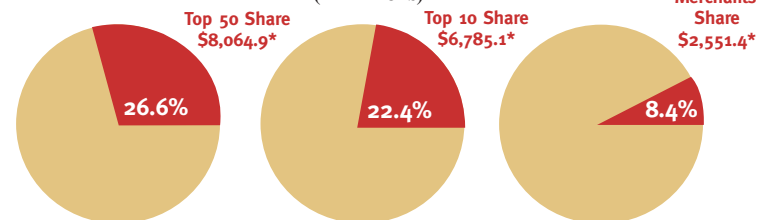
The Vision Council's VisionWatch report dated December 2012 indicates a 5.8 percent increase in vision care products and services sold at U.S. optical retail locations in the U.S. from \$28,624 million in 2011 to \$30,287 million in 2012.

Leading those sales were the country's top 50 retailers, responsible for an aggregate \$8,064.9 mil-

lion portion (26.6 percent) of that total. With many of the Top U.S. optical retailers adding locations and reporting healthy sales increases for the calendar year 2012 and beyond, this upward sales trend promises to continue.

These Top 50 eyewear/eyecare players operated an estimated 10,041 retail locations as of Dec. 31, 2012, with about half of those listed on the VM Top 50 list adding new units and approximately

U.S. Vision Care Market (in millions)



Total 2012 Market: \$30,287.0**

* VM Estimate ** Vision care products and services sold at optical retail locations. Source: VisionWatch Data is from 12ME Dec. 2012

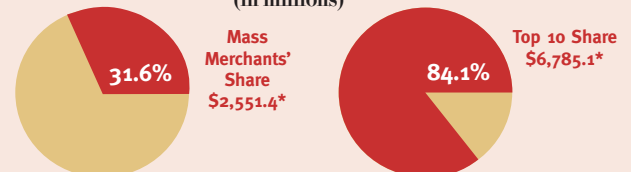
two-thirds reporting increased sales in 2012 as compared with 2011. ■

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Top 10, Mass Merchants' Sales Up in 2012

NEW YORK—Sales for the 10 largest retailers on the VM Top 50 list for 2012 increased by 3.8 percent from an estimated \$6,533.7 million in 2011 to an estimated \$6,785.1 million in 2012, while their share of total sales for the Top 50 dipped from 85.9 percent in 2011 to 84.1 percent in 2012. The mass merchants' share of Top 50's estimated optical U.S. sales remained the same at 31.6 percent, with their total estimated 2012 sales increasing 4.6 percent from \$2,439.2 million in 2011 to \$2,551.4 million in 2012. ■

Top 50 Retailers' Sales (in millions)



Total Top 50 Sales: \$8,064.9*

* VM Estimate Data is from 12ME Dec. 2012

FOCUSED ON A LEGACY OF ICONIC BRANDS:

BONGO CATHERINE DENEUE GANT GUESS GUESS BY MARCIANO
CANDIE' HARLEY-DAVIDSON RAMPAGE SKECHERS WILLIAM RAST

VIVA
INTERNATIONAL
GROUP
VIVAGROUP.COM



Key Optical Players Ranked by U.S. Sales in 2012

2012 Rank	2011 Rank	Retailer	2012 Sales ¹ (\$ Millions)	2011 Sales ¹ (\$ Millions)	2012 Units	2011 Units	Comments
1	1	Luxottica Retail	\$2,395.0*	\$2,315.0 R*	2,524	2,587 R*	Sales estimate includes U.S. revenues and U.S. store counts from its optical retail brands: LensCrafters (888 units), Pearle Vision (557 U.S. units including 201 corporate, 356 franchise), Sears Optical (701 units), Target Optical (331 units), Optical Shop of Aspen (18 units), Ilori (21 units), Oliver Peoples (8). Estimates include revenues from both company-owned and franchised Pearle Vision stores. 2011 unit and sales estimates were revised to reflect U.S. store count and revenue.
2	2	Wal-Mart Stores	\$1,450.8*	\$1,426.2 R*	3,149*	3,103 R*	Retail brands: Walmart Vision Centers (2,610* company-owned units), Sam's Club Optical (539* units). Unit and sales estimates for 2011 were revised.
3	3	Visionworks of America, Inc. (formerly HVHC Retail Group)	\$760.1	\$729.2	586	557	Retail brands: Visionworks (420 units), Empire Vision Centers (52 units), Hour Eyes (26 units), Dr's ValuVision (18 units), Cambridge Eye Doctors (16 units), Eye DRx (15 units), Davis Vision (14 units), Dr Bizer's VisionWorld (10 units), Vision World [Rhode Island] (5 units), Dr Bizer's ValuVision (4 units), EyeMasters (3 units), Total Vision Care (3 units).
4	4	National Vision, Inc.	\$717.5*	\$685.0*	715	682	Retail brands: America's Best Contacts & Eyeglasses (339 units), The Vision Center (Walmart-227 units), Eyeglass World (68 units), Vista Optical (Fred Meyer-31 units), National Vision (military-48 units), other (2 units).
5	5	Costco Wholesale	\$696.0	\$628.0	437	419	Retail brand: Costco Optical.
6	6	Refac Optical Group	\$216.2	\$225.0	724	688	Retail brands: J.C.Penney Optical, BJ's Optical, The Bay Optical, Macy's Optical, Boscov's Optical, Sears Optical, The Optical Shop at Meijer, U.S. Vision, Inc.
7	7	Eyemart Express, Ltd.	\$197.0	\$180.0	141	135	Retail brand: Dr. Barnes' Eyemart Express.
8	8	Cohen's Fashion Optical	\$142.0	\$137.0	124	121	Sales include revenues from company-owned and franchised stores.
9	9	For Eyes/Insight Optical Mfg.	\$115.0*	\$110.0*	140*	140*	Retail brand: For Eyes Optical.
10	10	Texas State Optical	\$95.5*	\$98.3*	122	126	All locations independent network affiliates.
11	14	American Optical Services	\$94.8	\$61.2	97	73	Retail brand: The Eye Gallery (10 units). Acquired Eye One Hour Optical (5 units) in 2012.
12	11	Shopko Stores Operating Co., LLC	\$90.0	\$86.0	139	138	Retail brands: Shopko Eyecare Center (132 units), Shopko Hometown Eyecare Center (5 units), Shopko Express Eyecare Center (2 units).
13	12	Emerging Vision, Inc.	\$87.3	\$85.7	122	125	Sales include revenue from company-owned and franchised stores. Retail brands: Sterling Optical (12 company-owned and 71 franchised units), Site for Sore Eyes, Singer Specs, Kindy Optical.
14	16	MyEyeDr/Capital Vision Services, LLC	\$75.0	\$55.0	41	39	Retail brand: MyEyeDr.
15	13	Eyecarecenter, ODP	\$70.9	\$70.5	55	55	Sales include revenue from 25 company-owned and 30 franchised locations; acquired Eyecarecenter Superoptics May 2012.
16	17	Clarkson Eyecare	\$62.7	\$52.9	60	53	
17	15	Henry Ford Optimeyes	\$61.5	\$57.0	17	17	Retail brands: Henry Ford Optimeyes, Henry Ford Optimeyes Super Vision Center.
18	20	SVS Vision	\$55.0	\$50.0	59	56	
19	19	Nationwide Vision	\$53.5	\$50.6	66	64	

Source: VM's 2013 Top 50 U.S. Optical Retailers. When 2012 sales are the same for more than one company, the retailer with fewer 2012 U.S. stores is ranked first.

¹ Includes retailers' product sales, professional services and managed vision benefit revenues. U.S. sales include Puerto Rico.

COVER TOPIC

2012 Rank	2011 Rank	Retailer	2012 Sales ¹ (\$ Millions)	2011 Sales ¹ (\$ Millions)	2012 Units	2011 Units	Comments
20	18	Luxury Optical Holdings	\$49.4	\$50.8	47	47	Retail brands: Morgenthal Frederics, Optica, Davante; acquired Optic Masters in 2012.
21	21	Doctors Vision Center, ODP	\$43.5	\$41.7	41	42	Sales revenue from 19 company-owned units and 22 franchised locations.
22	22	Eye Care Associates, ODP	\$40.0	\$36.3	24	21	
23	28	Macarius & Daniel	\$37.0	\$23.0	27	18	Retail brand: Stanton Optical.
24	23	NuCrown, Inc.	\$35.2	\$32.6	27	26	Retail brand: Crown Vision Center.
25	N	OptiCare Eye Health Centers, Inc.	\$31.5	\$31.9	18	18	Formerly owned by Refac. Acquired The Eye Center in December 2012.
26	24	Allegany Optical LLC	\$30.8	\$28.7	25	25	Retail brands: Allegany Optical (17 units), National Optometry.
27	26	Eye Doctor's Optical Outlets, PA	\$28.1	\$25.9	42	42	Retail brand: Optical Outlets.
28	27	Today's Vision Licensing Corp.	\$27.9	\$25.5	40	39	Locations are independent network affiliates.
29	25	Rx Optical	\$27.0*	\$26.4*	49	48	Revenue from 48 company-owned units, 1 leased department.
30	29	SEE	\$26.0	\$23.0	27	24	
31	30	Wisconsin Vision, Inc.	\$23.0	\$22.6	27	27	Retail brands: Wisconsin Vision, Heartland Vision.
32	40	Partners In Vision, Inc.	\$17.8	\$10.6	52	42	Operates leased optical departments in MD practices.
33	32	City Optical Co., Inc.	\$17.0*	\$15.8*	20	20	Retail brands: Dr. Tavel Family Eyecare (17 units), Vision Values.
34	31	Standard Optical	\$15.5	\$17.5	18	18	Retail brands: Standard Optical, Opticare of Utah.
35	N	Houston Eye Associates	\$15.5	N	24	N	
36	33	Rosin Eyecare	\$15.0*	\$14.0*	19	17	
37	36	Spex	\$15.0*	\$12.0*	21	16	
38	34	The Hour Glass, Inc.	\$13.6	\$13.6	13	11	Retail brands: The Hour Glass, The Hour Glass of Albany, South East Eye Specialist.
39	37	Horizon Eyecare	\$11.7*	\$11.7*	6	6	Based in Charlotte, N.C.
40	39	J.A.K. Enterprises, Inc.	\$11.7*	\$11.0*	19	19	Retail brand: Bard Optical.
41	N	Coco Lunette Holding, LLC	\$11.2	N	10	N	Retail brand: Edward Beiner Purveyor of Fine Eyewear.
42	35	Accurate Optical	\$11.1	\$12.3	14	14	Retail brands: Accurate Optical (8 units), H. Rubin Vision Centers.
43	41	See Center/Group Health	\$10.6*	\$10.4*	12	12	Retail brand: The See Center.
44	42	Midwest Vision Centers	\$10.2	\$10.0	20	20	Retail brand: Taft Optical.
45	38	Sunland Optical Co., Inc.	\$10.2	\$11.3	30	31	All locations on military bases.
46	N	Mackee Enterprises	\$10.0	N	8	N	Retail brands: Brooklyn Optical, Chinatown Optical, Flushing Optical, Hunter Vision Center, MK Vision Center, MK2 Optical, Mott Street Optical, Universal Optical.
47	43	Thoma & Sutton Eye-Care Professionals, LLC	\$9.9	\$9.7	20	20	Retail brand: Thoma & Sutton.
48	46	Europtics, Inc.	\$8.2	\$8.0	6	4	
49	47	Voorthuis Opticians	\$8.0	\$8.0	7	7	
50	48	Optyx	\$7.5*	\$7.5*	10	11	
		TOTAL	\$8,064.9*	\$7,654.4 ^{2*}	10,041*	9,823 ^{2*}	

² The retailers and totals given for 2012 are different from what appeared on the May 2012 VM Top 50 list because the Top 50 companies differ from year to year due to industry consolidation and other factors.
 *=VM estimate. N=not on last year's list. R=revised.

Snapshots of Optical's 10 Largest Retail Players



LUXOTTICA RETAIL

Luxottica Group's Luxottica Retail division once again leads the VM Top 50 U.S. Optical Retailers. Luxottica Retail's two leading brands, LensCrafters and Pearle Vision, both began substantial updating of their retail operations in 2012.

Early last year, LensCrafters began exploring a more contemporary service model featuring a new store design along with a "next generation digital eye exam" and digital lens surfacing technology. This includes installing the Accufit measurement system (introduced in LensCrafters in September 2011) in nearly all of its 888 stores in the U.S. This new model was announced in March 2012 by Mark Weikel, LensCrafters' president and general manager at the time and since named president and CEO of Luxottica Retail Optical North America.

Pearle Vision is also pursuing a rebranding effort set in motion after Srinivas Kumar became Sr. VP and GM last year. Previously president and COO of Baskin-Robbins, Kumar is overseeing Pearle as it redesigns its logo and retail stores while converting corporate locations to "licensed operations."

(Note: VM's 2011 unit and sales estimates were revised to reflect U.S. store count and revenue.)



WAL-MART STORES

Wal-Mart remains firmly entrenched in the number two spot among U.S. optical retailers. At the end of last year, Walmart Vision Centers/Sam's Club Optical ended their four-year strategic alliance with 1-800 CONTACTS for the sale of contact lenses. (In June 2012, 1-800 CONTACTS was acquired by WellPoint, one of the country's largest health care organizations.) Walmart and Sam's Club subsequently launched all-new online and phone contact lens programs and announced the introduction of Walmart's own private Equate brand of contact lenses. The new contact lens sites are powered by Arlington Lens Sup-

ply, owned by National Vision, Inc. (the fourth largest U.S. optical retailer on the list).

Independent optometrists operate private offices next to more than 3,000 Walmart Vision Centers and Sam's Club Optical Centers to provide comprehensive eye exams, lens fitting and prescriptions by appointment and on a walk-in basis. In addition, Walmart and Sam's Club have on-site opticians in the Vision Centers and Optical Centers to assist with fitting glasses in store or in club.

(Note: Wal-Mart's 2011 sales and unit VM estimates were revised.)



VISIONWORKS OF AMERICA (FORMERLY HVHC RETAIL GROUP)

Currently operating in 39 states and the District of Columbia, Visionworks and its affiliated stores totaled 586 by the end of 2012. The company is rebranding them all under the unified Visionworks banner. By the end of 2012, 420 units had already been rebranded, with all remaining stores to be named Visionworks by the end of 2013.

Visionworks expanded during 2012, emphasizing the Greater Philadelphia region, where it opened 17 new stores and plans to open a total of 23 to 25 stores throughout that market by the end of this year and additional stores into 2014. Expanding in other key markets such as New York, Florida, Texas and Illinois, Visionworks added 29 new stores during 2012. Visionworks president Jim Eisen told VM, "2012 was one of the biggest growth years in the five years since I've been here."

Visionworks of America (formerly Eye Care Centers of America) is a subsidiary of HVHC Inc., which also includes Davis Vision and Viva International Group. HVHC, Davis and Visionworks are located in a new national headquarters building in downtown San Antonio, where Visionworks opened its flagship store in the building in January 2012. In June 2012, Sherry Lay joined Visionworks as chief merchandising officer after

serving as executive vice president and chief merchandising officer for sister company Viva, since 2009.



NATIONAL VISION

Operating in 44 states, National Vision added 33 locations in 2012 to reach a total of 715 by the end of the year. The number four U.S. optical retailer established a multi-year extension of its relationship with Walmart. The company also operates a lab network with over 600 employees at two domestic locations in St. Cloud, Minn., and Lawrenceville, Ga., and two international locations in China and Mexico. In 2012, the company expanded the capacity of its Lawrenceville lab by 50 percent, allowing it to process a maximum of 28,000 jobs per week or 1.25 million jobs per year.

After acquiring Columbus, Ohio-based AC Lens in June 2011, National Vision's Arlington Lens Supply began in January 2013 to power the online and phone contact lens programs launched by Walmart Vision Centers/Sam's Club Optical after they ended their four-year strategic alliance with 1-800 CONTACTS for the sale of contact lenses. In September 2012, Bruce Steffey was promoted to president of National Vision, Inc., from his previous role as chief operating officer. CEO Reade Fahs told VM that he's proud of National Vision for achieving record levels of associate retention in 2012.



COSTCO WHOLESALE

Costco Wholesale added 18 new Costco Optical vision centers last year within its U.S. warehouse clubs. Of the 448 Costco Wholesale locations in the U.S., 437 of them have vision centers. The company sells well over 3 million pairs of eyeglasses each year and reported eyewear/eyecare revenue in 2012 of \$696 million. Costco Optical also maintains a website to educate patients about lenses, lens materials and contact lenses, with

a Healthy Eyes section that recommends an annual eye exam. Costco currently has more than 67 million cardholders, representing well over 36 million households and providing a built-in traffic flow for its in-store Costco Optical locations.



REFAC OPTICAL GROUP

Refac Optical Group is a leading provider of vision care products and services in the U.S. and Canada. Its main operating company, U.S. Vision, Inc. has been engaged in the retail optical business since 1967, and it is the second largest independent operator of optical stores in host retailers in terms of store count and the first in terms of the number of brands. The company operates optical departments primarily in national and regional department stores and a major wholesale club, BJ's.

Refac took over operation of BJ's Wholesale's optical departments in 2008 and has expanded its business there significantly. Overall, the company added almost 40 locations primarily in its J.C. Penney, BJ's and Meijer brands. As of May of this year, Refac now operates 761 locations in 48 states and employs over 3,300 people.

Refac also operates a state-of-the-art manufacturing laboratory. Its licensed departments are full-service retail vision care stores that offer an extensive selection of designer brands and private label prescription eyewear, contact lenses, sunglasses, ready-made readers and accessories. A Refac spokesperson told *VM*, "We plan on continued organic growth within our existing hosts and will opportunistically look for acquisitions to continue to grow our company."



EYEMART EXPRESS

Eyemart Express performs more than 1 million eye exams and sells 2 million pairs of prescription eyeglasses. Eyemart Express also continued selling eyeglasses online via its www.eyemartexpress.com

website, which not only offers a store locator button and lists insurance plans accepted but also offers eyewear for sale direct from the website.

In June 2012, Eyemart Express founder, Doug Barnes and his wife, Molly, made a \$5 million pledge to the University of Houston to expand its College of Optometry. The first two floors of the new Health and Biomedical Sciences Building will be named the Molly and Doug Barnes Vision Institute in their honor. Both Molly and Doug Barnes stress that this gift would not have been possible without the hard work and dedication of all the people involved in the Eyemart Express family.



COHEN'S FASHION OPTICAL

With sales figures including revenue from both company-owned and franchised stores, Cohen's Fashion Optical can trace its roots back 85 years to a pushcart selling eyewear on New York City's Lower East Side. By the end of 2012, the eyewear retailer has grown to 124 locations in major malls and city locations in seven eastern seaboard states and Puerto Rico.

Cohen's Fashion Optical's website and Internet Eye Exam Scheduler available for every Cohen's location allows patients to set up their eye exams online. Taking advantage of social media, Cohen's informs its patients about eye health issues through its own WordPress blog and stays connected through Facebook, Twitter and LinkedIn.



FOR EYES/ INSIGHT OPTICAL MFG.

Continuing its overall corporate strategy to invest in infrastructure and internal resources, For Eyes furthered that investment in 2012 by converting to SAP, by building talent from both within the company

and from the outside to put in place a new retail leadership team. The team has been focused on adding stores in existing and new markets through real estate opportunities and acquisitions, with six locations already on tap for this year and as many more in the planning stages. Focusing on social media in 2012 proved to be a successful addition to the company's marketing platform which emphasizes value, customer service and experience. For Eyes is still independent and privately owned and operated by the same family and friends who started the company in Philadelphia in 1972. The company continues to operate its own lab in Hialeah, Fla.



TEXAS STATE OPTICAL

Texas State Optical again held steady at number 10 even though its stores dropped by four units from 126 to 122 and its sales revenue for 2012 was down approximately 3 percent from an estimated \$98.3 million to an estimated \$95.5 million. TSO joined the Top 10 last year at this spot after steadily rising from the 12th position in 2010 to the 11th position in 2011. The turning point for the company's growth came in the late '90s when, after a series of corporate owners, the franchisees decided to acquire the company, a process that was completed in 2001, when the network of independent, professional optometrists became a member-owned cooperative.

Early in 2012, 25 of the network's doctor leaders met for two days with consultants in the areas of branding, organizational culture and strategic focus to define the organization's mission and values. That mission statement and core set of values were then introduced at TSO's annual "Vision Quest" conference in San Francisco in June 2012. "Those two things have caused a watershed moment in the organization," John Marvin, president/CEO, told *VM*. "In the last seven months, we began to see a new energy like we haven't seen before." ■



Mass Merchants/Clubs Maintain Almost One-Third of Top 50 Sales

NEW YORK—During a slow economic recovery, 2012 optical sales by leading mass merchandising chains and warehouse clubs grew by an estimated 4.6 percent from an estimated \$2,439.2 million in 2011 to an estimated \$2,551.4 million in 2012, representing 31.6 percent of Top 50 sales for 2012. This portion of overall Top 50 U.S. optical sales is on par from the 31.7 percent it comprised last year.

Their combined number of in-store vision centers in mass merchandising chains and warehouse clubs, however, grew an estimated 1.7 percent from an estimated 4,420 in 2011 to an estimated 4,494 in 2012.

Wal-Mart Stores firmly held its number one position with an estimated 2,837 optical locations generating an estimated \$1,469.0 million in sales for

2012. For 2011, Wal-Mart Stores' unit figures and sales revenues for 2011 were adjusted to reflect company revisions in these numbers.

A major change at the end of last year for both Walmart Vision Centers and Sam's Club Optical (number three in the Mass Merchant/Warehouse Club ranking and also a part of Wal-Mart Stores) was the termination of a four-year strategic alliance with 1-800 CONTACTS for the sale of contact lenses. This followed the June 2012 acquisition of 1-800 CONTACTS by WellPoint, one of the country's largest health care organizations.

Walmart and Sam's Club subsequently launched all-new online and phone contact lens programs and announced the introduction of Walmart's own

private Equate brand of contact lenses. The new contact lens sites are powered by Arlington Lens Supply, owned by National Vision, Inc. (the fourth largest U.S. optical retailer), which acquired Columbus, Ohio-based AC Lens in June 2011.

Rounding out the leading mass merchant/warehouse clubs are Shopko Stores at number four with 139 stores generating an estimated \$90 million in sales, Luxottica Retail's 331 licensed optical locations in Target and Super Target stores with an estimated \$76 million in sales, Refac's 180 BJ's opticals' estimated \$65 million in sales, and National Vision's 31 Fred Meyer optical locations with an estimated \$9.6 million in sales. ■

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Leading Mass Merchants, Clubs With Optical Departments

Rank 2012	Rank 2011	Mass Merchant (Operator)	2012 Retail Sales (\$ in Millions)	2012 Units ¹	Class	2011 Retail Sales (\$ in Millions)	2011 Units ¹
1	1	Walmart Wal-Mart Stores National Vision	\$1,469.0* \$1,305.0* \$164.0*	2,837* 2,610* 227	MM	\$1,452.6^{R*} \$1,290.5 ^{R*} \$162.1*	2,808^{R*} 2,581 ^{R*} 227
2	2	Costco Wholesale	\$696.0	437	WC	\$628.0	419
3	3	Sam's Club Wal-Mart Stores	\$145.8*	539*	WC	\$135.7^{R*}	522 ^R
4	4	Shopko Stores	\$90.0*	139	MM	\$86.0*	138
5	5	Target/Super Target Luxottica Retail	\$76.0*	331	MM	\$70.5*	330
6	6	BJ's Wholesale Refac Optical Group	\$65.0*	180	WC	\$56.8*	172*
7	7	Fred Meyer National Vision	\$9.6*	31	MM	\$9.6*	31
		Totals	\$2,551.4*	4,494*		\$2,439.2^{R*}	4,420^{R*}

Source: VM's 2013 Top 50 Optical Retailers

*=VM Estimate

MM=Mass merchant

WC=Warehouse club

R=Revised: the total for 2011 is different than what appeared in the May 2012 Mass Merchants chart due to revised 2011 retail sales estimates and unit estimates.

¹ Optical locations

For a detailed look at how VM's Top 50 list was created, go to the Methodology Box on VisionMonday.com.

