



Top 50 Retailers' Sales Reach \$7 Billion Mark

VM's exclusive look at how the nation's largest optical chains performed in 2007

By Cathy Ciccolella
Senior Editor

NEW YORK—In 2007, for the first time, the aggregate optical sales of the nation's 50 largest eyewear/eyecare retailers topped the \$7 billion mark, reaching total revenues of \$7,042.2 million, according to VM's exclusive Top 50 U.S. Optical Retailers listing.

That aggregate sales gain helped these key retail players' combined share of the overall U.S. vision-care market increase by more than a full percentage point in 2007: last year, the VM Top 50 accounted for 27.3 percent of the \$25,759 million total U.S. market for vision-care products and services sold at optical retail locations, as estimated by VisionWatch (see related story below).

By comparison, in 2006 the Top 50 Optical Retailers' sales represented 26.2 percent of that year's \$25,928 million U.S. vision care market.

The combined sales of this year's VM

Top 50 are nearly \$260 million higher than the aggregate volume of the leading 50 chains in the VM Top 50 U.S. Optical Retailers listing published in May 2007, which showed an estimated \$6,782.4 million in combined revenues for the industry's 50 largest players for calendar 2006. (The VM Top 50 U.S. Optical Retailers list published in this issue that reports 2006 sales and store counts is not directly comparable to the Top 50 list published last year, since the 50 retailers included among the Top 50 vary from year to year due to industry consolidation and other factors.)

This latest VM Top 50 list also reflects a higher aggregate store count for these key eyewear/eyecare industry players, who operated an estimated 9,304 units as of Dec. 31, 2007. That's up from the estimated 9,069 units published on last year's VM Top 50 U.S. Optical Retailers list for calendar 2006.

Along with the Top 50 retailers' slightly larger share in calendar 2007 of

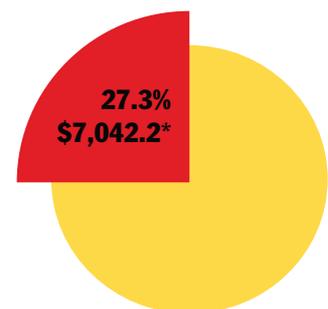
the total U.S. market for vision-care products and services sold at optical retail locations than in the prior year, the 10 largest optical retailers on VM's latest list have continued to gain market share both among the Top 50 and in the total market. On this year's VM Top 50 U.S. Optical Retailers list, the Top 10 retailers have an estimated combined volume of \$6,046.3 million, representing 85.9 percent of the Top 50 retailers' overall sales. That Top 10 share for 2007 is up from the Top 10 optical retailers' 84.2 percent share of the VM Top 50's combined volume in calendar 2006.

Looking at the overall U.S. optical marketplace, in 2007 those Top 10 optical retailers generated 23.5 percent of the \$25.8 billion U.S. market for vision-care products and services sold at optical retail locations, a jump of 1.5 percentage points over the Top 10's market share the previous year. In calendar 2006, the VM Top 10 accounted for 22 percent of that year's estimated \$25.9 billion total U.S. vision care business at optical retail locations.

Luxottica Retail again tops the 2008 VM Top 50 U.S. Optical Retailers list, for the ninth consecutive year. Luxottica Retail's 2007 U.S. optical revenues are estimated at \$2,680 million, including sales by its 2,515 company-owned U.S. optical stores as well as from the 392 franchised Pearle locations and the 11 franchised D.O.C Optics stores it acquired as part of its February 2007 purchase of the D.O.C chain.

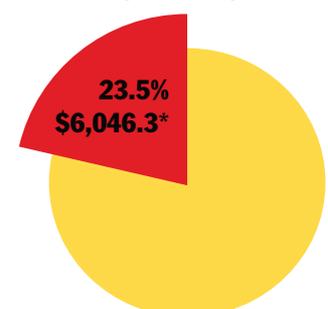
Wal-Mart Stores again holds second place on the VM Top 50 list, and this year for the first time has the highest total number of U.S. optical locations. The retailing giant increased its eyewear/eyecare sales to an estimated \$1,335 million in 2007 through its 2,942 company-owned Wal-Mart Vision Centers and Sam's Club Optical locations. Including sales by the 229 Wal-Mart

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



Total Market: \$25,759**

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



Total Market: \$25,759**

* VM Estimate
** Source: VisionWatch

Vision Centers operated as leased optical departments by National Vision at year-end, VM estimates the aggregate Wal-Mart/Sam's optical volume for 2007 at \$1,476 million.

Luxottica's acquisition of perennial VM Top 10 player D.O.C Optics made room for a new entry into the Top 10 this year, For Eyes Optical. The Florida-based chain appears in ninth position among the VM Top 10, with estimated revenues of \$94 million generated by about 140 retail locations; For Eyes held the number 11 position on the Top 50 U.S. Optical Retailers listing published in May 2007.

However, SEE/Selective Eyewear Elements—the all-private-label chain launched 10 years ago by the Golden family, former owners of D.O.C—appears on the VM Top 50 list this year for the first time as a separate entity (at number 33), having generated an estimated \$16 million in sales through 20 retail locations during 2007. ■

VisionWatch Analyzes Total Vision-Care Market

NEW YORK—Improved technology for measuring vision-care products and services is providing a broadened view of the total eyecare marketplace.

Using the latest methods of analyzing the complete market, based on an in-depth study of consumer buying patterns, VisionWatch estimates the overall vision-care business at optical locations—including optical chains, other chains, independents with optical locations, leased optical spaces in department stores and mass merchant optical locations—at just under \$25.8 billion for calendar 2007. Those sales include money spent at all optical retail locations on the sale of either spectacle lenses (regular Rx and Rx sun), frames, contact lenses, sunglasses (plano and Rx), OTC readers, or revenues earned from refractive surgery or eye examinations. This number does not include sunglass clips, and reflects the dollars spent only by those U.S. residents 18 and older; it does not include retail dollars spent by/for those 17 years of age and younger.

VisionWatch, a joint venture of Jobson Optical Group and The Vision Council, is a continuous consumer study that interviews 100,000 consumers on an annual basis.

The information produced by VisionWatch provides not only a broad view of vision-related markets, but also fine details on specific areas of the market. ■



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Key Players Ranked By U.S. Sales in Calendar 2007

2007 Rank	2006 Rank	Retailer	2007 Sales (\$ Millions)	2006 Sales (\$ Millions)	2007 Units	2006 Units	Comments
1	1	Luxottica Retail	\$2,680.0*	\$2,570.0*	2,918	2,841	VM 2007 sales estimate is for U.S. sales including revenues from 392 franchised Pearle Vision stores and 11 franchised D.O.C Optics units. Luxottica Group reported worldwide revenues for Luxottica Retail of €3,234M for FY 2007. Luxottica Retail businesses include LensCrafters (879 U.S. units, 72 units in Canada), Pearle Vision (379 company-owned U.S. units, 98 units in Canada) and Licensed Brands (805 U.S. Sears Opticals, 81 units in Canada; 296 Target Opticals; 156 BJ's Opticals), Sunglass Hut International (worldwide), OPSM Group (Australasia) plus stores in Europe, South Africa, China and Hong Kong. Luxottica Retail operates more than 6,000 optical and sunwear stores worldwide. Acquired D.O.C Optics (100 units) 2/07; Oakley (11/07). U.S. optical retail trade names: LensCrafters, Pearle Vision, Sears Optical, Target Optical, BJ's Optical, D.O.C Optics.
2	2	Wal-Mart Stores	\$1,335.0*	\$1,262.0*	2,942	2,755*	Worldwide optical units: 3,290 (includes 156 vision centers in Canada, plus 79 vision centers in the U.K., 79 in China, others). U.S. store count includes 2,472* company-owned Wal-Mart vision centers and 470* optical departments in Sam's Clubs. Optical retail trade names: Wal-Mart Vision Center, Sam's Club Optical.
3	3	Highmark Vision Holding/Retail Group	\$587.8	\$551.9	503	477	Optical retail trade names: EyeMasters, Visionworks, Vision World, Cambridge Eye Doctors, Hour Eyes, Dr. Bizer's Vision World, Dr. Bizer's Value Vision, Doctor's ValuVision, Doctor's Visionworks, Stein Optical, Eye DrX, Binyon's, Empire Vision Centers, Davis Vision Centers, Total Vision Care.
4	4	Costco Wholesale	\$458.4	\$397.0	374	362	Worldwide optical units: 504. Optical retail trade name: Costco Optical.
5	5	National Vision	\$405.0*	\$368.0*	473	465*	Includes 229 units in Wal-Mart, 32 in Fred Meyer, 40 in military installations, 3 free-standing Vision Center II and 169 America's Best Contacts & Eyeglasses. Optical retail trade names: The Vision Center (Wal-Mart), The Optical Shoppe (Fred Meyer), National Vision Optical, Vision Center II, America's Best Contacts & Eyeglasses.
6	6	Refac Optical Group	\$185.0*	\$170.0*	521*	501	Acquired BJ's Optical leases (156 units) 2/08. Optical retail trade names: J.C. Penney Optical, Sears Optical, Macy's Optical, Boscov's Optical, The Bay Optical, OptiCare Eye Health & Vision Centers, others.
7	10	Cohen's Fashion Optical	\$116.0	\$90.0	106	90	Sales include revenues from company-owned and franchised Cohen's Fashion Optical stores, plus General Vision Services stores.
8	8	EyeMart Express	\$95.0*	\$93.0*	75*	72*	Optical retail trade names: EyeMart Express, Vision 4 Less, Visionmart Express.
9	11	For Eyes/Insight Optical Mfg.	\$94.0*	\$88.0*	140*	140*	Optical retail trade name: For Eyes Optical.
10	9	Emerging Vision	\$90.1	\$92.0	158	154	Optical retail trade names: Sterling Optical, Site for Sore Eyes.
11	12	ShopKo Stores	\$80.0*	\$78.5*	131	131	Optical retail trade names: ShopKo Eyecare Center, ShopKo Express Eyecare.
12	16	Luxury Optical Holdings	\$71.0	\$60.0*	46	40	Acquired Palm Beach Eyes (1 unit) 3/08, Au Courant Opticians (3 units) 4/08. Optical retail trade names: Optica, Scene, Morgenthal Frederics Opticians, Davante, Lunettes, Classical Eye, Optica Elements.
13	13	Texas State Optical	\$66.8*	\$66.8	100*	100	All locations independent network affiliates.
14	14	Eyeglass World/Vision Care Holdings	\$66.5*	\$64.0*	63	60	Optical retail trade names: Eyeglass World.
15	15	Eyecare Center	\$66.0	\$62.0	52	52	Formerly Optometric Eye Care Centers.
16	17	Doctors Vision Center	\$56.2	\$56.0	56	63	Optical retail trade names: Doctors Vision Center, Tennessee Vision Associates.
17	18	Nationwide Vision	\$47.0	\$44.2	61	56	Optical retail trade names: Nationwide Vision, Nationwide Optique, Nationwide Laser & Eye.

2007 Rank	2006 Rank	Retailer	2007 Sales (\$ Millions)	2006 Sales (\$ Millions)	2007 Units	2006 Units	Comments
18	19	Henry Ford Optimeyes	\$46.2	\$43.8	18	18	Optical retail trade names: Henry Ford Optimeyes, Henry Ford Optimeyes Super Vision Center.
19	23	Clarkson Eyecare	\$32.8	\$27.9	37	27	
20	20	Optical Shop of Aspen	\$30.0*	\$30.0	21	20	Acquired by Luxottica Group 11/07. Optical retail trade names: Optical Shop of Aspen, OSA International, Emporio Optic.
21	21	SVS Vision	\$28.5*	\$28.5*	52*	52	Acquired by company management team 3/07.
22	22	Eye Centers of Florida	\$26.5*	\$28.0*	14	15	
23	28	Crown Optical	\$24.7	\$21.4	26	26	
24	27	Rx Optical Laboratories	\$24.3*	\$24.0*	43	42	Optical retail trade name: Rx Optical.
25	30	Allegany Optical	\$21.0	\$18.5	23	22	Optical retail trade names: Allegany Optical, National Optometry.
26	29	Wisconsin Vision	\$21.0	\$20.0	27	26	Optical retail trade names: Wisconsin Vision, Heartland Vision.
27	34	Eye Care Associates	\$20.5	\$16.5	13	12	Acquired Visual Concepts (1 unit) 1/07.
28	25	United Optical/Spectera	\$19.5	\$25.4	37	54	Optical retail trade name: United Optical.
29	31	Eye Health Vision Centers	\$18.8*	\$18.3	5	5	
30	32	Co/Op Optical Vision Designs	\$18.4	\$17.7	11	11	Optical retail trade names: Co/op Optical, Vision Designs by Co/op Optical, Co/op Optical Vision Designs.
31	35	Horizon Eye Care	\$17.0	\$16.4	6	6	
32	N	Eye Doctor's Optical Outlets	\$17.0	N	36	N	Optical retail trade names: Optical Outlet, Progressive Optical.
33	N	SEE/Selective Eyewear Elements	\$16.0*	N	20	N	Optical retail trade name: SEE.
34	33	Dr. Tavel Optical Group	\$15.2*	\$17.5*	19	22	Optical retail trade names: Dr. Tavel Family Eyecare, Vision Values.
35	39	Accurate Optical	\$12.3*	\$12.4	12	12	Optical retail trade names: Accurate Optical, H. Rubin Vision Centers.
36	37	The Hour Glass	\$12.1*	\$12.8	8	9	Optical retail trade names: The Hour Glass, Eye Savers, South East Eye Specialist.
37	41	The Eye Gallery	\$12.0	\$11.0	10	10	
38	38	The See Center/Group Health	\$12.0*	\$12.8*	14	15	Optical retail trade name: The SEE Center.
39	40	Standard Optical	\$11.5	\$11.1	17	17	
40	42	Rosin Eyecare	\$10.0*	\$10.0*	12	12	
41	45	Bard Optical/ J.A.K Enterprises	\$9.0	\$8.5	18	18	Optical retail trade name: Bard Optical.
42	46	Thoma & Sutton Eye Care Professionals	\$8.9	\$8.5	20	21	
43	44	St. Charles Vision	\$8.8*	\$8.5	8	8	
44	43	Optical Management Systems	\$8.6	\$8.8	10	10	Optical retail trade names: Riverfront Optical, Optiview Vision Centers.
45	48	Midwest Vision	\$8.6	\$7.4	18	17	Acquired Vista Eyes (1 unit) 6/07. Optical retail trade names: Midwest Vision Centers, Taft Optical.
46	47	Europtics	\$7.8	\$7.6	4	4	
47	49	Voorthius Opticians	\$7.6	\$7.1	8	8	
48	50	Fraser Optical	\$7.3*	\$7.0*	6	6	
49	N	Berris Optical	\$5.0	N	5	N	
50	N	Alvernon Optical	\$3.5	N	7	N	
Totals			\$7,042.2*	\$6,600.8*	9,304*	8,884*	

Source: VM's 2008 Top 50 U.S. Optical Retailers

When 2007 U.S. sales are the same for more than one company, the retailer with the fewest 2007 U.S. units is ranked first.

* = VM estimate. N = Not on last year's list. Note: U.S. sales include Puerto Rico.

Top 10 Snapshots

What optical's largest players plan for 2008



Luxottica Retail

U.S. Optical Sales: \$2,680M (est.)
U.S. Optical Units: 2,918

1 Luxottica Group's Luxottica Retail division, heading the VM Top 50 Optical Retailers list for the ninth consecutive year, operated 2,918 optical locations in the U.S. at the end of 2007 (that U.S. total includes 392 franchised Pearle Vision stores). Those U.S. optical locations generated estimated revenues of \$2,680 million in calendar 2007, up from \$2,570 million estimated for 2006.

Luxottica's 2007 retail expansion kicked off in February of last year with the acquisition of D.O.C Optics; 100 former D.O.C stores have since been rebranded as LensCrafters and Pearle Vision locations. Luxottica chief executive officer Andrea Guerra has said the company will continue to expand its retail base, although "more selectively," during 2008. Current plans call for 30 new LensCrafters stores this year as well as 54 remodelings or relocations. In addition, Luxottica Retail will open 30 new Target Optical leased vision centers during 2008.

On the other hand, Luxottica Retail dropped one of its Licensed Brands hosts this year with the expiration of its lease agreement with BJ's Wholesale; those 156 BJ's Optical locations were taken over by Refac Optical Group.

Wal-Mart

U.S. Optical Sales: \$1,335M (est.)
U.S. Optical Units: 2,942

2 Retailing giant Wal-Mart Stores opened about 187 more U.S. vision centers last year, ending 2007 with an estimated 2,472 company-owned optical departments in its Wal-Mart Super-Centers and discount stores, plus about 470 vision centers in its Sam's Club warehouse clubs, for a total of 2,942 company-owned optical locations (making it the largest U.S. optical retailer in terms of store count for the first time). Wal-Mart's optical revenues reached an estimated \$1,335 million last year, up from 2006's estimated \$1,262 million volume.

Now part of Wal-Mart's health and wellness segment, the retailing giant's optical operations draw more than six million patients annually, according to the company. Wal-Mart's four optical laboratories manufacture more than five million pairs of eyeglasses each year, 130,000 pairs per week.

According to Jeff McAllister, senior vice president of Wal-Mart Optical, the division's mission is to provide "affordable, quality eye health care and eyewear for an unbeatable value." That emphasis on eyecare as well as eyewear is part of Wal-Mart Stores' overall message of delivering health and wellness programs for consumers, brought to the fore by John Agwunobi, MD, senior vice president and president, health and wellness. Agwunobi says the chain's current goal is to "help people save money so they can live healthier," whereas in the past the "save money" element tended to be preeminent.

Early this year, Wal-Mart Optical signed an alliance with 1-800-Contacts for a new CL program for consumers, set to launch this fall.

Wal-Mart plans to open about 120 new optical locations during 2008, according to McAllister.

Highmark Vision Holding/Retail Group

U.S. Optical Sales: \$587.8M
U.S. Optical Units: 503

3 Highmark Vision Holding's retail group retains third place on the VM Top 50 Optical Retailers list this year, with combined retail sales from its Eye Care Centers of America (ECCA) and Empire Vision chains reaching just under \$588 million in calendar 2007, generated by 503 optical locations.

ECCA, which ended 2007 with 411 locations, moved to broaden its market penetration last year by entering the Chicago marketplace with its first Visionworks store there in February 2007; by year-end the chain had 19 locations in metro Chicago. The company plans to open 25 new stores this year—10 of them in the Chicago marketplace—and another 25 optical loca-

tions during 2009.

ECCA also started off this year with a major change in its executive suite: David Holmberg, former president of Cole Licensed Brands, took over as ECCA's chief executive officer on Jan. 1. Holmberg succeeded former CEO David McComas, who retired at the end of 2007.

Syracuse, N.Y.-based Empire Vision Centers, owned by Highmark subsidiary Davis Vision since 1995, currently operates 92 retail locations, having added two more optical stores during 2007.

Costco Wholesale

U.S. Optical Sales: \$458.4M
U.S. Optical Units: 374

4 Costco Wholesale slowed its optical expansion somewhat during 2007, adding just 12 new in-store, everyday-low-price Costco Optical vision centers last year, which brought its U.S. optical unit total to 374. (During 2006, Costco opened 26 warehouse clubs with optical.) Those new company-owned optical departments helped the membership-warehouse chain's revenues climb to \$458.4 million during calendar 2007, up from \$397 million the previous year.

Costco also continues to operate in the worldwide optical market, operating 130 optical departments in its stores outside the U.S. at the end of 2007, primarily in its warehouse clubs in Canada, Mexico and the U.K.

Costco's total worldwide warehouse-club store count reached 529 locations by the end of 2007; as of mid-April 2008, the company had already added another seven clubs. Costco executives have said the chain will open 20 to 23 new warehouse clubs (including relocations of four or five existing units) during its 2008 fiscal year, which closes on Aug. 31, down from last year's original projection of 35 to 40 new clubs in FY 2008.

During the past year, Costco Optical has modernized its two optical labs—near its Issaquah, Wash., headquarters and in San Diego—adding new robotic equipment.

National Vision

U.S. Optical Sales: \$405M (est.)
U.S. Optical Units: 473

5 With a firmly held position in the everyday-low-price segment of the optical market and an eye toward the country's economic woes, National Vision has been expanding its high-volume America's Best Contacts & Eyeglasses chain, which it acquired from Consolidated Vision Group in August 2005.

Privately held National Vision operated 169 America's Best superopticals at year-end 2007, adding 58 locations since the acquisition. By the end of last year it also had leased opticals in 229 Wal-Mart stores (down from a high of 400 in 2001) and 32 Fred Meyer locations, as well as 40 vision centers on military bases and three free-standing Vision Center II stores.

The \$88 million America's Best acquisition has proved to be a major move in National Vision president and chief executive officer Reade Fahs' strategy to find additional revenue sources as the leases on the company's Wal-Mart and Fred Meyer vision centers gradually expire. America's Best maintains a strong marketing image in the discount optical market, advertising two pairs of single-vision eyeglasses plus an eye examination for \$69.95, and offering consumers membership in its EyeCare Club—discounts on eye exams and eyewear.

Refac Optical Group

U.S. Optical Sales: \$185M (est.)
U.S. Optical Units: 521 (est.)

6 With an estimated 521 U.S. optical locations—most of them leased eyewear departments hosted by various department-store chains—and estimated revenues of \$185 million for calendar 2007, Refac Optical Group entered a new market segment this year, taking over operation of 156 leased vision centers in BJ's Wholesale warehouse clubs. The BJ's locations, formerly operated by Luxottica Retail, gener-

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ated an estimated \$36 million in revenues last year, and represent Refac's first move into the warehouse-club optical arena, under president and chief executive officer Dave Pierson.

Lower-than-expected first-quarter results this year from its major host, J.C. Penney, may slow Refac's expansion in Penney stores during 2008; this year J.C. Penney plans to open 36 new department stores, down from 50 opened or relocated stores during 2007. (Last August J.C. Penney announced plans to add 250 new locations between 2007 and 2011, 80 percent to 90 percent of them in its single-level, off-mail format, in which Refac's U.S. Vision operation began opening its first optical departments last fall.)

The protection of the host environment gives Refac an advantage over free-standing optical retailers: its leased vision centers are cushioned from a U.S. recession because most of its customers hold the host stores' proprietary credit cards, and can turn to those cards to make purchases if the credit limits on their general credits cards, such as MasterCard and Visa, are maxed out.

Cohen's Fashion Optical

U.S. Optical Sales: \$116M
U.S. Optical Units: 106

1 Cohen's Fashion Optical jumped three places to number 7 on the **VM** Top 50 Optical Retailers list this year, in large part because operations of 16 General Vision Services (GVS) locations under the same ownership were consolidated under the Cohen's corporate umbrella during 2007.

As a family-owned company with aggregate sales of \$116 million during calendar 2007, the 84-year-old Cohen's caught the attention of new investors. On Feb. 29, 2008, Bowling Green, Ky.-based Houchens Industries acquired the chain's franchise division. 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 GVS stores, which are being converted to the Cohen's Fashion Optical format.

In addition, Cohen's has already opened four new stores this year; more locations are being explored in New York City and other markets, for a total of about 10 this year.

Robert Cohen, OD, president and chief executive of Cohen's, continues to direct and oversee daily operations of the business, along with Cohen's Fashion Optical's current management team.

EyeMart Express

U.S. Optical Sales: \$95M (est.)
U.S. Optical Units: 75 (est.)

3 Established as a discount optical retailer in 1990, EyeMart Express now operates approximately 75 locations across 16 Southern and Midwestern states; all its stores have on-site optical labs and offer one-hour eyeglass service. In calendar 2007 the chain's estimated annual revenues climbed to \$95 million—retaining its eighth-place position on **VM**'s annual Top 50 U.S. Optical Retailers listing.

Headed by founder Doug Barnes, OD—who had previously launched the Vision Express chain, then sold it to

Pearle Vision three years later—18-year-old EyeMart Express continues to stress its “everyday low price” philosophy in its marketing. The chain regularly advertises eyeglass deals such as single-vision glasses starting at \$38.74 per pair, as well as a free, “no questions asked” warranty offering free unlimited replacements on frames for a year after purchase.

For Eyes/Insight Optical Mfg.

U.S. Optical Sales: \$94M (est.)
U.S. Optical Units: 140 (est.)

9 Making its first appearance among the Top 10 eyewear/eyecare companies on **VM**'s Top 50 Optical Retailers list is the Hiialeah, Fla.-based For Eyes Optical chain, which did an estimated \$94 million in optical sales last year through an estimated 140 retail locations.

A privately held business since 1972, For Eyes Optical prides itself on being the first optical company to offer vision care consumers a high-value single package price combining frames and single-vision prescription lenses. Since its inception, For Eyes has committed itself to providing everyday low prices to its customers, according to company executives, and has continued to position itself as a value leader in the industry, offering two pairs of complete eyeglasses for \$99.

For Eyes has a significant number of store locations in major market areas on the East Coast, from Boston to Florida, and in the Midwest, with a large store concentration in the greater Chicago market area. For Eyes also has stores throughout California and operates a specialized health plan in California, For

Eyes Vision Plan, Inc. During 2007, the chain opened several new locations using a new store prototype design in Chicago, Virginia and Massachusetts. Company executives said For Eyes will continue to build store density in existing markets in 2008; they also plan to explore several expansion opportunities in new market areas.

Emerging Vision

U.S. Optical Sales: \$90.1M
U.S. Optical Units: 158

10 With 12 company-owned stores and 146 franchised locations generating \$90.1 million in retail sales during calendar 2007, Emerging Vision—parent of the Sterling Optical chain—made a second major buying-group acquisition last year.

In August 2007, Emerging Vision acquired Canada's The Optical Group, a 525-member Canadian group, for \$3.6 million. That acquisition came on the heels of Emerging Vision's \$2.4 million acquisition of the 909-member Combine Optical Management buying group a year earlier. A new marketing campaign launched early in 2007 to attract potential franchisees also generated new franchised Sterling Optical stores in New York, Maryland and California during the course of last year.

In addition, the company saw a reworking of its top management team with the exit of Myles Lewis, chief operating officer, who resigned in July; at that time, chief marketing officer Sam Herskowitz took on additional responsibility as president of Emerging Vision's franchise division. Christopher Payan remains as CEO. ■

Top 50 Optical Retailers Methodology

The **VM** Top 50 U.S. Optical Retailers report ranks the 50 leading companies in optical retailing, based on their revenues in calendar 2007.

The **VM** Top 50 report is based on a survey of all major U.S. optical retailers, including information reported directly by chains and independent retailers and practitioners, interviews with company executives, published corporate documents and knowledgeable secondary sources. A detailed questionnaire was sent to more than 150 leading U.S. optical retailers and eyecare practices to obtain this information; in addition, those retailers and practices were contacted by telephone to follow up on the questionnaire.

In cases where corporate policy prevented companies from reporting retail volume or other information, various methods were used to reach accurate estimates for them. The history of each business was carefully analyzed, and the most knowledgeable and relevant secondary sources consulted. Averages pertinent to the geographic and market situations of each retailer or practice were also developed to fit its store or office types in producing these estimates.

U.S. sales figures for the **VM** Top 50 include revenues from both company-owned and franchised locations (if applicable), managed-vision-care revenues and shares of

doctors' or laser-surgery fees. In short, U.S. sales represent all money a company derives from optical products and services in the U.S. and Puerto Rico. It is also important to keep in mind that sales volumes given on the **VM** Top 50 list reflect annual net sales, which may differ widely from retailers' comparable-store sales for the same year. The Top 50 Optical Retailers list published in this issue may also show a different aggregate sales total for 2006 from that published last year, since players on the list often change from year to year.

If two companies have reported or been estimated the same sales for the year, the one with the smaller number of locations is ranked higher, reflecting its higher sales per unit.

In cases where one retailer acquired another during 2007, the acquired company is listed separately if the acquisition took place during the fourth quarter, since sales earlier in the year are not attributable to the acquiring firm. When an acquisition took place before the fourth quarter, the acquired retailer's sales are combined with those of the acquiring company.

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Lagging Economy Gives Sales Boost To Mass Merchants, Warehouse Clubs

NEW YORK—With discretionary spending tight for many U.S. consumers during much of 2007, the nation's lagging economy may have helped the seven largest U.S. mass merchants and warehouse clubs with in-store optical departments increase their eyewear/eyecare revenues again last year. These everyday-low-price optical retail players may have been helped by economic pressures that are increasingly causing consumers to look for lower-cost alternatives for their discretionary purchases.

Whatever the reason, during calendar 2007 these national and regional retail players increased their U.S. optical revenues by an estimated combined total of about \$135.5 million. Their overall unit count grew last year as well, despite a reduction in leased-optical departments inside Wal-Mart stores operated by National Vision, as that company's lease agreements with Wal-Mart continue to expire.

Overall, this group of mass merchants and warehouse clubs generated combined optical revenues that totaled an estimated \$2,116.5 million for calendar 2007, nearly 7 percent over their estimated \$1,981 million in optical sales and services in 2006 (and a slightly lower growth rate than the prior year's 8 per-

cent increase over 2005). That aggregate 2007 volume took these giant retailers' share of the total VM Top 50 U.S. Optical Retailers' combined sales volume to 30 percent, versus a 29.2 percent share of the Top 50 total in the prior year.

During 2007, these powerful retail players together added an estimated 222 more optical locations—a slightly smaller unit increase than in 2006—moving their combined year-end count above the 4,000-unit mark for the first time, for a combined estimated total of 4,160 in-store vision centers.

As usual, retailing giant Wal-Mart showed the strongest growth in new store locations, adding an estimated 172 new company-owned vision centers in its supercenters and discount stores during 2007; Wal-Mart also expanded its Sam's Club optical departments by about 15 locations last year.

Wal-Mart's growth in optical—as well as its overall store growth—slowed a bit during 2007, however; during its latest fiscal year, which ended Jan. 31, Wal-Mart opened 191 supercenters (including 109 conversions or renovations of

traditional discount stores into supercenters), seven discount stores and 12 Sam's Clubs in the U.S.; in the previous year, the company added 279 U.S. supercenters, 15 discount stores and 15 Sam's locations.

Costco also has continued steady growth in sales and vision-center count, adding 12 more U.S. optical locations

These everyday-low-price retail players may have been helped by economic pressures that are increasingly causing consumers to look for lower-cost alternatives for their discretionary purchases.

during 2007; the warehouse-club operator has already opened three new units since mid-January, and expects to add 14 to 15 more by the time its current fiscal year closes at the end of August, according to company executives.

Aided by financing from owner Sun Capital Partners, Shopko Stores is looking to expand this year as well. The company has already opened one new location in late March, using a new store prototype that puts the optical department right up front; two others are

scheduled to open during the rest of this year, as well as three more locations in the Shopko Express Rx format, one of those with optical.

One major shakeup in the mass merchant/warehouse club segment of optical retailing came in March when Refac Optical Group's U.S. Vision chain, which specializes in leased optical departments in department stores, took over the operation of the leased vision centers in BJ's Wholesale clubs from Luxottica Retail.

Luxottica executives had announced a month earlier that the company would allow its license agreement with BJ's Wholesale clubs to lapse. (Luxottica had inherited the BJ's Wholesale lease agreement when it acquired Cole Vision and Cole's Licensed Brands operation in late 2004.)

Luxottica retains its licensing agreements with Target Stores, however, and continues to expand that business as Target adds more Super Target locations.

Luxottica Retail opened 50 new Target Optical locations during calendar 2007; by the end of the first quarter of 2008, its Licensed Brands operation had already added another eight leased optical departments within Target stores.

—Cathy Ciccolella

Leading Mass Merchants with Optical Departments

Rank 07	Rank 06	Mass Merchant (Operator)	2007 Retail Sales (\$ in millions)	2007 Units	Class	(Operator)	2006 Retail Sales (\$ in millions)	2006 Units
1	1	Wal-Mart Wal-Mart Corp. National Vision	1,356* 1,215* 141*	2,701* 2,472* 229	MM	Wal-Mart Wal-Mart Corp. National Vision	1,294* 1,146* 148*	2,540* 2,300* 240*
2	2	Costco Wholesale	458.4	374	WC	Costco Wholesale	397	362
3	3	Sam's Club Wal-Mart Corp.	120*	470*	WC	Sam's Club Wal-Mart Corp.	116*	455*
4	4	ShopKo Stores	80*	131	MM	ShopKo Stores	78.5*	131
5	5	Target/Super Target Luxottica Retail	56.4*	296	MM	Target/Super Target Luxottica Retail	50*	264
6	6	BJ's Wholesale Luxottica Retail	36*	156	WC	BJ's Wholesale Luxottica Retail	35.5*	153
7	7	Fred Meyer National Vision	9.7*	32	MM	Fred Meyer National Vision	10*	33*
Totals			\$2,116.5*	4,160*			\$1,981*	3,938*

Source: VM's 2008 Top 50 Optical Retailers

*=VM estimate

MM=Mass merchant

WC=Warehouse club