VM Exclusive: Top Retailers Reach New Heights

VM's view of the largest optical chains' sales performances in 2010

BY CATHY CICCOLELLA / SENIOR CONTRIBUTING EDITOR

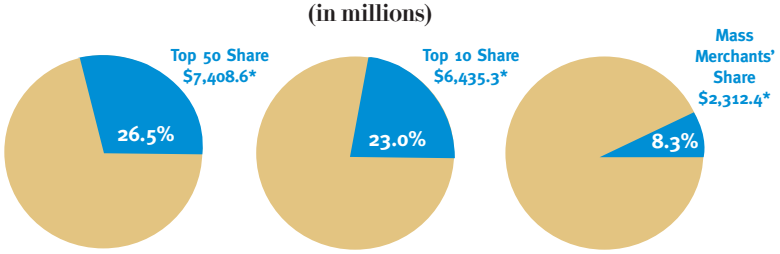
NEW YORK—Despite continuing economic challenges, the country's 50 largest eyewear/eyecare retailers and optometric practices achieved a new high in combined optical sales last year. As a group, these high-volume retail players generated aggregate revenues estimated at a record $7,408.6 million in calendar 2010, according to *VM's* exclusive Top 50 U.S. Optical Retailers annual listing.

Their robust sales performance during 2010—in the face of the recession's lingering impact and consumers' ongoing concern about discretionary spending—took these key retailers' combined share of the overall U.S. vision care business to 26.5 percent of last year's $27,936 million total U.S. market for vision care products and services sold at optical retail locations, as estimated by The Vision Council's VisionWatch ongoing consumer survey.

These eyewear/eyecare players operated an estimated 9,910 retail locations as of Dec. 31, 2010, with most of the largest players on the *VM* Top 50 list adding a least a few new units and some showing significant store expansion.

The Top 10 retailers on this year's *VM* Top 50 list achieved an estimated combined volume of $6,435.3 million, representing 23 percent of the overall U.S. vision care business and 86.9 percent of the Top 50 retailers' overall sales. ■

U.S. Vision Care Market
(in millions)



Total 2010 Market: $27,936**

* **VM** Estimate ** Source: VisionWatch. Data is from 12ME Dec. 2010

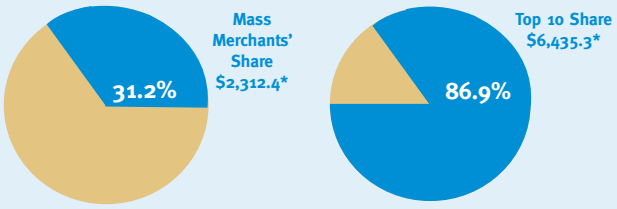
Online Bonus:

Top 10, Mass Merchants Gain Sales in 2010

NEW YORK—The 10 largest retailers on this year's VM Top 50 U.S. Optical Retailers listing saw their sales increase during 2010, as did the seven largest mass merchandisers and warehouse clubs with optical departments in their stores.

Those revenue gains also gave these large eyewear/eyecare players sizeable shares of the Top 50 retailers' combined sales last year, as the accompanying charts at right illustrate. ■

Top 50 Retailers' Sales
(in millions)



Total Top 50 Sales: $7,408.6*

* **VM** Estimate Data is from 12ME Dec. 2010

VM Top 50 U.S. Optical Retailers 2011

Key Optical Players Ranked By U.S. Sales in 2010

2010 Rank	2009 Rank	Retailer	2010 Sales[1] ($ Millions)	2009 Sales[2] ($ Millions)	2010 Units	2009[2] Units	Comments
1	1	Luxottica Retail	$2,470.0*	$2,558.0*	2,891	2,952	Sales estimate includes revenues from company-owned and franchised Pearle Vision stores. Retail brands: LensCrafters (964 units), Pearle Vision (726 company-owned and franchised units), Sears Optical (824 units), Target Optical (322 units), Optical Shop of Aspen (24 units), Ilori (24 units), Oliver Peoples (7 units).
2	2	Wal-Mart Stores	$1,375.5*	$1,374.0*	3,037*	2,995*	Retail brands: Walmart Vision Center (2,530* company-owned units), Sam's Club Optical (507 units).
3	3	HVHC Retail Group	$698.1	$673.7	541	528	Retail brands: EyeMasters, Visionworks, Vision World, Empire Vision Centers, Cambridge Eye Doctors, Hour Eyes, Dr. Bizer's Vision World, Stein Optical, Eye DRx, Binyon's, Total Vision Care, others.
4	4	National Vision	$595.0*	$558.0*	639	597	Retail brands: America's Best Contacts & Eyeglasses (276 units), The Vision Center (Walmart-227 units), Eyeglass World (63 units), Vista Optical (Fred Meyer-31 units), National Vision (military-39 units), other.
5	5	Costco Wholesale	$577.0	$540.0	414	404	Retail brand: Costco Optical.
6	6	Refac Optical Group	$239.7	$226.0	706	701	Retail brands: JCPenney Optical, BJ's Optical, OptiCare Eye Health & Vision Centers, others. Acquired by ACON Investments, March 2011.
7	7	Eyemart Express	$162.0	$140.0	130	102	Retail brand: Dr. Barnes' Eyemart Express.
8	8	Cohen's Fashion Optical	$128.0	$124.0	114	117	Sales include revenues from company-owned and franchised stores.
9	9	For Eyes/Insight Optical Mfg.	$105.0*	$103.6*	140*	140*	Retail brand: For Eyes Optical.
10	10	ShopKo Stores	$85.0*	$82.0	137	136	Retail brands: ShopKo Eyecare Center, ShopKo Express Eyecare Center, ShopKo Hometown.
11	12	Texas State Optical	$81.5*	$78.0*	114	109	All locations independent network affiliates.
12	11	Emerging Vision	$80.9	$78.2	129	141	Sales include revenues from company-owned and franchised stores. Retail brands: Sterling Optical, Site for Sore Eyes, Singer Specs. Acquired by EMVI Holdings, April 2011.
13	13	Eyecarecenter	$67.7	$68.1	54	55	Sales include revenues from 31 franchised locations.
14	14	Henry Ford Optimeyes	$54.0	$50.0	18	17	Retail brands: Henry Ford Optimeyes, Henry Ford Optimeyes Super Vision Center.
15	17	Luxury Optical Holdings	$50.0	$46.0	50	54	Retail brands: Morgenthal Frederics, Optica, Scene, Davante, Lunettes, AuCourant, Classical Eye, other.
16	16	Nationwide Vision	$50.0	$46.1	64	64	Retail brands: Nationwide Vision, Nationwide Optique.
17	18	Clarkson Eyecare	$48.6	$43.2	50	45	
18	15	Doctors Vision Center	$45.0	$48.0	45	49	Sales include revenues from 22 franchised locations.
19	19	SVS Vision	$44.0	$32.0*	54	53	
20	20	Eye Care Associates	$32.6	$30.5	19	18	

1 Includes retailers' product sales, professional services and managed-vision benefit revenues.
2 The retailers and totals given for 2009 are different from what appeared on the May 2010 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. **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 on VisionMonday.com.

2010 Rank	2009 Rank	Retailer	2010 Sales[1] ($ Millions)	2009 Sales[2] ($ Millions)	2010 Units	2009[2] Units	Comments
21	21	NuCrown	$31.1	$29.8	26	26	Retail brand: Crown Vision Center.
22	23	Allegany Optical	$26.0	$24.0	24	24	Retail brands: Allegany Optical, National Optometry.
23	22	Rx Optical	$25.5*	$25.5*	47	46	
24	N	Today's Vision	$22.9	N	35	N	Locations are independent network affiliates.
25	24	Eye Doctor's Optical Outlets	$22.8	$22.6	40	41	Retail brand: Optical Outlets.
26	25	Wisconsin Vision	$22.0	$22.0	27	27	Retail brands: Wisconsin Vision, Heartland Vision.
27	27	Standard Optical	$18.1	$16.8	18	18	Retail brands: Standard Optical, Opticare of Utah.
28	28	SEE	$18.0	$16.0	24	25	
29	29	City Optical	$15.8*	$15.4*	20	19	Retail brands: Dr. Tavel Family Eyecare, Vision Values, Premium Optical.
30	45	Macarius & Daniel	$14.0	$7.0	15	6	Retail brand: Stanton Optical.
31	30	United Optical	$13.5*	$13.5*	24	24	
32	31	Rosin Eyecare	$13.0*	$13.0*	16	16	
33	32	Accurate Optical	$12.8	$12.9	13	12	Retail brands: Accurate Optical, H. Rubin Vision Centers.
34	33	The Hour Glass	$12.4	$12.6	10	10	Retail brands: The Hour Glass, Eye Savers, South East Eye Specialist.
35	34	The Eye Gallery	$12.0	$12.0	10	11	Retail brands: The Eye Gallery, Artful Eye.
36	36	Horizon Eyecare	$11.5*	$11.6*	7	7	
37	37	J.A.K. Enterprises	$11.0	$11.0	18	18	Retail brand: Bard Optical.
38	38	Sunland Optical	$10.9	$10.9	36	40	All locations on military bases.
39	47	Partners In Vision	$10.8	$6.8	34	28	Operates leased optical departments in MD practices.
40	35	See Center/Group Health	$10.4*	$12.0*	12	14	Retail brand: The See Center.
41	26	Cooperative Optical Services	$10.2	$18.8	11	11	Retail brand: Co/op Optical.
42	39	Spex	$10.0*	$10.0*	15	13	Retail brands: Spex, Spex Lumiere.
43	40	Optical Management Systems	$9.8*	$9.1	9	9	Retail brands: Riverfront Optical, Optiview Vision Centers. Acquired by American Optical Services, November 2010.
44	41	Thomas & Sutton Eye-Care Professionals	$9.4	$9.0	21	22	Retail brand: Thoma & Sutton. Acquired Solon Valley Optical, April 2010.
45	42	Midwest Vision Centers	$9.1	$8.8	20	19	Acquired Wahpeton Family Eyewear, June 2010.
46	43	Voorthuis Opticians	$8.5	$7.8	7	7	
47	44	Europtics	$7.6	$7.3	4	4	
48	46	Optyx	$7.0	$7.0*	9	9	
49	48	Eye Doctors/Eye Surgeons of Richmond	$6.6	$6.4	5	6	Retail brand: Virginia Eye Institute Optical Center.
50	N	May & Hettler	$6.3	N	7	N	Retail brand: Drs. May, Hettler & Associates.
		TOTAL	$7,408.6*	$7,288.8[2]*	9,910*	9,798[2]*	

Source: **VM's** 2011 Top 50 U.S. Optical Retailers. When 2010 sales are the same for more than one company, the retailer with the fewest 2010 U.S. stores is ranked first.

Download a PDF of VM's Top 50 Special Report by going to the Cover Story package on VisionMonday.com.

Snapshots of Optical's 10 Largest Retail Players

LUXOTTICA RETAIL

Luxottica Group's Luxottica Retail division, leading the VM Top 50 Optical Retailers for the 12th consecutive year, felt the recession's impact in 2010: its total optical sales dropped by an estimated $88 million for the year.

Luxottica's flagship LensCrafters chain is currently emphasizing one-hour service along with sunwear and premium lenses, continuing a strategy launched in 2010. This summer, LensCrafters rolls out a new high-definition lens program as well as in-store digital measuring, plus an expanded sunwear offering. Meanwhile, Luxottica Retail continues to convert Pearle Vision stores into LensCrafters units, with 30 to 40 such conversions planned for 2011, while continuing to promote Pearle franchising.

Luxottica Retail's management team shifted early this year, with former president Kerry Bradley taking a new role as chairman, vision development. Liz DiGiandomenico, previously president of the EyeMed Vision Care managed vision operation, shifted to president, Luxottica Vision Care. Mark Weitel is now president/general manager of LensCrafters, while Seth McLaughlin oversees both Pearle Vision and Licensed Brands as executive vice president.

WAL-MART STORES

Now in its 21st year in the optical business, Wal-Mart Stores is estimated to have topped the 3,000 mark for company-owned vision centers in its U.S. discount stores and warehouse clubs during 2010.

The mass merchant's optical operation manufactured more than 5 million pairs of eyeglasses last year; sold with a one-year breakage guarantee, Wal-Mart's glasses have an opening price point of $38 for a single-vision pair. The company's vision centers also sold more than 11 million boxes of contact lenses, aided by its ongoing alliance with 1-800 Contacts.

About 2,500 independent optometrists practice in Walmart Vision Centers and Sam's Club Optical Centers, according to the company. Wal-Mart's optical operations are part of the retail giant's health and wellness segment, headed by Paul Beahm, senior vice president for health and wellness.

HVHC RETAIL GROUP

HVHC Retail Group, a Highmark company, added another 18 new locations during 2010, including eight in parent Highmark's Pittsburgh home base; five store closures during the year gave HVHC an aggregate gain of 13 locations. Those new stores boosted HVHC's optical retail revenues by more than $24 million last year compared to 2009 totals.

Under David Holmberg, HVHC's president and chief executive officer and chairman and CEO of ECCA, HVHC Retail Group continues to update its optical laboratories—which serve its own stores, outside retailers and eyecare practitioners who are providers for HVHC's Davis Vision managed-care business.

In the last year or so, the company has standardized the websites of its various retail brands, including Visionworks, Eye Masters and Vision World. Each site offers identical graphics, as well as consumer information on topics such as lens technology; each also offers online contact lens sales through sister chain Empire Vision's Lens123 Internet operation (another example of HVHC's synergies).

NATIONAL VISION

National Vision continues to emphasize expansion of its everyday-low-price America's Best Eyeglasses & Contacts chain, adding 39 more locations—for a total of 276—during 2010. National Vision also operates leased optical departments inside Walmart and Fred Meyer discount stores, its heritage host environments, and the company has begun to expand its Eyeglass World chain, acquired in 2009, while adding more optical locations on military bases.

Recognizing a need to revamp its point-of-sales technology to keep pace with its growth, National Vision recently announced a project to replace and update its retail POS and practice management system, with the first phase expected to be completed by late 2011.

Reflecting the philanthropic interests of Reade Fahs, National Vision's chief executive officer and president, and his team, the company launched a not-for-profit foundation, Frames For The World, last September. The foundation was established to fill the need for low-cost, good quality eyewear in poor and developing countries.

COSTCO WHOLESALE

Costco Wholesale continues to expand its optical presence, adding another 10 everyday-low-price Costco Optical vision centers within its U.S. warehouse clubs during 2010.

Since its 2011 fiscal year began at the end of August 2010, Costco Wholesale has opened 11 new clubs, including two so far in calendar 2011, for a total of 425 U.S. locations as of last month. The company has said it expects to add six additional warehouse clubs in the U.S.—most with optical departments—by the time its FY 2011 ends on Aug. 28.

With its basic individual and business memberships priced at $50 annually, Costco currently has more than 62 million warehouse-club cardholders, representing 34 million households and providing a built-in traffic flow for its in-store Costco Optical locations. The company has also updated its optical

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Top 10 Snapshots

operations' online presence, adding to its website a Healthy Eyes section that recommends an annual eye exam, and providing information on frame selection as well as details on ophthalmic lens options.

REFAC OPTICAL GROUP

Refac Optical Group got a new owner in mid-March 2011, when ACON Investments acquired the company from an affiliate of Palisade Capital Management (which retained a minority share in the leased-department chain). Refac's current management team—including chief executive officer Dave Pierson and Bill Schwartz, president of Refac's main operating subsidiary, U.S. Vision—remains in place. As part of the ACON transaction, management took an ownership position in Refac.

According to Pierson, the new ownership will spawn several growth initiatives with the company's existing hosts—including primary host JCPenney—and with new host stores as well as free-standing retailers.

One question mark for Refac going forward could be a change in status of host BJ's Wholesale; Refac took over operation of the warehouse club chain's optical departments in 2008. After closing five clubs early this year, BJ's executives announced that they are exploring "strategic alternatives," including a possible sale of the company.

EYEMART EXPRESS

"Value" retail chain Eyemart Express continued to expand last year, under chairman and founder Doug Barnes, OD, and president Jonathan Herskovitz. The company added 28 locations during 2010—surpassing Barnes' target of operating 125 locations by the end of last year—and increasing its annual sales by more than 15 percent. As of last month, the 21-year-old chain was operating in 30 states, with 30 locations in its home state of Texas alone.

Eyemart Express is still focused on its "everyday low price" philosophy, emphasizing "two-pair" deals such as two pairs of single-vision eyeglasses beginning at $57.92 (down $10 from last year's offering), while promoting single pairs at an unchanged opening price point of $38.74. In addition, the chain offers a free, one-year breakage warranty providing unlimited replacements of broken frames as well as a $29.95 Protection Plus plan.

COHEN'S FASHION OPTICAL

The venerable Cohen's Fashion Optical chain—whose roots go back 84 years to a pushcart selling eyewear on New York City's Lower East Side—continues to seek additional franchisees, including existing stores to be converted to Cohen's locations. The chain ended 2010 with 114 stores in seven Eastern Seaboard states plus Puerto Rico; Robert Cohen, OD, Cohen's president and chief executive, continues to direct the chain's daily operations.

The Cohen's stores actively work to retain patients through eye exam recalls, direct mail programs and Internet marketing, including frequent discount coupons available on the Cohen's Fashion Optical website. In addition to accepting managed vision plans, the chain offers customers its own interest-free finance plan.

Though the company's website, an Internet Eye Exam Scheduler available for every Cohen's location allows patients to set up their eye exams online. Tuning into today's social media, the chain also has an active Facebook page as well as a presence on Twitter.

FOR EYES/INSIGHT OPTICAL MFG.

For Eyes continues to aggressively seek growth opportunities in existing and new markets, according to chain executives. The company is also investing in online options, using its web presence and social media to build sales in existing markets as well as to attract business in markets in which it does not currently have brick-and-mortar stores. For Eyes will launch a new, updated Internet site late this year.

Store renovations are also a top priority. The company is remodeling stores based on a new concept launched in 2010 "to provide exceptional customer service within a retail environment that utilizes technology to facilitate associate and customer interaction at the highest level," which will be rolled out throughout the chain.

For Eyes uses in-store merchandising designed to reinforce its value proposition, and links an emphasis on customer service with an aggressive marketing campaign aimed at both existing and new customers, using a variety of traditional and new media sources.

SHOPKO STORES

Last year, mass merchant ShopKo Stores—a pioneer among mass merchandisers in the optical business since 1978—reached an estimated $85 million in eyewear/eyecare sales through 137 ShopKo EyeCare Centers.

Most of ShopKo's vision centers are in its discount stores in small- to mid-sized cities; ShopKo also operates EyeCare Centers in two of its six ShopKo Express drugstores.

In 2010, the discount chain launched a new Hometown store concept, targeting smaller markets. One of two Hometown locations opened in Wisconsin last year contains an optical department; at least one more set to open this year will have optical as well.

ShopKo's eyecare operations include offering consumers online ordering of contact lenses via its recently revamped website. The site does not sell Rx eyewear online, but offers information on frame and lens materials and styles, as well as promotions for products such as high-definition lenses. ■

Economy Impacts Some Mass Merchants, Warehouse Clubs

NEW YORK—Despite ongoing issues in the U.S. economy—particularly high unemployment levels often resulting in consumers' loss of insurance benefits—some of the mass merchandising chains and warehouse clubs hosting vision centers saw their optical sales increase during 2010. For others, closures of underperforming locations eroded their eyewear/eyecare revenues.

During calendar 2010, these national and regional retail players increased their aggregate U.S. optical revenues to an estimated $2,312.4 million. Their combined number of in-store vision centers grew slightly last year as well, to an estimated 4,345 units—an increase of just 39 optical locations over this group's 2009 optical store/department count.

Wal-Mart Stores continued to dominate the mass merchant/warehouse club segment of the optical business in 2010, with an estimated 2,530 company-owned vision centers in its Walmart discount stores, 227 leased departments operated inside Walmart stores by National Vision, and 507 Sam's Club optical departments. Those three operations gave the discount giant an estimated 3,264 optical locations under its two retail brands, including its leased vision centers.

The mass merchants and clubs in this group generally are continuing to expand their store counts this year despite the economy, although the pace of expansion has slowed for some players. For example, after opening eight new U.S. warehouse clubs in the last four months of 2010, Costco executives have said they plan to add about 15 more clubs worldwide by the end of August. And ShopKo is including vision centers in some of its new Hometown Store locations, a new retail concept targeting smaller markets.

VM Top 50 U.S. Optical Retailers 2011

One question mark for this year will be future ownership of BJ's Wholesale, which announced three months ago it is exploring "strategic alternatives," including the possible sale of the company. ■

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Leading Mass Merchants, Clubs With Optical Departments

Rank '10	Rank '09	Mass Merchant (Operator)	2010 Retail Sales ($ in Millions)	2010 Units	Class	(Operator)	2009 Retail Sales ($ in Millions)	2009 Units
1	1	**Walmart** Wal-Mart Stores National Vision	$1,405.7* $1,245.2* $160.5*	2,757* 2,530* 227	MM	**Walmart** Wal-Mart Stores National Vision	$1,404* $1,244* $160*	2,717* 2,490* 227
2	2	**Costco Wholesale**	$577	414	WC	**Costco Wholesale**	$540	404
3	3	**Sam's Club** Wal-Mart Stores	$130.3*	507	WC	**Sam's Club** Wal-Mart Stores	$130*	505*
4	4	**ShopKo Stores**	$85*	137	MM	**ShopKo Stores**	$82	136
5	5	**Target/Super Target** Luxottica Retail	$63.5*	322	MM	**Target/Super Target** Luxottica Retail	$66*	337
6	6	**BJ's Wholesale** Refac Optical Group	$41.5*	177*	WC	**BJ's Wholesale** Refac Optical Group	$40.5*	175*
7	7	**Fred Meyer** National Vision	$9.4*	31	MM	**Fred Meyer** National Vision	$9.7*	32
		Totals	**$2,312.4***	**4,345***			**$2,272.2***	**4,306***

Source: **VM's** 2011 Top 50 Optical Retailers
*=**VM** Estimate

MM=Mass merchant
WC=Warehouse club

How VM's Top 50 Optical Retailers List Is Compiled

The *VM* Top 50 U.S. Optical Retailers report ranks the 50 leading companies in optical retailing, based on their revenues in the 2010 calendar year.

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. Access to a detailed questionnaire was placed on *VM's* Web site, www.visionmonday.com and made available through *VM's* electronic newsletter, VMail. The questionnaire was also sent directly to leading U.S. optical retailers and eyecare practices to obtain their information. In addition, 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 for 2010, which may differ widely from retailers' comparable-store sales for the same year.

The Top 50 Optical Retailers list published in this issue also shows different aggregate sales and unit totals for 2009 from those published in May 2010, since players on the list change from year to year due to industry consolidation or other factors.

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 2010. In cases where one retailer acquired another during the calendar year, 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 occurs before the fourth quarter, the acquired retailer's sales are combined with those of the acquiring company. ■

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