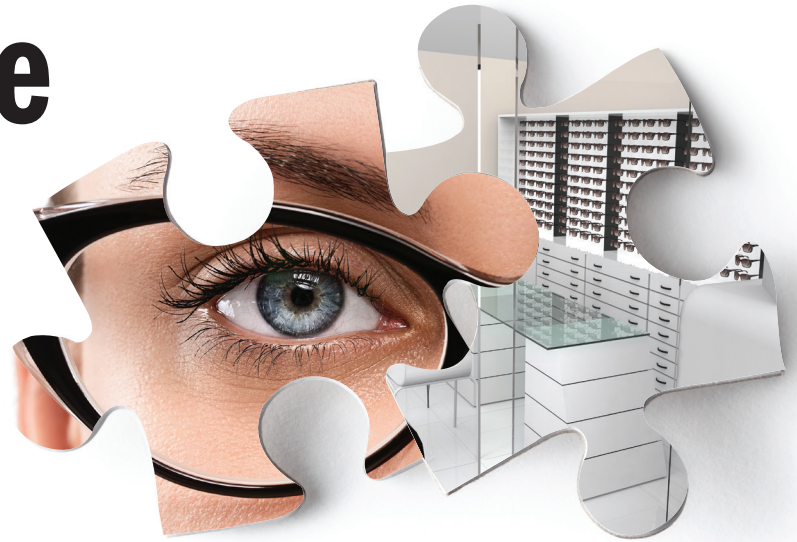


# A Fresh Picture Takes Shape

## VM's Retail Ranking

VM **TOP 50** U.S. OPTICAL RETAILERS  
2018



## Consolidation Effects Seen Among VM's Top 50 U.S. Leading Retail Players

MARGE AXELRAD / SENIOR VP, EDITORIAL DIRECTOR

NEW YORK—A reshaping of the U.S. optical industry continued among the industry's largest retail and ECP group players last year.

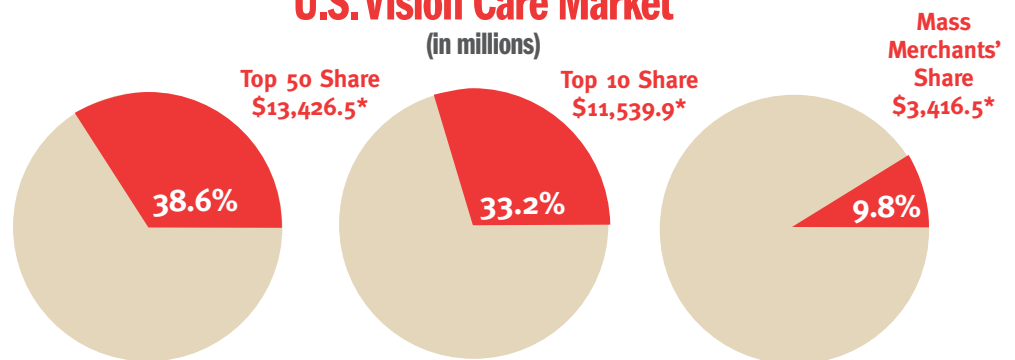
Experienced larger players saw organic comp-store sales growth, a respectable performance among those stores with long-time presence in the market—both by players offering a value message and by some of those in the upper-moderate and premium sectors of the market.

Most of the higher concentration of sales among the Top 10 U.S. optical retailers though, as estimated by VM based on calendar 2017

Continued on page 44

### U.S. Vision Care Market

(in millions)



Total 2017 Market: \$34,782\*\*

\* VM Estimate \*\* Vision care products and services sold at optical retail locations. Source: VisionWatch  
Data is from 12ME Dec. 2017

### VM's Top 50 Retailers' Collective Sales Rise 5 Percent

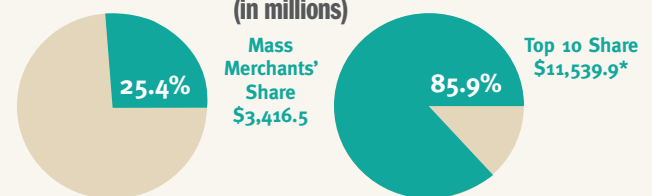
NEW YORK—The 2018 group of VM Top 50 U.S. Optical Retailers' collective sales totaled an estimated \$13.4 billion in 2017, or 38.6 percent of the total U.S. market's sales, according to VM's estimates. That's just about 5 percent above the \$12.8 billion they were estimated to be in 2017, although the composition of the regional groups, franchises and chains in the total differed slightly.

The shift in the Top 10's share of sales, however, grew to a collective estimated \$11.5 billion for 2017, compared to approximately \$11.0 billion in the prior year, also nearly a 5 percent increase. That put the Top 10 at an estimated 33.2 percent of the total U.S. market sales in 2017.

Continued on page 44

### Top 50 Retailers' Sales

(in millions)



Total Top 50 Sales: \$13,426.5\*

\* VM Estimate Data is from 12ME Dec. 2017

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# Key Optical Players Ranked by U.S. Sales in 2017

2017 Rank	2016 Rank	Retailer	2017 Sales <sup>1</sup> (\$ Millions)	2016 Sales <sup>1</sup> (\$ Millions)	2017 Units <sup>4</sup>	2016 Units <sup>4</sup>	Comments
1	1	Vision Source L.P.	\$2,733.0	\$2,632.0	3,330	3,344	In accordance with franchise law, Vision Source is a franchisor, and its members are franchisees who own their respective practice. Essilor acquired Vision Source in 2015.
2	2	Luxottica Retail	\$2,445.0*	\$2,400.0*	2,392*	2,438*	U.S. sales estimate includes revenues from company-owned and franchised Pearle Vision stores as well as Glasses.com. Retail brands: Lenscrafters (964 units), Pearle Vision (70 company-owned and 404 franchised units), Sears Optical (405 units), Target Optical (510 units), Illori: 12 stores, Optical Shops of Aspen (2 units), Oliver Peoples (24 units), Alain Mikli (1 unit). All U.S. + P.R. locations.
3	3	Walmart Inc.	\$1,692.0*	\$1,733.0*	3,483	3,575	Retail brands: Walmart Vision Center (2,900* company-owned units), Sam's Club Optical (583* units). (Additional Walmart Vision Centers operated by National Vision Holdings.)
4	4	National Vision Holdings	\$1,375.0	\$1,196.0	1,103	943*	Retail brands: America's Best Contacts & Eyeglasses (594 units), The Vision Center (Walmart 227 units), Eyeglass World (107 units), Vista Optical (Fred Meyer 29 units), Vista Optical on select military bases (56 units). Revenue figures include e-commerce. Company went public, trading NASDAQ:EYE, in November, 2017.
5	5	Costco Wholesale	\$1,064.9	\$961.0	497	491	Retail brand: Costco Optical.
6	6	Visionworks of America, Inc.	\$920.8	\$917.9	729	748	Retail brand: Visionworks.
7	7	MyEyeDr./Capital Vision Services, LP	\$490.0	\$411.0	365	318	Retail brands: MyEyeDr. acquired 18 Schaeffer Eye Centers, Birmingham, Ala. In Nov. 2017 (Schaeffer ranked separately for 2017). Acquired Innovision, Tampa, Fla, 6 units in October 2017. Continued to acquire numerous independent locations during the year.
8	9	EyeCare Partners	\$296.0	\$275.0	211	230	Operates under several DBAs/Retail brands: Clarkson Eyecare [includes FL & previously named Thoma & Sutton Eyecare], Rinkov Eyecare Centers, EyeCare Associates, eyecarecenter, Eye Elements, The EyeDoctors Optometrists, EyeCare Associates of Kentucky. Ophthalmology DBAs include: Ophthalmology Consultants, St. Charles Surgery Center, Physicians Refractive Surgery Center, IEC Surgical Centers, Quantum Vision Centers, Midwest Physicians Services, Eye Surgery Center, St. Louis Eye Surgery & Laser Center.
9	8	Refac Optical Group	\$278.2	\$280.0	767	780	U.S. Vision store count, 674 total including 673 leased and 1 company owned; includes: JCPenney Optical, BJ's Optical (204 units), Meijer Optical, Boscov's Optical, Saks Fifth Avenue, Sears Optical, Optical Center (AAFES Exchange), 20/20 Vision Center. Nationwide Vision Centers, 93 total including 80 company owned and 13 leased depts (within JCPenney in state of AZ and in Tampa, FL market).
10	10	Eyemart Express, Ltd.	\$245.0	\$245.0	182	182	Retail brands: Eyemart Express (161 units), Vision 4 Less (16 units), Eyewear Express (4 units), Visionmart Express (1 unit).
11	11	Warby Parker	\$244.0* <sup>3</sup>	\$220.0*	63	46	VM Estimates include total revenue from online sales including 63 retail/showroom locations open at end of calendar year 2016.
12	12	Cohen's Fashion Optical	\$151.0	\$151.0	125	126	All stores are franchised.
13	18	Vision Precision Holdings, LLC	\$132.3	\$88.5	85	55	Retail brands: Stanton Optical (69 company-owned), MyEyeLab (14 company owned units and 2 franchised units).
14	13	Texas State Optical	\$115.0	\$112.1	118	111	All stores are franchised. Retail Brands: Texas State Optical
15	14	GrandVision USA Retail Holding Corporation ( DBA For Eyes )	\$111.0*	\$108.0*	115	116	Brand Names: For Eyes. Acquired by GrandVision in December 2015.
16	17	Henry Ford Optimeyes	\$105.0	\$97.0	19	19	Retail brands: Henry Ford Optimeyes
17	16	Shopko Stores Operating Co., LLC	\$100.0*	\$98.0*	136	140	Retail brands: Shopko Eyecare Center (125 units), Shopko Hometown Eyecare Center (9 units), Shopko Express Eyecare Center (2 units).
18	15	Emerging Vision, Inc.	\$98.3	\$103.6	111	115	Retail sales of company owned and franchised stores: Site for Sore Eyes (41 franchised units), Sterling Optical (1 company-owned and 60 franchised units), The Eye Gallery (7 company-owned units), Singer Specs (1 franchised unit), and The Artful Eye (1 company-owned unit). Acquired 16 Optica stores from Luxury Optical Holdings (LOH) in Feb. 2018.
19	20	SVS Vision	\$85.0	\$78.0	76	70	Retail brands: SVS Vision
20	19	Luxury Optical Holdings	\$74.2	\$80.9	50	57	Retail brands: Morgenthal Frederics (14 units), Robert Marc (7 units), Leonard Opticians (2 units), Optica/Scene/Davante (23 units), Other Independents (4 units). Sold 16 Optica stores to Emerging Vision in Feb. 2018.

Source: VM's 2018 Top 50 U.S. Optical Retailers. When 2017 sales are the same for more than one company, the retailer with fewer 2017 U.S. stores is ranked first.

\*VM ESTIMATE includes company sources and documents, reports and industry sources.

\*=VM estimate.

R=Revised

N=Not on last year's list.

## COVER TOPIC

2017 Rank	2016 Rank	Retailer	2017 Sales <sup>1</sup> (\$ Millions)	2016 Sales <sup>1</sup> (\$ Millions)	2017 Units <sup>4</sup>	2016 Units <sup>4</sup>	Comments
21	N	<b>Acuity</b>	\$70.0	N	70	70 <sup>5</sup>	Acuity's initial platform included Crown Vision Centers, Eyetique and International Eyecare Centers (previously each ranked separately and collectively with 70 units in 2016). In April 2018, Acuity Eyecare Group acquired two regional eyecare groups: One Hour Optical of Denver and 20/20 Image Eye Centers, based in Phoenix, Ariz.
22	21	<b>Ossip Optometry + Ophthalmology</b>	\$52.0*	\$52.0*	36	37	Ossip Optometry + Ophthalmology
23	23	<b>Eye Doctor's Optical Outlets</b>	\$50.6	\$45.7	48	45	Retail brand: Optical Outlets.
24	25	<b>SEE, Inc.</b>	\$42.0	\$39.3	41	38	Retail Brand: SEE Optical
25	24	<b>Rx Optical Laboratories, Inc.</b>	\$42.0	\$40.1	53	53	Retail Brand: Rx Optical
26	26	<b>Today's Vision Licensing Corp.</b>	\$38.7	\$38.0	53	50	All locations are independent network affiliates. Retail Brand: Today's Vision
27	27	<b>Wisconsin Vision, Inc. and Eye Boutique, Inc.</b>	\$37.0	\$34.5	40	38	Retail brands: Wisconsin Vision (26 units), Heartland Vision (6 units) Eye Boutique (8 units).
28	29	<b>HW Holdings, LLC</b>	\$36.0	\$31.0	24	24	Retail brand: All About Eyes. Company acquired by Total EyeCare Partners (Total ECP) in November 2017.
29	33	<b>Rosin Eyecare and Comprehensive Physicians P.C.</b>	\$30.0	\$22.8	37	29	DBAs: Rosin Eyecare, Dr. Weinstein at Rosin Eyecare, Family Vision Centre (2 units), Vision Care Associates, Vroegh Family Eye Care, James T. Day, O.D., F.A.O.O., South Shore Eye Center, Express Optics. Rosin made six acquisitions in 2017 and opened two new stores (Orland Park and Andersonville in Chicago. Operates 5 centers of excellence with MD and OD services side by side. Reiff Eye Center was rebranded a Rosin Eyecare Center in 2017.
30	30	<b>Schaeffer Eye Centers</b>	\$28.4*	\$28.4*	18	18	Retail brand: Schaeffer Eye Centers. Acquired by MyEyeDr/Capital Vision Services in November 2017.
31	32	<b>Northeastern Eye Institute</b>	\$26.0*	\$26.0*	15	15	
32	34	<b>Dr. Tavel Optical Group</b>	\$20.5*	\$20.0*	19	19	Total of 21 locations. 2 are in-store Shades Sunglass stores. Main 19 vision care/optical retail brands include: Dr. Tavel Family Eyecare (17 units), Vision Values (2 units).
33	35	<b>Standard Optical Company</b>	\$19.3*	\$19.5	20	20	Retail brands: Standard Optical, Opticare of Utah.
34	37	<b>J.A.K. Enterprises, Inc.</b>	\$17.0	\$16.5	21	21	Retail brand: Bard Optical.
35	N	<b>Associates in Eyecare</b>	\$14.5 <sup>N</sup>	\$11.0*	9	7	Practices in Northern Va. (7) and D.C. area (2).
36	31	<b>Houston Eye Associates</b>	\$14.4	\$28.0	20	21	Retail brand: Houston Eye Associates
37	39	<b>Horizon Eyecare</b>	\$13.9*	\$13.5*	6	6	Operates as Horizon Eye Care Laser & Eye Surgery Centers.
38	N	<b>Eyecare Plus PC</b>	\$13.8	N	7	N	7 Locations in Tennessee
39	44	<b>DaVinci Equity Group LC</b>	\$12.6	\$10.7	7	6	Retail brands: Riverfront Eyecare, Bloomberg Eyecare, Primary Eyecare.
40	41	<b>Accurate Optical Co., Inc.</b>	\$12.4	\$11.7	14	14	Retail brands: Accurate Optical (8 units), H. Rubin Vision Centers (6 units)
41	42	<b>Coculunette Holding, LLC</b>	\$11.4	\$11.6	11	12	Retail brand: Edward Beiner Inc.
42	45	<b>Midwest Vision Centers, Inc.</b>	\$11.0	\$10.6	20	20	Retail brands: Midwest Vision Centers (18 units), Taft Optical (1 unit), and Jerry's Optical (1 unit)
43	N	<b>Shawnee Optical</b>	\$10.0*	N	10	N	
44	46	<b>Eye Surgeons of Richmond, Inc.</b>	\$8.2	\$7.3 <sup>R</sup>	7	7	Retail brands: Virginia Eye Institute (7 units).
45	47	<b>Optyx</b>	\$7.3*	\$7.3*	8	8	Stores in NYC and Long Island, NY
46	49	<b>Drs. May, Hettler &amp; Associates</b>	\$7.2	\$7.1	7	7	Retail brands: Dr. May, Hettler & Associates, Family Vision Care
47	48	<b>Vincett Eye Care Associates LTD</b>	\$7.0	\$7.2	4	4	Retail brands: Vincett Eye Care Associates, State Street Eye Care
48	50	<b>WCE, LLC</b>	\$6.7*	\$6.0	8	7	Retail brands: Co/Op Optical, Co/Op Optical Vision Designs, Couture Optique
49	N	<b>CVS</b>	\$6.0*	N	15	N	CVS Pharmacy, the retail division of CVS Health (NYSE: CVS) is expanding its CVS Optical Center locations. Its first locations opened in 2015. As of Dec. 2017, the company operated 15 locations in IL, MD, NY, PA, NJ as of Dec. 2017.
50	N	<b>Visual Health Doctors of Optometry</b>	\$5.0	N	8	N	
		<b>TOTAL</b>	<b>\$13,426.5*</b>	<b>\$12,733.7*</b>	<b>14,613*</b>	<b>14,500*</b>	

<sup>1</sup> Includes retailers' product sales, professional services, managed vision benefit revenues and e-commerce sales when applicable. U.S. sales include Puerto Rico, not Canada.

<sup>2</sup> The retailers and totals given for 2016 are different from what appeared on the May 2017 VM Top 50 list because the Top 50 companies differ from year to year due to industry consolidation and other factors.

<sup>3</sup> VM Estimate\* for Warby Parker includes online sales, including 63 retail/showroom units open as of Dec. 2017.

<sup>4</sup> Optical locations

<sup>5</sup> 2016 collective locations for Crown, Int'l Eyecare Centers and Eyetique, acquired by Riata to form Acuity in March 2017.

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

1

## VISION SOURCE

A solid year of growth at the individual practice level enabled Vision Source L.P. to retain its spot at No. 1 on the annual VM ranking of the top U.S. optical retailers. Vision Source, an alliance group and franchisor, moved ahead of Luxottica Retail for the top spot in the VM rankings a year ago for the first time.

For calendar 2017, Vision Source reported aggregated sales of \$2.73 billion, an increase of 3.8 percent compared with the year-ago total. The location count dipped slightly to 3,330 from 2016 year end's total of 3,344 locations.

Vision Source, North America's largest network of independent optometrists, in 2017 worked to enhance many of its programs for members, including the Optical Dream initiative. The company also put more emphasis on building collaborative relationships with health care delivery systems. By developing stronger relationships with health care delivery systems, Vision Source is able to demonstrate that optometry is an integral component of the delivery of health services in the U.S., executives noted.

The network of private practice optometrists reported a weighted-average revenue growth rate of 5.7 percent during calendar 2017, according to a recent announcement. This organic growth was about 10 times the 2017 industry estimates of 0.5 percent revenue growth for the vision care market overall.

On the marketing side, Vision Source members benefit from an industry-exclusive geospatial analysis platform that identifies geographic areas of marketing opportunity for their practices along with consumer demographic profiles and their preferred marketing channels. Using this information, the Vision Source marketing team builds personalized marketing programs using both traditional and digital marketing assets from an online toolkit.

Vision Source executives provided details on two new initiatives that are underway: Vision Source Next, a program designed to facilitate

the opening of new Vision Source locations, and a newly launched exclusive network to monitor ocular side effects among patients being treated for multiple sclerosis.

The latter program will come under the umbrella of My Treatment Monitor, a health care initiative addressing chronic conditions. The Vision Source Next program will facilitate the opening of 10 new Vision Source practices in the Dallas-Fort Worth market this year, executives said at The Exchange.

Essilor of America acquired Vision Source from a group of private equity companies in late 2015.

2

## LUXOTTICA RETAIL

Luxottica founder, Leonardo Del Vecchio, characterized 2017 as a year of "strategic renewal" for the group. In its report on fiscal 2017, Luxottica executives said during a conference call with analysts that "strong chain profitability" at LensCrafters will enable the company to remodel and refurbish "on a major scale" in more than 50 stores in 2018, while a revised agreement with Macy's Inc. will result in "up to a total of 200 locations by early 2019." Luxottica also is working on developing "the new LensCrafters.com platform." Chief financial officer Stefano Grassi told analysts that LensCrafters is "going through a radical transformation," but that it remains very profitable overall for Luxottica.

In its North American operations, Luxottica said overall group sales in fiscal 2017 declined less than 1 percent to €5,252 million at constant exchange rates. While wholesale division sales rose 3.7 percent to €1,056 million, in North America, retail sales fell 1.5 percent to €4,197 million. Execs cited the strength of Sunglass Hut (not included in the VM Top 50 sales estimate) and some of Luxottica's e-commerce platforms. They noted that comp-store sales were strong at Target and Pearle, while still down at LensCrafters, "which is still focused on transforming its business model."

LensCrafters just introduced a new consumer

marketing campaign, "Lenscrafters is Why" which emphasizes a new value proposition and seeks to lay the groundwork for establishing LensCrafters as "an innovative leader when it comes to both quality eyewear and quality eyecare," according to execs. "Lenscrafters is Why" is viewed as a concept and platform that covers a number of different media channels, including direct mail communications, email, the retailer's website and social media programs.

Leading agencies in Europe, the U.S. and other parts of the world have given their go-ahead to the pending historic merger of Luxottica Group and Essilor, originally announced in January, 2017. At VM's press time, both companies were awaiting word from China, the last major country to be heard from. Executives at both firms have said they anticipate the formal closure of the deal to come at the end of next month.

3

## WALMART STORES

Walmart Inc. continues to hold the number 3 position on VM's ranking for estimated optical retail sales in calendar year 2017. The mass retailer operates 2,900 of its own Walmart Vision Centers (which is 100 fewer than it operated in calendar year 2016) as well as 583 Sam's Club optical centers (that's 8 more locations than in 2016, but Sam's closed about 45 optical centers in January 2018).

An additional 227 Walmart Vision locations, operate by arrangement with National Vision Holdings. (These are tallied within NVI's results but ranked as their own number of VM's Leading Mass Merchants Chart on Page 42).

Taken together, all of the 3,127 vision center locations within Walmart generated an estimated \$1,679 million in sales in the calendar 2017 year.

Collectively, combining Walmart's own corporately-run vision centers with the estimated revenue from Sam's Club opticals and the sales

Continued on page 40



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

Continued from page 38

for the National Vision leased vision departments within Walmart would put Walmart Stores' overall total vision care revenues at an estimated \$1,846 million in 2017.

Independent optometrists operate private offices next to Walmart Vision Centers and Sam's Club optical centers to provide comprehensive eye exams and prescriptions by appointment and on a walk-in basis.

## 4 NATIONAL VISION

It was a milestone year in 2017 for National Vision Inc. (NVI), which once again holds the No. 4 ranking on the Vision Monday Top 50 list.

In addition to completing a successful public stock offering late last year, NVI also opened its 1,000th optical center and finished the year with 1,103 optical centers, a net increase of 160 locations compared with 2016. NVI also reported that for fiscal 2017, revenue increased 15 percent to \$1.38 billion, with adjusted same-store sales growth of 7.5 percent.

The company raised roughly \$350 million via the public stock offering in October 2017. Owners who sold some shares in the IPO included affiliates of Kohlberg Kravis Roberts & Co. and private equity funds managed by Berkshire Partners LLC, which maintained a stake.

The retailer has recorded 64 consecutive quarters of same-store sales growth, as it completed the IPO, trading under the NASDAQ listing 'EYE.' Chief executive officer Reade Fahs told *Vision Monday* last year that the company overcame the impact of a series of hurricanes in both Texas and Florida in 2017 that led to some temporary store closings and had an impact on the operations of 203 stores overall.

National Vision opened 17 stores in the fourth quarter of 2017 "and continues to see a long runway for store growth," Fahs said during a confer-

ence call with securities analysts. "We continue to believe that, as long as we provide great prices and great service to our patients and customers, we should be well-positioned in 2018 and beyond." He noted that new-store openings in 2018 would be primarily in California and the Northeast region of the U.S., and that most of the new stores National Vision opens would be "skewed toward new markets."

NVI's retail brands include America's Best Contacts & Eyeglasses (594 units), The Vision Center (Walmart 227 units), Eyeglass World (107 units), Vista Optical (Fred Meyer, 29 units) and Vista Optical on select military bases (56 units).

## 5 COSTCO WHOLESALE

It was a strong year, and a milestone 12-month period, for the optical centers within Costco Wholesale Corp., the largest U.S.-based membership warehouse club. Sales in the optical departments increased 10.8 percent to \$1.065 billion in 2017, which placed Costco once again at No. 5 in the Top 10 U.S. Optical Retailers ranking. It marked the first time Costco had surpassed \$1 billion in optical sales in a single year.

The double-digit sales increase in 2017 also doubled Costco's 5 percent increase in optical sales in 2016, when the warehouse club retailer reported optical sales of \$961 million.

Costco opened a net six new optical departments in 2017 and finished the year with 497 optical centers. Costco operated only 475 optical locations at the end of 2015.

For its efforts in training staff and identifying growth opportunities, Costco was named as the 2017 U.S. Retailer of the Year by Transitions Optical. The retailer received the Transitions Innovation Award earlier this year at the annual Transitions Academy. Upon accepting the award, Vito Romano, director of U.S. Optical Operations at Costco, said the retailer and Transitions "work together to identify the best training, product

choices and point-of-sale for our stores. Ultimately, we want to keep our members happy, and offering the Transitions brand allows us to achieve this every day."

As of the end of 2017, Costco operated 746 warehouses worldwide, including 518 in the U.S. and Puerto Rico and 98 in Canada.

A Costco membership is not required to receive an eye exam at Costco warehouse clubs, but it is required to purchase frames and/or lenses from the optical department. Costco optical centers offer frames, contact lenses, and a variety of prescription and special lens options for Costco members. Many Costco optical departments also have an independent optometrist (OD) in or near the optical department. The ODs often are contracted on an individual basis.

Costco also is taking a leading role in advocating for the online sale of contact lenses in the U.S. The retailer has joined with 1-800-Contacts and Lens.com to establish the advocacy group Coalition for Contact Lens Consumer Choice, which supports the efforts to deregulate sales of contact lenses in the U.S.

## 6 VISIONWORKS

With new management and new financial backing, Visionworks, holding firm at its number six spot on the VM Top 50 in 2017, is embarking on a new and refocused path toward the future.

Centerbridge Partners L.P. announced that it had acquired a minority equity stake in Visionworks, Highmark Inc.'s HVHC optical retail subsidiary, last August. In a deal that closed at the end of the year, Highmark retained a controlling ownership interest in Visionworks. (At the same time, Centerbridge and HVHC also reached an agreement for Centerbridge to purchase HVHC's Davis Vision managed care subsidiary, in which Highmark would acquire a minority ownership in the combined Davis Vision-

Continued on page 44

## The Appeal of the Value Sector Reaffirmed in Mass Merchant/Club Segment

NEW YORK—While the general merchandise consumer retail store market, across many product categories, felt the competitive punch of online sales in 2017, the optical category dollars spent at vision departments within mass merchants and wholesale clubs essentially held their own, generating a collective estimated 1.3 percent increase. That's a less robust performance for this group than in prior years, however.

Overall optical retail sales among seven businesses ranked by VM generated an estimated \$3,416.5 million in 2017, compared to an estimated \$3,371.5 million in revenues the prior year. Those mass merchants and clubs' optical departments sales were generated from an estimated 5,086 locations, actually 55 fewer than

the 5,141 locations in this group in 2016.

The group represents approximately 9.8 percent of the total U.S. optical retail market sales (compared to 9.7 percent in 2016).

The number of vision departments within Walmart Inc.'s own Walmart locations were down by 100 fewer optical locations in 2017 than in 2016. National Vision's unit count for vision centers in select Walmart locations remained stable in 2017. Combining those with Wal-Mart Stores' Sam's Clubs with optical departments, would put Walmart group's overall total vision care revenues at an estimated \$1,846 million in 2017.

Costco Wholesale had six additional optical departments in 2017, keeping them at a solid

number two among mass merchants, with estimated sales of \$1,064.9 million, passing the \$1 billion milestone mark.

Target Stores' optical departments, part of Luxottica Retail, expanded with 34 new locations, as their sales increased to an estimated \$307 million for 2017.

Shopko ended the year with four fewer optical departments, but sales rose to an estimated \$100 million for the year.

BJ's Wholesale Clubs' optical departments, operated by U.S. Vision/Refac, generated sales of \$83.6 million while the Fred Meyers vision departments operated by National Vision remained stable at \$15 million for the period. ■

*maxelrad@jobson.com*

## Leading Mass Merchants, Clubs With Optical Departments

Rank 2017	Rank 2016	Mass Merchant (Operator)	2017 Retail Sales (\$ in Millions)	2017 Units <sup>1</sup>	Class	2016 Retail Sales (\$ in Millions)	2016 Units <sup>1</sup>
1	1	Walmart Walmart Inc. National Vision	\$1,679.0* \$1,525.0* \$154.0	3,127 2,900 227	MM	\$1,767.0* \$1,575.0* \$192.0*	3,227 3,000* 227*
2	2	Costco Wholesale	\$1,064.9	497	WC	\$961.0*	491
3	3	Target/Super Target Luxottica Retail	\$307.0*	510	MM	\$285.0*	476
4	4	Sam's Club Wal-Mart Stores	\$167.0*	583	WC	\$158.0*	575
5	5	Shopko Stores	\$100.0*	136	MM	\$98.0*	140
6	6	BJ's Wholesale US Vision/Refac Optical Group	\$83.6	204	WC	\$87.5*	203
7	7	Fred Meyer National Vision	\$15.0	29	MM	\$15.0*	29
		<b>Totals</b>	<b>\$3,416.5*</b>	<b>5,086</b>		<b>\$3,371.5*</b>	<b>5,141*</b>

Source: VM's 2018 Top 50 Optical Retailers

\*=VM Estimate MM=Mass merchant WC=Warehouse club <sup>1</sup> Optical locations



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

Continued from page 40

Superior Vision company).

Optical industry veteran executive Peter Bridgman became CEO of Visionworks at that time. A long-time Luxottica Retail executive, who was a VP of strategy at EyeMed and led Pearle and LensCrafters, Bridgman is building a new Visionworks senior leadership team. In 2018, the team's attention will be in three broad areas—building a seamless patient experience, a simplified frame and lens product approach and a streamlined consumer/patient marketing message.

### 7 MYEYEDR./CAPITAL VISION

Launched 17 years ago, with one doctor and one location, MyEyeDr. and its Capital Vision Services management company has expanded and escalated its growth, as the company subsequently received investments in 2015 from Altas Partners of Toronto and CDPQ, a Canadian pension fund.

During calendar year 2017, the group continued its active pace, with the acquisition of many individual offices and smaller practices as well as such high-profile groups as Schaeffer Eye Centers, announced in November 2017 (which is still ranked separately by *VM* in this year's report).

The group, said Sue Downes, CEO and founder, is targeting 500 locations by the end of this year.

MyEyeDr. embraces a "Total Vision Care Con-

cept, where the group provides for all aspects of vision care: eye exams, contact lenses, eyeglasses, sunglasses and medical eyecare services," the company said.

The company has anticipated its infrastructure to onboard newcomers quickly, and to analyze and further build out systems to oversee both managed care, inventory and operations. It has continued to invest in its leadership team on both the retail management and professional fronts as well.

MyEyeDr. prides itself on being strong in practice management and understanding how to make the eyecare experience easier for doctors and patients, and easier for the office's associates to facilitate. "We also pride ourselves in really understanding the complexity of managed care and making it more simplistic to manage for our offices and our staff," Downes said.

### 8 EYECARE PARTNERS

EyeCare Partners LLC (ECP) with locations in Missouri, Illinois, Ohio, Kentucky, North Carolina, Alabama, Kansas, Florida and Georgia, is continuing its expansion in both the optometric and ophthalmology sectors. CEO Kelly McCrann has stated that the group projects reaching 275 locations by the end of 2018, building presence in both existing markets and in new geographic territories, such as moves

announced this year into Alabama and Kentucky.

EyeCare Partners, backed by private equity firm FFL Partners, successfully acquired and integrated more than 240 optometry and ophthalmology practices over the past three years, the company pointed out.

McCrann told *Vision Monday*, "We're continuing to experience exceptionally strong interest from leading, medically-focused practices due to our collaborative approach working with doctors to expand their patient base through exceptional patient care and world-class business support. In addition, our acquisition model offers independent practitioners excellent liquidity as well as the ability to focus their attention on providing exceptional clinical care, while we provide world-class business support and scale advantages."

ECP's chief professional officer, James Wachter, OD, added, "We continue to focus on full scope medical model practices that can take advantage of our software and platform of support services. We take the burdens and administrative challenges away from the doctors, which allows them to do what they do best: take care of patients." Noted Joe Gira, MD, ECP's chief of ophthalmology, "Partnering with leading ophthalmology practices across the country allows us to provide a vertically integrated model for our doctors and patients."

One example of a recent initiative to support its network members includes a proactive

## Consolidation Among Top 50

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sales, was due to consolidation that began back in 2015. There is a now-higher concentration of sales among several companies whose acquisitions are now more visibly comprising larger networks—formed by private-equity acquisitions of regional optical groups as well as many dozens of formerly smaller, independent practices. As PE-backed management groups continue to form, as we saw in 2017, this restructuring is likely to be even more apparent by the end of this year. ■

## EyeCare Partners Moves Up

Continued from page 34

The Top 7 individual company group's rankings remained the same in 2017 compared to the prior year. Vision Source held at Number 1, Luxottica Retail at 2, Walmart (including Sam's) at 3, National Vision Holdings at 4, Costco at 5, Visionworks at 6 and MyEyeDr./Capital Vision Services at Number 7. Number 8, EyeCare Partners, moved up from 9 in 2016, with Refac moving to Number 9. Number 10 Eyemart Express held that rank once again. ■

outreach program contacting 90,000 patients a week to ensure they are staying up-to-date with their eyecare, generating more than 7,000 appointments each month. Another is ECP's newly-launched Lifestyle program that uses advanced technology and demographic data to connect patients with new products that match their interests and activities, the company said.

Efforts like these have led to exceptional patient satisfaction ratings, consistently generating high Net Promoter Scores of 90+ that put ECP on par with leading consumer brands, an announcement said.

## 9 REFAC OPTICAL GROUP

Refac Optical—parent company of U.S. Vision and Nationwide Vision—dropped one spot in the rankings to No. 9 following a slight decrease in total vision centers operated by the company. The overall location count at the end of calendar 2017 stood at 767 units, compared with 780 optical centers at the end of 2016.

Overall group sales were relatively flat in 2017 at \$278.2 million (compared with \$280 million in 2016). Among the major moves made by Refac in 2017 was the opening of two Saks Optical Boutique departments within the luxury department store Saks Fifth Avenue, with the first opening in Boca Raton, Fla., in April and a second in Phoenix in August.

In addition, the company points out that in 2017 it expanded its freestanding Nationwide Vision business outside the state of Arizona, entering the Tampa, Fla. and Las Vegas, Nev. markets with 12 new stores.

Further, in its Top 50 submission info, Refac said on a comparable store basis, the company had positive sales growth in each of the last five consecutive quarters.

The U.S. Vision segment of the company reported an overall store count of 674, which

included 673 leased and 1 company-owned location. Retailers in which U.S. Vision operates optical departments are: J.C. Penney, BJ's (204 units), Meijer, Boscov's, Saks Fifth Avenue and Sears. U.S. Vision also operates Optical Center (AAFES Exchange military locations) and 20/20 Vision Center. The Nationwide Vision Centers unit has 93 locations, including 80 company-owned and 13 leased optical departments (operating in J.C. Penney in Florida).

Al Bernstein is president of the Nationwide Vision group, which Refac acquired in 2013. Adam Levy is president and chief executive of Refac, a position he has held since September 2015, and Susan Ludwick is executive vice president of retail, U.S. Vision.

The company's state-of-the-art, 80,000-square-foot optical lab is located in Blackwood, N.J., just outside of Philadelphia. It has capacity to produce more than 2 million complete pairs of eyeglasses annually, and serves optical practices across the U.S. and Canada. Refac pointed out that recent upgrades give it additional capacity which is being offered on an outsourced basis to individual ECPs.

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

## 10 EYEMART EXPRESS

Eyemart Express holds on to the No. 10 spot in this year's ranking, with estimated annual sales of \$245 million. The company's store count remained flat at 182 locations under various banners, including Eyemart Express (161 units), Vision 4 Less (16 units), Eyewear Express (4 units) and Visionmart Express (1 unit).

The most significant news at Eyemart Express,

however, is the arrival of a new president and chief executive officer, Michael Bender, as of Jan. 1, 2018. Bender, a former Walmart executive, succeeds Doug Barnes Jr. as chief executive of the optical retailer. Barnes is now serving as chairman. Bender formerly was chief operating officer of Walmart's Global eCommerce business.

Under the leadership and guidance of Barnes, Eyemart Express recruited a new executive team over the past year as it continued its transition from private family ownership. Eyemart Express became part of the portfolio of a private equity firm, FFL Partners, in Nov. 2014. The company is a leader in the value segment of the market.

Barnes said the company was pleased to add Bender to its executive team, and that his "long record of retail experience and leadership style made him an ideal fit for Eyemart Express." Bender has a comprehensive manufacturing, retail and health care background with more than 30 years of experience developing high-caliber work teams, optimizing supply chain operations and leading strategic growth in stores and online, the company said at the time he was appointed.

Additionally, in 2017 Eyemart Express aligned new hardware and software technology in a program to create incentives for in-store employees. Eyemart Express also dramatically shortened delivery times for glasses. In the past, about 17 percent of eyeglasses were produced in under one hour. With the updates, Eyemart Express cut delivery times to under one hour for 65 percent of its customers, and 40 percent of orders are fulfilled in under 30 minutes, Barnes said during a presentation in 2017.

One of the first moves Eyemart Express took under Bender's leadership was an expansion into the Wichita, Kan., market, where the retailer opened its first store earlier this year. Eyemart Express operated 178 stores as of Feb. 1. ■

—Marge Axelrad, Senior VP, Editorial Director  
with contributions from Mark Tosh, Senior Editor