

Consolidation Changes Top Retailers' Landscape

An exclusive look at how the leading U.S. optical chains performed in 2005

By Cathy Ciccolella
Senior Editor

NEW YORK—Last year this country's largest eyewear/eyecare retailers surpassed the \$6-billion milestone in combined optical sales and services, according to the 2006 **VM** Top 50 Optical Retailers listing.

The country's 50 highest-volume optical chains' combined sales total was an estimated \$6,260.7 million last year, giving them a 27.3-percent share of the total \$22.9-billion U.S. market for vision-care products and services sold at optical retail locations in 2005, as estimated by VisionWatch (see related story below).

The combined sales of this year's **VM** Top 50 were about \$284 million higher than the aggregate volume of the leading 50 chains in the **VM** Top 50 listing published in May 2005, which showed an estimated \$5,976.5 million in combined revenues for calendar 2004. (The **VM** Top 50 Optical Retailers lists reporting 2005 and 2004 sales are not directly comparable as a whole on a company-by-company basis, since the 50 retailers included are not the same from year to year.)

This latest **VM** Top 50 list also reflects a higher combined store count: an estimated 8,804 units as of Dec. 31, 2005, up from the estimated 8,593 units published on last year's list as of the end of December 2004.

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 visioncare business at optical locations at \$22.9 billion for calendar 2005.

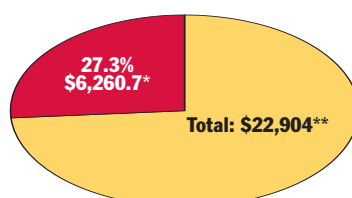
VisionWatch, a joint venture of Jobson Optical Group and the Vision Council of America, is a continuous consumer study that interviews 100,000 consumers on an annual basis.

The information produced by Vision-

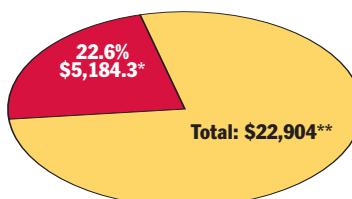
Watch provides not only a broad view of vision-related markets, but also fine details on specific areas of the market.

As of 2004, Vision Watch implemented two basic improvements in the State of the Market data Jobson has provided for more than a decade. Areas of the market that were previously not part of the measurement, such as refractive surgery and eye examinations, are now included to give a full picture of the vision-care marketplace. In addition, the method of determining retail dollar estimates associated with frames, prescription lenses and contact lenses has been improved. ■

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



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



* **VM** Estimate
** Source: VisionWatch

The 10 largest optical retailers on this list have gained market share among the **VM** Top 50. On this year's list, the Top 10 retailers have an estimated combined volume of \$5,184.3 million, representing a whopping 82.8 percent of the Top 50 retailers' overall sales, up from 78.7 percent of last year's **VM** Top 50 aggregate volume.

The Top 10 optical retailers generated 22.6 percent of the estimated \$22.9-billion total U.S. vision care business at optical retail locations in 2005, up two percentage points compared to last year's listing.

This latest **VM** Top 50 ranking shows some dramatic shifts among the industry's largest retail players, with two chains that held long-time positions among the Top 10—Cole Vision and Consolidated Vision Group—dropping off the list this year because they were acquired by other Top 10 retailers.

Luxottica Retail tops the 2006 **VM** Top 50 Optical Retailers list for the seventh consecutive year, with its sales getting a strong boost during calendar 2005 from the first full year of results by the Cole Vision locations Luxottica acquired in October 2004. Luxottica Retail's total 2005 U.S. optical revenues are estimated at \$2,410 million, which includes sales from its LensCrafters, Pearle Vision, Sears Optical, Target Optical and BJ's Optical stores in this country, as well as from the 462 franchised Pearle locations in the U.S.

Taking second place on the **VM** Top 50 list again this year is Wal-Mart Stores, which is estimated to have broken the \$1-billion mark in U.S. optical revenues for the first time in 2005. The retailing giant did an estimated \$1,145 million in eyewear/eyecare sales in 2005 through its company-owned Wal-Mart Vision Centers and Sam's Club locations, estimated at 2,505 combined units. Adding in sales in the estimated 275 Wal-Mart Vision Centers operated as leased departments by National Vision at year-end, the overall Wal-Mart/Sam's optical volume for 2005 is estimated at \$1,315 million.

Also within this year's Top 10, Eye Care Centers of America moved up to third place to replace Cole Vision, and National Vision jumped two spots into the number-four position via its August acquisition of Consolidated Vision Group (CVG), ranked just below it at number seven on last year's **VM** Top 50.

The CVG acquisition also bumped U.S. Vision, D.O.C Optics and Empire Vision Centers up two spots each, making room in the Top 10 for new entries Emerging Vision at number nine and EyeMart Express in the tenth position.

The optical industry is currently going through another of its periodic waves of

Continued on page 43

VM
50
2006
Top U.S. Optical
RETAILERS

Now offering surfacing and coating DIRECT.

Call 800.832.2628 or visit: icoatcompany.com

COAT

Making lenses better.



Key Players Ranked By U.S. Sales in Calendar 2005

Rank 2005	Rank 2004	Retailer	U.S. Sales (\$Millions)		U.S. Units		Comments
			2005	2004	2005	2004	
1	1	Luxottica Retail	\$2,410.5*	\$1,578.0*	2,889	2,888	VM's estimates are for U.S. sales including revenues from 462 franchised Pearle Vision stores. Luxottica Group reported worldwide revenues for Luxottica Retail of approximately \$4,325M for FY2005. Luxottica Retail businesses include LensCrafters (823 U.S. units, 71 units in Canada), Pearle Vision (335 company-owned U.S. units, 40 units in Canada) and Licensed Brands (880 U.S. Sears Opticals, 80 units in Canada; 246 Target Opticals; 143 BJ's Optical) plus Sunglass Hut International (worldwide), OPSM Group (Australasia) and stores in China and Hong Kong, as well as WatchStation/Watch World (U.S.). Luxottica Retail operates nearly 5,500 retail units worldwide. U.S. Optical retail trade names: LensCrafters, Pearle Vision, Sears Optical, Target Optical, BJ's Optical.
2	2	WalMart Stores	\$1,145.0*	\$995.0*	2,505*	2,195*	Worldwide revenues: \$1,225M*. Worldwide units: 2,761* (includes 250* Wal-Mart vision centers and 6* Sam's Club units in Canada). U.S. estimates include 2,075* company-owned Wal-Mart vision centers and 430* optical departments in Sam's Club locations.
3	4	Eye Care Centers of America	\$406.3	\$399.5	380	377	To be acquired by Highmark, third quarter 2006. Optical retail trade names: EyeMasters, Visionworks, Vision World (Minn.), Hour Eyes, Dr. Bizer's Vision World, Dr. Bizer's Value Vision, Doctor's ValuVision, Doctor's Visionworks, Stein Optical, Eye DrX, Binyon's.
4	6	National Vision	\$355.0*	\$237.6	470	381	Worldwide revenues: \$360M. Worldwide units: 502 (includes 32 in Wal-Mart Mexico). U.S. total includes 275* units in Wal-Mart, 47 in Fred Meyer, 31* in military installations, 9* free-standing Vision Center II and 109* 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.
5	5	Costco Wholesale	\$342.6	\$315.0	336	314	Worldwide revenues: \$415M*. Worldwide units: 461.
6	8	U.S. Vision	\$136.0*	\$120.0*R	527	506	Acquired by Refac Optical Group 3/06. Optical retail trade names: J.C. Penney Optical, Sears Optical, others.
7	9	D.O.C Optics	\$106.8	\$98.0	118	113	Optical retail trade names: D.O.C Eyeworld, D.O.C Optique, SEE, City Eyes.
8	10	Empire Vision Centers	\$104.0	\$91.0	88	60	Acquired 19 Cambridge Eye Doctors stores, six Vision World (R.I.) locations 4/05. Optical retail trade names: Empire Vision Centers, Davis Vision Centers, Total Vision Care, Cambridge Eye Doctors, Vision World (R.I.).
9	11	Emerging Vision	\$89.6	\$91.0	155	168	Worldwide sales: \$89.6*. Worldwide units: 157. Optical retail trade names: Sterling Optical, Site for Sore Eyes, Singer Specs.
10	12	EyeMart Express	\$88.5*	\$86.8*	67*	66*	Optical retail trade names: EyeMart Express, Vision 4 Less, Visionmart Express.
11	13	Cohen's Fashion Optical	\$80.0*	\$80.0*	101	101	Sales include revenues from 92 franchised stores.
12	15	For Eyes/Insight Optical Mfg.	\$80.0*	\$76.0*	140*	140	Optical retail trade name: For Eyes.
13	14	ShopKo Stores	\$76.5*	\$77.3*	134	138	Optical retail trade names: ShopKo Eyecare Center, ShopKo Express Eyecare Center.
14	16	Eyeglass World/Vision Care Hldgs.	\$62.4*	\$70.5*	60*	68*	Optical retail trade name: Eyeglass World.
15	18	Texas State Optical	\$62.0	\$58.0	100	100	All locations independent franchises.
16	17	Eyecare Center	\$58.6	\$58.5	51	50	Formerly Optometric Eye Care Centers.
17	19	Doctor's Vision Center	\$54.9	\$55.8	68	80	Optical retail trade names: Doctors Vision Center, Tennessee Vision Associates.
18	23	Henry Ford Optimeyes/PCOR	\$41.0	\$37.9*R	27	30	Optical retail trade name: Henry Ford Optimeyes.
19	22	Nationwide Vision	\$41.0	\$40.0	54	51	Optical retail trade names: Nationwide Vision, Nationwide Optique, Nationwide Laser & Eye.

Rank 2005	Rank 2004	Retailer	U.S. Sales (\$Millions)		U.S. Units		Comments
			2005	2004	2005	2004	
20	20	United Optical/Spectera	\$34.4	\$45.0	55	61	Optical retail trade name: United Optical
21	37	Optical Shop of Aspen	\$32.0	\$16.0	15	15	Optical retail trade names: Optical Shop of Aspen, OSA International, Emporio Optic.
22	25	Eye Optical	\$31.8*	\$31.8*	30*	30*	
23	21	OptiCare Health Systems	\$30.5*	\$31.5*R	18	18	Acquired by Refac Optical Group 3/06.
24	24	Eye Centers of Florida	\$27.0*	\$32.6*	15*	18*	
25	30	Clarkson Eyecare	\$24.6	\$20.0	24	18	
26	27	Rx Optical Laboratories	\$23.5*	\$27.7*	42	49	Sold 10 Eden Optical units, 6/05. Acquired two Eye Care One units, 10/05. Optical retail trade name: Rx Optical
27	28	General Vision Services	\$23.0*	\$23.0*	24	24	
28	31	Eye Health Vision Centers	\$20.6	\$18.8	4	4	
29	32	Crown Optical	\$19.5	\$18.5	26	25	
30	33	Wisconsin Vision	\$19.0	\$18.0	25	25	Optical retail trade names: Wisconsin Vision, Heartland Vision
31	35	Dr. Tavel Optical Group	\$18.0*	\$17.1*	24	24	Optical retail trade names: Dr. Tavel Family Eyecare, Dr. Tavel One-Hour Optical, Premium Optical, Vision Values.
32	34	Lunettes	\$17.5	\$17.5	12	12	Optical retail trade names: Davante, Lunettes, Dolce, Dolce Due.
33	42	Co/op Optical Vision Designs	\$17.2	\$13.0	11	16	Optical retail trade names: Co/op Optical, Vision Designs by Co/op Optical, Co/op Optical Vision Designs.
34	38	Allegany Optical	\$15.5*	\$15.3	22	22	Optical retail trade names: Allegany Optical, National Optometry.
35	40	Palmetto Optical	\$15.0*	\$14.2*	19*	19*	Optical retail trade names: Jackson-Davenport, Palmetto Optical, others.
36	39	Horizon Eye Care	\$14.8	\$14.5	5	5	
37	43	Eye Care Associates	\$14.8	\$12.5	12	12	
38	44	The See Center/Group Health	\$13.0*	\$12.1*	16	16	
39	45	The Hour Glass	\$12.6	\$11.4	9	9	Optical retail trade names: The Hour Glass, Eye Savers, South East Eye Specialist.
40	47	Standard Optical	\$11.8	\$9.3	17	18	Optical retail trade names: Standard Optical, Rocky Mountain Eyeworks.
41	41	Accurate Optical	\$11.7	\$13.3	12	17	Optical retail trade names: Accurate Optical, H. Rubin Vision Centers.
42	N	The Eye Gallery	\$10.0*	N	9	N	
43	46	Rosin Eyecare	\$9.7*	\$9.7*	12*	12	
44	N	Optical Management Systems	\$8.9	N	10	N	Optical retail trade names: Riverfront Optical, Optivision Vision Centers.
45	49	Thoma & Sutton Eyecare Professionals	\$8.2	\$7.9	21	21	
46	50	Bard Optical/J.A.K. Enterprises	\$7.7	\$7.7	18	18	Optical retail trade name: Bard Optical
47	N	Europtics	\$7.3	N	4	N	
48	N	St. Charles Vision	\$7.3	N	7	N	
49	48	Fraser Optical	\$7.0*	\$8.3*R	*6	6	
50	N	Voorthuis Opticians	\$6.3	N	8	N	
Totals			\$6,260.7*	\$5,032.6*	8,804*	8,340*	

Source: VM's 2006 Top 50 U.S. Optical Retailers

When 2005 U.S. sales are the same for more than one company, the retailer with the fewest 2005 U.S. units is ranked first.

*=VM estimate.

N=Not on last year's list.

R=Revised

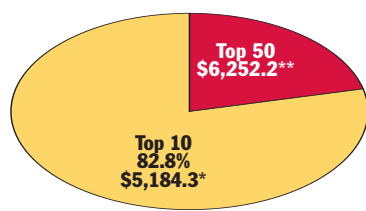
Note: U.S. sales include Puerto Rico.

Top 10 Snapshots

2005's largest retailers eye growth in 2006



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



* VM Estimate

** Source: Jobson Optical Research

1 Luxottica Retail

Cincinnati, Ohio

U.S. Optical Sales: \$2,410.5M (est.)

U.S. Optical Sites: 2,889

Trade names: LensCrafters, Pearle Vision, Sears Optical, Target Optical, BJ's Optical

Now that Luxottica Group's October 2004 acquisition of Cole National's optical operations has been fully integrated into Luxottica Retail, the company's management is implementing strategies aimed at creating additional retail sales growth during 2006. With the acquisition, Cole Vision's store brands—Pearle Vision, Sears Optical, Target Optical and BJ's Optical—joined Luxottica Retail's LensCrafters, Sunglass Hut, OPSM and Watch Station/Watch World chains, as well as recent acquisitions in the Far East, to create a retail empire totaling nearly 5,500 worldwide locations by year-end 2005.

Luxottica Retail's total U.S. optical sales are estimated at about \$2,410.5 million for 2005. Luxottica Retail as a whole had worldwide sales of roughly \$1,010 million last year.

This year, Luxottica is remodeling more than 60 LensCrafters stores using a new design that premiered early this year and has already raised sales in test locations. In addition, the company will open 30 new LensCrafters locations. Marketing will focus on premium lenses and fashion frame brands, as well as looking to leverage revenue opportunities in sunwear, contact lenses and eye exams.

The company is also working to strengthen its Pearle Vision retail brand by positioning Pearle as the "trusted name" in eyewear. All in-store labs in Pearle stores should be eliminated by July, according to Luxottica chief execu-

utive officer Andrea Guerra, with work being shifted to nearby LensCrafters in-store labs.

2 Wal-Mart

Bentonville, Ark.

U.S. Optical Sales: \$1,145M (est.)

U.S. Optical Sites: 2,505 (est.)

Trade Names: Wal-Mart Vision Center, Sam's Vision Center

Discount giant Wal-Mart continued its rapid expansion in the U.S. optical market in 2005, opening close to 300 additional vision centers last year. The retailer ended the year with an estimated 2,075 company-owned optical departments in its Wal-Mart stores, plus about 430 vision centers in its Sam's Club warehouse clubs. Those locations took Wal-Mart across the billion-dollar milestone in optical sales for the first time in 2005, up from an estimated \$995-million volume the previous year.

With a new management team in place for its optical division—Jeff McAllister, newly arrived from Wal-Mart Japan, as the division's senior vice president and company veteran Julie King as vice president and divisional merchandise manager—Wal-Mart is expected to maintain its rapid pace of store expansion during 2006.

The retailer has opened about 100 new Wal-Mart vision centers so far this year, on target to reach its reported goal of adding 250 to 300 new company-owned optical departments annually for the next few years. Wal-Mart has announced plans to open more than 305 new, relocated or expanded discount stores and Supercenters and 30 more Sam's Clubs in the U.S. during fiscal 2006, which ends Jan. 31, 2007.

3 Eye Care Centers of America

San Antonio, Texas

U.S. Optical Sales: \$406.3M

U.S. Optical Sites: 380

Trade Names: EyeMasters, Visionworks, Doctor's Visionworks, Hour Eyes, Binyon's, Dr. Bizer's Vision World, Dr. Bizer's ValuVision, Stein Optical, Eye DRx, Vision World (Minn.)

Eye Care Centers of America's (ECCA) revenues topped the \$400-million mark in 2005, as the chain worked hard to separate itself from the financial problems of its former majority owner, Hong Kong-based Moulin Global Eyecare. Moulin fell into financial disarray and a court-appointed liquidator took over its operations in late June. This month, Davis Vision parent Highmark announced it would acquire ECCA, in a transaction set to close in the third quarter. ECCA will become a wholly owned Highmark subsidiary.

Despite Moulin's financial woes, chairman/president Dave McComas and his management team maintained business as usual in 2005. However, the acquisition included a long-term supply agreement between ECCA and Moulin, primarily for private-label frames; the chain is now working with other eyewear manufacturers in China to replace the product Moulin was supposed to produce for it.

ECCA plans to open about 15 new locations during 2006—it had 384 locations as of May 1—and another 25 in 2007, in both new and existing markets. The chain also recently developed and implemented a smaller new-store prototype, ranging in size from about 2,800 sq. ft. to 3,500 sq. ft.

4 National Vision

Lawrenceville, Ga.

U.S. Optical Sales: \$356M (est.)

U.S. Optical Sites: 470

Trade Names: The Vision Center (Wal-Mart), The Optical Shoppe (Fred Meyer), National Vision Optical, Vision Center II, America's Best Contacts & Eyeglasses

National Vision got a new owner and a huge infusion of new optical superstores during 2005, as it simultaneously completed a takeover by equity investor Berkshire Partners and acquired Consolidated Vision Group's (CVG) America's Best Contacts & Eyeglasses stores in an \$88-million deal at the end of August. Revenues from those additional stores catapulted National Vision—now a privately owned company—into fourth place on this year's VM Top U.S. Optical Retailers listing, after ranking sixth last year.

The CVG acquisition also was a giant step toward National Vision president and chief executive officer Reade Fahs' goal of finding additional avenues of business as the oldest leases on its Wal-Mart vision centers expire.

In 2005, National Vision closed about Wal-Mart locations (some because of disappointing sales, others as their leases expired). This year, another 38 U.S. Wal-Mart leases expire, although some of those locations may be converted to Wal-Mart Supercenters; in other cases, National Vision may open free-standing locations nearby.

At year-end 2005 National Vision operated leased vision centers in Wal-Mart (about 275 units), Wal-Mart Mexico (32), and Fred Meyer discount stores (47), as well as about 30 stores in U.S. military installations and roughly nine free-standing Vision Center II stores, plus about 109 America's Best superopticals.

5 Costco Wholesale

Issaquah, Wash.

U.S. Optical Sales: \$342.6M

U.S. Optical Sites: 336

Trade name: Costco Optical

In a fast-paced expansion strategy during 2005, Costco Wholesale added 22 more in-store, everyday-low-price Costco Optical vision centers, bringing its U.S. total to 336. Those new company-owned optical departments helped the membership-warehouse chain increase its optical revenues to \$342.6 million by the end of last year.

Costco also continues to strengthen its position in the worldwide optical market, operating 125 optical departments in its stores outside the U.S. by the end of 2005, including vision centers in Canada, Mexico and the U.K.

Costco's total worldwide store count had reached 473 by April of this year, with all of that store growth coming outside the U.S. Costco officials say the chain will open 17 to 19 additional warehouse clubs before its 2006 fiscal year closes on Sept. 3.

Continued on page 42

Give your lenses
the armor they need.



Now offering surfacing
and coating DIRECT.

Eyeglasses are constantly under attack. That's why you need iCoat. And now iCoat offers services and products direct to retail.

- Anti-Reflective Coating
- Mirror Coating
- Hard Coating
- Surfacing Lab Services
- 24/7 Job Processing

Start getting your lenses surfaced and coated accurately, timely and guaranteed with iCoat.

Call 800.832.2628 or visit: icoatcompany.com



Making lenses better.

Continued from page 40

The company will also be watching to see how a \$5 increase in its annual membership fee, to \$50, as of May 1 will impact its 15 million members as well as prospective members.

U.S. Vision

Glendora, N.J.

U.S. Optical Sales: \$136M (est.)

U.S. Optical Sites: 527

Trade names: J.C. Penney Optical, others

The U.S. Vision chain got a new parent earlier this year: Refac Optical Group, formerly a sister company controlled by majority owner Palisade Concentrated Equity Partnership. Refac's acquisition of both U.S. Vision and OptiCare Health Systems closed on March 6, 2006.

Heading up Refac Optical Group and now steering the direction for the newly expanded company is former Cole Vision executive Dave Pierson, Refac's president and chief executive officer. Long-time U.S. Vision president and chief executive officer Bill Schwartz remains in that position, running the chain's day-to-day operations at its Glendora, N.J., headquarters.

U.S. Vision finished last year with an estimated \$136 million in U.S. optical revenues through leased optical departments in national and regional department stores across the country; J.C. Penney remains its largest host, with about 350 optical locations operated by U.S. Vision.

At year-end U.S. Vision also operated leased departments in Sears (67), Macy's (7) and other regional department and general-merchandise stores (62), as well as in The Bay in Canada (30).

The chain also sells contact lenses online at www.jcpeyes.com; it derives about one-third of its revenues from managed vision.

D.O.C Optics

Southfield, Mich.

U.S. Optical Sales: \$106.8M

U.S. Optical Sites: 118

Trade names: D.O.C Eyeworld, D.O.C Optique, SEE, City Eyes

D.O.C Optics—celebrating its 60th anniversary in 2006—operated 107 company-owned stores during 2005, as well as 11 franchised locations. This year the Michigan-based chain has returned its marketing emphasis more strongly to its “fashion” roots.

Although its optical stores retain a “value” frame selection, D.O.C is turning back toward “what D.O.C does best—making people look great in their glasses,” according to Richard Golden, D.O.C's president and chief executive officer.

Helping promote that fashion image is a newly added section in D.O.C's stores devoted to the company's fashion-forward SEE private-label eyewear, with about 250 frames showcased in a special display module.

Golden also has decided to enhance the chain's sales training program in the form of “D.O.C University,” a new modular education concept launched in January 2006.

The D.O.C executive continues to explore alternative avenues of eyewear retailing. During 2005 the chain opened a second City Eyes store, expanding its edgy, urban retail concept to another area of greater Detroit to replace a more-traditional store. Golden says he sees “tremendous growth potential” in that concept.

Golden also continues to build his trendy, all-private-label SEE chain, adding new locations in carefully selected high-traffic, upscale/trendy shopping areas across the country.

Empire Vision Centers

Syracuse, N.Y.

U.S. Optical Sales: \$104M

U.S. Optical Sites: 88

Trade names: Empire Vision Centers, Davis Vision Centers, Total Vision Care, Cambridge Eye Doctors, Vision World (R.I.)

Empire Vision Centers, founded in 1978 with one location in Albany, N.Y., increased its store count by nearly 50 percent in April 2005 when its parent company, managed-care firm Davis Vision, completed a \$6.5-million acquisition of the 25 remaining stores of the bankrupt Sight Resource chain. In that deal, Davis picked up 19 Cambridge Eye Doctors stores in Massachusetts and six Vision World locations in Rhode Island. Many of those stores' support operations were merged under the Empire Vision umbrella, although they retain their retail identities in their markets.

Empire, the retail subsidiary of Davis Vision since 1995, serves as a key provider in its Northeastern market area for Davis' managed-care plans; about 42 percent of Empire's annual optical revenues are derived from managed vision care.

Emerging Vision

Garden City, N.Y.

U.S. Optical Sales: \$89M

U.S. Optical Sites: 155

Optical Retail Trade Names: Sterling Vision, Site For Sore Eyes, Singer Specs

With 10 company-owned stores and 147 franchised locations—two of them in Canada—in its roster at the end of 2005, Sterling Optical parent Emerging Vision put considerable emphasis last year on streamlining its operations and improving efficiency, according to Christopher Payan, chief executive officer.

The company also worked during

2005 to improve the productivity of its franchised locations while at the same time putting more emphasis on ensuring enforcement of its franchise agreements. At the end of last year Emerging Vision had also reshaped its management team, naming Myles Lewis as sole chief operating officer, reporting to Payan.

This year the company expects its store growth to come primarily through signing additional strong franchisees, both in new markets and through further penetration of its existing markets.

Eyemart Express

Carrollton, Texas

U.S. Optical Sales: \$88.5 (est.)

U.S. Optical Sites: 67 (est.)

Optical Retail Trade Names: Eyemart Express, Vision 4 Less, Visionmart Express, Eyewear Express

Established as a discount retailer in 1990, Eyemart Express has grown to a chain of close to 70 locations, primarily in the Midwest and South, all with in-store optical labs. In calendar 2005 the company had estimated revenues of \$88.5 million—enough to give it a spot in the Top 10 of VM's annual Top U.S. Optical Retailers listing for the first time.

Headed by founder Doug Barnes, OD—who had previously launched the Vision Express chain in 1980, then sold it to Pearle Vision a few years later—Eyemart Express has maintained its “everyday low price” philosophy since its creation, pledging in its marketing to beat any other retailer's pricing on brand-name frames.

The chain also offers Vision Vantage, an eyecare discount program for employers that uses the Eyemart Express stores as its provider network. ■

VM Top 50 U.S. Optical Retailers Methodology

The VM Top 50 U.S. Optical Retailers report ranks the 50 leading companies in optical retailing, based on their revenues during calendar 2005.

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 to obtain this information; in addition, those retailers 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 those retailers. The history of each chain was carefully analyzed, and the most knowledgeable and relevant secondary sources consulted. Averages pertinent to the geographic and market situations of each retailer were also developed in producing these estimates.

U.S. sales figures for The VM Top 50 include revenues from both company-owned and franchised stores (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 opti-

cal products and services in the U.S. and Puerto Rico (however, it does not include revenues from locations operated solely as laser centers). 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.

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 acquires another, 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; the acquired company's ranking was determined by its pre-acquisition sales. If an acquisition takes place before the fourth quarter, the acquired retailer's sales are combined with those of the acquiring company.

Some company rankings for 2004 have been updated to reflect the most recent data available for that year, and may differ from previously published rankings.

—Cathy Ciccolella, Senior Editor

—Jennifer Zupnick, Marketing Research Analyst

—Beth Briggs, Junior Research Analyst

Mass Merchants, Clubs Gain Clout in Optical During 2005

NEW YORK—The seven largest U.S. mass merchants and warehouse clubs with optical departments continued to boost their penetration of the nation's optical market during 2005. Last year these powerful retail players increased their U.S. optical revenues by an estimated combined total of more than \$158 million. At the same time, their overall unit count grew by nearly 300 despite minor shrinkage in optical-department numbers by a few chains.

During calendar 2005 these giant national and regional retailers together added an estimated 295 more optical locations, bringing their combined year-end total to just under 3,700 units. Once again last year, the largest store-count increase came from Wal-Mart, which is

estimated to have added close to 300 company-owned vision centers in its discount stores last year. (National Vision, which operates leased optical departments inside Wal-Mart stores, reduced its presence there by an estimated 29 locations during 2005 because of lease expirations and voluntary closings, however, so the total Wal-Mart optical unit count rose by only an estimated 266 locations.)

Wal-Mart also is estimated to have opened an additional 15 Sam's Club warehouse clubs with vision centers during 2005, bringing the Sam's Club total to about 430 optical locations.

Overall, this group of mass merchants and warehouse clubs generated aggregate optical revenues that reached an

estimated \$1,829.6 million for calendar 2005, up 9.5 percent over their combined estimated \$1,671.4 million in optical sales and services in 2004. That 2005 volume increased the mass merchants' and warehouse clubs' share of the total VM Top 50 U.S. Optical Retailers' combined sales volume to just over 29 percent. In 2004, by comparison, the mass merchants held nearly a 28-percent share of the Top 50's combined sales for that year.

These aggressive, high-volume national and regional retailers are expected to continue their expansion into the optical marketplace in the year ahead, with Wal-Mart once again lead-

ing the charge for aggressive expansion into the eyewear/eyecare marketplace. The Bentonville, Ark.-based megare-

These aggressive, high-volume national and regional retailers are expected to continue their expansion into the optical marketplace in the year ahead.

tailer reportedly plans to increase its roster of corporately owned vision centers by from 250 to 300 new units annually for the next several years; also, Wal-Mart will have the option of picking up additional licensed departments currently operated by National Vision as their leases expire and are not renewed. ■

Leading Mass Merchants With Optical Departments

Rank 04 03	Mass Merchant (Operator)	2005 Units	2005 Retail Sales (\$ in millions)	Class	(Operator)	2004 Units	2004 Retail Sales (\$ in millions)
1 1	Wal-Mart Wal-Mart Corp. National Vision	2,350* 2,075* 275*	1,205* 1,035* 170*	MM	Wal-Mart Wal-Mart Corp. National Vision	2,084* 1,780* 304	1,078* 890* 188*
2 2	Costco Wholesale	336	342.6	WC	Costco Wholesale	314	315
3 4	Sam's Club Wal-Mart Corp.	430*	110*	WC	Sam's Club Wal-Mart Corp.	415*	105*
4 3	ShopKo Stores	134	76.5*	MM	ShopKo Stores	138	77.3*
5 5	Target/Super Target Luxottica Retail	246	48*	MM	Target/Super Target Luxottica Retail	255	50.4*
6 6	BJ's Wholesale Luxottica Retail	143	33.5*	WC	BJ's Wholesale Luxottica Retail	138	32.2*
7 7	Fred Meyer National Vision	47	14*	MM	Fred Meyer National Vision	47	13.5*
Totals		3,686*	1,829.6*			3,391*	\$1,671.4*

Source: The VM Top 50 U.S. Optical Retailers Report 2006
* = VM estimate. MM = Mass Merchant. WC = Warehouse Club

Top Optical Retailers

Continued from page 37

major consolidation—and the most recent deals will impact the VM Top 50 listing next year as well.

So far in 2006, Refac Optical Group has acquired U.S. Vision, number six in terms of U.S. sales, as well as OptiCare Health Systems, ranked in 23rd place on this latest listing; those two chains' revenues will be combined as subsidiaries of their new parent on next year's VM Top 50 list.

Other changes likely on the 2007 listing will come from the pending acquisition of Eye Care Centers of America by Davis Vision parent Highmark, which puts ECCA under the same corporate umbrella as Empire Vision Centers. And the just-closed acquisition by Circle Peak Capital of several high-end eyewear chains, including Lunettes, has created a new upscale entity called Luxury Optical Holdings. ■

VM's 2006 Top 50 Optical Retailers Ranked Alphabetically

Accurate Optical41	Eye Gallery, The42	Optical Shop of Aspen21
Allegany Optical34	Eye Health Vision Centers28	OptiCare Health Systems23
Bard Optical/J.A.K. Enterprises 46	Eye Optical22	Palmetto Optical35
Clarkson Eyecare25	Eyecare Center16	Rosin Eyecare43
Cohen's Fashion Optical11	Eyeglass World/ Vision Care Hldgs.14	Rx Optical Laboratories26
Co/op Optical Vision Designs .33	EyeMart Express10	St. Charles Vision48
Costco Wholesale5	For Eyes/Insight Optical Mfg. .12	See Center/Group Health, The .38
Crown Optical29	Fraser Optical49	ShopKo Stores13
D.O.C Optics7	General Vision Services27	Standard Optical40
Dr. Tavel Optical Group31	Henry Ford Optimeyes/PCOR .18	Texas State Optical15
Doctor's Vision Center17	Horizon Eye Care36	Thoma & Sutton Eyecare Professionals45
Emerging Vision9	Hour Glass, The39	United Optical/Spectera ,The .20
Empire Vision Centers8	Lunettes32	U.S. Vision6
Europtics47	Luxottica Retail1	Voorthuis Opticians50
Eye Care Associates37	National Vision4	Wal-Mart Stores2
Eye Care Centers of America . .3	Nationwide Vision19	Wisconsin Vision30
Eye Centers of Florida24	Optical Management Systems .44	

A lens is simply
not complete
without iCoat.



Now offering surfacing
and coating DIRECT.

Finish every lens with iCoat. Now iCoat offers
services and products direct to retail.

- Anti-Reflective Coating
- Mirror Coating
- Hard Coating
- Surfacing Lab Services
- 24/7 Job Processing

Start getting your lenses surfaced and coated
accurately, timely and guaranteed with iCoat.

Call 800.832.2628 or visit: icoatcompany.com



Making lenses better.