

IN THE NEW ERA OF MANAGED CARE,  
**WHAT'S YOUR PLAN**  
**TO WIN:**

- More Patients
- More Profits
- More Time
- All of the Above

- More Patients**
- More Profits
- More Time
- All of the Above



Continued access to patients in the changing landscape of healthcare delivery is a challenge. But amidst this change, Vision Source® is creating new patient and revenue opportunities for our members. The relationships that Vision Source® already has with Medicare Advantage and Accountable Care Organizations are putting patients in the offices of our members today. Those relationships will continue to grow as Vision Source® members lead the way in demonstrating optometry's eminence in patient-centered health care.

# JOCKEYING FOR POSITION

Deals and Consolidation Reposition Leading Optical Retailers

VM **Top**  
**50** U.S. Optical  
2014 **Retailers**



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to reach their full potential.

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*Vision*  
*Source*  
SIGNATURE EYE CARE

## An Eyecare ‘Alliance’ Forges a Higher Profile

BY MARGE AXELRAD / EDITORIAL DIRECTOR

NEW YORK—Vision Source, the largest membership alliance of eyecare professionals in the U.S., is asserting its visibility in the optical market, owing up to its franchise structure and the substantial size of its members’ collective revenues while encouraging both current and prospective members to see the value of its many programs, services and infrastructure.

As illustrated by *VM*’s discussions with Jim Greenwood, CEO and other senior execs at the Kingwood, Texas-based company, the group is forging a higher profile to attract new members into the fold as it is also working “outside” the traditional boundaries of the vision business to develop new business relationships and contracts with health care organizations, hospital systems and accountable care groups across the country.

Vision Source’s appearance for the first time in *VM*’s 2014 Top 50 Retailers ranking this month (see page 43), which places the group in the Top 10 with a collective \$1.96 billion member locations’ revenues in calendar year 2013, is evidence of a change at the top management levels of the organization, originally founded in 1991 by Glenn Ellisor, OD, and colleagues as a way to provide independent optometrists purchasing power as well as professional and staff development assistance.

It was in August 2011, in an announcement at the group’s annual Exchange meeting, that Vision Source reported it had closed a transaction with Brazos Private Equity Partners, LLC, a leading Dallas-based private investment firm, which had made a significant investment in the group. Financial terms of the transaction were not disclosed.

At the time, Ellisor told the meeting attendees, “There were three factors that made them the hands-down choice among the 42 investors that we inter-



*Vision Source’s exec team at the company’s new Kingwood, Texas HQ office/member support center: (L to R) Glenn Ellisor, OD, founder and exec chairman; Bryan Pinciario, SVP and chief marketing officer; Derrick Artis, OD, EVP, operations, and Jim Greenwood, president and CEO.*

viewed in the process: their eagerness to continue to invest in our network, extensive experience and business relationships in health care, and their wholehearted endorsement of our mission to bring extraordinary value to our members and support private practice optometry.”

Today, optometry remains Vision Source’s core business line, although the company also expanded in 2006 into the dental market with the formation of its Smile Source subsidiary and it continues to pursue expansion in that field.

In August 2013, Ellisor transitioned from chairman and chief executive officer to the newly created position of executive chairman of the corporation and Greenwood, who joined Vision Source in January 2013 in the new role of president and COO, assumed the CEO title.

Ellisor continues to lead the company’s board of directors and remains actively involved in the company’s strategy development, including being the full-time clinical lead of the company and setting the strategic direction of the optometric alliance. Working closely with Ellisor, Greenwood leads the senior team



*Vision Source members can access a range of customizable marketing tools which are designed to help them communicate about their eyecare expertise as well as others which enable them to better leverage media choices and impact their local markets. Resources include detailed demographic and customer target info to trunk show guidance and insights about trends in health care reform.*

and is responsible for the execution of major strategic plans, investments and initiatives.

Greenwood brings more than 20 years of health care experience and a track record of accomplish-

**Continued on page 14**

## Forging a Higher Profile

Continued from page 12

ment at Concentra, a \$1 billion physician practice management company, where he worked in close partnership with clinical leaders during a time of rapid transformational change.

“It’s a time when the vision care area is facing a number of business challenges. I hear from young doctors all the time about those,” said Greenwood, “whether it’s new technologies or health care reform, but I also hear how much they value the mentorship and expertise of seasoned veteran doctors and appreciate being part of a strong group. It’s great to be independent, but independents, via Vision Source, can depend on one another in many ways.”

Vision Source, management at HQ plus a team of nearly 200 individuals, including regional directors, district managers and administrators (member optometrists) assist with member satisfaction and engagement. Vision Source hosts approximately 1,300 meetings held during the year, including local member meetings, Vision Source Facilitator meetings, Vision Source Experience meetings, large practice meetings and meetings held for administrators and members at national, regional and local industry conventions.

Noted Greenwood, “This is a group which helps small business people compete with large retailers. And, as I’ve learned in my 15 months or so in the vision field, the clinical capabilities of independent optometrists present a huge opportunity, it’s almost a ‘secret’ that the greater medical community is not aware of the value optometry provides to help diagnose a wide variety of health conditions. And with our resource teams and vendor partners, we can better help our members’ accomplish much in that regard to better compete.”

Citing such mega trends as the aging population, the rise of obesity and diabetes among millions of Americans, and what he calls the “convergence” of

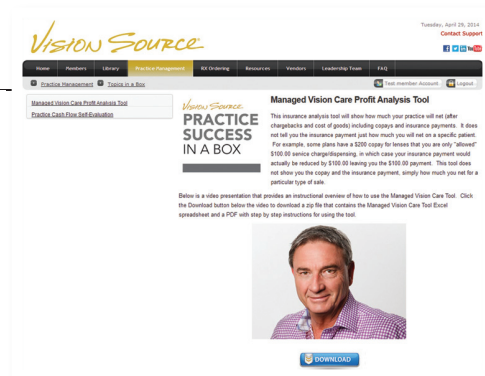
health systems and medical insurance, Greenwood believes that Vision Source “is positioning itself to change the perception of optometry in the medical/health care community, taking it one market and one organization at a time.” To date, Vision Source optometrists have become a part of organized collaborative care teams through more than 35 signed partnerships with health care delivery system groups in Arizona, Florida, Missouri and Texas.

Updated marketing initiatives for members, in exchange for their franchise royalty, as well as a range of continuing education, online resources and a wider roster of vendor partner product purchasing arrangements are part of the investments being made by the group, including its new HQ resource “membership support” center being built in Kingwood.

Bryan Pinciario, EVP and chief marketing officer, lists a range of member resources and programs, many of which have been coalesced in the past year or two, to facilitate business improvement and/or Vision Source branding. Some 1,200 of the group’s almost 2,800 locations and current total of 3,500 members are now branded with the Vision Source logo.

“Vision Source members use VS BrandCentral.com, our intranet, which has all of our brand standards and a range of communications from marketing tools to social media assistance and digital program help. Members utilize marketing toolkits to market their practice to any patient type or patient base in their local markets from messages which reach the parent/kids’ market to multicultural patient tools,” he explained.

“Starting this year, we built seasonal packages—including, for example, an allergy package or year ends benefits communications. There are four ‘buckets’ or seasonal programs they can choose from. We also have worked out outbound marketing programs, including LeadsPlease with Fedex, where we can one-to-one target market patients with pertinent eyecare or prod-



*Walter West, OD, Vision Source’s VP Practice Development, is a familiar face to Vision Source members for his training and education series and ‘road trips’ around the country. Vision Source’s Managed Vision Care Profit Analysis Tool is one of many developed in that arena, delivered in person, online and via videos in the group’s intranet system.*

uct messages. And a new and exciting program is one we do in partnership with another company, which facilitates members targeting new patients in their geographic area, a program based on Census data, these can identify marketing targets as well as new location/real estate opportunities,” Pinciario said.

Derrick Artis, OD, Vision Source’s EVP, operations, added, “There have been changes here at Vision Source, but the mission of the company remains the same as it’s been for 24 years. Our mission statement is ‘enriching lives by enabling independent ODs to reach their full potential.’”

Said Artis, “From a high level, we remain all about supporting independent optometry, but it’s important for folks to realize that patients are really the new currency in today’s market. Our core philosophy is to provide doctors with the best pricing from the best vendors in the industry and we do bring our members incredible programs and, when they feel it’s clinically appropriate, we ask them to support our elite vendors first. We are also debuting new private label initiatives—an example is our new private label contact lens program with Sauflon, Fresh Day.”

He concluded, “As the industry changes—whether vendors are vertically integrating or ACOs are controlling patient flow, it takes an organization as strong and sizeable as Vision Source to be able to influence change. That’s a huge value and a return on their own investment for our members in today’s world.” ■

# JOCKEYING FOR POSITION

VM **Top 50** U.S. Optical Retailers  
2014



## Deals and Consolidation Reposition Leading Optical Retailers

BY JOHN SAILER / SENIOR EDITOR

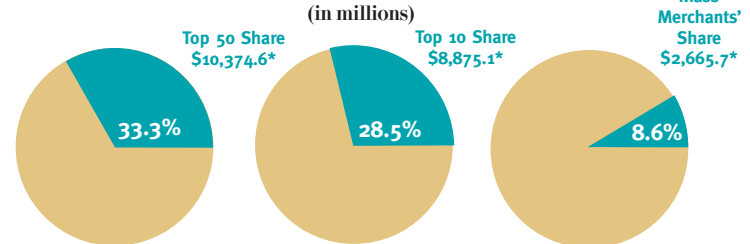
NEW YORK—With major acquisitions, organic growth, and new entrants in 2013, leading optical retailers jockeyed for position among VM's 2014 Top 50 U.S. Optical Retailers, the annual ranking of the nation's leading national and regional retailers and eyecare groups. The combined impacts of the greater availability of private equity financing, the growth of online competition, and managed vision care's influence resulted in renewed deal making and consolidation at many levels of this year's rankings.

Refac, known for its leased department operations, purchased Arizona's Nationwide Vision in November,

intent on expanding to other freestanding operations. MyEyeDr continued its acquisition pace, bringing in 23 additional locations. The fact that this activity continued into 2014 with MyEyeDr acquiring the corporate locations of Doctors Vision Center and Lords Eye Center and KKR reportedly spending more than \$1 billion on National Vision this March

indicates that further equity funding and subsequent consolidation are continuing into 2014 as well.

### U.S. Vision Care Market



Total 2013 Market: \$31,145.0\*\*

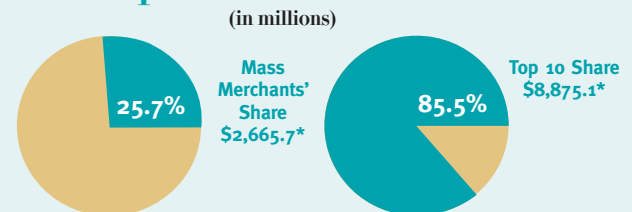
\* VM Estimate \*\* Vision care products and services sold at optical retail locations. Source: VisionWatch  
Data is from 12ME Dec. 2013

New companies entering the chart also impacted this year's rankings. The most notable new entry is

### Top 10 Share of Top 50 on the Increase

NEW YORK—Sales for the 10 largest retailers on the VM Top 50 list for 2013 jumped 31 percent from an estimated \$6,785.1 million in 2012 to an estimated \$8,875.1 million in 2013, substantially boosted by an additional \$1,969.0 million in revenue from Vision Source's entry into the chart, increasing the Top 10's share of the Top 50 from 84.1 percent in 2012 to 85.5 percent in 2013. The mass merchants' share of the Top 50's estimated optical U.S. sales dropped from 31.6 percent in 2012 to 25.7 percent in 2013, while their total estimated 2013 sales increased 4.5 percent from an estimated \$2,551.4 million in 2012 to an estimated \$2,665.7 million in 2013. ■

### Top 50 Retailers' Sales



Total Top 50 Sales: \$10,374.6\*

\* VM Estimate Data is from 12ME Dec. 2013

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**VISION SOURCE**  
SIGNATURE EYE CARE

## Top 10 Account For 28.6 Percent of U.S. Optical Industry Sales in 2013

Vision Source, which entered the chart at position number two with an estimated \$1,969.0 million in sales. Vision Source, fueled by private equity and a new management structure, is asserting its role in the U.S. market as a franchisor and for the first time has quantified its collective revenues among its members.

Despite some of these changes, the Top 10 remains mostly intact. LensCrafters remains number one with estimated sales of \$2,336.0 million from its retail operations in the U.S. and Puerto Rico. Walmart remains a formidable competitor at number three, followed by Visionworks, now a national brand, at number four and National Vision at number five. Rounding out the Top 10 are Costco Wholesale at number six, Refac Optical Group at seven, Eyemart Express growing quickly at the number eight spot,

For Eyes/Insight Optical Mfg. at number nine, and Cohen's Fashion Optical at number 10.

New entrants to the Top 50 list include Schaeffer Eye Center, Eye Express, and Eyetique.

Other than the Top 10 U.S. Optical Retailers, whose 2013 activity is profiled in their Snapshots on pages 46 - 48, here are 2013 highlights for some of the other Top 50 U.S. Optical Retailers:

American Optical Services (#11) continued its expansion strategy by acquiring locations throughout the country, increasing from 97 locations in 2012 to 104 locations generating \$110.9 million in 2013.

Texas State Optical (#12) adopted a new management structure that will see outgoing president John Marvin succeeded by someone who is yet to be determined by the member-owned cooperative's current search efforts.

Fueled by private equity capital from Boston-

based Monitor Clipper Partners in December 2012, MyEyeDr (#13) pursued major expansion through acquisition in 2013, increasing from 41 to 64 locations and generating revenue of \$104.0 million, up nearly 40 percent from \$75 million in 2012.

Luxury Optical Holdings (#20) acquired Opticians3 (one location) in Boston and Leonard Opticians (three locations) in New York during calendar year 2013, bringing the company's total number of locations to 49, generating revenue of \$53.4 million.

Vision Precision Holdings LLC, formerly Macarius & Daniel, (#21) continued its expansive organic growth, increasing the number of locations for its two brands, Stanton Optical and MyEyeLab, from 27 locations in 2012 to 43 in 2013, with plans to open 10 to 15 new Stanton Optical stores every year along with six or more MyEyeLab stores. ■

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# THANK YOU

To the 2,800+ member offices and the more than 3,500 Vision Source® optometrists who made this recognition possible.

*Vision Source®*

Enriching lives by enabling independent optometrists to reach their full potential.



**JIM GREENWOOD**  
President & CEO



**GLENN ELLISOR, OD**  
Executive Chairman

# Key Optical Players Ranked by U.S. Sales in 2013

| 2013 Rank | 2012 Rank | Retailer                             | 2013 Sales <sup>1</sup><br>(\$ Millions) | 2012 Sales <sup>1</sup><br>(\$ Millions) | 2013 Units         | 2012 Units | Comments  |
|-----------|-----------|--------------------------------------|--|--|--------------------|------------|---|
| 1         | 1         | Luxottica Retail                     | \$2,336.0*                               | \$2,395.0*                               | 2,433              | 2,524      | U.S. Sales estimate includes revenues from company-owned and franchised Pearle Vision stores. Retail brands: LensCrafters (878 units), Pearle Vision (159 company-owned and 361 franchised units), Sears Optical (652 units), Target Optical (335 units), Ilori/Optical Shop of Aspen (35 units), Oliver Peoples (8 units), Alain Mikli (5 units). All U.S. + P.R. locations.                             |
| 2         | N         | Vision Source                        | \$1,969.0 <sup>2</sup>                   | N  | 2,797 <sup>2</sup> | N          | In accordance with franchise law, Vision Source is a franchisor, and its members are franchisees who own their respective practice. First appearance of collective revenue from 2,797 locations operated in 2013 by Vision Source's 3,500 member optometrists.  |
| 3         | 2         | Wal-Mart Stores                      | \$1,476.0*                               | \$1,450.8*                               | 3,202*             | 3,149*     | Retail brands: Walmart Vision Center (2,657* company-owned units), Sam's Club Optical (545* units).   |
| 4         | 3         | Visionworks of America, Inc.         | \$784.8                                  | \$760.1                                  | 619                | 586        | Retail brands: Visionworks completed its national re-branding in 2013, consolidating 16 different retail store names under the Visionworks banner.  |
| 5         | 4         | National Vision, Inc.                | \$780.0*                                 | \$717.5*                                 | 745                | 715        | Retail brands: America's Best Contacts & Eyeglasses (370 units), The Vision Center (Walmart-227 units), Eyeglass World (69 units), Vista Optical (Fred Meyer-30 units), National Vision (military - 48 units), other (1 unit). Revenue figures include e-commerce.  |
| 6         | 5         | Costco Wholesale                     | \$757.0                                  | \$696.0                                  | 440                | 437        | Retail brand: Costco Optical.   |
| 7         | 6         | Refac Optical Group                  | \$236.9 <sup>3</sup>                     | \$216.2                                  | 747                | 724        | U.S. Vision store count by retail brand: JCPenney Optical (386 units), BJ's Optical (188 units), Sears Optical (50 units), The Optical Shop at Meijer (50 units), Boscov's Optical (43 units), Macy's Optical (26 units), other (4 units). Acquired Nationwide Vision Centers' 64 Arizona locations, Sept. 30, 2013, to be included in next year's unit count.  |
| 8         | 7         | Eyemart Express, Ltd.                | \$220.0                                  | \$197.0                                  | 150                | 141        | Retail brands: Dr. Barnes' Eyemart Express (133 units), Dr. Barnes' Vision 4 Less (14 units), Dr. Barnes Eyewear Express (2 units), Dr. Barnes' VisionMart Express (1 unit).  |
| 9         | 9         | For Eyes/Insight Optical Mfg.        | \$165.0*                                 | \$115.0*                                 | 144*               | 140*       | Retail brand: For Eyes Optical.   |
| 10        | 8         | Cohen's Fashion Optical              | \$150.4                                  | \$142.0                                  | 126                | 124        | All stores are franchised.  |
| 11        | 11        | American Optical Services            | \$110.9                                  | \$94.8                                   | 104                | 97         | Retail brands: The Eye Gallery, Year One Hour Optical, Optical Management Systems, Mesmereyes; acquired Wabash Valley Eye, West Hills Vision Center, The Eyewear Gallery, and Atlantic Eye Associates in 2013.  |
| 12        | 10        | Texas State Optical                  | \$104.1*                                 | \$95.5*                                  | 127                | 122        | All locations independent network affiliates.   |
| 13        | 14        | MyEyeDr/Capital Vision Services, LLC | \$104.0                                  | \$75.0                                   | 64                 | 41         | Retail brand: MyEyeDr. Acquired 23 independent optometry locations in 2013, including four Eyeoptix locations. While MyEyeDr recently acquired Doctors Vision Center's 18 corporate locations in North Carolina and Lord Eye Center's eight locations in Georgia, their sales revenues and unit counts are not reflected in this year's Top 50 because the acquisitions were made in early 2014 not 2013. |
| 14        | 12        | Shopko Stores Operating Co., LLC     | \$91.0*                                  | \$90.0*                                  | 143                | 139        | Retail brands: Shopko Eyecare Center (132 units), Shopko Hometown Eyecare Center (9 units), Shopko Express Eyecare Center (2 units).  |
| 15        | 13        | Emerging Vision, Inc.                | \$85.1                                   | \$87.3                                   | 118                | 122        | Sales include revenue from company-owned and franchised stores. Retail brands: Sterling Optical (12 company-owned and 64 franchised units), Site for Sore Eyes (39 franchised units), Singer Specs (2 franchised units), Kindy Optical (1 franchised unit).   |
| 16        | 15        | Eyecarecenter, ODP                   | \$72.5                                   | \$70.9                                   | 61                 | 55         | Sales include revenue from 25 company-owned and 36 franchised locations.  |
| 17        | 17        | Henry Ford Optimeyes                 | \$66.2                                   | \$61.5                                   | 17                 | 17         | Retail brands: Henry Ford Optimeyes (10 units), Henry Ford Optimeyes Super Vision Center (7 units); acquired EyeCare One (1 unit) in Monroe, Mich., March 2013, and renamed Henry Ford Optimeyes.   |
| 18        | 16        | Clarkson Eyecare                     | \$64.6                                   | \$62.7                                   | 61                 | 60         |   |
| 19        | 18        | SVS Vision                           | \$59.0                                   | \$55.0                                   | 60                 | 59         |   |
| 20        | 20        | Luxury Optical Holdings              | \$53.4                                   | \$49.4                                   | 49                 | 47         | Retail brands: Optica (22 units), Morgenthal Frederics (10 units), Scene (5 units), Davante (4 units), Leonard Opticians (3 units), AuCourant (2 units), Optic Masters (1 unit), Opticians3 (1 unit), Spectacles (1 unit).  |

Source: VM's 2014 Top 50 U.S. Optical Retailers. When 2013 sales are the same for more than one company, the retailer with fewer 2013 U.S. stores is ranked first.

<sup>1</sup> Includes retailers' product sales, professional services and managed vision benefit revenues. U.S. sales include Puerto Rico. Not Canada.

<sup>2</sup> Vision Source's first appearance of collective revenue.

<sup>3</sup> Sales figures include Nationwide's fourth quarter revenue after Refac's acquisition of the Arizona chain's 64 locations. Proforma sales reflecting 12 months of Nationwide results would be \$275.1 million.



| 2013 Rank | 2012 Rank | Retailer   | 2013 Sales <sup>1</sup><br>(\$ Millions) | 2012 Sales <sup>1</sup><br>(\$ Millions) | 2013 Units     | 2012 Units                | Comments  |
|-----------|-----------|--|--|--|----------------|---------------------------|---|
| 21        | 23        | Vision Precision Holdings LLC (formerly Macarius & Daniel) | \$45.0                                   | \$37.0                                   | 43             | 27                        | Retail brands: Stanton Optical (34 units), MyEyeLab (9 units).  |
| 22        | N         | Ossip  | \$44.0*                                  | N  | 43*            | N                         | Ossip Optometry and Ophthalmology.  |
| 23        | 22        | Eye Care Associates  | \$43.7                                   | \$40.0                                   | 27             | 24                        |   |
| 24        | 19        | Nationwide Vision  | \$41.6 <sup>4</sup>                      | \$53.5                                   | 64             | 66                        | Acquired by Refac Optical Group, 09/30/13. Reflects 9 months of sales. <sup>4</sup>   |
| 25        | 24        | NuCrown, Inc.  | \$36.9                                   | \$35.2                                   | 29             | 27                        | Retail brand: Crown Vision Center.  |
| 26        | 26        | Alleghany Optical LLC                                      | \$32.5                                   | \$30.8                                   | 25             | 25                        | Retail brands: Alleghany Optical (17 units), National Optometry (8 units).  |
| 27        | 25        | OptiCare Eye Health Centers, Inc.                          | \$32.0                                   | \$31.5                                   | 18             | 18                        | Retail brand: OptiCare Eye Health & Vision Centers.   |
| 28        | 28        | Today's Vision Licensing Corp.                             | \$31.7                                   | \$27.9                                   | 41             | 40                        | Locations are independent network affiliates.   |
| 29        | 27        | Eye Doctor's Optical Outlets, PA                           | \$30.2                                   | \$28.1                                   | 42             | 42                        | Retail brand: Optical Outlets.  |
| 30        | 30        | SEE  | \$30.0                                   | \$26.0                                   | 32             | 27                        |   |
| 31        | 31        | Wisconsin Vision, Inc.                                     | \$30.0                                   | \$23.0                                   | 35             | 27                        | Retail brands: Wisconsin Vision (23 units), Heartland Vision (4 units), Eye Boutique (8 units).   |
| 32        | 29        | Rx Optical   | \$29.2*                                  | \$27.0*                                  | 53             | 49                        | Sales revenue from 52 company-owned units, 1 leased department; acquired Smeelink Optical (3 units) in Michigan, Feb. 2013, renamed Rx Optical.           |
| 33        | N         | Schaeffer Eye Centers                                      | \$26.0*                                  | N  | 15             | N                         |   |
| 34        | 32        | Partners In Vision, Inc.                                   | \$24.2                                   | \$17.8                                   | 70             | 52                        | Operates leased optical departments in MD practices.  |
| 35        | 35        | Houston Eye Associates                                     | \$18.8                                   | \$15.5                                   | 28             | 24                        | Acquired The Eye Clinic of Texas (3 units) in Galveston, Texas, Jan. 2013.  |
| 36        | 34        | Standard Optical   | \$17.5                                   | \$15.5                                   | 19             | 18                        | Retail brands: Standard Optical (19 units), Opticare of Utah, Schubach Originals Eyewear.   |
| 37        | 33        | City Optical Co., Inc.                                     | \$16.2*                                  | \$17.0*                                  | 19             | 20                        | Retail brands: Dr. Tavel Family Eyecare (17 units), Vision Values (2 units).  |
| 38        | N         | Eye Express  | \$15.7                                   | N  | 11             | N                         | Acquired McCoy Vision Center in Clermont, Fla., (1 unit) May 2013 and Weinman Eye Clinic (1 unit) in Fern Park, Fla., December 2013, renamed Eye Express. |
| 39        | 36        | Rosin Eyecare  | \$15.5*                                  | \$15.0*                                  | 19             | 19                        | Rosin Eyecare (16 units, 4 "centers of excellence" with both ODs and MDs), 3 university retail optical shops.   |
| 40        | 37        | Spex   | \$15.5*                                  | \$15.0*                                  | 21             | 21                        |   |
| 41        | 38        | The Hour Glass, Inc.                                       | \$13.6                                   | \$13.6                                   | 12             | 13                        | Retail brands: South East Eye Specialist (8 units), The Hour Glass (2 units), The Hour Glass of Albany (2 units).   |
| 42        | N         | Eyeticue   | \$12.5*                                  | N  | 15             | N                         | Retail brands: Eyeticue (12 units) and 3 Guys Optical (3 units). Acquired Everett and Hurite (3 units) in Pittsburgh May 2013.                            |
| 43        | 40        | J.A.K. Enterprises, Inc.                                   | \$12.5                                   | \$11.7*                                  | 20             | 19                        | Retail brand: Bard Optical (20 units).  |
| 44        | 39        | Horizon Eyecare  | \$12.0*                                  | \$11.7*                                  | 6              | 6                         | Based in Charlotte, N.C.  |
| 45        | 41        | Coco Lunette Holdings, LLC                                 | \$11.5                                   | \$11.2                                   | 11             | 10                        | Retail brand: Edward Beiner Purveyor of Fine Eyewear.   |
| 46        | 42        | Accurate Optical   | \$11.2                                   | \$11.1                                   | 14             | 14                        | Retail brands: Accurate Optical (8 units), H. Rubin Vision Centers (6 units).   |
| 47        | 43        | See Center/Group Health                                    | \$11.0*                                  | \$10.6*                                  | 12             | 12                        | Retail brand: The See Center.   |
| 48        | 44        | Midwest Vision Centers                                     | \$10.1                                   | \$10.2                                   | 20             | 20                        | Retail brands: Midwest Vision Centers (19 units) Taft Optical (1 unit).   |
| 49        | 47        | Thoma & Sutton Eye-Care Professionals, LLC                 | \$10.0                                   | \$9.9                                    | 20             | 20                        | Retail brand: Thoma & Sutton.   |
| 50        | N         | Eye Doctors/Eye Surgeons of Richmond, Inc.                 | \$8.1                                    | N  | 14             | N                         | Retail brands: Virginia Eye Institute (11 units), Virginia Eye Health Partners (3 units).   |
|           |           | <b>TOTAL</b>   | <b>\$10,374.6*</b>                       | <b>\$7,977.5<sup>5</sup>*</b>            | <b>13,005*</b> | <b>9,939<sup>5</sup>*</b> |   |

<sup>4</sup> Sales figures represent first three quarters of 2013. The fourth quarter's sales figures are included in Refac's 2013 revenue.

<sup>5</sup> The retailers and totals given for 2013 are different from what appeared on the May 2013 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.

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



### LUXOTTICA RETAIL

Leading the pack again this year, Luxottica Group's Luxottica Retail division was the number one U.S. optical retailer, generating an estimated \$2,336.0 million from 2,433 locations in the U.S. and P.R.

Management changes for Luxottica Retail Optical North America (RONA) over the past year included executive changes resulting in Nicola Brandolese being named to head RONA in January 2014. Reporting to Brandolese are Eric Anderson, president and general manager of LensCrafters; Pete Bridgman, senior vice president and general manager of Pearle Vision; Mary Anne Stangby, senior vice president and general manager of Sears Optical; Alexis McLaughlin, senior vice president and general manager of Target Optical, and Guillaume Bonniol, vice president, RONA strategy.

During 2013, Pearle Vision, one of Luxottica Retail division's leading retail brands in the U.S., completed a rebranding, store redesign and continued pursuing a strategy of converting corporate-owned locations to franchised "licensed operations." While all this was set in motion by the hiring of Srinivas Kumar as Sr. VP and GM at the end of 2011, he was recently succeeded by Bridgman.

Also in 2013, the LensCrafters U.S. retail division of Luxottica launched some new technological initiatives including implementing a wide range of digital tools to enhance its optical retail operations throughout the country. This includes rolling out iPads at all of its stores, a lens simulator and the MyLook in-store virtual mirror available through iPads and the AccuFit digital measuring system first introduced in 2011 and available in all stores.

In early 2014, Luxottica Retail also promoted Carlo Privitera to head digital innovations including omnichannel initiatives. At the same time, Luxottica acquired the assets of Glasses.com and its try-on app, which it said it would also explore bringing to the company's wholesale customers.

Starting in early 2014, LensCrafters launched a global advertising campaign.



### VISION SOURCE

Vision Source is a franchisor consisting of approximately 3,500 member optometrists.

These members operate 2,797 locations in all 50 states and the District of Columbia, according to Vision

Source, which said that it is building a foundation on which to develop further growth in an era of health care reform. In addition, Vision Source's supporting infrastructure also includes more than 200 clinical and business professionals.

With a re-emphasis on its franchising efforts along with a focus on participating in coordinated care as health care reform takes hold, in addition to the programs that Vision Source has afforded member optometrists and their patients since its formation in 1991, the company launched an initiative during 2013 to closely align optometry with the clinically integrated systems that are forming to effectively manage population health in the rapidly evolving health care landscape. To date, Vision Source optometrists have become a part of organized collaborative care teams in Arizona, Florida, Missouri and Texas. The company's leaders are actively engaged with health care delivery systems in most major markets.

Other 2013 highlights included founder Glenn D. Ellisor, OD, transitioning to executive chairman while Jim Greenwood, who had been named president and COO at the beginning of 2013, became president/CEO, along with a series of other executive promotions.



### WAL-MART STORES

Wal-Mart still remains among the most prominent players of the Top 50 U.S. Optical Retailers. Independent optometrists operate private offices next to more than 3,000 Walmart Vision Centers and Sam's Club Optical Centers to provide comprehensive eye exams, lens fitting and prescriptions by appointment and on a walk-in basis. In addition, Walmart and Sam's Club have on-site opticians in their respective Vision Centers and Optical Centers to assist with fitting glasses in store or in club.

Walmart and Sam's Club began a new online and telephone contact lens program in early 2013. Walmart also introduced an Equate private label brand of contact lenses at that time.

In October of 2013, Wal-Mart Stores Inc. announced it would start offering vision benefits to its employees through VSP Vision Care, giving eligible employees and their dependents the opportunity to sign up for a vision plan with coverage starting Jan. 1, 2014. Walmart Vision Centers and Sam's Club Optical locations are the primary eyecare providers for the plan's participants. If no Walmart Vision Center or Sam's Club Optical is within

five miles of an associate's work location, they may select a VSP network provider.



### VISIONWORKS OF AMERICA

Currently operating in 40 states and the District of Columbia, Visionworks and its affiliated stores totaled 619 by the end of 2013. The company successfully completed its rebrand during 2013 and now has a unified banner in Visionworks throughout all locations.

Visionworks continued its extensive expansion efforts in 2013, with special emphasis on the Greater Philadelphia region, where it opened nine new stores to bring its market presence to 26 in total, and on the Greater Indianapolis region, where it opened four stores with openings to continue in 2014. Visionworks also expanded in other key markets such as New York, Florida, Texas and Massachusetts. Continued new store growth will be part of the Visionworks strategy for the foreseeable future as an anticipated 40+ stores will be added during 2014.

Visionworks of America, Inc. (formerly Eye Care Centers of America, Inc.) is a subsidiary of HVHC Inc., which also includes Davis Vision. HVHC, Davis and Visionworks are headquartered in San Antonio, where Visionworks opened its second distribution and manufacturing facility in 2013. The 120,000-square-foot facility will be capable of producing more than two million pairs of eyeglasses per year once fully operational.



### NATIONAL VISION

The big news for National Vision occurred just after the end of calendar year 2013 when in March of 2014 KKR acquired the U.S. optical retailer from Berkshire Partners for an undisclosed amount that is reportedly in excess of \$1 billion. After more than eight years as the private equity owner of National Vision, Berkshire Partners remains a minority investor.

In addition to continuing to expand its store counts, National Vision built a 60,000-square-foot optical lab in Salt Lake City. While the company will continue to outsource some of its work to China and

Continued on page 48

# THE R★EVOLUTION BEGINS NOW

“We are changing the perception of optometry one market and one organization at a time.”

– Jim Greenwood  
President and CEO  
Vision Source®  
April 10, 2014



At the 2014 Exchange, the annual meeting for Vision Source®, Jim Greenwood addressed the success to date in aligning Vision Source® members with health care organizations. Already in 2014, CoxHealth, Baptist Health Quality Network, Arizona Care Network, Memorial Hermann Health, and WellMed have selected Vision Source® to be their preferred eye health care provider. Together, these organizations represent more than 7 million lives.

This success is not the result of chance. Vision Source® has a plan that enables members to connect with ACOs, Medicare Advantage plans, and other emerging health care organizations in their communities. At the same time, Vision Source® is leading the way in positioning optometry as a vital partner in patient-centered care to the health care community as a whole.

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There's a revolution taking place in health care. If you would like to be at the forefront of changing minds and behavior when it comes to optometry, Vision Source® would be honored to have you join us.



[VisionSourcePlan.com](http://VisionSourcePlan.com)

## Snapshots of Optical's 10 Largest Retail Players (cont'd)

Continued from page 46

Mexico, National Vision owns labs in Lawrenceville, Ga., (in the same building as its Retail Support Center), in St. Cloud, Minn., and now in Salt Lake City.

National Vision operates vision centers across the country in 43 states plus the District of Columbia and Puerto Rico, including America's Best Contacts & Eyeglasses and Eyeglass World freestanding concepts and vision centers inside Walmart, Fred Meyer and on U.S. military bases. National Vision also sells its products directly to consumers through 25 consumer-facing websites, including ACLens.com and DiscountContactLenses.com.



### COSTCO WHOLESALE

With 440 of its 454 Costco Wholesale locations in the U.S. operating Costco Optical vision centers, the company generated \$757 million in revenue during calendar year 2013. During 2013, Costco signed agreements to join managed vision care companies Superior Vision and Davis Vision's eyecare provider networks. Members were able to visit Costco Optical locations for their benefits beginning early 2014. Costco also partnered with New Eyes for the Needy and created an eyeglass donation program in all Costco warehouses. In addition, Costco Optical also introduced its new Kirkland Signature HD Digital Progressive Lens. Costco Optical's optical locations nationwide provide frames, prescription lenses, contact lenses and a variety of lens options. For comprehensive eye exams, most have an independent doctor of optometry in or near the optical department.



### REFAC OPTICAL GROUP

Through acquisitions and organic growth, Refac Optical Group's sales increased almost 10 percent from \$216.2 million to \$236.9 million. In the fourth quarter of 2013, the seventh largest U.S. optical retailer moved into another sector of the market with the acquisition of Nationwide Vision's 64 locations in Arizona.

Nationwide Optical Group, as the acquired group will be known, will operate as a freestanding division. Because the acquisition was made at the end of the third quarter, the Top 50 chart lists Nationwide and

Refac separately, applying the first three quarters of revenue to Nationwide and the last quarter of revenue to Refac. Proforma sales reflecting 12 months of Nationwide results would be \$275.1 million.

Al Bernstein, who previously ran Nationwide Vision, the largest vision care provider in Arizona, will assume the role of president and CEO, Nationwide Optical Group. Refac's strategy for its U.S. Vision division is to continue to organically grow its host optical brands by adding new stores to existing hosts and pursuing new host relationships. Bernstein and his management team will lead the expansion of Refac's freestanding strategy in Arizona through Nationwide openings and working together with Refac CEO David Pierson and the Refac team to pursue other acquisitions in the freestanding category.

U.S. Vision currently operates optical departments within JCPenney, BJ's Wholesale Club, Meijer, Sears, Boscov's, Hudson's Bay (35 locations in Canada), Macy's and Belk. Recently, U.S. Vision began a pilot program with Belk Stores with two locations and has begun an aggressive expansion in Meijer Stores. In April 2014 Meijer announced that it had selected U.S. Vision as its exclusive vision center operator in its stores moving forward. The U.S. Vision host business continues under the direction of George Gorman, president, who has been with U.S. Vision for 17 years.



### EYEMART EXPRESS

The year 2013 marked Eyemart Express' 23rd year achieving the vision of Doug Barnes, OD, to provide value, quality and service to its customers. The company, which started in Appleton, Wis., in 1990, now stretches from Maine to Alaska with 150 stores in 32 states under the Eyemart Express, VisionMart Express, Vision4Less and the Eyewear Express names. The year 2013 was spent further strengthening the field structure required to serve customers in a coast-to-coast operation. The company added veteran talent and promoted from within to ensure that the consumer receives consistently high quality service in each of the locations. Additional changes included the initiation of a paperless point-of-sale system and an overhaul of retail training to improve transaction speed and customer experience in the stores.



### FOR EYES/ INSIGHT OPTICAL MFG.

For Eyes opened four new locations in 2013, with that expansion happening in existing markets like Florida and Chicago-land. Additional expansion plans for existing markets, including Boston, Philadelphia, Washington D.C., Florida and Illinois, are in the works, and the company is also considering new markets in Northern New Jersey, New York and the Midwest for future growth.

For Eyes' marketing is a mix of broadcast and online, with a strong focus on bricks and clicks for customer convenience and millennial engagement. Successful online campaigns, combined with a new web initiative, have yielded new customer acquisition and increased traffic to stores and websites operated by For Eyes. Customer retention remains high. A new merchandising and product mix roll-out have proven successful in reaching corporate goals and delivering on the company's brand promise of delivering the highest level of customer service at the most affordable prices for consumers, executives said. For Eyes is still independent and privately owned and operated by the same family and friends who started the company in Philadelphia in 1972. The company continues to operate its own lab in Hialeah, Fla.



### COHEN'S FASHION OPTICAL

Among the first U.S. optical retailers, Cohen's Fashion Optical began 85 years ago as a pushcart among New York's famous Orchard Street merchants. Cohen's Fashion Optical has grown to 126 franchised stores in 2013, generating revenue of \$150.4 million for the calendar year.

Cohen's Fashion Optical continues its growth strategy this year. With a substantial update to their national marketing strategy, including digital, social media, and an emphasis on the customer experience, Cohen's is rapidly improving its already successful model. A new website is also under development. Cohen's continues to have its eye on franchise expansion. ■

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**WHAT'S YOUR PLAN**  
**TO WIN:**

- More Patients
- More Profits
- More Time
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## Mass Merchants, Clubs Account for One-Quarter of U.S. Top 50's Sales

NEW YORK—With the addition of an estimated 72 optical locations, sales by leading mass merchandising chains and warehouse clubs grew by an estimated 4.5 percent from an estimated \$2,551.4 million in 2012 to an estimated \$2,665.7 million in 2013. However, their share of the overall Top 50 U.S. Optical Retail sales fell from an estimated 31.6 percent in 2012 to an estimated 25.7 percent in 2013. Much of this drop is due to Vision Source entering the main VM Top 50 chart with an estimated \$1,969.0 million in sales. The combined number of in-store vision centers in mass merchandising chains and warehouse clubs grew an estimated 1.6 percent from an estimated 4,494 locations in 2012 to an estimated 4,566 locations in 2013.

Number one Wal-Mart Stores, with almost double the retail sales revenue of number two mass merchant Costco, firmly held its position with an esti-

mated 2,884 optical locations generating an estimated \$1,499.0 million in sales for 2013. That's up 2 percent from the \$1,469.0 million that was generated by 2,837 Walmart Vision Centers in 2012. That total for Walmart's vision business includes the estimated \$1,328.5 million in sales from Walmart's own optical departments plus the estimated \$170.5 million from those operated by National Vision.

With approximately half the sales revenue of Walmart, Costco remains well ahead of Sam's Club in the number three mass merchants/clubs' spot and the others that round out the chart—Shopko, Target, BJ's and Fred Meyer.

Highlights during 2013 from some of the leading mass merchandising chains and warehouse clubs are as follows:

Walmart and Sam's Club began a new online and

telephone contact lens program in early 2013 when they parted ways with 1-800 CONTACTS. Walmart also introduced an Equate private label brand of contact lenses at that time.

Costco signed an agreement to join managed vision care company Superior Vision's eyecare provider network, introduced its new Kirkland Signature HD Digital Progressive Lens, partnered with New Eyes for the Needy and created an eyeglass donation program in all Costco warehouses.

National Vision, which operates Vista Optical locations in select Fred Meyer stores along with Walmart optical leased locations, was acquired at the end of the first quarter of 2014 by KKR from Berkshire Partners for an undisclosed amount that is reportedly in excess of \$1 billion. ■

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### Leading Mass Merchants, Clubs With Optical Departments

| Rank 2013 | Rank 2012 | Mass Merchant (Operator)                             | 2013 Retail Sales (\$ in Millions)          | 2013 Units <sup>1</sup>        | Class | 2012 Retail Sales (\$ in Millions)          | 2012 Units <sup>1</sup>        |
|-----------|-----------|--|---|--------------------------------|-------|---|--------------------------------|
| 1         | 1         | <b>Walmart</b><br>Wal-Mart Stores<br>National Vision | <b>\$1,499.0*</b><br>\$1,328.5*<br>\$170.5* | <b>2,884*</b><br>2,657*<br>227 | MM    | <b>\$1,469.0*</b><br>\$1,305.0*<br>\$164.0* | <b>2,837*</b><br>2,610*<br>227 |
| 2         | 2         | <b>Costco Wholesale</b>                              | <b>\$757.0</b>                              | 440                            | WC    | <b>\$696.0</b>                              | 437                            |
| 3         | 3         | <b>Sam's Club</b><br>Wal-Mart Stores                 | <b>\$147.5*</b>                             | 545*                           | WC    | <b>\$145.8*</b>                             | 539*                           |
| 4         | 4         | <b>Shopko Stores</b>                                 | <b>\$91.0*</b>                              | 143                            | MM    | <b>\$90.0*</b>                              | 139                            |
| 5         | 5         | <b>Target/Super Target</b><br>Luxottica Retail       | <b>\$78.7*</b>                              | 335                            | MM    | <b>\$76.0*</b>                              | 331                            |
| 6         | 6         | <b>BJ's Wholesale</b><br>Refac Optical Group         | <b>\$82.5</b>                               | 188                            | WC    | <b>\$65.0*</b>                              | 180                            |
| 7         | 7         | <b>Fred Meyer</b><br>National Vision                 | <b>\$10.0*</b>                              | 31                             | MM    | <b>\$9.6*</b>                               | 31                             |
|           |           | <b>Totals</b>  | <b>\$2,665.7*</b>                           | <b>4,566*</b>                  |       | <b>\$2,551.4*</b>                           | <b>4,494*</b>                  |

Source: VM's 2014 Top 50 Optical Retailers

\*=VM Estimate MM=Mass merchant WC=Warehouse club 1 Optical locations



- More Patients
- More Profits**
- More Time
- All of the Above



A combined \$750 million in purchasing power together with long-standing relationships with our Elite vendors, ensure Vision Source® members the absolute lowest cost of goods in the profession. But savings are only part of the profitability equation. Vision Source® contributes to the growth of member offices through ongoing practice management education, enhanced business intelligence, and marketing tools.

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### About Vision Source

Founded in 1991, Vision Source® is North America's largest network of independent optometrists consisting of nearly 3,500 key, eye care industry influencers. The clinicians in the Vision Source® network enjoy a wide range of innovative technologies, practice management tools, marketing, and unsurpassed purchasing power. Leveraging these tools, the clinicians offer comprehensive eye examinations to their patients delivering an industry leading patient experience.

- More Patients
- More Profits
- More Time**
- All of the Above



Clinical skill. A commitment to continuous improvement. A dedicated staff. Those are the hallmarks of a successful practice. But keeping up with all that and still having time for a quality life outside the office can be a challenge. Vision Source® members enjoy the support of more than 60 full-time employees to negotiate and secure the best pricing on products, keep them abreast of changes in regulations and technology, and provide clinical and practice management education for both doctors and staff. All of this gives Vision Source® doctors the freedom to enjoy both their profession and their life.

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If you're looking to thrive – and not just survive – as an independent optometrist today, you need more than a few programs. You need a plan. A plan that's been proven for more than 20 years. A plan with a vision of what optometry could and should be in the future. Vision Source® has that plan. Let us share it with you.

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