INTERNATIONAL HOUSEWARES ASSOCIATION®
the home authority

The International Housewares Association – The Home Authority® – is strategically positioned to connect, inform, support and enable its international membership to lead in the global marketplace. The International Housewares Association (IHA) is committed to maximizing the success of the global home products industry on behalf of its membership by providing a world-class home products marketplace, facilitating global commerce and the buyer-seller interface, increasing consumer awareness and interest in home products, gathering and disseminating essential marketplace intelligence and educating and supporting key constituencies to improve their success.

Each year, IHA sponsors the **International Home + Housewares Show**. With 60,000 attendees, the Show is one of the largest trade events in the world. Future Show dates:

- March 10 - 13, 2018
- March 2 – 5, 2019
- March 14 – 17, 2020
- March 13 – 16, 2021

Additional information, including registration, is available at www.housewares.org.

Dear Housewares Executive,

The ***2017 IHA State of the Industry Report*** is a joint endeavor of the International Housewares Association (IHA) and Raftery Resource Network, Inc. This publication includes a compilation of data from the IHA annual membership survey as well as data from several authoritative sources, including the U.S. Government, industry trade journals and industry data services.

The timing of the report coincides with the release of key data about consumer spending during the previous year (2016). The methodology used to project housewares sales incorporates these data and remains consistent with prior years' reports, with one exception, which became effective with the 2008 report.

The data that IHA member companies contribute are from the most current year available, i.e., 2016. In years past, a small percentage of unique category and channel data from prior years were included to expand the sample size. The most immediate year data sample has proven to be very robust for the eighth consecutive year as the number of companies providing data has increased significantly since the change occurred.

Please forward any comments or suggestions for improvement so we can continue to meet your information needs.

Sincerely,

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Executive Summary

This section contains a succinct synopsis of the U.S. and global data analysis in this report by Raftery Resource Network.

Macro Trends

This section looks at several major economic trends and forces affecting housewares consumers: retail stores, raw materials, transportation costs, healthcare costs, inflation, U.S. household expenditures, advertising, the housing market and world economics.

Global & U.S. Housewares Markets

This section discusses size and trends in global markets and international trade. With a focus on the United States, the largest housewares market per capita, this section includes U.S. market size data by housewares category.

U.S. Categories & Channels

Find out which retail channels gained the most market share in 2016 and in which housewares categories. This section includes analyses by retail channel.

Channel Focus: Digital Commerce

This is a special section with selected trend data about Internet retail and how consumers shop online.

IHA Membership Profile

This final section includes key statistics about IHA member companies.

EXECUTIVE SUMMARY AND FORECASTS

Key Findings

Global housewares market data show an overall retail sales increase of 2.4% in 2016. This is half of the percentage increase posted in 2015 and similar to the previous two years (i.e., 2.6% in 2014 and 2.9% in 2013). In keeping with past reports, this *State of the Industry Report* provides a projection of global sales using current U.S. dollar valuations versus other major currencies. Several basic economic variations are reflected in the housewares global market projections, including changes in Gross Domestic Product, population and currency for all available countries. Total U.S. housewares expenditures, which are at the center of these projections, increased 6.0% in 2016 versus 2015.

Average U.S. household total expenditures increased 4.7% in 2016 versus 2015, according to the U.S. Bureau of Labor Statistics (BLS). Consumers spent more in 2016 in six of eight major areas of household spending. Average household expenditures increased for restaurant meals, education, fruits & vegetables, cellular phone service and pets. Gasoline & motor oil and dairy products showed decreases. BLS housewares expenditures are combined with data provided by IHA member companies to project the total market.

The average (mean) size of IHA member companies decreased to $18.5 million. The median (mid-point) range of the survey remained $5 - 9.9 million. Size distribution remained consistent with prior years as 70% of these companies reported annual sales under $10 million in 2016.

More than half (61%) of IHA member housewares companies produce all of their products in countries other than the U.S. Another 31% make some products in the U.S. and some overseas. For these companies, 88% of their products are manufactured outside of the U.S., similar to past years.

Most IHA member companies (87%) sell their products globally. Among those who do, 25.1% of their housewares sales are from exports.

The U.S. mass merchants/supercenters channel was the sales leader in all but one housewares product categories in 2016. Department stores rose 1.3% to be second highest share of sales. Specialty retailers, the third largest channel, saw a decrease in share of housewares sales versus for the second year in a row. Retail channels that operate both physical and virtual retail options for consumers (mass merchants/supercenters, supermarkets, warehouse clubs and drug stores) saw percentage sales increases versus last year.

Overall U.S. non-store retailing had the second largest share of housewares sales in 2016. When combined, these housewares retail channels – Direct to Consumer via Manufacturer Website and Catalogs/TV and Internet Retailers – booked 21.7% share of total housewares retail sales in 2016, a 5.7% increase from 2015.

The top three categories for 2016 were cook & bakeware (14.3%), kitchen tools & accessories (13.3%) and kitchen electrics (13.0%). Tabletop (12.1%) increased its share from 2015, yet slipped to number four in 2016.

Top 10 Retailers Today vs. 1995

Consolidation has concentrated the base of retail customers for the housewares industry. Compared to 1995, the top 10 housewares retailers in 2016 captured 5.7% more of the sales from the top 100. Their share decreased in 2016 to 65.1% from 66.6% in 2015.

Top 10 Retailers 2016 versus 1995

Company	Stores 2016	Housewares Sales 2016	Company	Stores 1995	Housewares Sales 1995
Walmart	4,672	$307,833	Walmart	2,234	$7,775
Costco	715	$116,073	Kmart	2,477	$4,065
Target	1,802	$69,495	Price Costco	240	$2,125
Bed Bath & Beyond	1,546	$12,216	Sam's Club	433	$2,080
Sam's Club	660	$57,365	Target	670	$1,825
Williams Sonoma	629	$5,084	Sears	2,306	$1,695
Home Depot	2,278	$94,595	Montgomery Ward	398	$630
Amazon.com	3	$77,024	Williams-Sonoma	240	$540
Walgreen	8,175	$83,802	Home Depot	423	$510
Kroger	3,899	$115,337	American Stores	1,650	$500
Totals	24,379	$62,709	Totals	11,071	$21,745
Percent of Top 100	16.9%	65.1%	Percent of Top 100	15.7%	59.4%

Sales in Millions
Source: HomeWorld Business September 2017 and September 19, 1996

Sixty companies have "disappeared" from the 1995 list due to mergers, acquisitions and bankruptcies. This is the same number as last year, i.e., no additional companies "disappeared." A comparison of those 60 to the *HomeWorld Business* 2016 data shows the following:

- They operated 32,388 stores, yet the total is now 73,497 higher than 1995.
- They accounted for $9.6 billion housewares sales, yet the total is now $59.7 billion larger.
- Nine companies on the 2016 list have 3 or fewer stores compared to 3 companies in 1995.

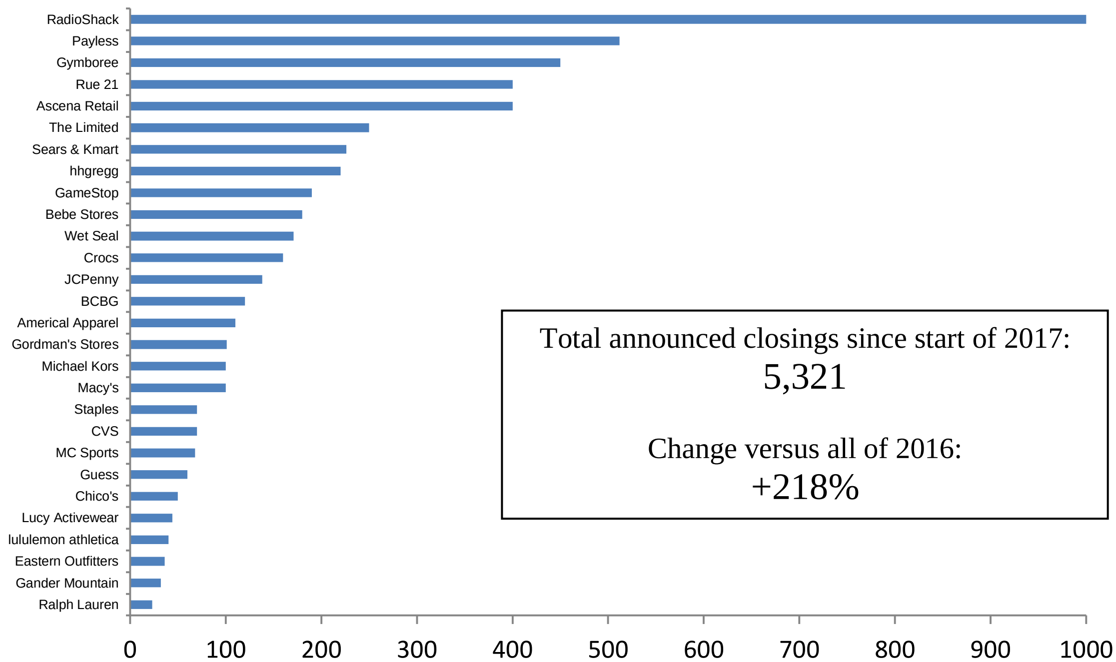
Among Top 100 Retailers in 1995, but not in 2016

Rank		Rank		Rank	
52	A&P	80	Giant Food	100	Penn Traffic
10	American Stores	49	Hechinger	90	Phar-Mor
21	Ames	30	Hills	90	Proffitt's
95	Ann & Hope	73	HomeBase	43	Revco
24	Best Products	87	Home Express	64	Rose's
97	Boscov's	84	H.W.I.	25	Safeway
28	Bradlees	77	Kitchen Collection	14	Service Merchandise
98	Brookstone	16	Lechter's	48	ServiStar
64	Builders Square	67	Linens' n Things**	86	Sharper Image**
16	Caldor	90	L.Luria	63	Smith Food & Drug
90	Carson Pirie Scott	43	Longs	58	Spiegel
50	Consolidated	80	MacFrugal's	82	Stop & Shop
57	Dayton Hudson	15	May Department Stores	79	Thrift
36	Eckerd	74	McCrory Stores	35	Thrifty/Payless
54	Family Dollar	70	Mercantile Stores	71	Value City
10	Federated	95	Mervyn's	34	Venture
23	Fingerhut	7	Montgomery Ward	76	Vons
56	Food Lion	64	Pamida	60	Waccamaw
74	Fortunoff	90	Pathmark	38	Winn Dixie
38	Fred Meyer	77	Payless Cashways	62	Woolworth

*** Now doing business on the Internet.* *Some of these retailers are still operating, just not in the top 100.*
Note: Rank is 1995 rank. Identical rankings indicate ties. *Source: HomeWorld Business September 19, 1996*

The current robust pace of store closings is affecting the department store and specialty retail channels.

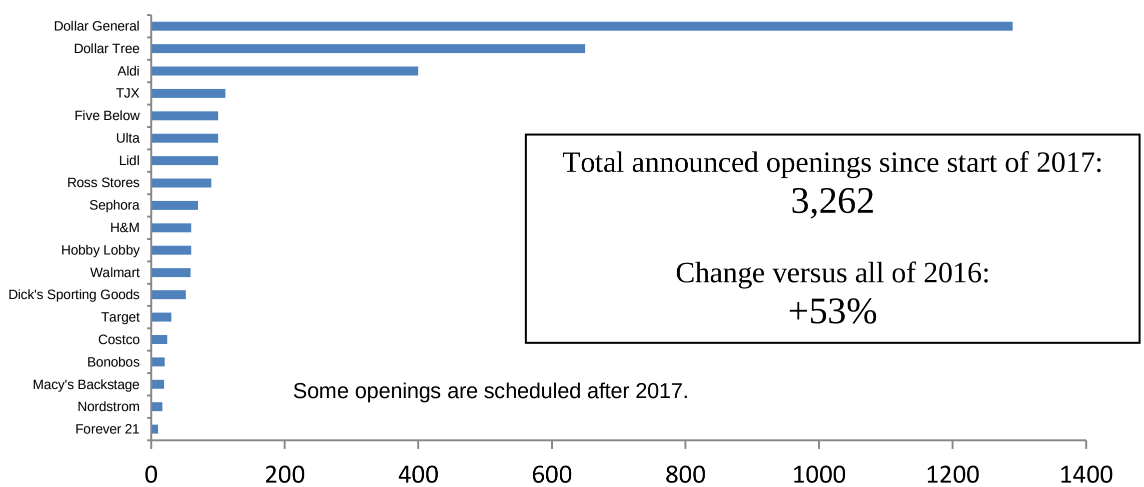
2017 Store Closure Announcements
as of June 23, 2017



Source: Fung Global retail & Technology

Variety/one-price retailers appear to be reacting to the macroeconomic environment with plans to expand.

2017 Store Openings Announcements
as of June 23, 2017



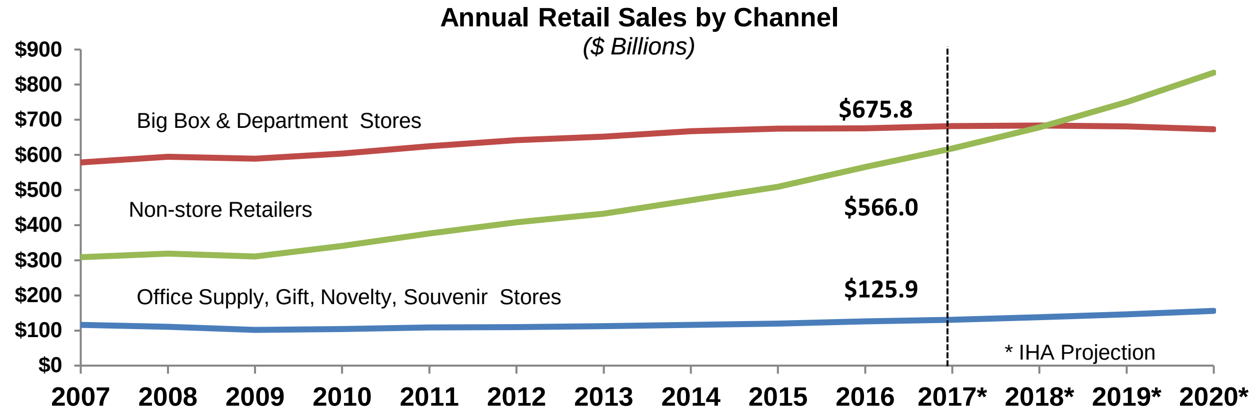
Source: Fung Global Retail & Technology

As retailers address the "over-stored" condition in the U.S., the mix of retail types is changing. This trend is likely to continue, since the U.S. had the world's highest per capita square feet of retail space at 23.5 in 2016, according to Fung Global Retail & Technology.

MACRO TRENDS

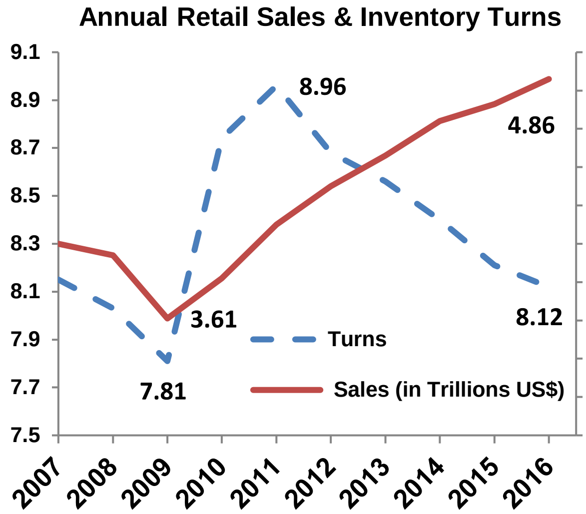
This section contains a selection of key statistical trends that affect the housewares industry in the U.S. and around the world.

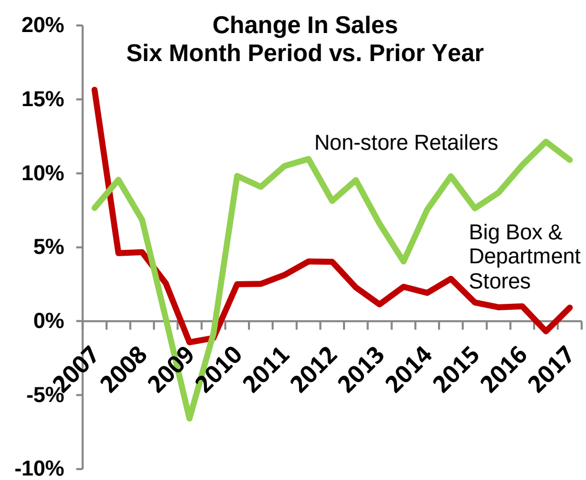
1. Overall U.S. retail sales growth continues to be driven by Internet retailers.
While Big Box and Department Stores saw higher total 2016 retail sales than Non-store Retailers, the rankings are projected to reverse in 2018.



Annual Retail Trade Survey, 2007 – 2016, U.S. Census Bureau

Retail inventory turnover in the U.S. in 2016 continued to decline from its 2011 record high, even as total retail sales, including Internet sales, climbed. Six-month sales for Internet Retailers are not only larger than Big Box & Department Stores, they are also trending higher.





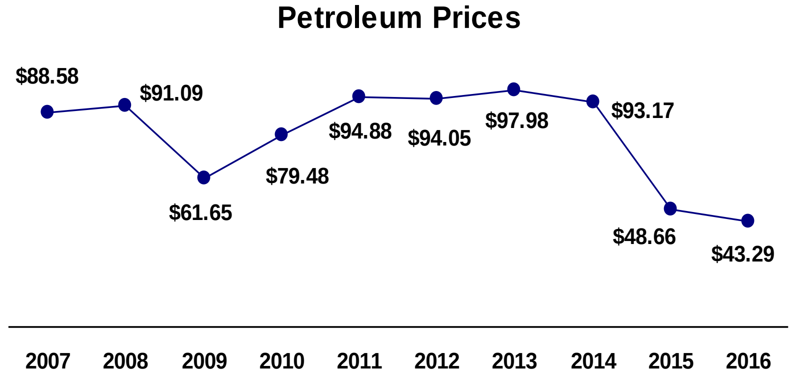
Source: U.S. Census Bureau

SOI INSIGHT

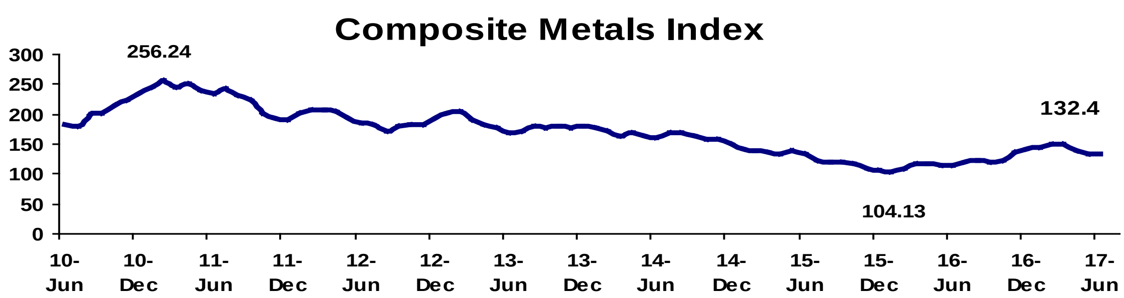
As more sales shift to the Internet, housewares manufacturers can expect inventory to be increasingly needed in locations other than retail stores, so that direct-to-consumer fulfillment can be optimized.

2. Prices rose for some key housewares raw materials in 2016.

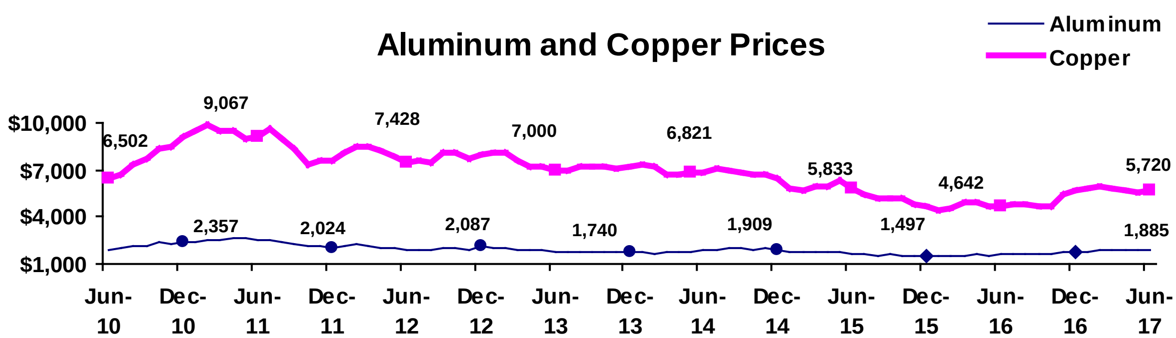
Petroleum pricing, which drives polymer costs, plunged in 2015 and continued to drop in 2016. The composite metals price index rose through most of 2016. Both aluminum and copper prices increased in 2016, breaking a trend of little changed or slightly lower over the prior five years.



U.S. Dollar per Barrel of Crude Oil: Cushing, OK WTI Spot Price FOB.
Source: U.S. Energy Information Administration



Commodity Metals Price Index, 2005 = 100, includes Copper, Aluminum, Iron Ore, Tin, Nickel, Zinc, Lead and Uranium Price Indices. Source: Index Mundi, extracted from the CIA World Factbook



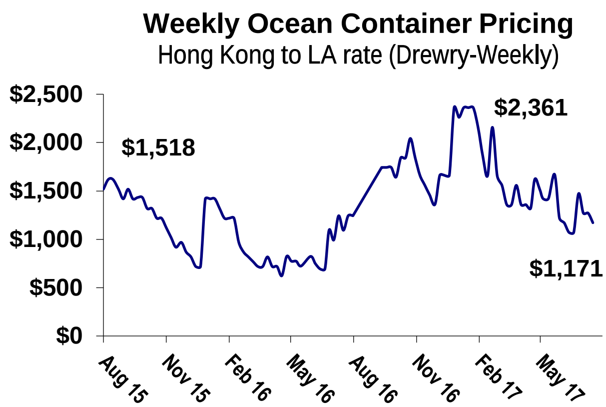
Aluminum and copper price monthly in U.S. dollars per metric ton.
Source: Index Mundi, extracted from the CIA World Factbook

SOI INSIGHT

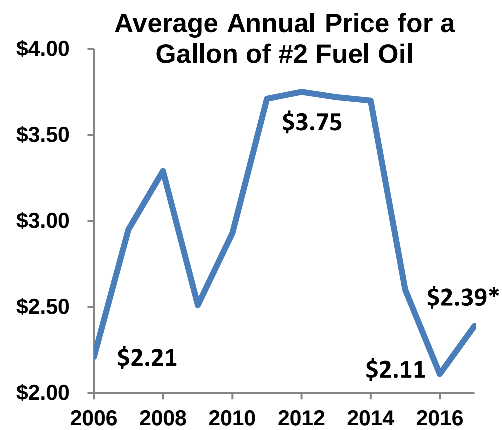
The increase in materials costs for many housewares companies coincides with pricing pressure from rapidly growing Internet retailers, resulting in increasingly complex margin management challenges.

3. Transportation costs increased in 2016 as container volume grew.

The volatility and seasonality of the cost of shipping containers can be seen in the historical cost pattern of the Hong Kong to LA shipping lane, which saw overall price increases in 2016 fall back in early 2017. Diesel fuel (#2 fuel oil) costs also rose in 2016, but remain below historic highs.

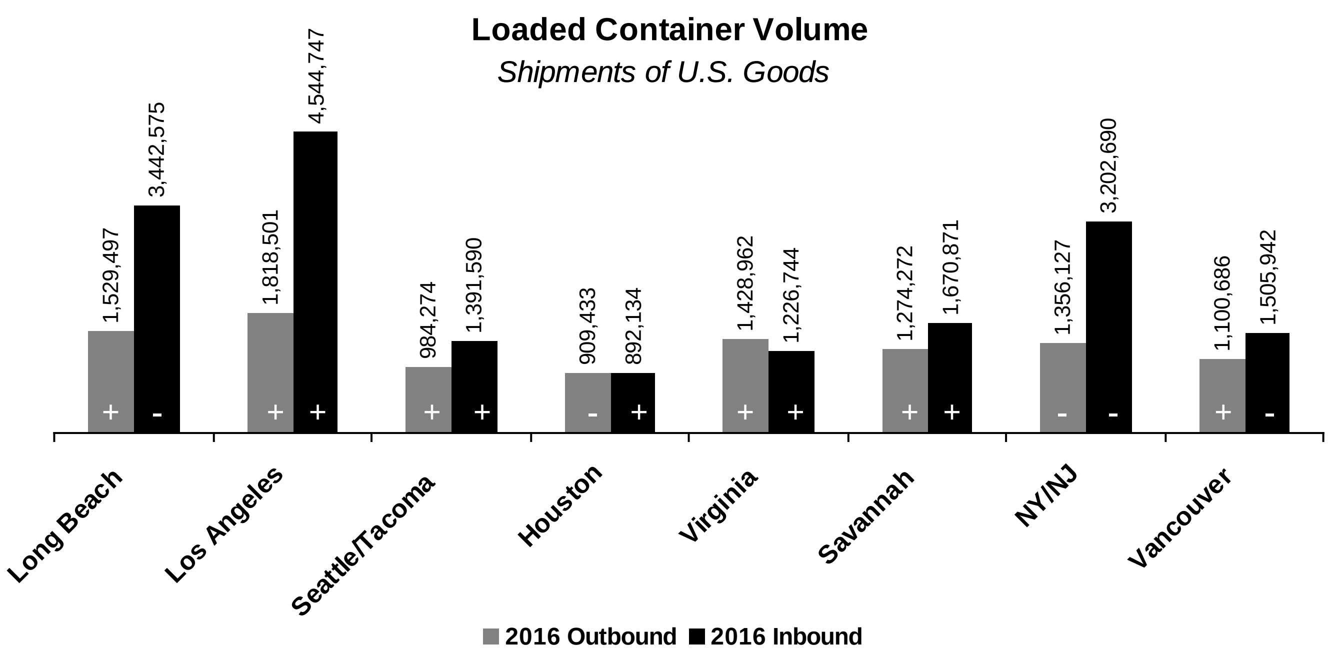


USD per 40-foot container (FEU)
Source: Drewery Container Freight Rate Insight, JOC.com



** First six months of 2017. Source: BLS*

Imports of goods into the U.S. goods outpace exports from the U.S. at 6 of 8 major ports. Imports increased at 5 of these ports in 2016 versus 2015. Exports increased at 6 of these 8 ports. Combined outbound shipments increased 3.2% in 2016 versus 2015; combined inbound shipments increased 2.3%.



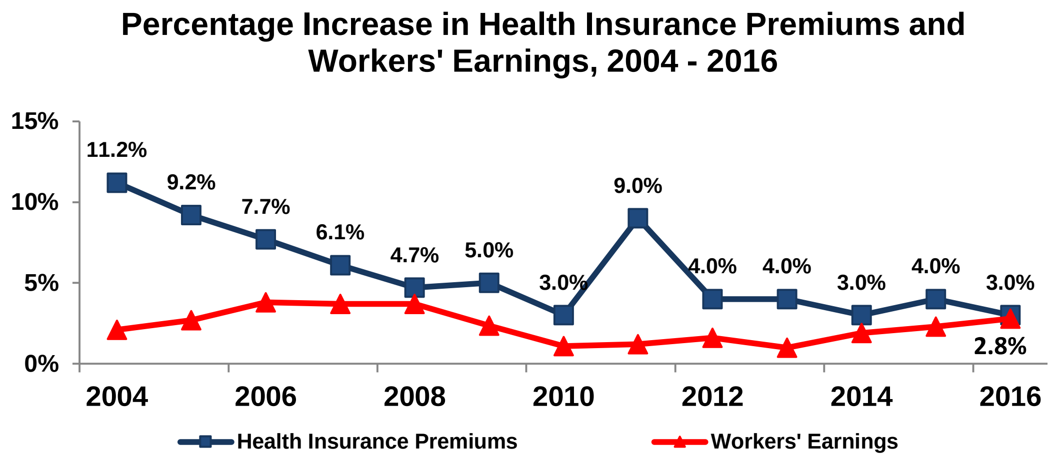
Source: Seaport Statistics for each location

SOI INSIGHT

While the strength of the U.S. dollar may continue to mute the overseas demand for U.S. goods, exports are growing and may present an opportunity to fill otherwise empty containers returning to Asia as housewares manufacturers expand into new markets.

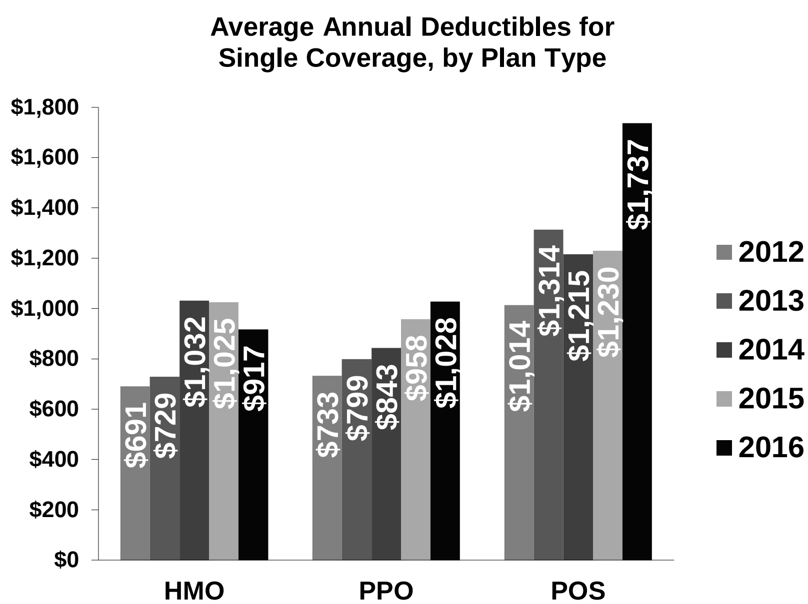
4. Healthcare costs continue to increase for employers and employees.

The annual increase in health insurance premiums for workers continues to out-pace changes in workers earnings. However, the difference narrowed to 0.2% in 2016.



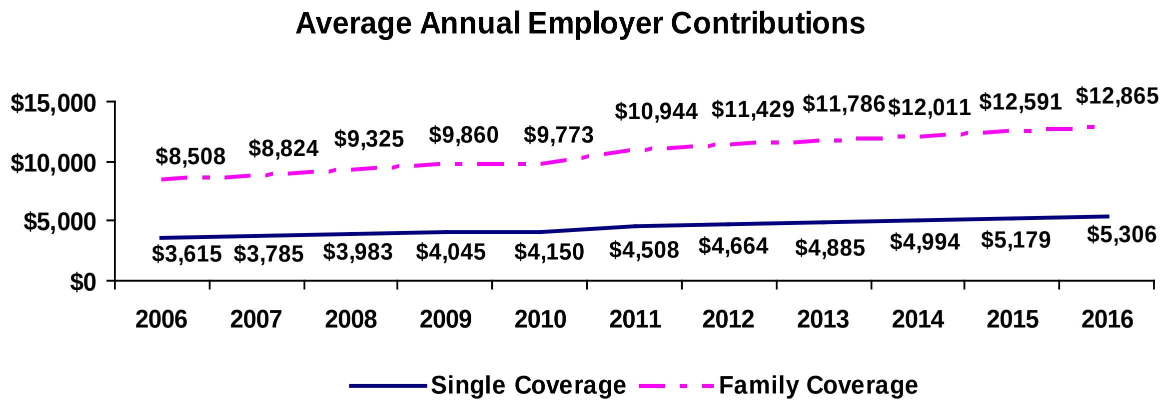
Source: Kaiser Family Foundation, Employer Health Benefits 2016 Annual Survey, family coverage. BLS, Labor Force Statistics from the Current Population Survey

One technique that employers use to manage their healthcare costs has been to increase employee deductible levels. Average employee annual deductibles increased significantly in 2016 for POS healthcare plans; continued to increase for PPO plans; and declined for HMO plans for the second straight year.



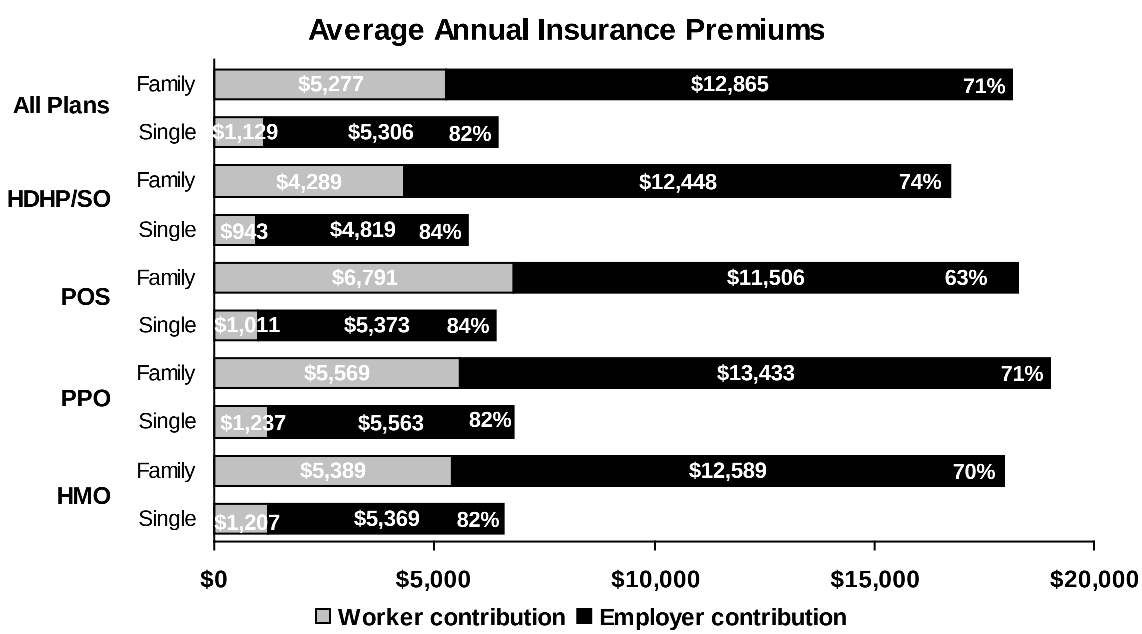
Source: Kaiser Family Foundation, Employer Health Benefits 2016 Annual Survey

Companies paid more for both family plans and single person healthcare plans in 2016.



Source: Kaiser Family Foundation, Employer Health Benefits 2016 Annual Survey

Employers' average premiums are highest for PPO and HMO family plans. Worker contributions are highest for POS and PPO family plans. Across all types of plans, employers paid 71% of the premiums, DOWN from 72% in 2015.



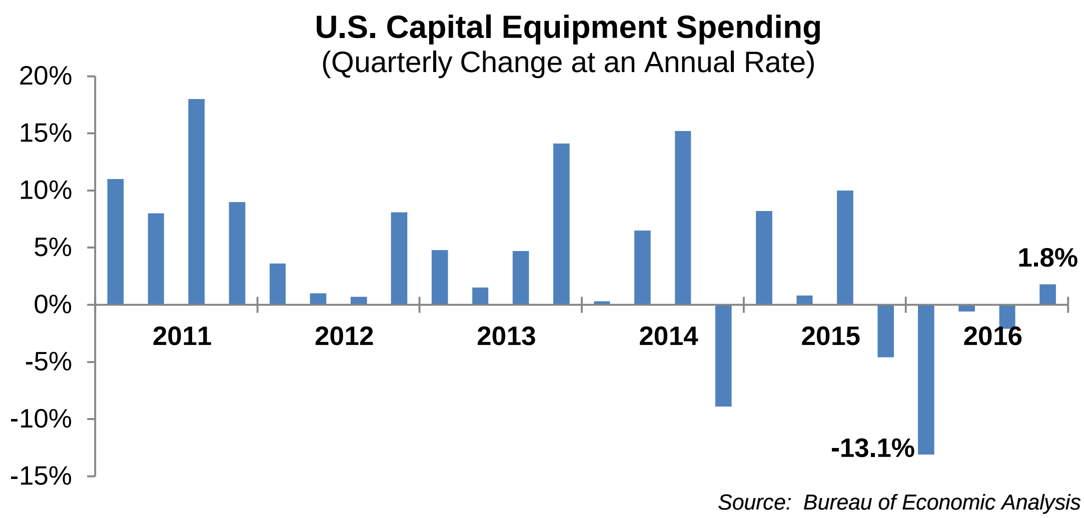
Source: Kaiser Family Foundation, Employer Health Benefits 2016 Annual Survey

HDHP/SO – High Deductible Health Plan with a Savings Option (e.g., HSA, HRA Plans)
HMO – Health Maintenance Organization
PPO – Preferred Provider Organization
POS – Point of Service

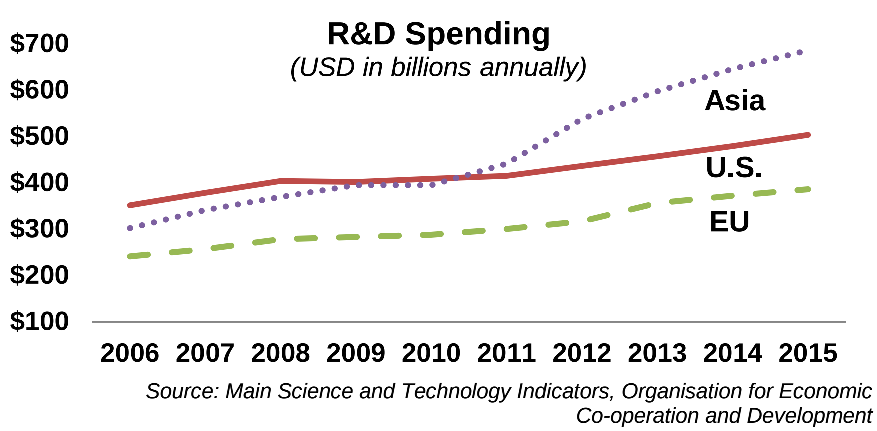
SOI INSIGHT

The economic effect of rising healthcare costs for employers and workers continues to strain corporate operating costs and discretionary consumer expenditures.

5. Capital expenditures in the U.S. dropped 13.1% in the first quarter of 2016, as Asia's R&D spending continued to outpace the U.S. for the fourth year.
Expenditures on capital equipment and software declined for six straight quarters during the height of the recession. Since then, spending increased for each quarter until the fourth quarter of 2014. The 13.1% decline in the first quarter of 2016 is only the third quarterly decline since mid-2009. The fourth quarter increase of 1.8% was the only quarterly increase in 2016.



Asian countries' spending on research and development surpassed the annual U.S. amount for the first time in 2011 and continues to increase at a higher rate than the U.S. figure.

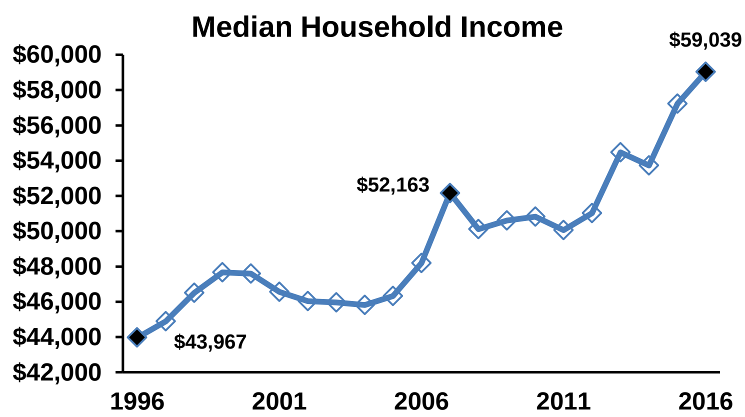


SOI INSIGHT

Increased R&D spending in Asia and the European Union is at least partially driven by the fact that most housewares companies have international partners in those geographies..

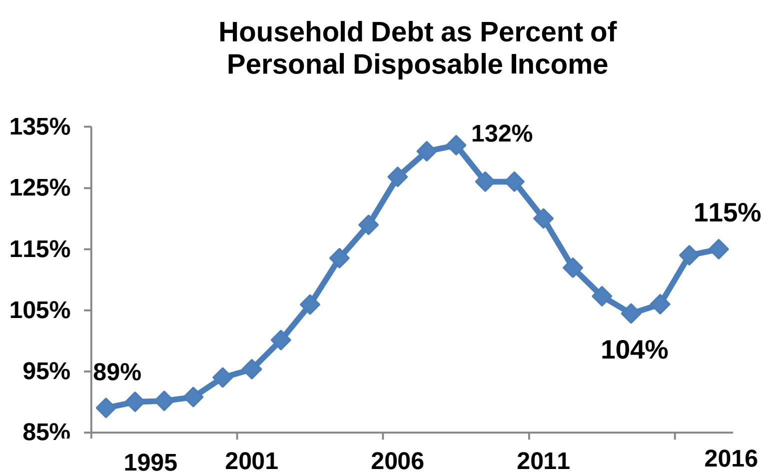
6. The rise in average household income is shadowed by a decline in personal savings.

Median household income rose to $59,039 in 2016 from $57,230 in 2015.



Income in 2016 CPI-U-RS adjusted dollars.
Households as of March the following year.
Source: 2016 Current Population Survey, U.S. Census Bureau.

Households lost more ground in their efforts to reduce debt, with household debt increasing to 115% of income from 114% in 2015.



Source: Federal Reserve & BEA
Consumer Credit Debt as Percent of Disposable Income:
2011 = 21.3%, 2012 = 22.7%, 2013 = 24.3%, 2014 = 25.0% ,2015 = 28.0%, 2016 = 28.0%.

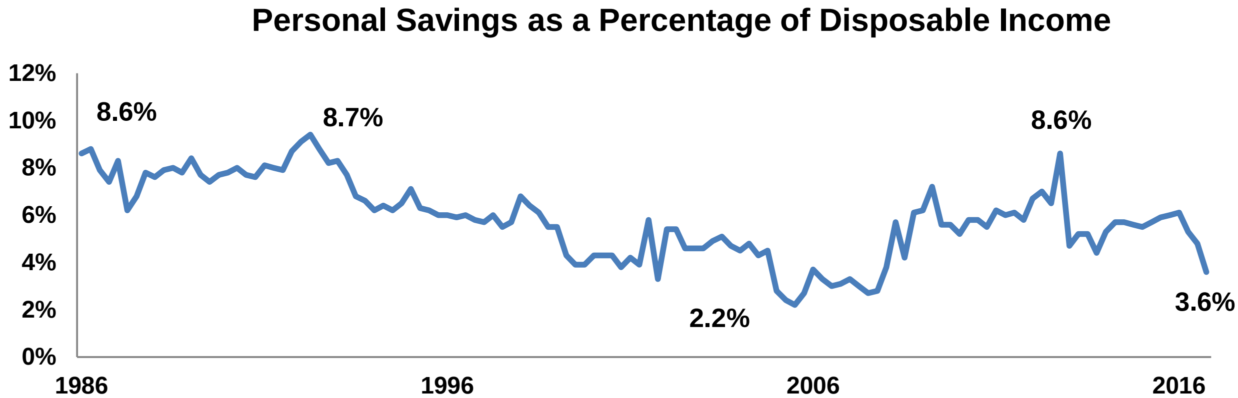
$100 in 1986 had the same buying power as $216.16 in 2016

$100 in 1996 had the same buying power as $153.44 in 2016

$100 in 2006 had the same buying power as $119.47 in 2016

Source: BLS CPI Inflation Calculator

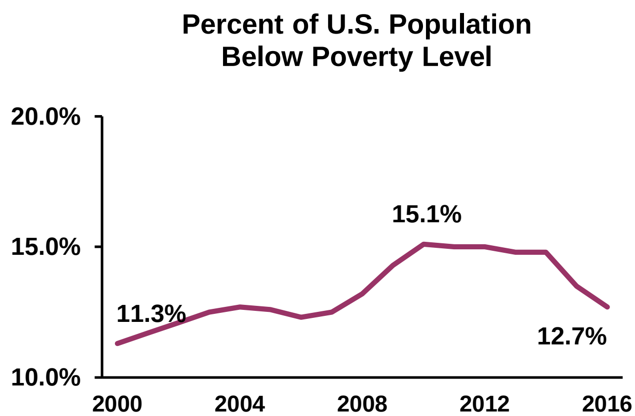
The personal savings rate peaked in 1984 at 11.1% and steadily declined to a low point of 2.2% in 2005. Consumers increasingly saved more of their disposable income through 2012, when the most recent peak of 8.6% occurred. By the end of 2016, the savings rate fell to 3.6%.



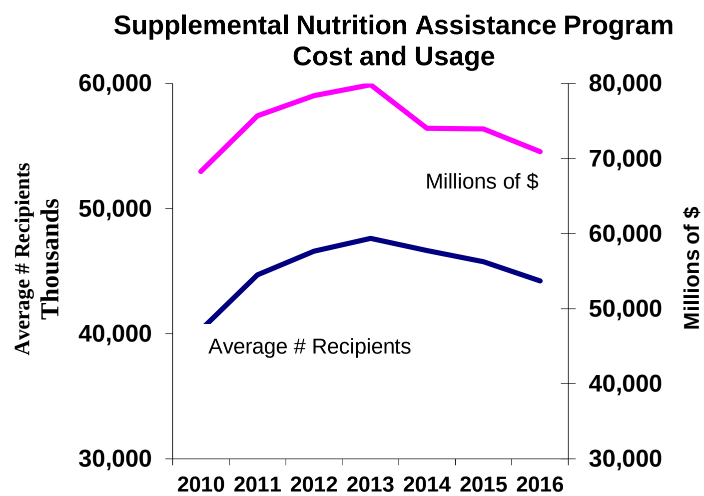
Disposable Personal Income (DPI) is personal income less personal current taxes. DPI measures the income that is available to be either spent or saved.
Source: Bureau of Economic Analysis

The U.S. poverty rate decreased to 12.7% in 2016. This represents 40.6 million people, down from 43.1 million in 2015, and 46.7 million in 2014.

Costs for and participation in the USDA Supplemental Nutrition Assistance Program (formerly USDA Food Stamp Program) declined in 2016 as the American Recovery and Reinvestment Act of 2009 expired on 11/01/2013.



Source: 2016 Current Population Report, U.S. Census Bureau



Source: United States Department of Agriculture, Supplemental Nutrition Assistance Program. Data exclude the 14 additional USDA assistance Programs such as WIC and school lunch programs

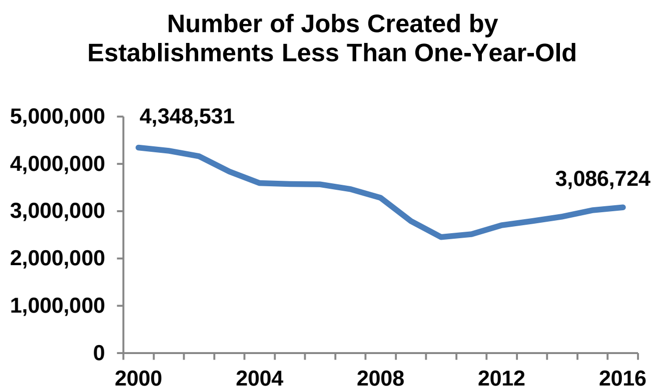
SOI INSIGHT

Although the number of people below the poverty level is declining and participation in public aid programs is declining, they remain at record levels, indicating that personal economic security may be expanding to a larger share of the population.

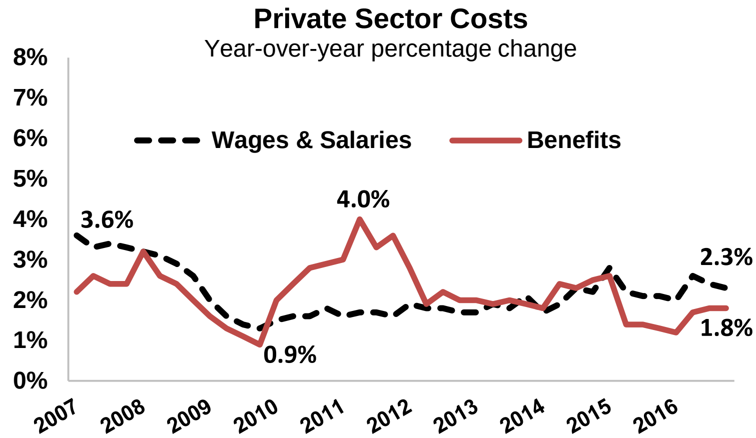
7. Young companies are helping keep unemployment rates low.

Companies less than one-year-old – a common definition of a start-up – added more jobs versus the prior year, for the sixth consecutive year.

Companies typically spend more for wages and salaries than for benefits. The annual change for each cost became comparable in 2012. The typical relationship returned in 2015 and 2016.

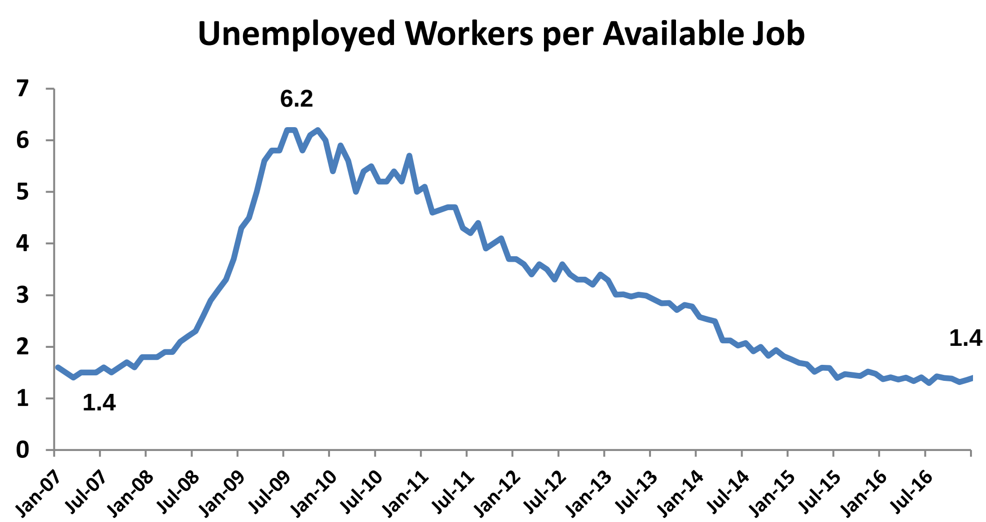


Source: U.S. Bureau of Labor Statistics



Source: U.S. Bureau of Labor Statistics

The number of unemployed workers per available job remained essentially flat during 2016, at either 1.3 or 1.4 each month. Private sector jobs have been created monthly since the beginning of 2010, when the peak of 6.2 unemployed workers per job was reported. This statistic remains above pre-recession levels.



Source: U.S. Bureau of Labor Statistics

SOI INSIGHT

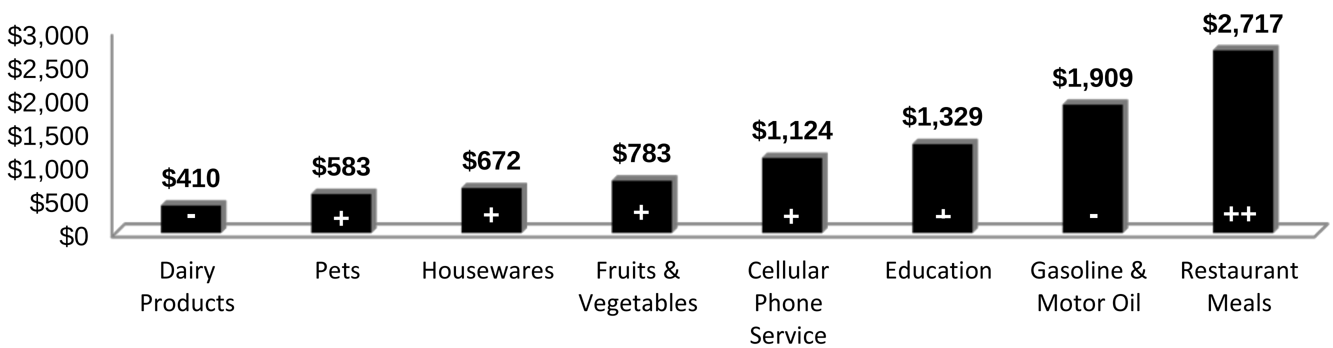
The low number of unemployed workers per available job in the U.S., combined with the increasing rate of new jobs added by new companies, will likely require housewares companies to continue to offer higher wages and benefits in their search for talented employees.

8. Household expenditures for housewares increased in 2016.

The average U.S. household spent $672 on housewares in 2016, according to U.S. government data. This is more than 2015 ($642) and 2014 ($591). To put annual housewares spending in perspective, it is helpful to compare it to consumer spending in other areas using the U.S. government data. For example, U.S. households spent more on housewares than they did on dairy products and less than on fruits and vegetables, but four times the average housewares expenditure on restaurant meals.

Among the eight broad categories, six saw increased spending per household in 2016 versus 2015, with restaurant meal spending up significantly. Gasoline & motor oil declined for the third straight year.

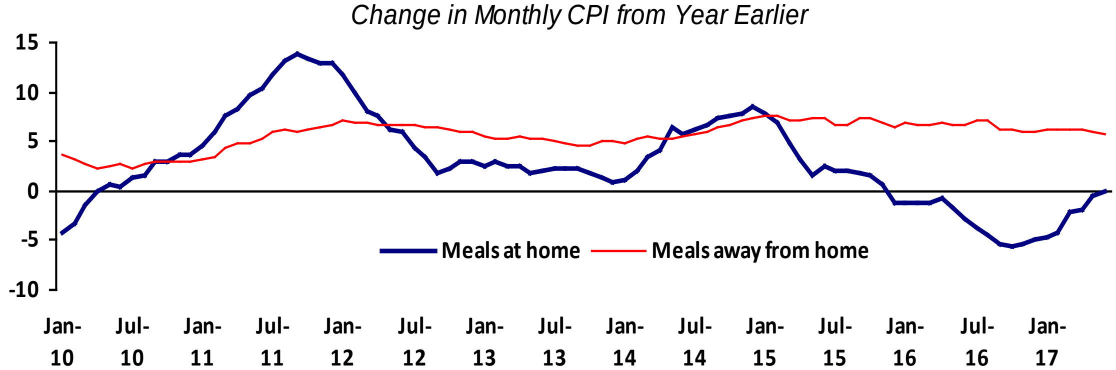
2016 Household Expenditures in Key Industries
($ per U.S. Households)



Source: Bureau of Labor Statistics Consumer Price Index for all Urban Consumers

One reason consumers spent more in restaurants is the continued increase in the cost of food away from home in 2016. The cost of meals at home declined in 2016 and early 2017.

Cost of Meals at Home and Away
Change in Monthly CPI from Year Earlier



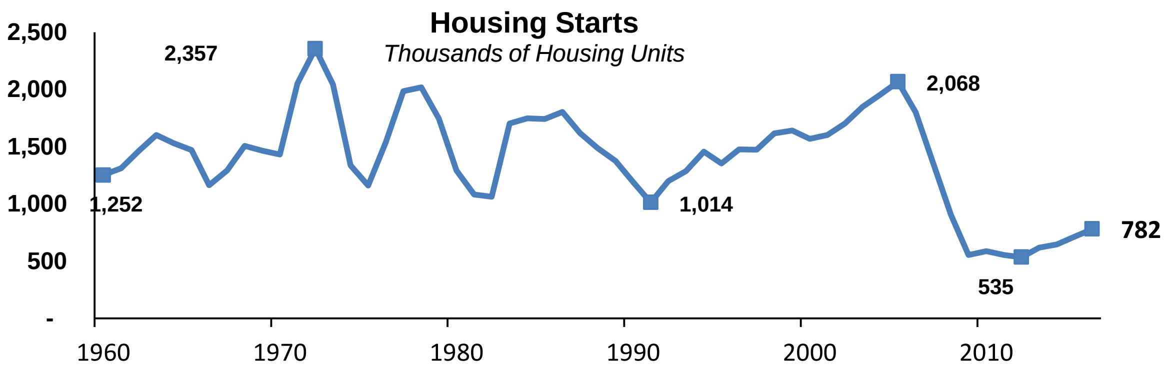
Source: BLS Consumer Price Index, seasonally adjusted

SOI INSIGHT

Housewares companies catering to multiple markets such as retail, food service and pet supplies could benefit from multiple growth trends as consumers spend their "extra cash" from lower pump prices and grocery bills in restaurants and on their pets.

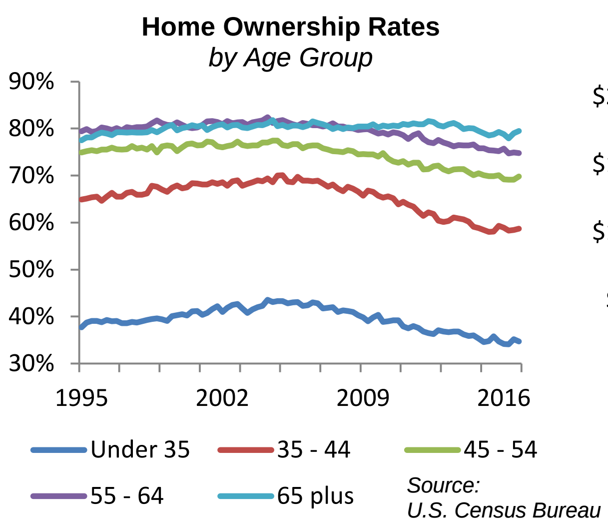
9. The housing market strengthened further in 2016.

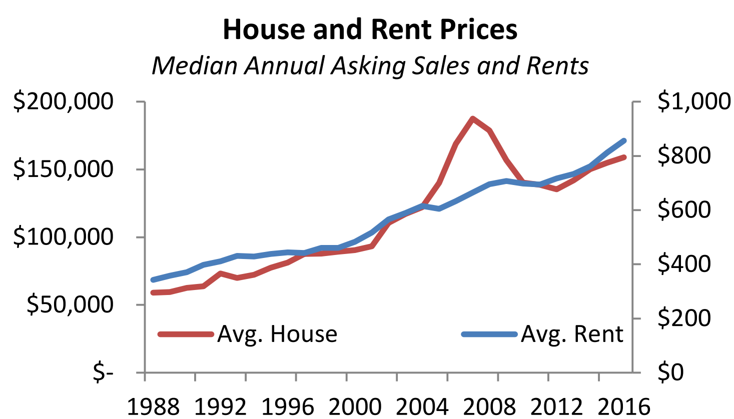
Housing starts continued to increase in 2016 but remain at the lowest levels in the last 50 years.



Source: Census Bureau Annual data.

Home ownership for two age groups (35 – 44 and 65+) leveled off somewhat in 2016, but declines continued in the other three. The under 35 set has the lowest home ownership rate. The average asking prices for houses rose but remains below the 2007 peak. Rents continue to set new records.





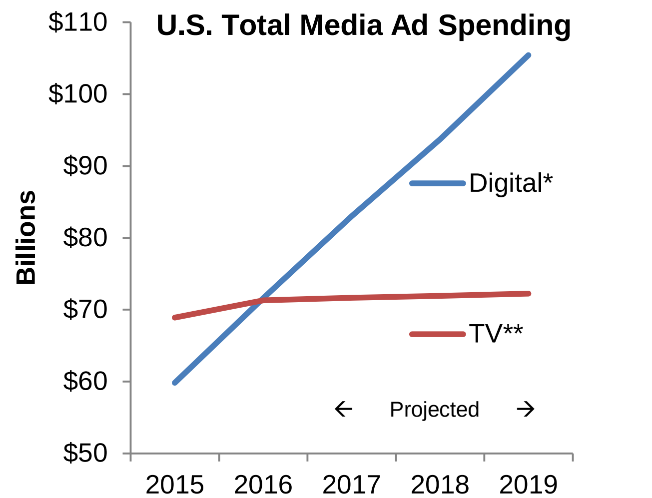
Source: U.S. Census Bureau

SOI INSIGHT

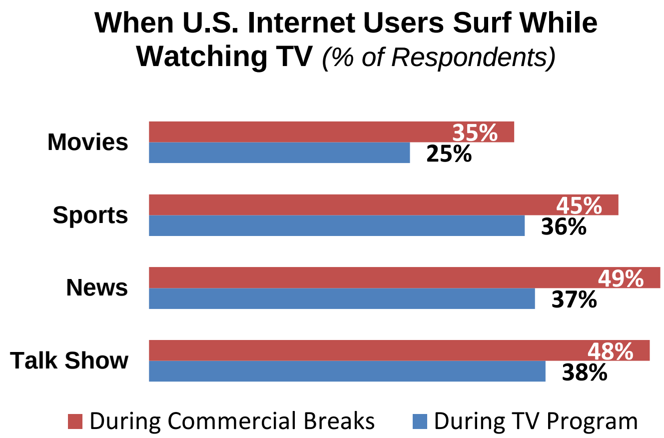
U.S. home real estate market trends continue to favor housewares companies who market products to new homeowners and to younger consumers who may be renting for several years and who have a separate set of needs.

10. Digital ad spending surpasses TV ad spending in 2016.

U.S. advertisers spent more on digital media than on TV in 2016 and are likely to keep doing so for the next few years. To make matters worse for TV advertisers, multi-tasking viewers often surf the Internet during commercials.

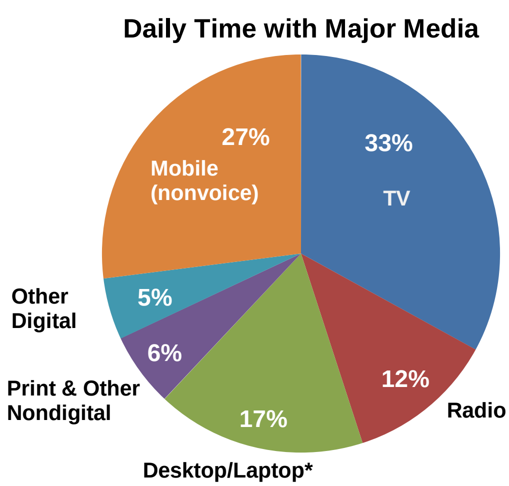


*Includes advertising that appears on desktop and laptop computers, mobile phones,tablets and other Internet-connected devices. Includes all forms of advertising on those devices.
**Includes broadcast (network,syndication and spot) and cable TV.
Source: eMarketer, September 2017

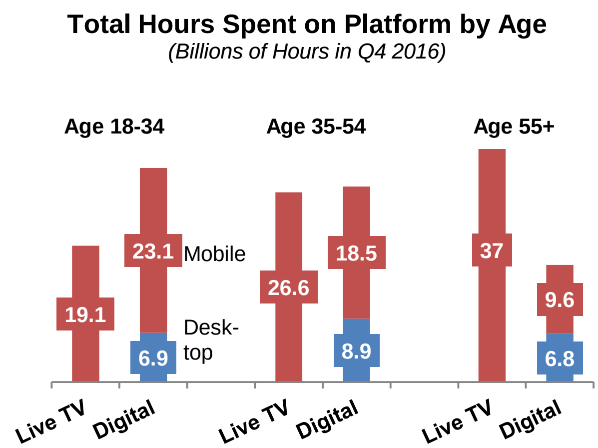


Source: Adobe Digital Insights, "Media Habits Survey," conducted in June, 2017.

TV still commands the most "eye time" for adults on average, but younger age groups spend more time on digital media, when laptop and mobile devices are combined, versus TV.

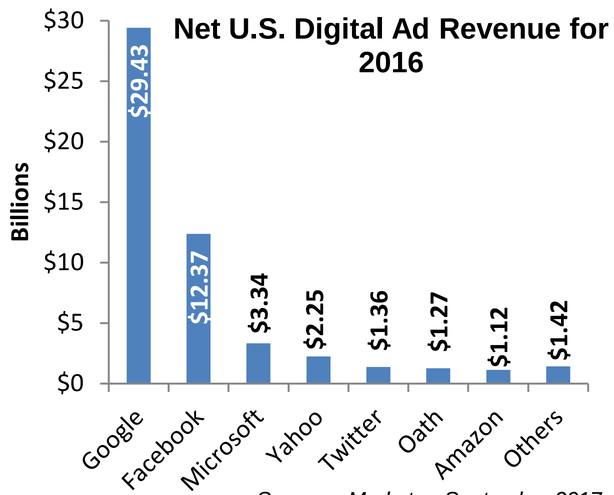


*Average time spent per day by U.S. adults, (age 18+) with each medium includes all time spent with that medium, regardless of multitasking. *Includes all Internet activities on desktop and laptop.*
Source: eMarketer, September 2017

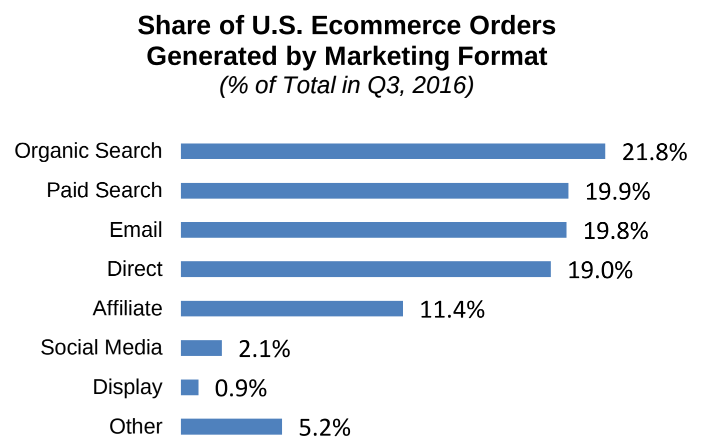


Source: comScore, "State of Digital," August 8, 2017

Google ad spending outpaced all other online media options in 2016. Amazon's ad revenue is estimated to triple by 2019. Nearly half of orders place online in the U.S. in 2016 were a result of either an organic search or a paid search.

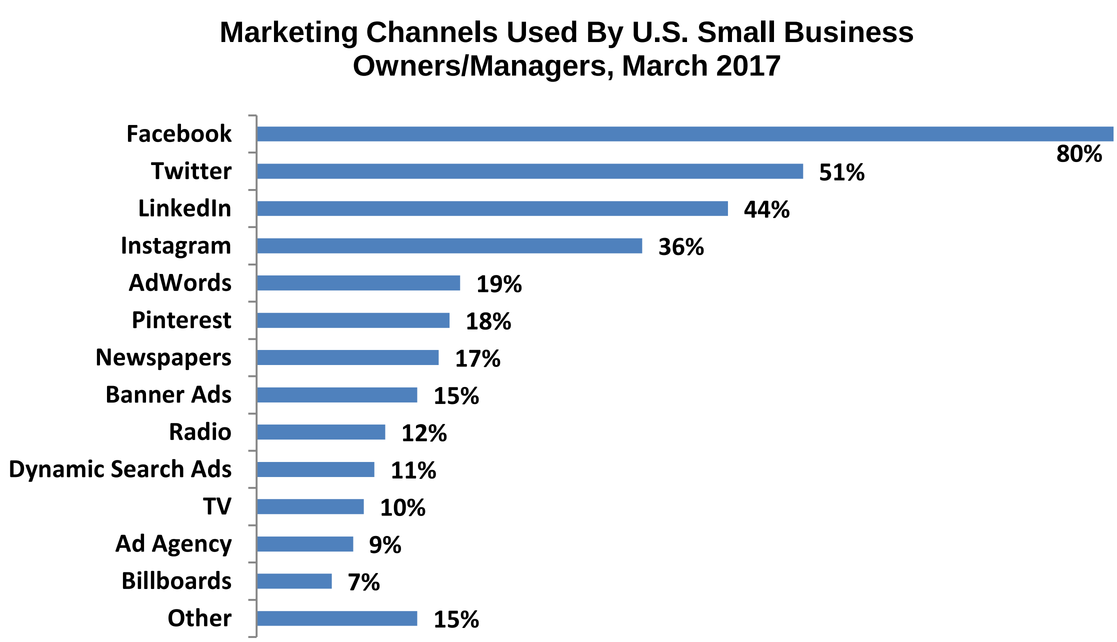


Source: eMarketer, September 2017



Source: eMarketer, Custora, October 2016

Small business owners in the U.S. overwhelmingly prefer Facebook over all other options for their marketing dollars. Twitter, LinkedIn and Instagram are not as popular, but beat out traditional options such as Newspapers, TV and Radio.



Note: Used at least once a month.
Source: G2 Crowd," Crowd Views; Edition 3 – Small Business" September 4, 2017

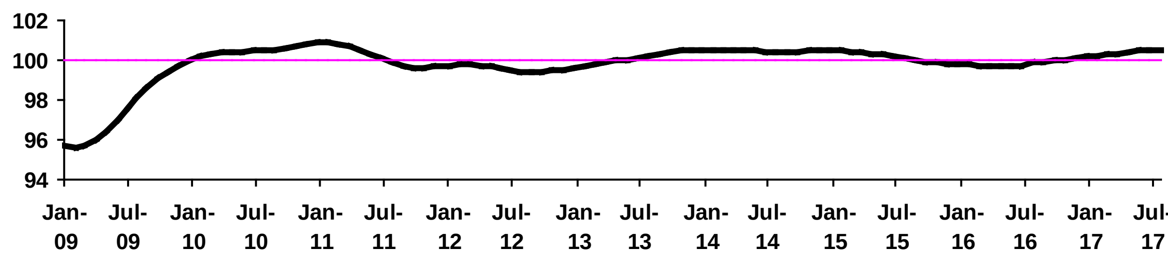
SOI INSIGHT

As more housewares companies jump into the digital marketing world, the challenge of documenting effectiveness (i.e., conversion to sales) grows more complex and is complicated by the decline of the "mass market" and the rise of new connection options for getting the message through to consumers.

11. Global economic growth is forecast to resume.

Looking to the future, the Organisation for Economic Co-operation and Development (OECD) reports an upward trend in the OECD Composite of Leading Indicators (CLI). The CLI is designed to show early signs of economic expansion (above 100) or contraction (below 100).

OECD Composite of Leading Indicators



Source: OECD (2017) Composite Leading Indicator (Accessed October 23, 2017)

This global indicator is affected by individual country CLIs, developed by the OECD. A review of the country-level trends shows signs of economic recovery for most of the mature markets.

The OECD projections for mature markets predict that China will have the strongest growth in Gross Domestic Product (GDP). U.S. GDP is forecast to increase 2.4% in 2018. Inflation is forecast to increase from 2016 levels. Unemployment is predicted to decline. Japan is expected to have the weakest growth in GDP.

Summary of Projections

	Average 2004-2013	2015	2016	2017	2018
Real GDP growth[1]					
United States	1.6	2.6	1.6	2.1	2.4
Japan	0.8	1.1	1.0	1.4	1.0
Euro area	0.8	1.5	1.7	1.8	1.8
Total OECD	1.6	2.2	1.8	2.1	2.1
China	10.3	6.9	6.7	6.6	6.7
Inflation [1,3]	2.0	0.8	1.1	2.3	2.2
Unemployment rate [2]	7.1	6.8	6.3	6.0	5.8

[1] Percentage changes. [2] Percent of the labor force. [3] Private consumption deflator.
Source: OECD; Economic Outlook, Volume 2017, Issue 1, June 2017

SOI INSIGHT

OECD forecasts for the immediate future are somewhat brighter than in recent years for mature markets where housewares manufacturers may already have or plan to launch international business.

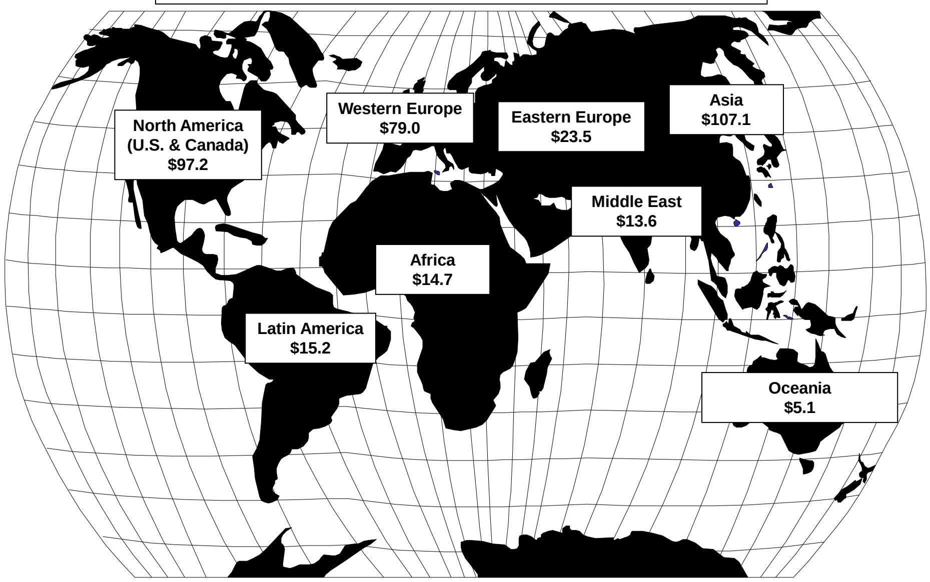
GLOBAL & U.S. HOUSEWARES MARKETS

Global housewares market sales are estimated in current U.S. dollars. In addition to sales, these data are influenced by world economic factors such as the relative strength of the U.S. dollar versus the currencies of other nations and relative inflation rates, for example.

Global Housewares Market

The global market size of the housewares industry is (US) $355.4 billion, up 2.4% from 2015. North America, Western Europe and Asia make up 79.8% of all housewares spending by consumers.

Worldwide Housewares Expenditures
(US $355.4 Billion)



- *The estimated size of the housewares market for all regions except the United States was calculated using International Labor Organization (ILO) expenditure data, United Nations population statistics, Central Intelligence Agency (CIA) exchange rates and Gross Domestic Product (Purchasing Power Parity Method).*
- *These regional estimates represent all housewares categories in the IHA definition of the industry.*

North American total housewares expenditures saw the largest gains in 2016 versus 2015, rising $4.9 billion to $97.2 billion. Total housewares expenditures increased for all markets. Share of global expenditures increased in the U.S. to 24.5% from 23.7% in 2015. Asia's share decreased to 30.3% from 30.9%. Global market share increased for Middle East and Eastern Europe.

2016 Housewares Expenditures and Market Share
($ Millions)

Region	*Housewares Expenditures**	*Housewares Market Share*
Asia	$107,143	30.3%
North America	97,178	27.3%
*United States***	*87,076*	*24.5%*
Canada	*10,102*	*2.8%*
Western Europe	78,970	22.2%
Eastern Europe	22,597	6.6%
Latin America	15,184	4.3%
Africa	14,426	4.1%
Middle East (includes India)	13,585	3.8%
Oceania	5,060	1.4%
TOTAL	**$355,356**	**100.0%**

**Based on the IHA definition of the housewares industry. ** Calculated using the Department of Labor Bureau Labor Statistics data. Sources: ILO Total Consumer Expenditures, United Nations "World Population Prospects," CIA World Factbook population estimates and projections and National Statistical offices of Eurostat/Euromonitor International, CIA World Factbook (September 2017 update) for Gross Domestic Product (Purchasing Power Parity Method), Wall Street Journal, US Dollar Foreign Exchange Rates.*

Size of U.S. Housewares Industry

Overall, U.S. consumers spent $87.1 billion dollars on housewares in 2016 in categories where IHA member companies participate.

As the global housewares market saw a 2.4% year-to-year increase as measured in dollars, U.S. Housewares Expenditures increased 6.0% from the prior year. These data are significantly influenced by changes in population, currency exchange rates and changes in Gross Domestic Product. (Figures are not adjusted for inflation).

Annual U.S. Housewares Expenditures IHA Definition *($ Billions)*		
Year	***Total Expenditures***	***% Change in 1 Year***
2016	$87.1	6.0%
2015	$82.2	9.5%
2014	$75.1	2.3%
2013	$73.4	5.9%
2012	$69.3	3.3%
2011	$67.1	0.4%
2010	$66.8	1.5%

Traditionally, the definition of the housewares industry used by government agencies includes a broad variety of categories, many of which are not offered by IHA members. For increased relevance of the information in this report to its membership, IHA uses a subset of the traditional definition, which more accurately reflects the IHA membership categories. This subset is used in the development of all tables and graphs in this report.

U.S. Housewares by Category

Continuing with the methodology change initiated in 2004, the U.S. housewares industry statistics represent "the IHA subset" of more traditional market definitions in order to better reflect product categories manufactured by IHA member companies.

2016 U.S. Housewares Expenditures	2016 Total Expenditures *(millions)*	Avg. Annual % Change Past 5 Years
Furniture	**$9,469**	**16.4%**
Infants	$1,253	5.6%
Outdoor	$3,585	10.4%
Occasional	$4,631	5.7%
Appliances	**$10,894**	**7.1%**
Electric Floor Cleaning	$2,886	8.5%
Sewing Machines	$512	17.8%
Miscellaneous Household Appliance	$843	28.8%
Small Electric Kitchen	$3,997	6.0%
Portable Heating & Cooling Equipment	$934	-4.5%
Microwaves	$1,722	19.4%
Housewares	**$12,153**	**5.2%**
Flatware	$421	5.0%
Dinnerware, glassware, serving pieces, textiles (1)	$5,354	13.6%
Non-electric Cookware (2)	$3,190	14.5%
Tableware, Non-electric Kitchenware (2)	$3,188	6.2%
Misc. Household Equipment	**$44,299**	**4.6%**
Infant Equipment	$2,886	13.0%
Laundry & Cleaning Equipment	$2,836	6.7%
Outdoor Equipment	$3,481	-0.8%
Lamps & Lighting	$4,489	5.1%
Other Household Decorative	$17,550	4.9%
Telephone & Accessories	$7,435	15.8%
Small Misc. Accessories	$1,441	4.1%
Closet & Storage	$2,542	6.1%
Other Household Appliances	$1,639	17.5%
Personal Care Products	**$10,261**	**3.5%**
Non-electric Articles for the Hair	$1,575	12.7%
Oral Hygiene	$4,795	3.5%
Shaving Needs	$2,789	7.8%
Electric Personal Care	$1,102	-7.4%
Total Expenditures	**$87,076**	**4.5%**
Number of Households	**130 million**	

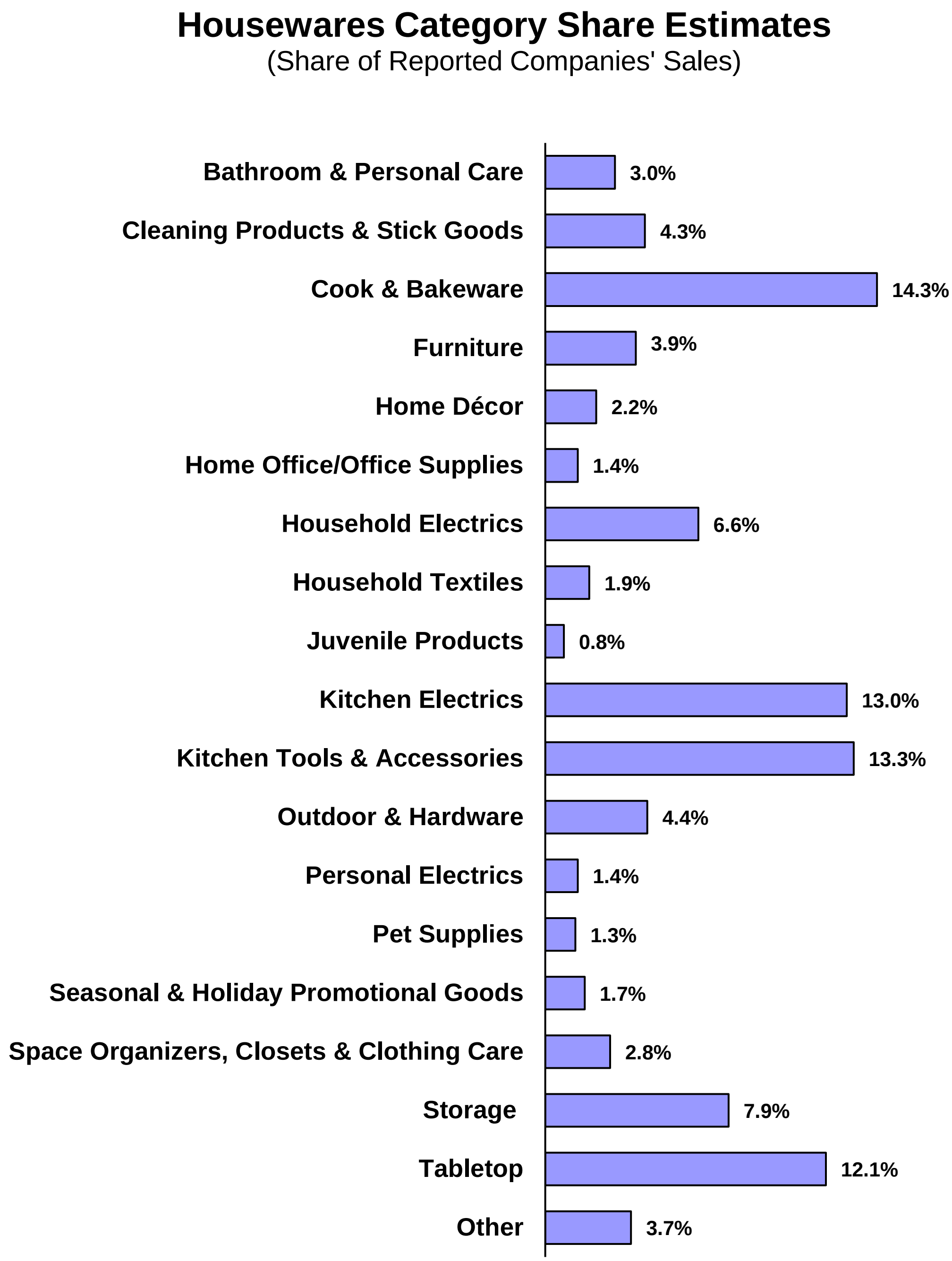
(1) was previously reported as plastic dinnerware, china & other, glassware, and Other serving accessories.
(2) were previously reported as non-electric cookware

Values are rounded for presentation purposes.
Source: U.S. Department of Labor/Bureau of Labor Statistics Consumer Expenditures Study for 2016, unpublished (sample of 5,000 U.S. consumers).

U.S. CATEGORIES & CHANNELS

Housewares Category Share Estimates

The housewares industry is comprised of a number of diverse categories for use in the home, with 52.7% of industry sales falling into the cook & bakeware, kitchen tools & accessories, tabletop and kitchen electrics categories. These same top four categories represented 51.5% of industry sales in 2015.



The data in this chart are from 668 IHA member companies who answered the "2017-2018 Membership Profile" survey and represent 17.3% of the projected total housewares industry volume for 2016. The data should not be interpreted as "national" or "industry-wide" benchmarks. These numbers are most useful as general "ball-park" directional indicators of category performance.

Category Sales by Channel of Distribution
($ Millions)

Category	Mass Merchants/ Super-centers	Depart-ment Stores	Specialty Stores	Super-markets/ Food Stores	Hardware Stores/ Home Centers	Ware-house Clubs	Drug Stores	Home Furnishings / Appliance Stores
Bathroom & Personal Care	484	209	193	203	153	115	157	84
Cleaning Products & Stick Goods	712	319	192	443	550	171	148	100
Cook & Bakeware	2,597	1,564	1,324	1,422	466	633	380	293
Electrics Subtotal	3,090	2,517	1,128	354	1,614	713	594	502
Household Electrics	1,027	673	352	106	596	257	199	186
Kitchen Electrics	1,793	1,742	650	218	987	402	310	287
Personal Electrics	270	102	126	30	31	54	85	29
Furniture	788	210	150	124	183	208	107	335
Home Decor	354	183	179	162	127	88	75	66
Home Office/Office Supplies	258	78	142	64	93	43	64	45
Household Textiles	140	233	128	146	77	153	39	43
Juvenile Products	177	38	83	52	37	36	34	15
Kitchen Tools & Accessories	2,549	1,265	1,201	1,051	769	503	366	254
Outdoor & Hardware	960	268	228	464	497	137	139	89
Pet Supplies	245	119	107	78	92	59	66	32
Seasonal & Holiday Promotional Goods	437	139	114	120	78	69	61	20
Space Organizers, Closets & Clothing Care	527	166	186	198	286	140	53	104
Storage	1,922	529	670	584	528	426	196	163
Tabletop	2,611	1,160	1,087	953	540	388	207	202
Other	810	185	231	336	219	93	82	72
TOTAL	18,661	9,182	7,343	6,754	6,309	3,975	2,768	2,419

Category	Gourmet/ Gift/ Novelty & Souvenir Stores	Variety/ One Price Stores	Internet Retailer	Direct to End-User/ Consumer via Your Web	Catalogs, TV	Whole-sale	Other*	Rounded Total
Bathroom & Personal Care	52	68	145	157	104	281	208	2,613
Cleaning Products & Stick Goods	71	151	147	76	118	284	262	3,744
Cook & Bakeware	327	235	561	410	454	1,056	734	12,456
Electrics Subtotal	317	161	1,705	1,676	981	1,781	1,152	18,285
Household Electrics	100	50	622	218	321	707	333	5,747
Kitchen Electrics	202	96	1,006	1,268	567	1,014	777	11,319
Personal Electrics	15	15	77	190	93	60	42	1,219
Furniture	69	25	599	118	127	211	141	3,395
Home Decor	88	66	89	47	80	163	149	1,916
Home Office/Office Supplies	26	41	70	86	48	109	51	1,218
Household Textiles	73	54	130	27	56	198	156	1,653
Juvenile Products	12	25	45	11	19	54	59	697
Kitchen Tools & Accessories	306	252	615	331	498	894	727	11,581
Outdoor & Hardware	113	68	171	76	161	199	260	3,830
Pet Supplies	18	39	59	32	43	91	54	1,134
Seasonal & Holiday Promotional Goods	42	48	100	38	61	86	66	1,479
Space Organizers, Closets & Clothing Care	49	120	164	27	103	186	129	2,438
Storage	136	227	394	132	258	411	302	6,878
Tabletop	320	341	583	191	316	907	731	10,537
Other	57	73	334	106	100	357	167	3,222
TOTAL	2,076	1,994	5,911	3,541	3,527	7,268	5,348	87,076

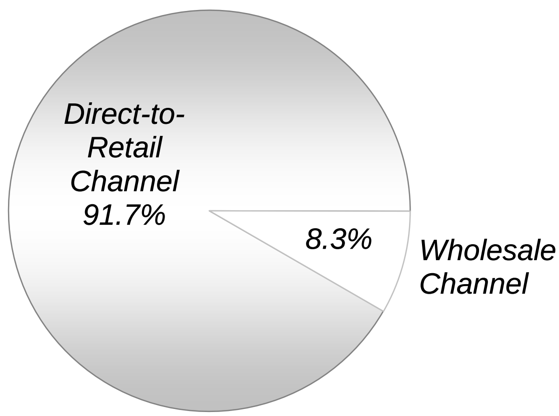
Sample sizes: 668 companies; 2,046 data points. . *Source: IHA 2017-2018 Membership Survey*

**Other includes convenience stores, garden centers, patio specialty stores and all others.*

Direct-to-Retail vs. Wholesale

For companies participating in IHA surveys, the proportion of direct-to-retail versus wholesale sales has varied only slightly over recent years. In 2016, 8.3% of housewares volume was sold through the wholesale channel.

Channels of Distribution
Direct-to-Retail vs. Wholesale
(% of Domestic Housewares Sales)



Source: IHA 2017-2018 Membership Survey

Wholesale Channel Share	
2016	8.3%
2015	7.8%
2014	10.9%
2013	9.8%
2012	11.7%
2011	6.9%

Source: IHA SOI & Membership Surveys

For the remainder of this report, all sales percentages refer to only the direct-to-retail channel, i.e., they exclude the sales to wholesalers.

Direct-to-Retail Channels Overview

Housewares manufacturers continue to distribute most domestic housewares (92.2%) through 14 retail channels. The major 14 direct-to-retail channels include "non-brick-and-mortar" outlets such as Internet Retailers, Catalogs/TV and Direct to End-user.

2016 U.S. Housewares Industry
*Direct-to-Retail Channels**

Channel	Channel Sales ($ Millions)	Share of Housewares Retail Market
Mass Merchants/ Supercenters	$18,661	23.4%
Department Stores	$9,182	11.5%
Specialty Stores	$7,343	9.2%
Supermarkets/ Food Stores	$6,754	8.5%
Hardware Stores/Home Centers	$6,309	7.9%
Internet Retailers	$5,911	7.4%
Other Retailers	$5,348	6.7%
Warehouse Clubs	$3,975	5.0%
Direct to End-User/ Consumer via Your Web	$3,541	4.4%
Catalogs, TV	$3,527	4.4%
Drug Stores	$2,768	3.5%
Home Furnishings/Appliance Stores	$2,419	3.0%
Gourmet/Gift/Novelty & Souvenir Stores	$2,076	2.6%
Variety/One-Price Stores	$1,994	2.5%
TOTAL	$79,808	100.0%

** Excluding wholesale channel* *Source: IHA 2017-2018 Membership Survey*
The "other" channel includes convenience stores, garden centers, patio specialty stores and all other formats as reported by IHA member companies.

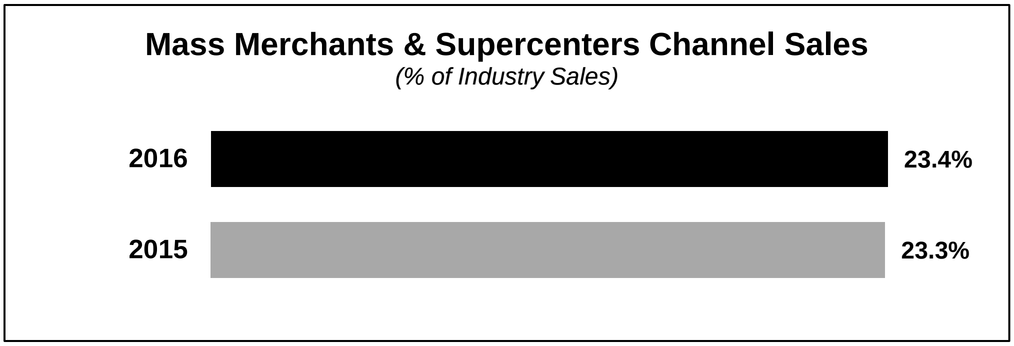
Total non-store retailing (Catalogs/TV, Direct to End-User/Consumer via Your Web and Internet Retailer) accounted for the second largest share of the total retail volume when combined for 2016. Annual totals are:

- 21.7% in 2016
- 16.3% in 2015
- 21.8% in 2014
- 15.5% in 2013
- 15.0% in 2012

The Internet Retailer channel was added in the 2013 report. It was previously reported in the Catalogs, Internet, TV channel. This year, the IHA companies providing channel data reported higher sales to Internet Retailers versus last year. Last year they reported lower sales versus two years ago. They also reported higher sales to brick and mortar retailers who also have e-commerce divisions in 2016 versus 2015 and in 2015 versus 2014. Other data also show that sales are clearly increasing for the Internet Retailer channel (e.g., Amazon.com moved from number 9 to number 8 on the *HomeWorld Business* Top 100 Retailers list this year). However, as digital commerce continues to evolve and blend with "brick-and-mortar" business, some of the housewares companies in this survey may report combined channel sales, while others separate sales to large retailers who operate both physical and virtual stores.

Mass Merchants & Supercenters

Mass merchants and supercenters continue to be the leaders of housewares retailing. Their share in 2016 and 2015, as reported by IHA member companies, likely included some sales through their online divisions. Digital sales were likely not reported for some of these operators in 2014. **See the section on Internet Retailers (page 37) for more information.**



Source: IHA 2017-2018 Membership Survey

This channel sees the majority of its housewares sales in tabletop (14.0%), cook & bakeware (13.9%), and kitchen tools & accessories (13.7%). This channel is the sales leader in all categories except household textiles.

Supercenters continue to generate the majority of this channel's overall sales.

Large Format Value Store Housewares Sales Growth
Selected Companies
2016 vs. 2015
Housewares Sales ($ Millions)

Top Discount Store Chains	2016	2015	% Change vs. 2015	% of Total In 2016
Walmart (Bentonville, AR)	$20,574	$20,563	0.1%	6.7%
Target (Minneapolis, MN)	$6,914	$7,128	-3.0%	9.9%
Kmart (Hoffman Estates, IL)	$1,168	$1,376	-15.1%	13.5%
Meijer (Grand Rapids, MI)*	$860	$819	5.0%	5.1%
Shopko (Green Bay, WI)*	342	360	-5.0%	10.9%

Source: HomeWorld Business "Top 100 Retailers," September 2017

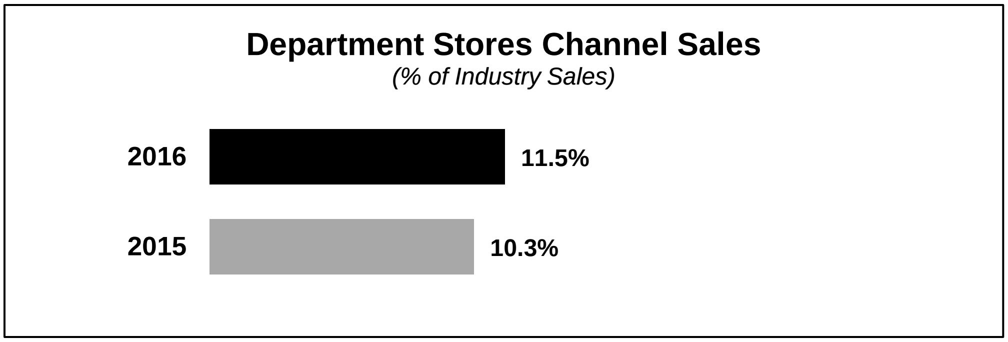
Selected companies performance snapshot (2016 vs. 2015) as a group:

- $29,855,000 - Total housewares sales in 2016.
- 1.2% - Total annual housewares sales decrease.

Note: *HomeWorld Business* Total Store Sales exclude Internet sales for all companies in 2016. In prior years, Internet sales were included for some companies.

Department Stores

Department stores accounted for 11.5% of all direct-to-retail housewares sales, up from 10.3% in 2015 and 9.3% in 2014.



Source: IHA 2016-2017 Membership Survey

This channel sees the majority of its housewares sales in kitchen electrics (19.0%), cook & bakeware (17.0%) and kitchen tools & accessories (13.8%). Sales for these five companies declined 4.1% in total.

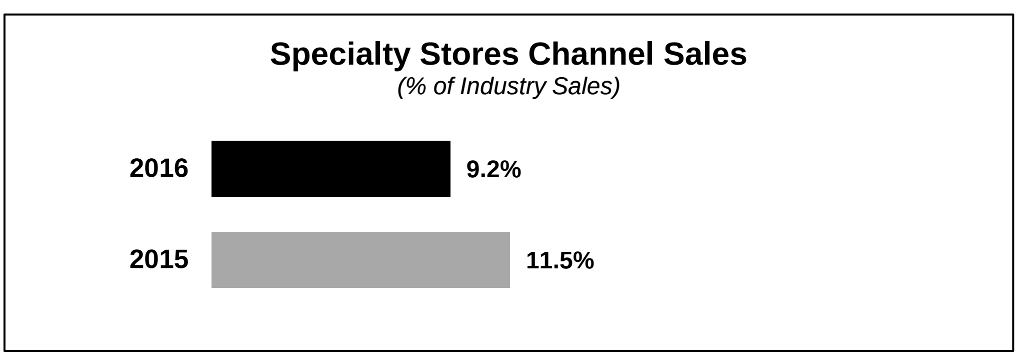
Department Store Housewares Sales Growth
Top Chains
2016 vs. 2015
Housewares Sales ($ Millions)

Top Department Store Chains	2016	2015	% Change vs. 2015	% of Total In 2016
Kohl's (Menomonee Falls, WI)	$1,655	$1,701	-2.7%	8.9%
Macy's (Cincinnati, OH)	$1,118	$1,192	-6.2%	4.5%
Sears (Hoffman Estates, IL)	$996	$1,104	-9.8%	7.4%
T.J. Maxx/Marshalls (Framingham, MA)	$742	$715	3.8%	3.5%
J.C. Penney (Plano, TX)	$259	$261	-0.8%	2.1%

Source: HomeWorld Business "Top 100 Retailers," September 2017

Specialty Stores

Specialty accounted for 9.2% of all direct-to-retail housewares sales, down from 11.5% in 2015 and 13.1% in 2014.



Source: IHA 2017-2018 Membership Survey

This channel sees the majority of its housewares sales in cook & bakeware (18.0%), kitchen tools & accessories (16.4%) and tabletop (14.8%).

The top five specialty store operators reported housewares sales increases in 2016. As a group, their housewares sales increased 2.4% over 2015.

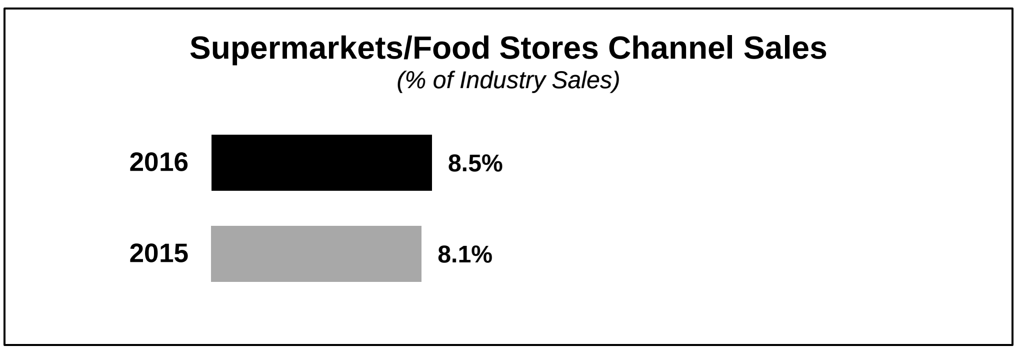
Housewares-Dominant Specialty Stores Housewares Sales Growth
Top Chains
2016 vs. 2015
Housewares Sales ($ Millions)

Top Specialty Store Chains	2016	2015	% Change vs. 2015	% of Total In 2016
Bed Bath & Beyond (Union, NJ)	$5,227	$5,179	0.9%	42.8%
Williams Sonoma (San Francisco, CA)	$3,995	$3,910	2.2%	78.6%
Home Goods (Framingham, MA)	$1,157	$1,028	12.5%	26.3%
Crate & Barrel (Northbrook, IL)*	$1,101	$1,093	0.7%	46.8%
The Container Store (Coppell, TX)	$717	$697	2.9%	87.4%

Source: HomeWorld Business "Top 100 Retailers," September 2017

Supermarkets/Food Stores

Supermarkets/food stores accounted for 8.5% of housewares sales in 2016, versus 8.1% in 2015.



Source: IHA 2017-2018 Membership Survey

This channel sees the biggest share of its housewares sales in cook & bakeware (21.1%), kitchen tools & accessories (15.6%) and tabletop (14.1%). All of the top five chains reported housewares sales increases in 2016.

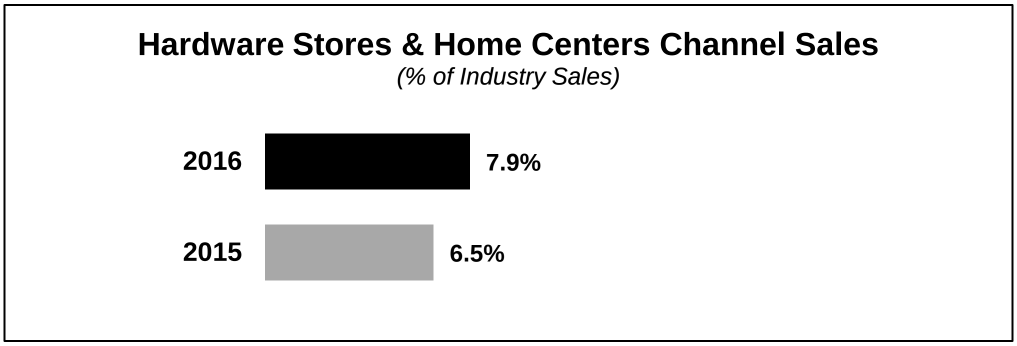
Supermarket Housewares Sales Growth
Top Chains
2016 vs. 2015
Housewares Sales ($ Millions)

Top Supermarket Chains	2016	2015	% Change vs. 2015	% of Total In 2016
Kroger (Cincinnati, OH)	$1,852	$1,764	5.0%	1.6%
Royal Ahold Delhaize (Carlisle, PA)	$580	$576	0.7%	1.3%
Publix (Lakeland, FL)	$576	$548	5.1%	1.7%
Albertsons (Boise, ID)*	$434	$433	0.2%	0.7%
H.E.B. (San Antonio, TX)*	$261	$254	2.8%	1.2%

Source: HomeWorld Business "Top 100 Retailers," September 2017

Hardware Stores & Home Centers

Hardware stores & home centers accounted for a larger share (7.9%) of housewares sales in 2016, versus 2015 (6.5%) and 2014 (6.2%).



Source: IHA 2017-2018 Membership Survey

This channel sees the majority of its housewares sales in kitchen electrics, kitchen tools & accessories and household electrics. The top five operators all reported housewares sales increases in 2016.

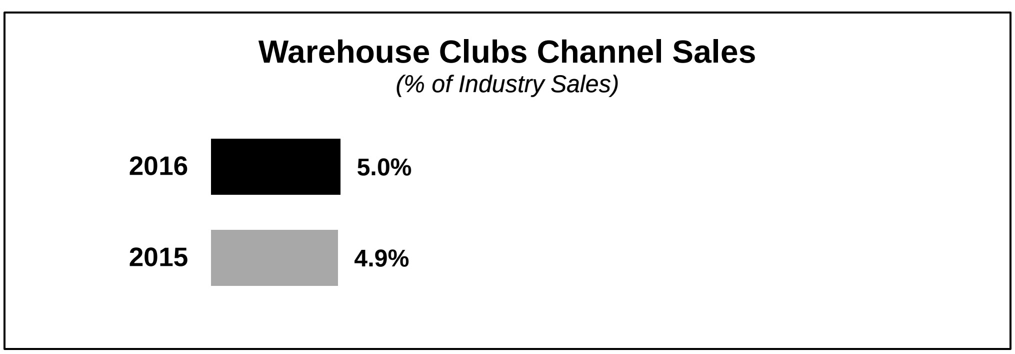
Hardware and Home Center Retailers Housewares Sales Growth
Top Chains
2016 vs. 2015
Housewares Sales ($ Millions)

Top Hardware and Home Center Chains	2016	2015	% Change vs. 2015	% of Total In 2016
Home Depot (Atlanta, GA)	$2,628	$2,559	2.7%	2.8%
Lowe's (Mooresville, NC)	$1,702	$1,546	10.1%	2.6%
Ace Hardware (Oak Brook, IL)	$1,379	$1,340	2.9%	8.7%
True Value (Chicago, IL)	$400	$390	2.6%	8.7%
Do-It-Best (Fort Wayne, IN)	229	216	6.0%	2.4%

Source: HomeWorld Business "Top 100 Retailers," September 2017

Warehouse Clubs

Warehouse clubs accounted for 5.0% of housewares sales in 2016, similar to 4.9% in 2015.



Source: IHA 2017-2018 Membership Survey

This channel sees the majority of its housewares sales in cook & bakeware, kitchen tools and kitchen electrics and storage.

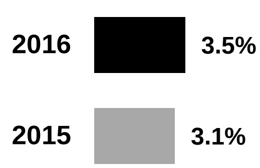
Warehouse Club Retailers Housewares Sales Growth Top Chains 2016 vs. 2015 Housewares Sales ($ Millions)				
Top Warehouse Club Chains	2016	2015	% Change vs. 2015	% of Total In 2016
Costco (Issaquah, WA)	$12,355	$12,099	2.1%	10.6%
Sam's Club (Bentonville, AR)	$4,449	$4,425	0.5%	7.8%
BJ's Wholesale (Framingham, MA)	$1,339	$1,319	1.5%	9.1%
Bi-Mart (Eugene, OR)*	$116	$104	11.5%	12.2%
PriceSmart (San Diego, CA)	$115	$111	3.6%	4.1%

Source: HomeWorld Business "Top 100 Retailers," September 2017

Drug Stores

Drug Stores' share of housewares sales in 2016 rose to 3.5% from 3.1% in 2015.

Drug Stores Channel Sales
(% of Industry Sales)



Source: IHA 2017-2018 Membership Survey

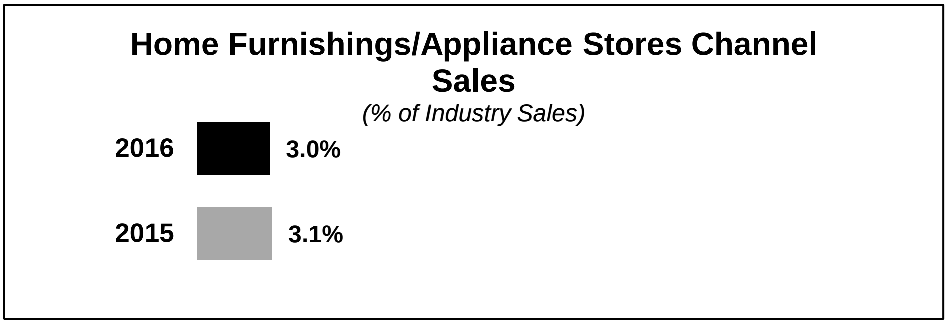
This channel sees the majority of its housewares sales in cook & bakeware, kitchen tools and kitchen electrics. Four of the top five operators reported higher housewares sales in 2016. Channel leader Walgreen is ranked as the 8th largest housewares retailer by *HomeWorld Business* magazine for 2015 and CVS is ranked 17th.

Drug Stores Housewares Sales Growth Top Chains 2016 vs. 2015 Housewares Sales ($ Millions)				
Top Drug Store Chains	2016	2015	% Change vs. 2015	% of Total In 2016
Walgreen (Deerfield, IL)	$2,350	$2,271	3.5%	2.8%
CVS (Woonsocket, RI)	$1,216	$1,212	0.3%	1.6%
Rite Aid (Camp Hill, PA)	$845	$791	6.8%	2.6%
HealthMart (San Francisco, CA)	$181	$184	-1.6%	1.9%
Good Neighbor (Chesterbrook, PA)	$160	$154	3.9%	1.7%

Source: HomeWorld Business "Top 100 Retailers," September 2017

Home Furnishing & Appliance Stores

This channel's share of housewares sales declined to 3.0% in 2016 from 3.1% in 2015.

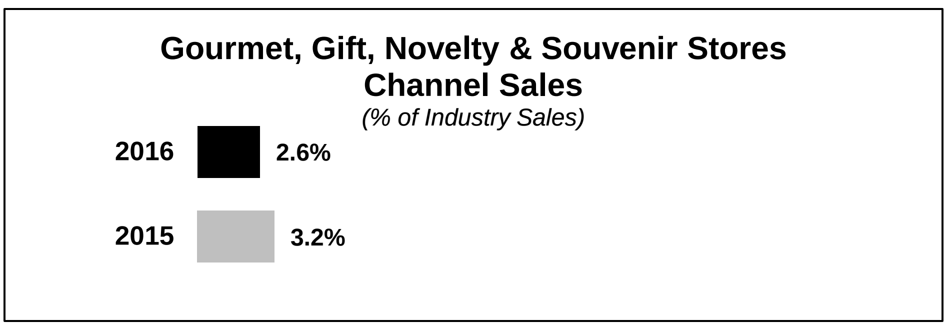


Source: IHA 2017-2018 Membership Survey

This channel sees most of its housewares sales in furniture and cook & bakeware.

Gourmet, Gift, Novelty & Souvenir Stores

Gourmet, gift, novelty & souvenir stores saw their share of housewares sales decrease to 2.6 in 2016 from 3.2% in 2015.

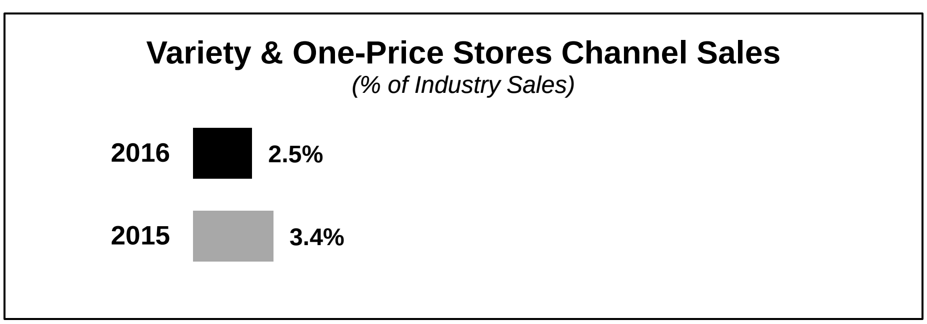


Source: IHA 2017-2018 Membership Survey

This channel sees the majority of its housewares sales in cook & bakeware (15.8%), tabletop (15.4%) and kitchen tools & accessories (14.7%). No public data are available about retailers in this channel who are primarily privately-held companies.

Variety & One-Price Stores

Variety & One-Price Stores housewares share decreased to 2.5% in 2016 from 3.4% in 2015.



Source: IHA 2017-2018 Membership Survey

This channel, also known as Extreme Value Stores, sees the majority of its housewares sales in tabletop, kitchen tools & accessories and cook & bakeware. Three of the five major retailers in this channel showed housewares sales increases in 2016.

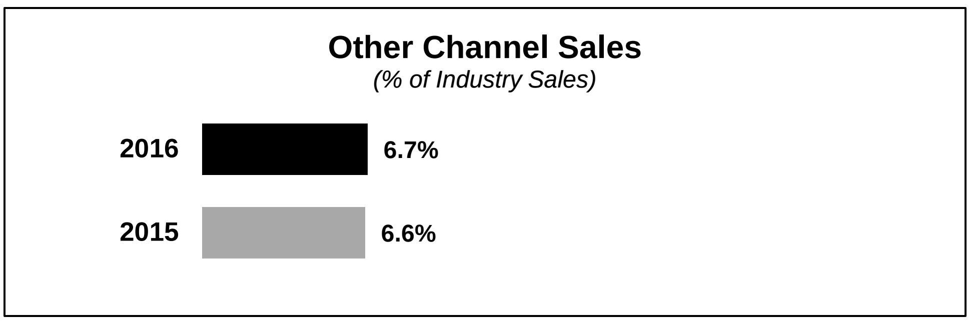
Variety & One-Price Stores Housewares Sales Growth
Top Chains
2016 vs. 2015
Housewares Sales ($ Millions)

Top Variety & One-Price Chains	2016	2015	% Change vs. 2015	% of Total In 2016
Dollar Tree (Chesapeake, VA)	$1,203	$922	30.5%	5.8%
Dollar General (Goodlettsville, TN)	$1,167	$1,096	6.5%	5.3%
Tuesday Morning (Dallas, TX)*	$565	$558	1.3%	58.4%
Fred's (Memphis, TN)	$324	$328	-1.2%	15.2%
Big Lots (Columbus, OH)	289	295	-2.0%	5.6%

Source: HomeWorld Business "Top 100 Retailers," September 2017

Others

Share of housewares sales increased this year to 6.7% for this channel, which includes convenience stores, garden centers, patio specialty stores and all others.

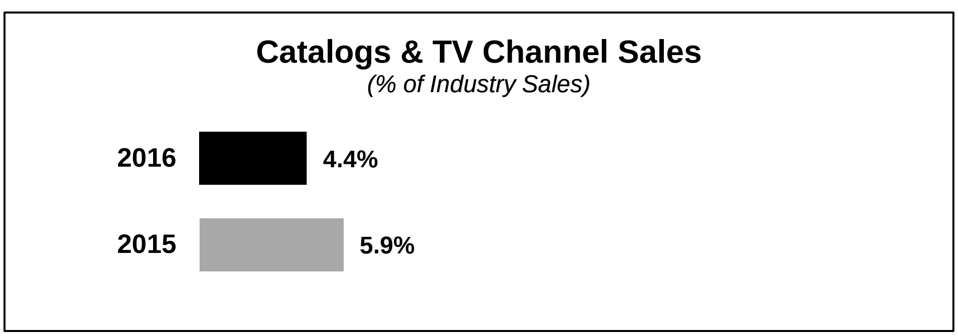


Source: IHA 2017-2018 Membership Survey

This channel sees the majority of its housewares in kitchen electrics and cook & bakeware.

Catalogs & TV

Housewares sales through catalogs and TV marketing programs in 2016 accounted for 4.4% of retail sales, down from 5.9% in 2015 and 9.5% in 2014.



Source: IHA 2017-2018 Membership Survey

Example companies include:

- Catalogs: Lillian Vernon, Bit & Pieces, Hammacher Schlemmer, etc.
- TV: QVC Network, Home Shopping Network, infomercials, etc.

This channel's top categories are cook & bakeware, kitchen tools and kitchen electrics.

Catalog & TV Companies Housewares Sales Growth
Top Chains
2016 vs. 2015
Housewares Sales ($ Millions)

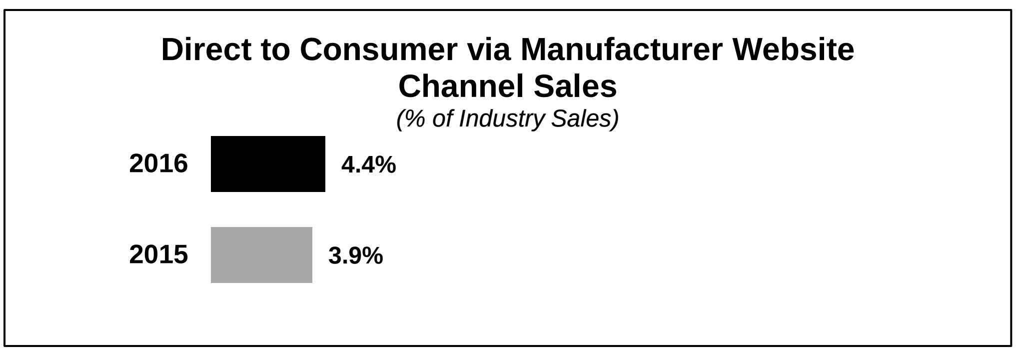
Company	2016	2015	% Change vs. 2015	% of Total In 2016
QVC (West Chester, PA)	$1,026	$1,020	0.6%	13.4%
HSN (St. Petersburg, FL)	$932	$964	-3.3%	26.1%
Wayfair (Boston, MA)*	$553	$435	27.1%	16.4%

Source: HomeWorld Business "Top 100 Retailers," September 2017

Manufacturer Website

In order to more accurately account for virtual retail channels in the IHA Membership survey, data on the Direct to End-User/Consumer via Your Website channel have been collected since 2007.

Direct to consumer housewares sales share increased to 4.4% in 2016.

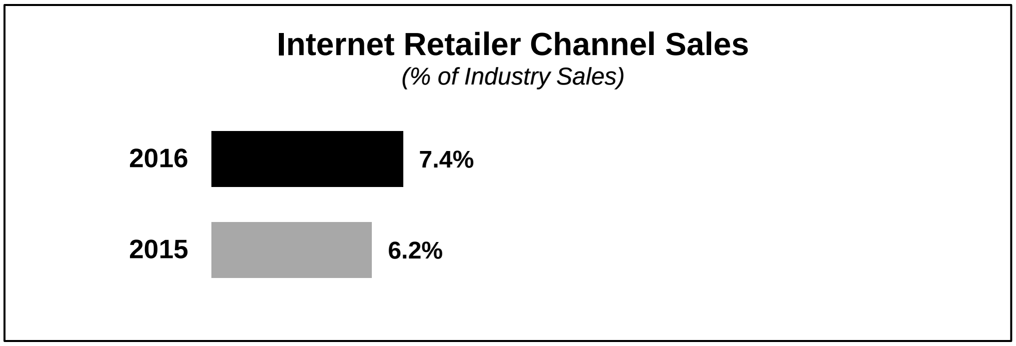


Source: IHA 2017-2018 Membership Survey

This channel's strongest categories are kitchen electrics and cook & bakeware.

Internet Retailer

Internet Retailer sales accounted for 7.4% of total housewares direct to retail sales in 2016, versus 6.2% in 2015.



Source: IHA 2017-2018 Membership Survey

Example companies include Amazon, Overstock.com and Evine.

Internet Retailers Sales Growth
Top Chains
2016 vs. 2015
Housewares Sales ($ Millions)

Chain	2016	2015	% Change vs. 2015	% of Total In 2016
Amazon.com (Seattle, WA)	$2,365	$1,892	25.0%	3.1%
Overstock.com (Salt Lake City, UT)	$228	$213	7.0%	12.7%
Evine Live (Eden Prairie, MN)	$92	$94	-2.1%	13.8%
Replacements (Greensboro, NC)*	$84	$84	0.0%	96.6%
Bluestem Brands (Eden Prairie, MN)*	$74	$71	4.2%	4.1%

Source: HomeWorld Business "Top 100 Retailers," September 2017

This year, the IHA companies providing channel data reported higher sales to Internet Retailers versus last year. Last year they reported lower sales versus two years ago. They also reported higher sales to brick and mortar retailers who also have e-commerce divisions in 2016 versus 2015 and in 2015 versus 2014. (See page 29.)

When combined, the share of housewares sales to these two channels has increased annually, going from 23.4% in 2014 to 29.5% in 2015 to 30.8% in 2016.

As digital commerce continues to evolve and blend with "brick-and-mortar" business, some of the housewares companies in this survey may report combined channel sales, while others separate sales to large retailers who operate both physical and virtual stores.

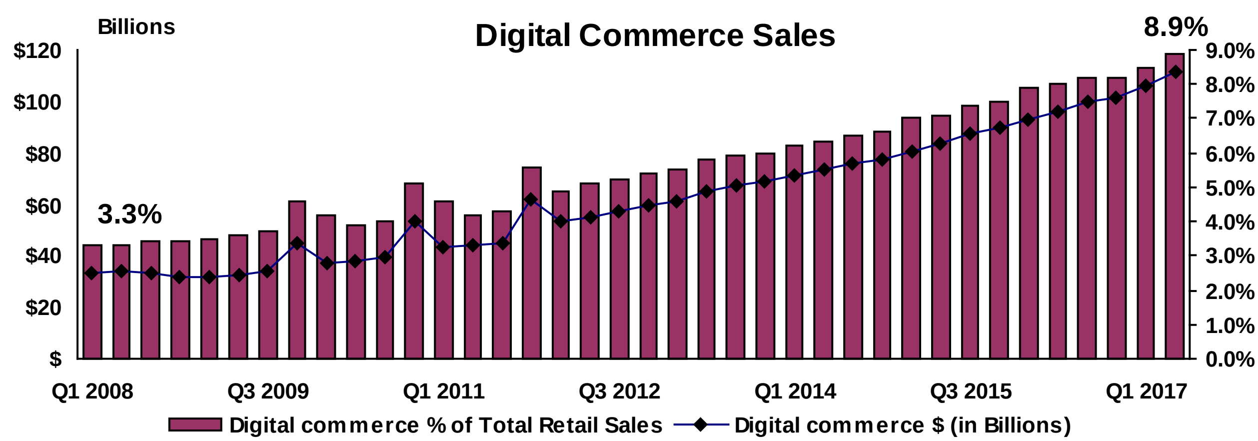
The Internet Retailer channel was added in the 2013 report. It was previously reported in the Catalogs, Internet, TV channel.

CHANNEL FOCUS: DIGITAL COMMERCE

Channel Focus: Digital Commerce

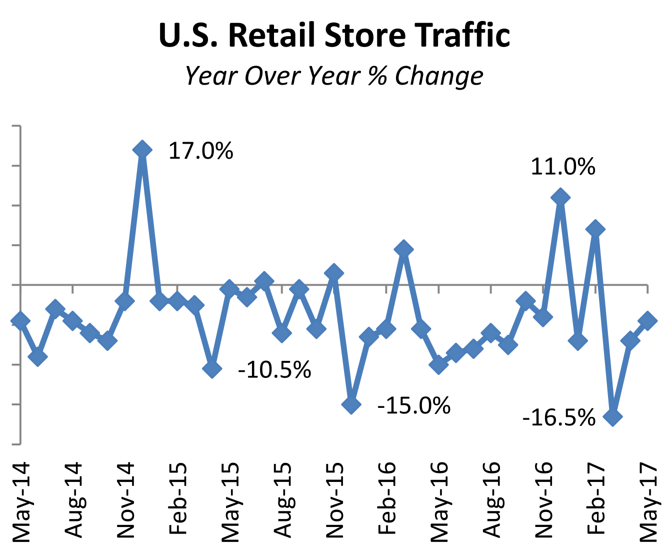
Earlier in this report (on page 28), all Digital Commerce is shown to represent 21.7% of all housewares categories' sales (Direct to End-User/Consumer via Your Website plus Catalogs/TV and Internet Retail). When combined, this is the second largest share of sales for housewares companies, behind Mass Merchants (23.4%) and ahead of Department Stores (10.5%). This section of the report reviews several important trends in Digital Commerce for consideration by housewares companies.

Total Digital Commerce sales to consumers grew from $5.8 billion in the first quarter of 2000 to $111.5 billion in the second quarter of 2017 according to U.S. Census Bureau. By the year 2020, annual U.S. online sales are projected by eMarketer to reach $700 billion, four times 2015 sales.

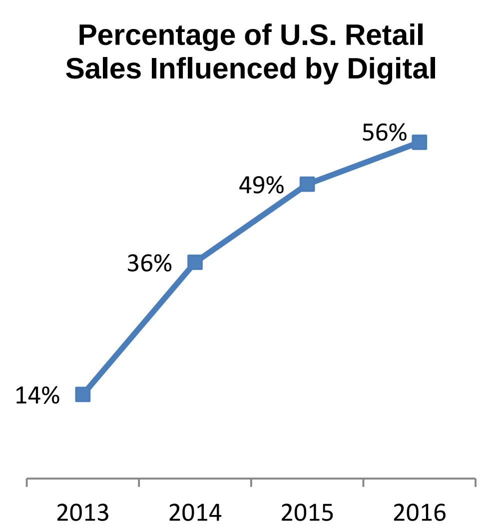


Source: Quarterly Retail Digital Commerce, Census Bureau

Store traffic has been steadily declining for most quarters (i.e., excluding the fourth quarter), as U.S. retail sales are increasingly influenced by the Internet.

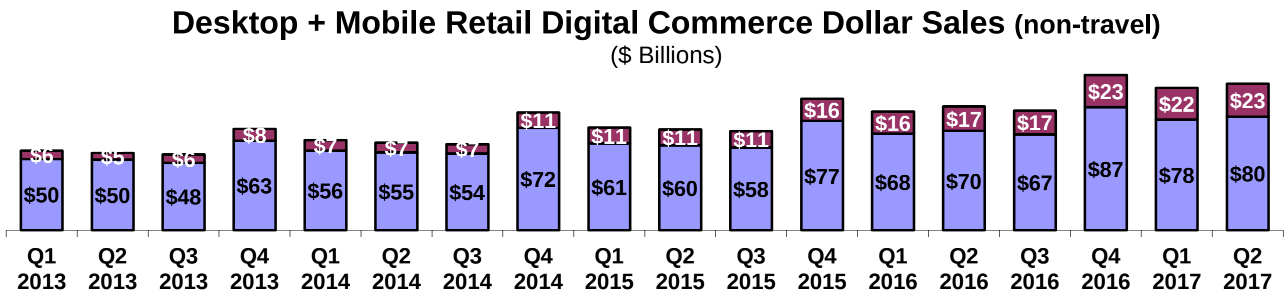


Source: Bloomberg, Fung Global Retail & Technology, June 23, 2017



Source: Deloitte, September, 2016

U.S. digital commerce sales of products and services increased 15% in 2016 to $392 billion, as estimated by U.S. Department of Commerce. Both desktop and mobile sales are increasing.



Source: comScore, State of the U.S. Online Retail Economy

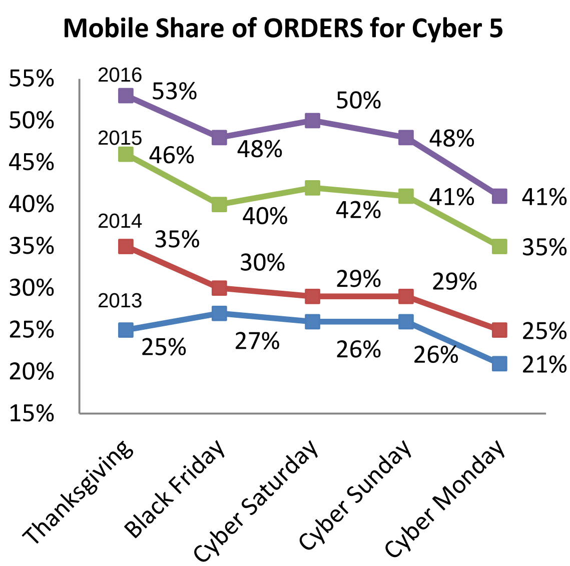
Desktop leads both smart phones and tablets (mobile) in conversion to an order after a visit (2.8%) and after adding items to their cart.

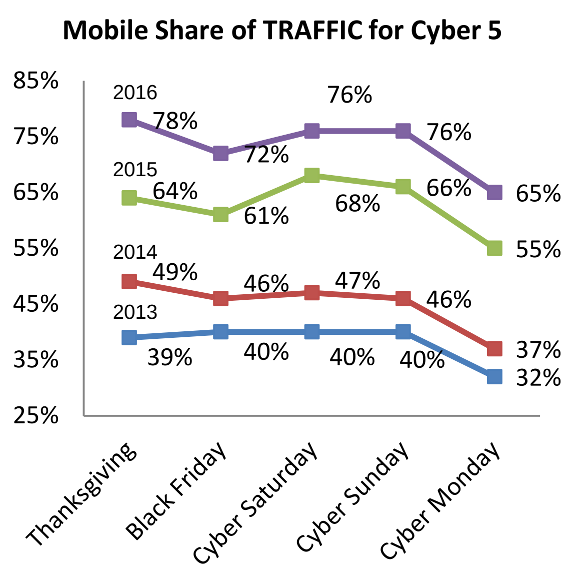
U.S Conversion Rates for Add-To-Cart and Total Retail Conversion from a Visit, Q2, 2016

	Smartphone	Tablet	Desktop
Add-to-cart	16%	22%	26%
Total Retail Conversion	1.0%	2.0%	2.8%

Source: Adobe, "2016 Mobile Retail Report." Broader industry metrics may vary.

Mobile's share of both orders and traffic has increased steadily since 2013.





Source: Bloomberg, Fung Global Retail & Technology, June 23, 2017

SOI INSIGHT

As mobile devices continue to gain popularity in the social media world, housewares manufacturers can create marketing and sales programs that capitalize on the shifting strengths of both.

IHA MEMBERSHIP PROFILE

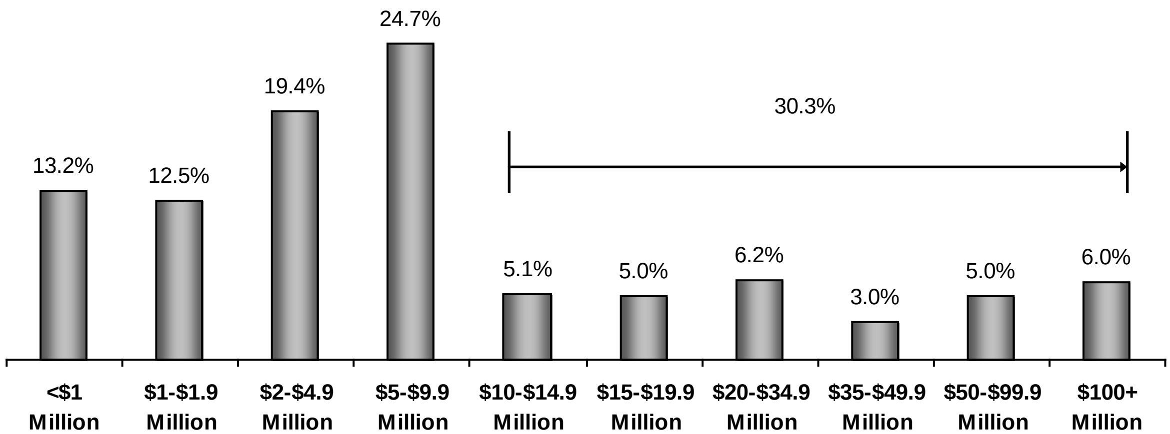
The 2017-2018 IHA annual membership registration process included a few questions about company sales and operations. Selected data are presented here as a profile of typical IHA member companies and are not intended to represent industry averages or benchmarks.

Sales Profile

International Housewares Association (IHA) is composed of approximately 1,600 member companies of all sizes. Among the representative sample of companies surveyed this year, over two-thirds had annual sales of less than $10 million (U.S.) in 2016.

Size of IHA Member Companies

(Annual Sales Distribution)

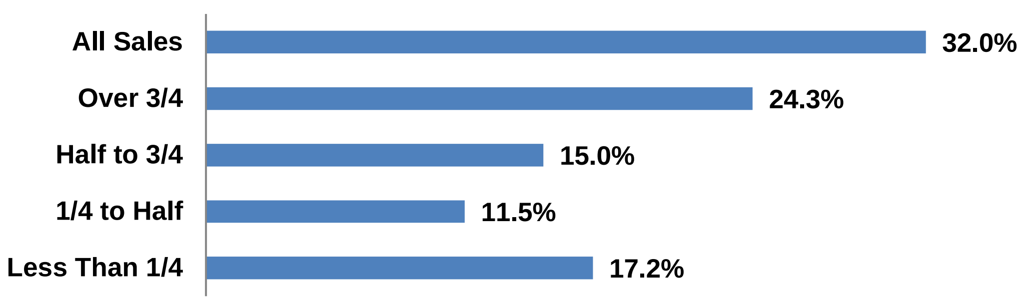


n=744 *Source: IHA 2017-2018 Membership Survey*

IHA Membership Sales Data Averages

$18.5 million	Average annual gross sales per company in 2016 *(n=744)*
13.2%	Weighted average sales growth versus 2015 *(n=561)*

Percentage of Total Sales Which Is Housewares



n=864

Among the 724 companies reporting both total annual sales and housewares sales, 23.2% had housewares sales above $10 million in 2016.

Most (87.1%) IHA members export to markets outside of their headquarters country *(n=665).* Among those who do, 25.1% of their housewares sales are from exports.

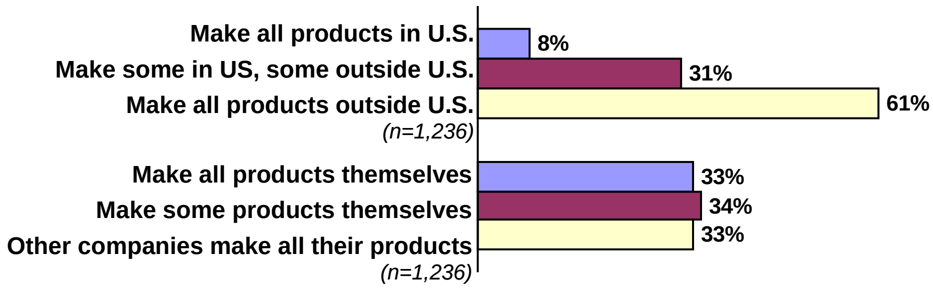
Operations Profile

Two profile components of the IHA membership were added in last year's survey.

84.7% of these companies ship their products direct to consumers *(n=779*)
13.4% of these companies are woman-owned *(n=769)*

Most (95.0%) of the surveyed companies are privately held *(n=878).*

IHA Membership Manufacturing Practices



Among all the companies answering these questions with a value other than zero:

- 88% of their products are manufactured outside of the U.S. *(n=747)*
- 68% of their products are manufactured by other companies *(n=525)*

The predominant countries of origin mentioned by the 671 companies whose products are manufactured outside of the U.S. is China (67% of respondents).

Within the full population of IHA companies participating in this survey,

- 77% are headquartered in the U.S.
- 23% are headquartered in 41 other countries, led by Canada (6%) and China (3%).

The states with the highest concentration of housewares company headquarters (among U.S. headquartered companies) are: California (21%); New York (13%); New Jersey (10%); and Illinois (9%).

APPENDICIES

The International Housewares Association has published a *State of the Industry Report* every year since 1996. Beginning with the 2008 report, all category and channel sales data are collected in IHA's current year membership survey.

Methodology

This publication is a compilation of IHA membership annual survey data and other sources of industry information. This report uses the same data sources as previous years for trend analyses. In addition, the same measurement techniques as in years past are followed except where otherwise noted. Raftery Resource Network provided the research, analysis and content development.

The information is consistent with previous years and includes new sections and content. External data sources used for this report include:

- U.S. Government data services
- Industry trade journals
- Industry trade associations
- International data services

The IHA data source used for this report is the 2017-2018 IHA Membership Survey, which includes:

- 2,046 data points for category and channel data
- 668 companies provided these data

The data and findings developed from IHA surveys reflect the performance and business activities of IHA members participating in those industry surveys. These findings should not be interpreted as national or industry-wide statistics but rather guidelines of housewares performance. For a profile of IHA membership, please see the final section in this report.

Top 100 Domestic Housewares Retailers
By Sales (in Millions)

Rank	Chain	# Stores 2016	# Stores 2015	Total Sales 2016	Total Sales 2015	House-wares Sales 2016	House-wares Sales 2015	% Chg House-wares Sales	House-wares % Total Sales
1	Walmart (Bentonville, AR)	4,672	4,574	$307,833	$298,378	$20,574	$20,563	0.1%	6.7%
2	Costco (Issaquah, WA)	715	686	$116,073	$113,666	$12,355	$12,099	2.1%	10.6%
3	Target (Minneapolis, MN)	1,802	1,792	$69,495	$73,785	$6,914	$7,128	-3.0%	9.9%
4	Bed Bath & Beyond (Union, NJ)	1,546	1,530	$12,216	$12,104	$5,227	$5,179	0.9%	42.8%
5	Sam’s Club (Bentonville, AR)	660	655	$57,365	$56,828	$4,449	$4,425	0.5%	7.8%
6	Williams Sonoma (San Francisco, CA)	629	618	$5,084	$4,976	$3,995	$3,910	2.2%	78.6%
7	Home Depot (Atlanta, GA)	2,278	2,274	$94,595	$88,519	$2,628	$2,559	2.7%	2.8%
8	Amazon.com (Seattle, WA)	3	2	$77,024	$61,620	$2,365	$1,892	25.0%	3.1%
9	Walgreen (Deerfield, IL)	8,175	8,173	$83,802	$80,974	$2,350	$2,271	3.5%	2.8%
10	Kroger (Cincinnati, OH)	3,899	3,885	$115,337	$109,830	$1,852	$1,764	5.0%	1.6%
11	Lowe’s (Mooresville, NC)	2,129	1,857	$65,017	$59,074	$1,702	$1,546	10.1%	2.6%
12	Kohl’s (Menomonee Falls, WI)	1,169	1,164	$18,686	$19,204	$1,655	$1,701	-2.7%	8.9%
13	Ace Hardware (Oak Brook, IL)	4,330	4,315	$15,800	$15,350	$1,379	$1,340	2.9%	8.7%
14	BJ’s Wholesale (Framingham, MA)	211	212	$14,725	$14,500	$1,339	$1,319	1.5%	9.1%
15	CVS (Woonsocket, RI)	9,810	9,658	$76,034	$72,139	$1,216	$1,212	0.3%	1.6%
16	Dollar Tree (Chesapeake, VA)	14,334	13,851	$20,719	$15,498	$1,203	$922	30.5%	5.8%
17	Kmart (Hoffman Estates, IL)	735	941	$8,650	$10,188	$1,168	$1,376	-15.1%	13.5%
18	Dollar General (Goodlettsville, TN)	13,320	12,483	$21,987	$20,369	$1,167	$1,096	6.5%	5.3%
19	Home Goods (Framingham, MA)	579	526	$4,405	$3,915	$1,157	$1,028	12.5%	26.3%
20	Macy’s (Cincinnati, OH)	829	868	$24,778	$27,079	$1,118	$1,192	-6.2%	4.5%
21	Crate & Barrel (Northbrook, IL)*	133	132	$2,353	$2,241	$1,101	$1,093	0.7%	46.8%
22	QVC (West Chester, PA)	0	0	$7,667	$7,621	$1,026	$1,020	0.6%	13.4%
23	Sears (Hoffman Estates, IL)	695	731	$13,488	$14,958	$996	$1,104	-9.8%	7.4%
24	HSN (St. Petersburg, FL)	14	14	$3,567	$3,691	$932	$964	-3.3%	26.1%
25	Meijer (Grand Rapids, MI)*	232	220	$16,750	$15,950	$860	$819	5.0%	5.1%
26	Rite Aid (Camp Hill, PA)	4,536	4,561	$32,845	$30,737	$845	$791	6.8%	2.6%
27	T.J. Maxx/Marshalls (Framingham, MA)	2,221	2,163	$21,246	$19,948	$742	$715	3.8%	3.5%
28	The Container Store (Coppell, TX)	86	79	$820	$797	$717	$697	2.9%	87.4%
29	Ikea (Conshohocken, PA)	43	41	$5,350	$5,000	$611	$571	7.0%	11.4%
30	Royal Ahold Delhaize (Carlisle, PA)	2,076	1,987	$44,241	$44,144	$580	$576	0.7%	1.3%
31	Publix (Lakeland, FL)	1,136	1,114	$34,000	$32,363	$576	$548	5.1%	1.7%
32	Tuesday Morning (Dallas, TX)*	722	751	$968	$956	$565	$558	1.3%	58.4%
33	Wayfair (Boston, MA)*	0	0	$3,380	$2,250	$553	$435	27.1%	16.4%
34	Sally Beauty (Denton, TX)	3,781	3,673	$3,953	$3,843	$457	$438	4.3%	11.6%
35	Ulta Beauty (Bolingbrook, IL)	974	874	$4,655	$3,924	$455	$408	11.5%	9.8%
36	Yankee Candle (South Deeerfield, MA)*	575	551	$536	$520	$439	$427	2.8%	81.9%
37	Albertsons (Boise, ID)*	2,345	2,310	$58,735	$58,634	$434	$433	0.2%	0.7%
38	True Value (Chicago, IL)	4,460	4,450	$4,610	$4,500	$400	$390	2.6%	8.7%
39	Ross Stores (Newark, CA)	1,533	1,446	$12,867	$11,940	$349	$324	7.7%	2.7%
40	Shopko (Green Bay, WI)*	350	363	$3,135	$3,125	$339	$342	-0.9%	10.8%
41	Fred’s (Memphis, TN)	644	659	$2,125	$2,151	$324	$328	-1.2%	15.2%
42	Best Buy (Richfield, MN)	1,600	1,631	$39,403	$39,528	$324	$325	-0.3%	0.8%
43	Big Lots (Columbus, OH)	1,432	1,449	$5,200	$5,191	$290	$289	0.3%	5.6%
44	Do-It-Best (Fort Wayne, IN)	3,900	3,800	$5,745	$5,500	$267	$251	6.4%	4.6%
45	H.E.B. (San Antonio, TX)*	350	340	$22,505	$21,925	$261	$254	2.8%	1.2%
46	J.C. Penney (Plano, TX)	1,006	1,014	$12,547	$12,625	$259	$261	-0.8%	2.1%
47	Menards (Eau Claire, WI)*	305	293	$10,660	$10,225	$249	$239	4.2%	2.3%
48	Army Air Force Exchange (Dallas, TX)	168	169	$7,850	$7,460	$244	$232	5.2%	3.1%
49	Overstock.com (Salt Lake City, UT)	0	0	$1,800	$1,658	$228	$213	7.0%	12.7%
50	Sur La Table (Seattle, WA)*	123	122	$504	$480	$226	$226	0.0%	44.8%

Source: HomeWorld Business “Top 100 Retailers,” September 2017

Top 100 Domestic Housewares Retailers *By Sales (in Millions)*									
Rank	**Chain**	**# Stores 2016**	**# Stores 2015**	**Total Sales 2016**	**Total Sales 2015**	**House-wares Sales 2016**	**House-wares Sales 2015**	**% Chg House-wares Sales**	**House-wares % Total Sales**
51	Starbucks (Seattle, WA)	9,019	8,671	$14,795	$13,293	$217	$195	11.3%	1.5%
52	HealthMart (San Francisco, CA)	4,740	4,600	$9,750	$9,950	$181	$184	-1.6%	1.9%
53	Wegmans (Rochester, NY)*	92	90	$8,300	$7,900	$178	$169	5.3%	2.1%
54	ShopRite (Keasbey, NJ)*	353	338	$16,010	$15,350	$174	$174	0.0%	1.1%
55	Giant Eagle (O'Hara, PA)*	425	430	$9,050	$8,910	$171	$168	1.8%	1.9%
56	P.C. Richard (Hauppauge, NY)*	66	66	$2,000	$1,990	$162	$160	1.3%	8.1%
57	Good Neighbor (Chesterbrook, PA)	2,755	2,925	$9,210	$8,840	$160	$154	3.9%	1.7%
58	Belk (Charlotte, NC)	294	297	$4,200	$4,150	$142	$138	2.9%	3.4%
59	Kitchen Collection (Chillicothe, OH)	223	229	$144	$151	$141	$148	-4.7%	97.9%
60	Whole Foods Market (Austin, TX)	456	431	$15,724	$15,389	$137	$134	2.2%	0.9%
61	Bi-Lo (Jacksonville, FL)*	730	756	$10,600	$10,750	$129	$131	-1.5%	1.2%
62	Hy-Vee (West Des Moines, IA)*	242	240	$9,240	$8,850	$128	$123	4.1%	1.4%
63	99 Cents Only (Commerce, CA)	390	391	$2,023	$1,961	$127	$127	0.0%	6.3%
64	Ollie's Bargain Outlet (Harrisburg, PA)	234	203	$890	$762	$126	$108	16.7%	14.2%
65	Aldi/Trader Joe (Batavia, IL)*	2,315	2,284	$23,510	$22,780	$118	$118	0.0%	0.5%
66	Bi-Mart (Eugene, OR)*	78	75	$948	$850	$116	$104	11.5%	12.2%
67	PriceSmart (San Diego, CA)	38	37	$2,821	$2,721	$115	$111	3.6%	4.1%
68	SuperValu Retail (Eden Prairie, MN)	217	218	$4,596	$4,769	$110	$114	-3.5%	2.4%
69	The Bon-Ton Stores (York, PA)	262	267	$2,601	$2,720	$101	$103	-1.9%	3.9%
70	Evine Live (Eden Prairie, MN)	0	0	$666	$693	$92	$94	-2.1%	13.8%
71	Pier 1 Imports (Fort Worth, TX)	1,018	1,032	$1,828	$1,892	$91	$94	-3.2%	5.0%
72	BrandsMartUSA (Hollywood, FL)*	9	9	$1,152	$1,100	$90	$89	1.1%	7.8%
73	Michaels Stores (Irving, TX)	1,367	1,313	$5,197	$4,913	$89	$84	6.0%	1.7%
74	Save Mart (Modesto, CA)*	206	227	$3,815	$3,950	$88	$90	-2.2%	2.3%
75	Burlington Coat (Burlington, NJ)	580	555	$5,400	$5,035	$86	$80	7.5%	1.6%
76	Replacements (Greensboro, NC)*	1	1	$87	$85	$84	$84	0.0%	96.6%
77	Staples (Framingham, MA)	1,250	1,300	$8,275	$8,815	$80	$85	-5.9%	1.0%
78	Stater Bros. (Colton, CA)	167	167	$4,040	$3,975	$80	$79	1.3%	2.0%
79	Winco (Vancouver, WA)	110	103	$6,675	$6,250	$76	$71	7.0%	1.1%
80	Price Chopper (Rotterdam, NY)*	136	135	$3,810	$3,650	$75	$71	5.6%	2.0%
81	Bluestem Brands (Eden Prairie, MN)*	0	0	$1,815	$1,727	$74	$71	4.2%	4.1%
82	Newegg.com (Industry, CA)	0	0	$2,690	$2,580	$73	$76	-3.9%	2.7%
83	Ingles Market (Asheville, NC)	201	201	$3,795	$3,779	$72	$73	-1.4%	1.9%
84	HHGregg (Indianapolis, IN)	220	226	$1,715	$1,960	$70	$90	-22.2%	4.1%
85	At Home (Plano, TX)	123	100	$766	$622	$65	$57	14.0%	8.5%
86	Urban Outfitters (Philadelphia, PA)	606	572	$3,546	$3,445	$64	$49	30.6%	1.8%
87	Smart & Final (Commerce, CA)	305	304	$4,342	$3,971	$60	$58	3.4%	1.4%
88	Tractor Supply (Nashville, TN)	1,738	1,488	$6,780	$6,227	$60	$55	9.1%	0.9%
89	Nebraska Furniture Mart (Omaha, NE)*	4	4	$1,514	$1,400	$60	$55	9.1%	4.0%
90	Dillard's (Little Rock, AR)	293	297	$6,257	$6,596	$59	$63	-6.3%	0.9%
91	Neiman Marcus (Dallas, TX)	91	88	$4,775	$4,956	$57	$76	-25.0%	1.2%
92	Raley's (West Sacramento, CA)*	122	121	$3,004	$3,001	$52	$53	-1.9%	1.7%
93	Defense Commissary (Arlington, VA)	238	240	$5,225	$5,500	$50	$45	11.1%	1.0%
94	DeMoulas (Tewksbury, MA)*	78	75	$3,725	$3,525	$49	$51	-3.9%	1.3%
95	AVB BrandSource (Tustin, CA)	3,100	3,055	$5,410	$5,380	$49	$47	4.3%	0.9%
96	Office Depot (Boca Raton, FL)	1,487	1,564	$6,950	$7,325	$49	$45	8.9%	0.7%
97	Restoration Hardware (Corte Madera, CA)	113	85	$2,135	$2,109	$47	$44	6.8%	2.2%
98	Groupon Goods (Chicago, IL)	0	0	$1,840	$1,747	$42	$39	7.7%	2.3%
99	Marc's (Cleveland, OH)*	58	61	$1,180	$1,250	$41	$46	-10.9%	3.5%
100	Sprouts Farmers Market (Phoenix, AZ)	253	216	$4,048	$3,593	$40	$36	11.1%	1.0%

Source: HomeWorld Business "Top 100 Retailers," September 2017

Dan Raftery, president of Raftery Resource Network, has consulted to the housewares, food and drug industries since 1985. He has led a wide range of internal projects for individual companies. Venture capital groups often call on Dan to support due-diligence research.

Dan has personally contributed to the development and industry education of initiatives such as Efficient Consumer Response, Category Management, Direct Product Profitability, Activity Based Costing, Frequent Shopper Program Development, Invoice Accuracy, Unsaleables Cost Management, Scan-Based Trading and Direct Store Delivery Operations.

Since 2002, Dan has authored the IHA *State of the Industry Report*. He facilitates four executive round table groups (CORE) for IHA and facilitates IHA's annual executive conference (CHESS). More information about CORE and CHESS can be found at www.housewares.org.

Dan has also developed the following reports for International Housewares Association:

- Leveraging Housewares Categories in Supermarkets: IHA White Paper
- Sustainability Options for Housewares Companies
- Reverse Auctions: An Industry White Paper

The following publications were also developed by Dan Raftery for other related industries and may be of interest to housewares companies:

- Reverse Supply Chain Improvement: A Joint Industry Project (https://www.fmi.org/docs/supply/fmi_reverse_sc_improvement.pdf)
- Improving Efficiencies in Product Discontinuation (http://www.gmaonline.org/downloads/research-and-reports/final.pdf)
- Scan Based Trading for Retailer-distributed Products: A Feasibility White Paper (Dan@RafteryNet.com)
- Variety or Duplication: A Process to Know Where You Stand (Dan@RafteryNet.com)

The above publications are available upon request.

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