

Dear Housewares Executive,

The *2011 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 (2010). 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 now completely from the most current year available, i.e., 2010. 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 fourth consecutive year as more companies have provided data each year.

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

Sincerely,



Philip J. Brandl
President
International Housewares Association
6400 Shafer Court, Suite 650
Rosemont, IL 60018

phone: 847.292.4200
fax: 847.292.4211
email: pbrandl@housewares.org
website: www.housewares.org



Daniel J. Raftery
President
Raftery Resource Network, Inc.
800 N. Main Street
Antioch, IL 60002

phone: 847.838.1177
fax: 847.838.1188
email: Dan@RafteryNet.com
website: www.RafteryNet.com

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. Distribution Channels

Find out which retail channels gained the most market share in 2010 and in which housewares categories. This section includes analyses by retail channel.

Channel Focus: Online Retail

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

IHA Membership Profile

This final section includes key statistics about IHA member companies.

*For up-to-the-minute trends in the housewares industry, see IHA's quarterly newsletter **Business Watch**, available online at: www.housewares.org/iha/pubs/bw*

Executive Summary & Forecasts	1
– Key Findings	2
– Top 10 Retailers Today vs. 1995	3
Macro Trends	4
– Retail Sales & Inventory	5
– Raw Materials	7
– Transportation Costs	9
– Healthcare Costs	11
– Consumer Economics	13
– Household Expenditures	16
– Housing Market	17
– Advertising Budgets	18
– Global Retail	19
Global & U.S. Housewares Markets	21
– Global Housewares Market	22
– Size of U.S. Housewares Industry	23
– U.S. Housewares by Category	24
U.S. Distribution Channels	25
– Housewares Category Share Estimates	26
– Category Sales by Channel Distribution	27
– Direct-to-Retail vs. Wholesale	28
– Direct-to-Retail Channels Overview	29
– Mass Merchants & Supercenters	30
– Department Stores	31
– Specialty Stores	31
– Supermarkets/Food Stores	32
– Hardware Stores & Home Centers	33
– Warehouse Clubs.....	33
– Drug Stores	34
– Gourmet, Gift, Novelty & Souvenir Stores	35
– Variety & One Price Stores	35
– Home Furnishings & Appliances	36
– Others.....	36
– Catalogs, Internet Retailers & TV	36
– Manufacturer Website	37
Channel Focus: Online Retail	38
– Online Retail	39
IHA Membership	42
– IHA Membership Base	43
– Publicly Held Housewares Companies	43
– IHA Member Company Profile	44
– IHA Membership Business Practices	44
– International Home & Housewares Show Dates	45
Appendices	46
– Appendix A: Methodology	47
– Appendix B: Housewares Trade Publications.....	48
– Appendix C: Related Industry Associations	49
– Appendix D: Top 100 Domestic Housewares Retailers by Sales	51
– Appendix E: Warehouse Vacancy Rates	53
– Appendix F: Top 50 Internet Properties (U.S.)	54
– Appendix G: About the Author	55

EXECUTIVE SUMMARY AND FORECASTS

Key Findings

Global housewares market data show an overall increase of 4.7%. In keeping with past reports, this *State-of-the-Industry Report* provides a projection of global sales using current U.S. dollar valuations. 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.

In the U.S., average household housewares expenditures increased 1.5% in 2010. Among the five major sets of categories where IHA member companies compete, four increased and one declined in 2010 versus 2009 in the data provided by the U.S. Bureau of Labor Statistics (BLS). The BLS housewares expenditures are combined with the data provided by IHA member companies to project the total market.

The size of the average IHA member company remained at \$19.8 million. Size distribution also remained consistent with 2009 as 70% of those companies reported annual sales under \$10 million.

Over half (59%) of IHA member housewares companies produce all of their products off-shore. Another third (34%) make some products in the U.S. and some overseas. For these companies, 87% of their products are manufactured outside of the U.S., an increase of 10% from 2009.

Most IHA member companies (89%) export product to other countries. Canada, Western Europe, Mexico, Latin America and Australia are export destinations for at least half of these companies. Asia is an export destination for 45% of these companies. With the exception of Western Europe, all export destinations were mentioned by larger percentages of IHA member companies this year.

Discount stores and supercenters remained the sales leader in most housewares categories. The overall share of housewares sales increased slightly for discounters and supercenters. This channel was not the industry leader in two categories in 2010. Department stores experienced the largest share decline.

Non-store retailing accounted for 14.8% of the housewares sales in 2010. This is a 1% increase from 2009. Both channels, Direct to Consumer via Manufacturer Website and Catalogs, Internet Retailers, TV posted increases. Combined, these two channels represent the second largest share of housewares sales.

The top three categories for 2010 were cook & bakeware (17.3%), kitchen tools & accessories (14.2%) and tabletop (12.1%). These categories led the charge in each of the top three channels.

Top 10 Retailers Today vs. 15 Years Ago

Consolidation continues to contract the base of retailer customers for the housewares industry. Compared to 1995, the top 10 housewares retailers in 2010 captured nearly 7% more of the sales from the top 100. Their share increased in 2010 versus 2009 (65.83%).

Top 10 Retailers 2010 versus 1995					
Company	Housewares		Company	Stores	Housewares
	Stores 2010	Sales 2010		1995	Sales 1995
Walmart	3,804	\$20,375	Walmart	2,234	\$7,775
Costco	540	9,850	Kmart	2,477	4,065
Target	1,750	8,200	Price Costco	240	2,125
Sam's Club	609	4,325	Sam's	433	2,080
Bed Bath & Beyond	1,114	3,825	Target	670	1,825
Williams Sonoma	577	2,710	Sears	2,306	1,695
Walgreens	7,561	2,280	Montgomery Ward	398	630
Home Depot	2,248	2,235	Williams-Sonoma	240	540
Kmart	1,307	2,155	Home Depot	423	510
Dollar General	9,372	1,730	American Stores	1,650	500
Totals	28,882	57,685	Totals	11,071	21,745
Percent of Top 100	21.56%	66.08%	Percent of Top 100	15.69%	59.42%

Sales in Millions

Source: HomeWorld Business September 2011 and September 19, 1995

Even more startling is the fact that 52 companies on the 1995 top 100 list from *HomeWorld Business* are not on the 2010 list. Among the reasons for their disappearance are: mergers, acquisitions, bankruptcy and store closings.

Among Top 100 Retailers in 1995, but not in 2010					
Rank		Rank		Rank	
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.	14	Service Merchandise
28	Bradlees	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	McCrary Stores	35	Thrifty/Payless
10	Federated	70	Mercantile Stores	71	Value City
23	Fingerhut	95	Mervyn's	34	Venture
74	Fortunoff	7	Montgomery Ward	76	Vons
38	Fred Meyer	90	Pathmark	60	Waccamaw
80	Giant Food	77	Payless Cashways	62	Woolworth
		100	Penn Traffic		
		Total Number of Stores "Lost"		25,510	
		Total Housewares Sales "Lost"		\$8,649,000,000	

Rank is rank in 1995

** Now doing business on the Internet
Note: Identical rankings indicate ties.

Source: HomeWorld Business September 19, 1995

These changes directly affected over 25,000 stores, which was 36% of the top 100 retailers' stores in 1995.