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,

Phil Brandl
President/CEO
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

Dan 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. 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.
Table of Contents

Executive Summary & Forecasts........................................................................................................ 1
  - Key Findings .......................................................................................................................... 2
  - Top 10 Retailers Today vs. 1995 .......................................................................................... 3

Macro Trends .................................................................................................................................. 5
  - Retail Sales & Inventory ........................................................................................................ 6
  - Raw Materials ....................................................................................................................... 7
  - Transportation Costs ............................................................................................................. 8
  - Healthcare Costs ................................................................................................................... 9
  - Capital Expenditures ............................................................................................................ 11
  - Consumer Economics ......................................................................................................... 12
  - Employment ......................................................................................................................... 14
  - Household Expenditures ..................................................................................................... 15
  - Housing Market .................................................................................................................. 16
  - Advertising .......................................................................................................................... 17
  - Global Economy .................................................................................................................. 19

Global & U.S. Housewares Markets ............................................................................................... 20
  - Global Housewares Market .................................................................................................. 21
  - Size of U.S. Housewares Industry ...................................................................................... 22
  - U.S. Housewares by Category ............................................................................................. 23

U.S. Categories & Channels .......................................................................................................... 24
  - Housewares Category Share Estimates .............................................................................. 25
  - Category Sales by Channel Distribution ............................................................................ 26
  - Direct-to-Retail vs. Wholesale ............................................................................................. 27
  - Direct-to-Retail Channels Overview .................................................................................... 28
  - Mass Merchants & Supercenters ......................................................................................... 29
  - Department Stores .............................................................................................................. 30
  - Specialty Stores .................................................................................................................. 30
  - Supermarkets/Food Stores ................................................................................................. 31
  - Hardware Stores & Home Centers ...................................................................................... 32
  - Warehouse Clubs ................................................................................................................. 32
  - Drug Stores .......................................................................................................................... 33
  - Home Furnishings & Appliances ......................................................................................... 34
  - Gourmet, Gift, Novelty & Souvenir Stores ......................................................................... 34
  - Variety & One Price Stores ................................................................................................. 34
  - Others ................................................................................................................................... 35
  - Catalogs & TV ..................................................................................................................... 35
  - Manufacturer Website ........................................................................................................ 36
  - Internet Retailers ................................................................................................................ 37

Channel Focus: Digital Commerce ............................................................................................... 38
  - Digital Commerce ................................................................................................................ 39

IHA Membership Profile ............................................................................................................. 41
  - Sales Profile ........................................................................................................................ 42
  - Operations Profile ................................................................................................................ 43

Appendices .................................................................................................................................... 44
  - Appendix A: Methodology .................................................................................................... 45
  - Appendix B: Top 100 Domestic Housewares Retailers by Sales ......................................... 46
  - Appendix C: About the Author .......................................................................................... 48
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

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

**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

<table>
<thead>
<tr>
<th>Rank</th>
<th>Rank</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>52</td>
<td>80</td>
<td>Giant Food</td>
</tr>
<tr>
<td>10</td>
<td>49</td>
<td>Hechinger</td>
</tr>
<tr>
<td>21</td>
<td>30</td>
<td>Hills</td>
</tr>
<tr>
<td>95</td>
<td>73</td>
<td>HomeBase</td>
</tr>
<tr>
<td>24</td>
<td>87</td>
<td>Home Express</td>
</tr>
<tr>
<td>97</td>
<td>84</td>
<td>H.W.I.</td>
</tr>
<tr>
<td>28</td>
<td>77</td>
<td>Kitchen Collection</td>
</tr>
<tr>
<td>98</td>
<td>16</td>
<td>Lechter’s</td>
</tr>
<tr>
<td>64</td>
<td>67</td>
<td>Linens’ n Things**</td>
</tr>
<tr>
<td>16</td>
<td>90</td>
<td>Luria</td>
</tr>
<tr>
<td>90</td>
<td>43</td>
<td>Longs</td>
</tr>
<tr>
<td>50</td>
<td>80</td>
<td>MacFrugal’s</td>
</tr>
<tr>
<td>57</td>
<td>15</td>
<td>May Department Stores</td>
</tr>
<tr>
<td>36</td>
<td>74</td>
<td>McCrory Stores</td>
</tr>
<tr>
<td>54</td>
<td>70</td>
<td>Mercantile Stores</td>
</tr>
<tr>
<td>10</td>
<td>95</td>
<td>Mervyn’s</td>
</tr>
<tr>
<td>23</td>
<td>7</td>
<td>Montgomery Ward</td>
</tr>
<tr>
<td>56</td>
<td>64</td>
<td>Pamida</td>
</tr>
<tr>
<td>74</td>
<td>90</td>
<td>Pathmark</td>
</tr>
<tr>
<td>38</td>
<td>77</td>
<td>Payless Cashways</td>
</tr>
</tbody>
</table>

**Note:** Rank is 1995 rank. Identical rankings indicate ties.

**Some of these retailers are still operating, just not in the top 100.**

**Source:** HomeWorld Business September 19, 1996

**Sales in Millions**

Source: HomeWorld Business September 2017 and September 19, 1996
Executive Summary

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*

![Diagram showing store closures]

Total announced closings since start of 2017: 5,321
Change versus all of 2016: +218%

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*

![Diagram showing store openings]

Total announced openings since start of 2017: 3,262
Change versus all of 2016: +53%

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.