Innovative Thinking Takes Consumers Back to Basics

By Debra Mednick, The NPD Group, Inc.

Innovation has been the key to driving small appliance sales in recent years, but we are also beginning to see a segment of consumers who are interested in getting back to basics again. In the 12 months ending June 2014, the U.S. small home appliance market grew 4 percent to $19.6 billion. The categories whose sales increased the most during this period were either centered around providing something new or filling simpler needs.

Single-serve brewing systems, blender/mixer/chopper systems, stick vacuums and bare floor cleaners are clear examples of innovative products that are drawing consumer interest, regardless of the price premium. These are products that draw on technology and features, and convey the benefits of convenience, customization and simplification of an everyday task to consumers.

In the case of countertop blenders, it is the high-powered premium offerings within the category that are driving the dollar growth. Unique features or positioning gives consumers the ability to rationalize the higher spend which, in some cases, can be as much as 10 times higher than lower-priced solutions.

While some consumers are certainly trading up to higher priced, more premium products, there are also categories realizing increased demand, and sales, in the absence of recent notable innovation. Rice cookers, electric kettles, slow cookers, stand mixers and waffle irons are examples of such categories that are growing simply due to their basic function, appealing to the American consumer’s desire to get back to basics. In these

About Housewares MarketWatch

Housewares MarketWatch reports both point-of-sale (POS) and consumer data from NPD databases. The quarterly data covers various product categories within the divisions of Small Appliances and Non-electric Housewares.

The information contained on the following pages is offered as a snapshot of a category’s performance, both from the retailer (POS) and consumer perspectives. The POS data covers the retail channels of mass/national chains, department stores, specialty stores and drug stores (personal care and home environment only). Each issue of Housewares MarketWatch will feature several categories from the Small Appliances and Housewares divisions.

Complete data on a category can be purchased by visiting NPD’s website at www.npd.com. See the Data and Methodology section on page 9 for an explanation of how the data is compiled.

Small Appliance Categories Growing Through Innovation

July 2013 – June 2014, Dollar Sales

<table>
<thead>
<tr>
<th>Category</th>
<th>Dollar Sales</th>
<th>% Change vs. Last Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Blender/Mixer/chopper Systems</td>
<td>$470M</td>
<td>+59%</td>
</tr>
<tr>
<td>Countertop Blenders</td>
<td>$804M</td>
<td>+10%</td>
</tr>
<tr>
<td>Single-Serve Brewing Systems</td>
<td>$593M</td>
<td>+8%</td>
</tr>
<tr>
<td>Bare Floor Cleaners</td>
<td>$380M</td>
<td>+20%</td>
</tr>
<tr>
<td>Stick Vacuums</td>
<td>$353M</td>
<td>+10%</td>
</tr>
</tbody>
</table>

Source: The NPD Group, Inc. / Consumer Tracking Service, July 2013-June 2014

Single-serve brewing systems, blender/mixer/chopper systems, stick vacuums and bare floor cleaners are clear examples of innovative products that are drawing consumer interest, regardless of the price premium.

continued on page 14
**Tabletop: Dinnerware, Beverageware, Flatware**

**Market Size**
Quarter One • 2014
Dollar Volume in Thousands

![Market Size Chart]

Source: Consumer Tracking Service

**Demographic Analysis**
6 months ending • March 2014
Unit Volume Share

<table>
<thead>
<tr>
<th>BEVERAGeware • HEAD OF HOUSEHOLD AGE</th>
<th>Percentage purchased by head of household age</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 – 24 years</td>
<td>9%</td>
</tr>
<tr>
<td>25 – 34 years</td>
<td>15%</td>
</tr>
<tr>
<td>35 – 44 years</td>
<td>14%</td>
</tr>
<tr>
<td>45 – 54 years</td>
<td>20%</td>
</tr>
<tr>
<td>55 – 64 years</td>
<td>20%</td>
</tr>
<tr>
<td>65 years +</td>
<td>23%</td>
</tr>
</tbody>
</table>

Source: Consumer Tracking Service

**Insights:**

**FEATURES:** 4 percent more spoons were sold than forks in Q1’14.

Source: Retail Tracking Service

**IMPULSE:** More than one-third of all dinnerware purchases made in Q1’14 were unplanned.

Source: Consumer Tracking Service

**ONLINE SALES:** Online sales accounted for 12 percent of beverageware dollars spent in Q1’14.

Source: Consumer Tracking Service

**PRICE SEGMENTATION:** Unit sales of beverageware sets priced under $25 increased 18 percent in Q1’14.

Source: Retail Tracking Service

**PURCHASE MOTIVATORS:** When it comes to selecting specific flatware, consumers said price, good value and appearance were the top motivators in Q1’14.

Source: Consumer Tracking Service

Source: The NPD Group
**Insights:**

**FEATURES:** Dollar sales of beverageware in packs increased 5 percent in Q2’14.

Source: Retail Tracking Service

**PURCHASE MOTIVATORS:** When it comes to selecting specific beverageware, consumers said price, appearance and good value were the top motivators in Q2’14.

Source: Consumer Tracking Service

**ONLINE SALES:** Onlines sales of dinnerware declined 2 points in dollar share when comparing Q2’14 to Q2’13, while in-store sales gained 9 share points.

Source: Consumer Tracking Service

**PRICE SEGMENTATION:** Unit sales of flatware placesettings priced under $25 increased 23 percent in Q2’14.

Source: Retail Tracking Service

**GIFTING:** One-quarter of dinnerware dollar sales in Q2’14 came from gift purchases.

Source: Consumer Tracking Service
Market Size
Quarter One • 2014
Dollar Volume in Thousands

| Total Cooking/Kitchen | $731,016 |

Source: Consumer Tracking Service

Demographic Analysis
6 months ending • March 2014
Unit Volume Share

BAKEWARE • HOUSEHOLD INCOME
Percentage purchased by household income

<table>
<thead>
<tr>
<th>Under $15,000</th>
<th>$15,000-29,999</th>
<th>$30,000-44,999</th>
<th>$45,000-59,999</th>
<th>$60,000-74,999</th>
<th>$75,000-89,999</th>
<th>$100,000-149,999</th>
<th>$150,000+</th>
</tr>
</thead>
<tbody>
<tr>
<td>14%</td>
<td>22%</td>
<td>14%</td>
<td>13%</td>
<td>8%</td>
<td>10%</td>
<td>12%</td>
<td>7%</td>
</tr>
</tbody>
</table>

Source: Consumer Tracking Service

Insights:

FEATURES: 7 percent of bakeware dollar sales in Q1’14 came from stoneware/clay stone products.

Source: Retail Tracking Service

PURCHASE MOTIVATORS: When it comes to selecting specific cookware, consumers said price, good value and easy to clean were the top motivators in Q1’14.

Source: Consumer Tracking Service

ONLINE SALES: More than 20 percent of cutlery dollar sales in Q1’14 came from online purchases.

Source: Consumer Tracking Service

PRICE SEGMENTATION: Two-thirds of bakeware sets purchased in Q1’14 were priced under $25.

Source: Retail Tracking Service

IMPULSE: Almost half of cutlery dollar sales in Q1’14 resulted from unplanned purchases.

Source: Consumer Tracking Service

Source: The NPD Group
**Insights:**

**FEATURES:** More than 80 percent of cookware dollar sales in Q2’14 came from products that were not PTFE/PFOA free.

*Source: Retail Tracking Service*

**PURCHASE MOTIVATORS:** When it comes to selecting specific bakeware, consumers said price, easy to clean and brand were the top motivators in Q2’14.

*Source: Consumer Tracking Service*

**ONLINE SALES:** Online dollar sales of bakeware increased 25 percent in Q2’14 versus Q2’13.

*Source: Consumer Tracking Service*

**PRICE SEGMENTATION:** 14 percent of cutlery sets sold in Q2’14 were priced between $25 and $50.

*Source: Retail Tracking Service*

**IMPULSE:** More than half of cookware purchases made in Q2’14 were planned.

*Source: Consumer Tracking Service*
Small Appliances: KITCHEN ELECTRICS

Market Size
Quarter One • 2014
Dollar Volume in Thousands

<table>
<thead>
<tr>
<th>Category</th>
<th>Dollar Volume in Thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food Prep/ Beverage</td>
<td>$810,643</td>
</tr>
<tr>
<td>Cooking &amp; Specialty Electrics</td>
<td>$440,548</td>
</tr>
<tr>
<td>Total Kitchen Electrics</td>
<td>$1,251,191</td>
</tr>
</tbody>
</table>

Source: Consumer Tracking Service

Demographic Analysis
6 months ending • March 2014
Unit Volume Share

MIXERS • GENDER
Percentage purchased by gender of panel member

- 64% Female
- 36% Male

Source: Consumer Tracking Service

Insights:

FEATURES: Unit sales of stand mixers increased 15 percent in Q1’14 versus Q1’13.
Source: Retail Tracking Service

PURCHASE MOTIVATORS: When it comes to selecting a specific food steamer or rice cooker, consumers said price, features and brand I trust were the top motivators in Q1’14.
Source: Consumer Tracking Service

ONLINE SALES: More than one-quarter of all citrus juicers sold in Q1’14 were purchased online.
Source: Consumer Tracking Service

PRICE SEGMENTATION: 4 percent of all blenders sold in Q1’14 were priced at $200 or more, more than 50 percent growth over the previous year.
Source: Retail Tracking Service

IMPULSE: Almost 25 percent of all electric can openers sold in Q1’14 were unplanned purchases.
Source: Consumer Tracking Service

Demographic Analysis
6 months ending • March 2014
Unit Volume Share

MIXERS • GENDER
Percentage purchased by gender of panel member

- 64% Female
- 36% Male

Source: Consumer Tracking Service

Source: The NPD Group
Small Appliances: KITCHEN ELECTRICS

Market Size
Quarter Two • 2014
Dollar Volume in Thousands

<table>
<thead>
<tr>
<th>Category</th>
<th>Volume in Thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Kitchen Electrics</td>
<td>$1,202,320</td>
</tr>
<tr>
<td>Cooking &amp; Specialty Electrics</td>
<td>$431,970</td>
</tr>
<tr>
<td>Food Prep/Beverage</td>
<td>$770,350</td>
</tr>
</tbody>
</table>

Source: Consumer Tracking Service

Price Segmentation
6 months ending • June 2014
Unit Volume Share

<table>
<thead>
<tr>
<th>Price Segment</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $25</td>
<td>31%</td>
</tr>
<tr>
<td>$25-$99.99</td>
<td>32%</td>
</tr>
<tr>
<td>$100+</td>
<td>10%</td>
</tr>
<tr>
<td>$25-$49.99</td>
<td>27%</td>
</tr>
<tr>
<td>$50-$99.99</td>
<td>32%</td>
</tr>
</tbody>
</table>

Source: Retail Tracking Service

Insights:

FEATURES: Masticating juicers represent less than 10 percent of all juice extractors sold in Q2’14.

Source: Retail Tracking Service

PURCHASE MOTIVATORS: When it comes to selecting a specific fryer, consumers said price, good value and easy to use were the top motivators in Q2’14.

Source: Consumer Tracking Service

ONLINE SALES: Nearly one-third of all breadmakers sold in Q2’14 were purchased online.

Source: Consumer Tracking Service

DEMOGRAPHICS: 35 percent of slow cookers sold in Q2’14 were purchased in the South; the Central region was second largest in terms of category sales at 27 percent.

Source: Consumer Tracking Service

PRE-PURCHASE RESEARCH: No pre-purchase research was done for the majority of toaster ovens purchased in Q2’14. But for those who did do research, visiting stores to see the product was the top method.

Source: Consumer Tracking Service
Small Appliances: PERSONAL CARE

Market Size
Quarter One • 2014
Dollar Volume in Thousands

Source: Consumer Tracking Service

Price Segmentation
6 months ending • March 2014
Unit Volume Share

HAIRSETTERS • PRICE
Percentage purchased by price

Source: Retail Tracking Service

Insights:

FEATURES: 14 percent of all oral care appliances sold in Q1’14 were rechargeable.
Source: Retail Tracking Service

PURCHASE MOTIVATORS: When it comes to selecting a specific massaging appliance, consumers said price, easy to use and features were the top motivators in Q1’14.
Source: Consumer Tracking Service

ONLINE SALES: 23 percent of men’s electric shaver dollar sales in Q1’14 came from online purchases.
Source: Consumer Tracking Service

DEMOGRAPHICS: 41 percent of showerhead dollar sales in Q1’14 came from men.
Source: Consumer Tracking Service

IMPULSE: Almost 75 percent of dollars spent on electric toothbrushes in Q1’14 came from planned purchases.
Source: Consumer Tracking Service
**Small Appliances: PERSONAL CARE**

### Market Size
**Quarter Two • 2014**

<table>
<thead>
<tr>
<th>Category</th>
<th>Dollar Volume in Thousands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hair Care/Grooming</td>
<td>$568,268</td>
</tr>
<tr>
<td>Oral Care/Health &amp; Other Personal Care</td>
<td>$690,382</td>
</tr>
<tr>
<td>Total Market</td>
<td>$1,258,650</td>
</tr>
</tbody>
</table>

Source: Consumer Tracking Service

### Demographic Analysis
**6 months ending • June 2014**

**Electric Shaver Replacement Parts • Region**

<table>
<thead>
<tr>
<th>Region</th>
<th>Unit Volume Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northeast</td>
<td>27%</td>
</tr>
<tr>
<td>South</td>
<td>35%</td>
</tr>
<tr>
<td>West</td>
<td>19%</td>
</tr>
<tr>
<td>Central</td>
<td>18%</td>
</tr>
</tbody>
</table>

Percentage purchased in region

Source: Consumer Tracking Service

### Insights:

**FEATURES:** More than half of hairdryers sold in Q2’14 use ionic technology.

*Source: Retail Tracking Service*

**PURCHASE MOTIVATORS:** When it comes to selecting a specific women’s electric shaver, consumers said friend/family recommendation, price and features were the top motivators in Q2’14.

*Source: Consumer Tracking Service*

**ONLINE SALES:** 14 percent of Q2’14 showerhead dollar sales came from online purchases.

*Source: Consumer Tracking Service*

**PRICE SEGMENTATION:** Unit sales of men’s trimmers priced between $25 and $50 increased 8 percent in Q2’14.

*Source: Retail Tracking Service*

**IMPULSE:** More than 25 percent of dollars spent on home hair clippers in Q2’14 came from unplanned purchases.

*Source: Consumer Tracking Service*
Insights:

**FEATURES:** More than half of the canister vacuums sold in Q1’14 used cyclonic technology.

**PURCHASE MOTIVATORS:** When it comes to selecting specific bare floor cleaner, consumers said features, price and brand I trust were the top motivators in Q1’14.

**ONLINE SALES:** 22 percent of dollars spent on canister vacuums sold in Q1’14 came from online purchases.

**PRICE SEGMENTATION:** 8 percent of stick vacuums sold in Q1’14 were priced $200 and up.

**PRE-PURCHASE RESEARCH:** Manufacturer’s websites were the top method of pre-purchase research for electric carpet sweepers in Q1’14.
Insights:

**FEATURES:** 7 percent of hand vacuums sold in Q2’14 were wet/dry.

**PURCHASE MOTIVATORS:** When it comes to selecting a specific deep carpet cleaner, consumers said price, brand I trust and good value were the top motivators in Q2’14.

**ONLINE SALES:** 42 percent of hand vacuums sold in Q2’14 were purchased online.

**DEMOGRAPHICS:** More than half of non-electric carpet sweepers sold in Q2’14 were purchased by men.

**IMPULSE:** More than half of robotic vacuums sold in Q2’14 were planned purchases.
**Insights:**

**FEATURES:** 24 percent of dollars spent on kitchen linens in Q1’14 were on products with a pattern or print.

**Source:** Consumer Tracking Service

**PURCHASE MOTIVATORS:** When it comes to selecting specific kitchen linens, consumers said price, liking how the product looks and material/texture were the top motivators in Q1’14.

**Source:** Consumer Tracking Service

**ONLINE SALES:** 10 percent of kitchen linen dollar sales in Q1’14 came from online purchases.

**Source:** Consumer Tracking Service

**DEMOGRAPHICS:** Consumers with a household income of $100K or more purchased 19 percent of kitchen linens sold in Q1’14.

**Source:** Consumer Tracking Service

**SPECIAL OCCASION:** Weddings were the top occasion for which kitchen linens were purchased in Q1’14, but the majority of products were purchased for no special occasion.

**Source:** Consumer Tracking Service
Insights:

**Features:** 6 percent of dollars spent on table linens in Q2’14 went toward cloth napkin sets.

**Source:** Consumer Tracking Service

**Purchase motivators:** When it comes to selecting specific table linens, consumers said liking how the product looks, matching other items owned and material/texture were the top motivators in Q2’14.

**Source:** Consumer Tracking Service

**Online sales:** 15 percent of table linen dollar sales in Q2’14 came from online purchases.

**Source:** Consumer Tracking Service

**Demographics:** 18-24-year-olds purchased 22 percent of table linens sold in Q2’14.

**Source:** Consumer Tracking Service

**Special occasion:** Mother’s Day was the top occasion for which table linens were purchased in Q2’14, but the majority of products were purchased for no special occasion.

**Source:** Consumer Tracking Service
Innovative Thinking Takes Consumers Back to Basics
continued from page 1

cases, there may be other outside influencers at play, such as inspiration to try something new or prepare a dish seen on television, in a favorite magazine or on social media.

There is clearly a consumer out there for almost every type of product, whether they are focused on aspirational items that fill a desire to have something a little more special, products that can help them when they feel inspiration to take on a new project or idea or appliances that will assist them in performing a necessary task.

Communicating and demonstrating the benefits of innovative products that have specialized features is definitely key to the success within those categories. The challenge is communicating an inspiring message for products whose benefits fulfill basic needs, and creating a link between those products with an end result that changes the way consumers think about the category. Creative thinking is critical to the success of a product, regardless of the level of innovation or newness of the product itself.

For more information, contact Janine Marshall at 516-625-2356.
DATA AND METHODOLOGY

NPD has a standard data model that is used for all categories that incorporates both consumer and point-of-sale (POS) databases. These two data sources are highly complementary and are used to support one another. Point-of-Sale (POS) databases are assembled from retailers’ records of actual sales by product as collected at the cash register.

Consumer databases are developed using online purchase surveys completed by a large-scale rotating sample of consumers. These data produce estimates of sales by product for the total marketplace. More importantly, the consumer surveys capture information about each purchase, such as buyer demographics, the product’s intended use and other purchase motivators.

CONSUMER METHODOLOGY

The NPD online consumer panel is comprised of pre-recruited individuals who have agreed to participate in NPD online surveys and have completed a comprehensive demographic questionnaire. The use of an established online panel assures good cooperation levels and predictable demographic balance among panelists.

Consumer panelists are asked about their recent purchases in a survey administered via the Internet. The responding sample is demographically weighted and projected through a series of steps to represent the U.S. population. Each month, over 200,000 individuals are selected from the NPD online consumer panel to participate in the appliance study. Each month, over 30,000 U.S. households are selected for the housewares and home textiles studies.

POS METHODOLOGY

NPD collects point-of-sale retailer data from selected retailers. These data are the actual sales for the chain on an SKU-by SKU basis. The data are combined with data from other retailers to produce reports on certain categories by channel, where a sufficient number of retailers are cooperating and where sufficient market demand exists for the database.

NPD GROUP

The NPD Group is the leading provider of reliable and comprehensive consumer and retail information for a wide range of industries. Today, more than 1,800 manufacturers retailers and service companies rely on NPD to help them drive critical business decisions at the global, national, and local market levels. NPD helps our clients to identify new business opportunities and guide product development, marketing, sales, merchandising, and other functions. Information is available for the following industry sectors: automotive, beauty, commercial technology, consumer technology, entertainment, fashion, food and beverage, foodservice, home, office supplies, software, sports, toys and wireless. For more information, contact us or visit http://www.npd.com/.

Source: The NPD Group