IHA® HOUSEWARES MARKETWATCH

Covering Quarter 3, 2019

Q3 Temperature Check on Growth Opportunities

By Joe Derochowski, Home Industry Advisor, The NPD Group

The third quarter provides a good gauge for where the home industry and the consumer are at. Many key events for the home industry take place in Q3 – prime season for weddings, moving, outdoor entertaining and back-to-college. During the third quarter of 2019, NPD's retail tracking service shows the home industry grew 4.9 percent in dollar sales (home environment appliances: + 9.6%, housewares: +3.4%, personal care appliances: +3.4% and kitchen electrics: +1.3%). Growth during this key period is a good sign, especially given the opportunity for each of those life moments to continue to grow.

Moving Season Opportunities

While we as an industry have traditionally focused on wedding season, we have to remember that more home goods are purchased as part of moving season. Layer in the fact that people generally move more than they get married, and moving needs deliver a good deal more opportunity. Needless to say, when you add up the number of home sales, kitchen remodels and new rentals, they are significantly more than the number of people getting married.

Also, today's couples are getting married later in life, so often times they already have most of the household necessities and their gift lists are more about experiences. The additional growth opportunity lies in leveraging the trigger signals of a move, things like loan and refinancing applications.

Weddings are still important, but home goods are more likely to be engagement party and bridal showers gifts, which happen earlier in the year. We need to think about how to fully leverage these early wedding-related occasions, and engage couples in opportunities to inspire other couples as they develop and fulfill their registry lists – engage today's social society.

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About Housewares MarketWatch

Housewares MarketWatch reports point-of-sale (POS), consumer survey, and Checkout℠ consumer receipt-based data from NPD databases. The quarterly data covers various product categories within the divisions of Small Appliances, Non-electric Housewares, and Home Textiles. The information contained on the following pages is offered as a snapshot of a category's performance, including perspective crossing each of the mentioned information sources.

Each issue of Housewares MarketWatch will feature several categories from the Small Appliances, Housewares, and Kitchen and Dining Textiles divisions. Complete data on a category can be purchased by visiting NPD's website at **www.npd.com.**

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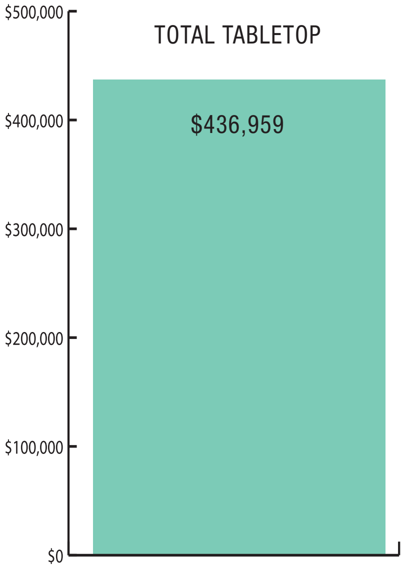
See the Data and Methodology section on page 9 for an explanation of how the data is compiled.

TABLETOP: Dinnerware, Beverageware, Flatware

Q3 2019

Market Size

Dollar Volume in Thousands



Source: Retail Tracking Service

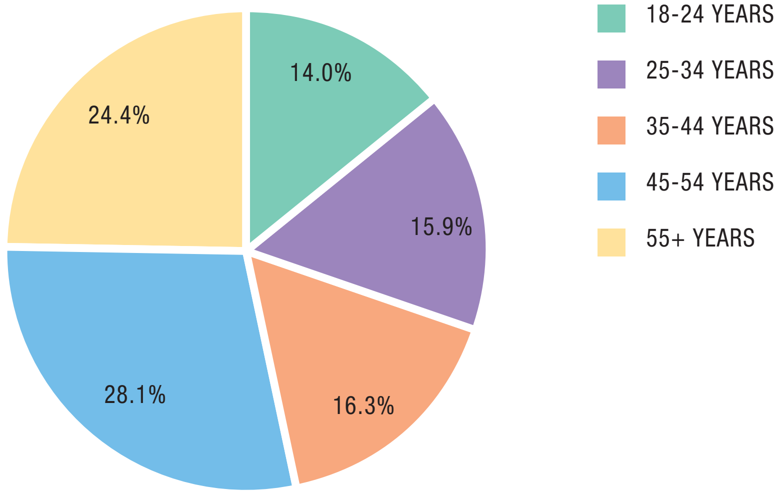
Demographic Analysis

6 months ending • September 2019

Unit Volume Share

DINNERWARE • AGE

Percentage purchased by head of household age



Source: Checkout

INSIGHTS:

CATEGORY PERFORMANCE: Dollar sales of flatware were down 3% during Q3'19 compared to prior year, with a 4% decrease in average selling price.

Source: Retail Tracking Service

PURCHASE MOTIVATORS: 40% of the dinnerware sold during the three months ending July 2019 was to replace an old, worn out or broken item.

Source: Purchase Insights Tracking Service

PURCHASE INFLUENCE: 21% of flatware sold in the three months ending July 2019 was purchased as a gift.

Source: Purchase Insights Tracking Service

ONLINE SALES: During Q3'19, 33% of beverageware sales were made online, a 3-point decrease from 2018.

Source: Checkout

PURCHASE MOTIVATORS: When it comes to selecting beverageware, consumers said style/design, quality/durability and color/pattern were the top purchase motivators in the three months ending July 2019.

Source: Purchase Insights Tracking Service

IMPULSE: 36% of dinnerware sales in three months ending July 2019 were planned purchases, while 47% of dinnerware sales were decided while shopping because the consumer needed it.

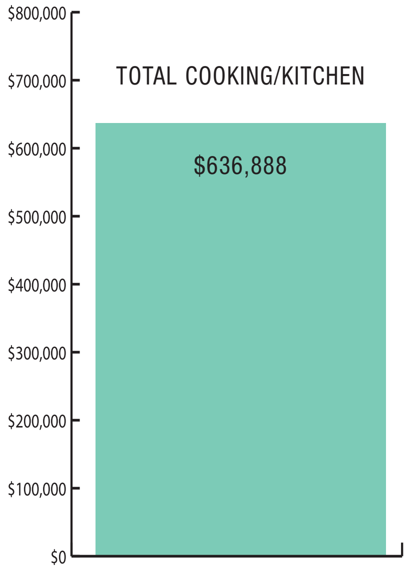
Source: Purchase Insights Tracking Service

COOKING/KITCHEN: Cookware, Bakeware, Cutlery

Q3 2019

Market Size

Dollar Volume in Thousands



Source: Retail Tracking Service

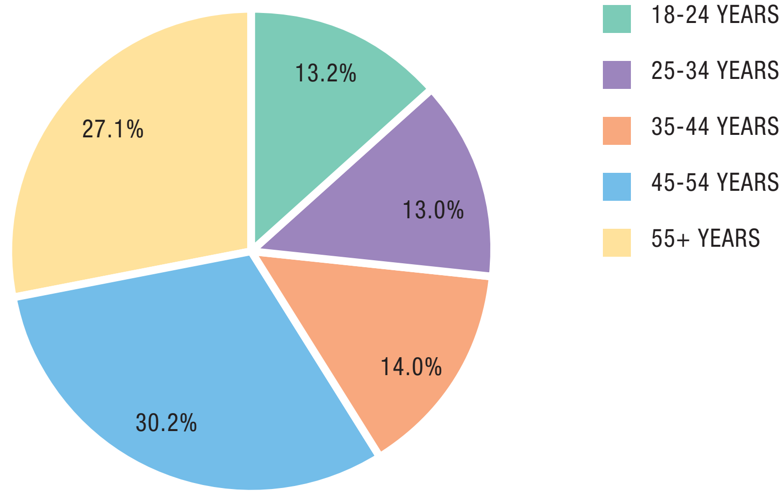
Demographic Analysis

6 months ending • September 2019

Unit Volume Share

COOKWARE • AGE

Percentage purchased by head of household age



Source: Checkout

INSIGHTS:

CATEGORY PERFORMANCE: Cutlery category sales were up 2% during Q3'19, with a 4% increase in average selling price.

Source: Retail Tracking Service

PURCHASE MOTIVATORS: When it comes to selecting cookware, consumers said that quality/durability, easy to maintain/clean and brand name were most important to them in the three months ending July 2019.

Source: Purchase Insights Tracking Service

ONLINE SALES: 31% of cutlery dollar sales in Q3'19 came from online purchases, a 1-point increase compared to prior year.

Source: Checkout

PURCHASE INFLUENCE: 45% of the bakeware sold during the three months ending July 2019 was purchased to replace an old, worn out or broken item.

Source: Purchase Insights Tracking Service

IMPULSE: Planned purchases represented 49% of bakeware purchased in the three months ending July 2019.

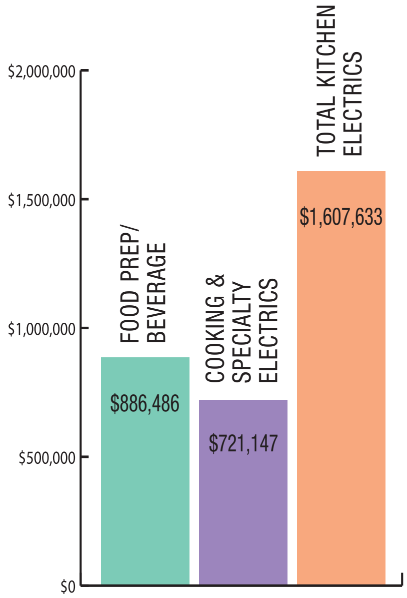
Source: Purchase Insights Tracking Service

SMALL APPLIANCES: Kitchen Electrics

Q3 2019

Market Size

Dollar Volume in Thousands



Source: Consumer Tracking Service

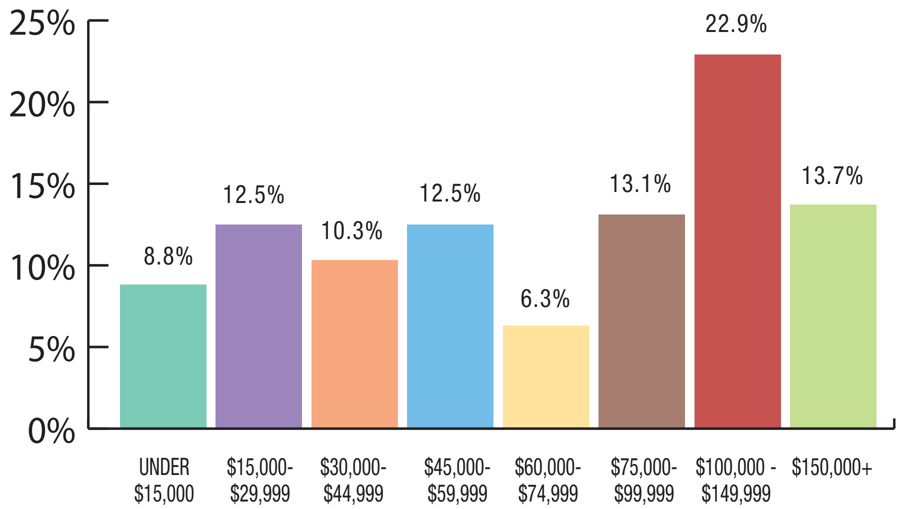
Demographic Analysis

6 months ending • September 2019

Unit Volume Share

MIXERS • HOUSEHOLD INCOME

Percentage purchased by head of household income



Source: Consumer Tracking Service

INSIGHTS:

CATEGORY PERFORMANCE: Dollar sales of electric grills/griddles grew 19% during Q3'19 compared to prior year, with a 12% increase in average selling price.

Source: Retail Tracking Service

PURCHASE MOTIVATORS: When it comes to choosing a cooker, consumers said that price, good value and brand trust were their top motivators in Q3'19.

Source: Consumer Tracking Service

ONLINE SALES: 24% of all coffee/espresso maker sales in Q3'19 came from online purchases.

Source: Consumer Tracking Service

PURCHASE INFLUENCE: During Q3'19, 36% of the toasters sold were purchased on sale – a 1-percentage point increase compared to Q3'18.

Source: Consumer Tracking Service

IMPULSE: 23% of all blending & processing sold in Q3'19 were not planned purchases – up 4 percentage points compared to last year.

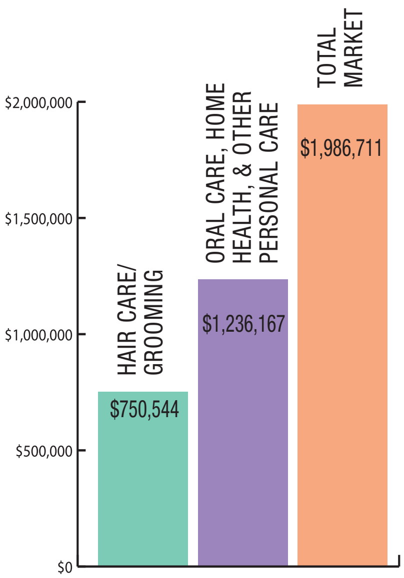
Source: Consumer Tracking Service

SMALL APPLIANCES: Personal Care

Q3 2019

Market Size

Dollar Volume in Thousands



Source: Consumer Tracking Service

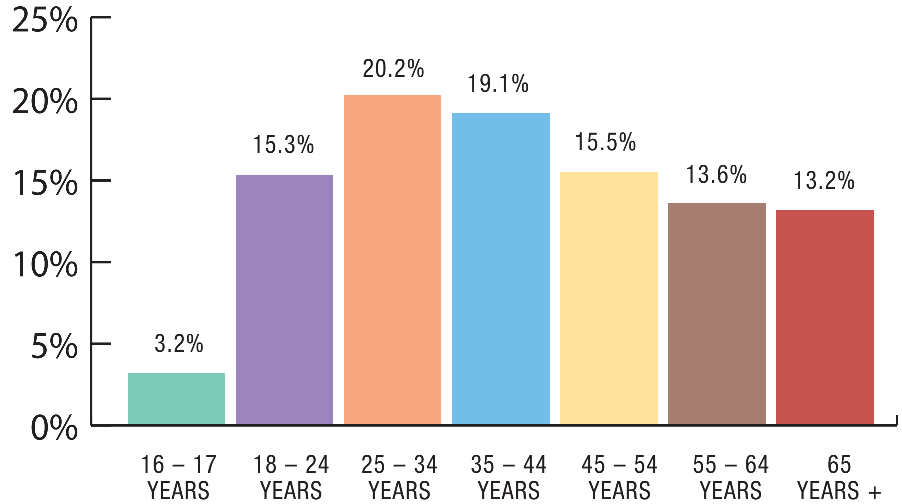
Demographic Analysis

6 months ending • September 2019

Unit Volume Share

CURLING IRONS/STYLERS • AGE

Percentage purchased by head of household age



Source: Consumer Tracking Service

INSIGHTS:

CATEGORY PERFORMANCE: Dollar sales of hairdryers increased 6% in Q3'19, with an 11% increase in average selling price.

Source: Retail Tracking Service

PURCHASE MOTIVATORS: When it comes to selecting an oral care appliance, consumers said price, brand trust and good value were top motivators in Q3'19.

Source: Consumer Tracking Service

ONLINE SALES: E-commerce accounted for 24% of electric shaver sales in Q3'19 – 1 percentage point higher than last year.

Source: Consumer Tracking Service

PURCHASE INFLUENCE: During Q3'19, 38% of water filtration devices sold were purchased on sale – a 4-percentage point decrease compared to Q3'18.

Source: Consumer Tracking Service

IMPULSE: 31% of men's trimmers sold in Q3'19 were not planned purchases, up 4 percentage points compared to last year.

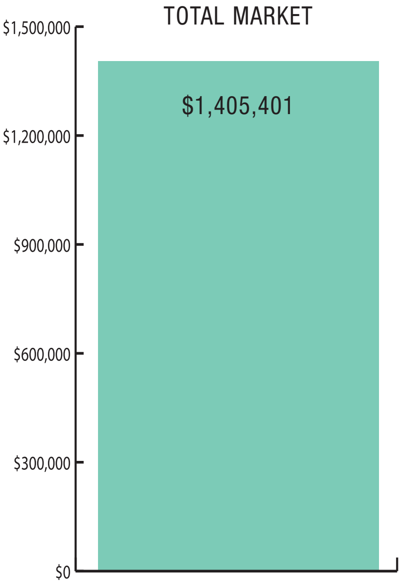
Source: Consumer Tracking Service

SMALL APPLIANCES: Floor Care

Q3 2019

Market Size

Dollar Volume in Thousands



Source: Consumer Tracking Service

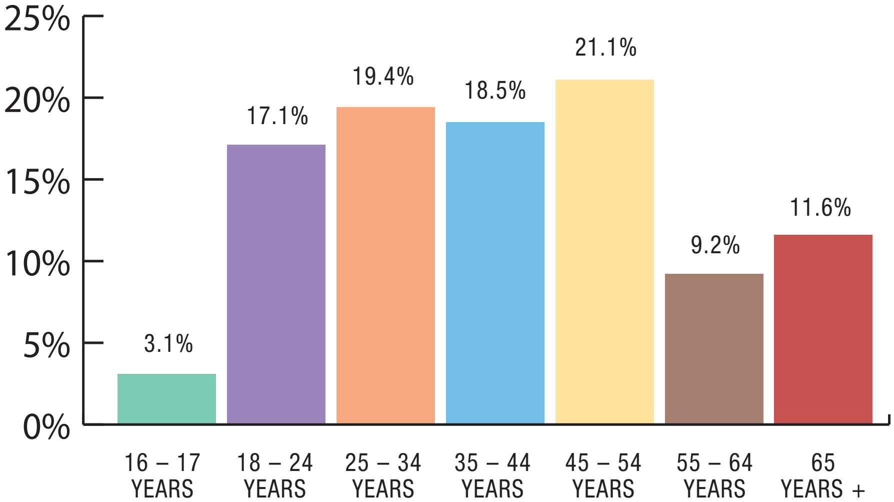
Demographic Analysis

6 months ending • September 2019

Unit Volume Share

NON-ELECTRIC CARPET SWEEPERS • AGE

Percentage purchased by head of household age



Source: Consumer Tracking Service

INSIGHTS:

CATEGORY PERFORMANCE: Dollar sales of hand/stick vacuums grew 11% in Q3'19 compared to the prior year, with a 17% increase in average selling price.

Source: Retail Tracking Service

PURCHASE MOTIVATORS: When it comes to selecting an upright vacuum, consumers said price, good value and brand trust were the top purchase motivators in Q3'19.

Source: Consumer Tracking Service

ONLINE SALES: 38% of deep carpet cleaners were purchased online in Q3'19 – down 2 points compared to last year.

Source: Consumer Tracking Service

IMPULSE: 69% of robotic vacuum purchases were planned in Q3'19—down 3 percentage points from last year.

Source: Consumer Tracking Service

PROMOTION INFLUENCE: 42% of hand vacuums sold in Q3'19 were purchased on sale.

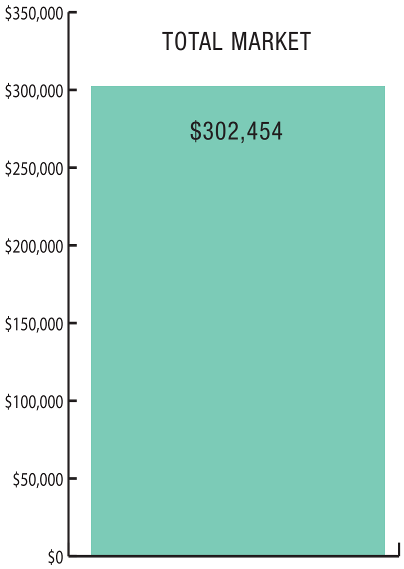
Source: Consumer Tracking Service

HOME: Kitchen & Dining Textiles

Q3 2019

Market Size

Dollar Volume in Thousands



Source: Checkout

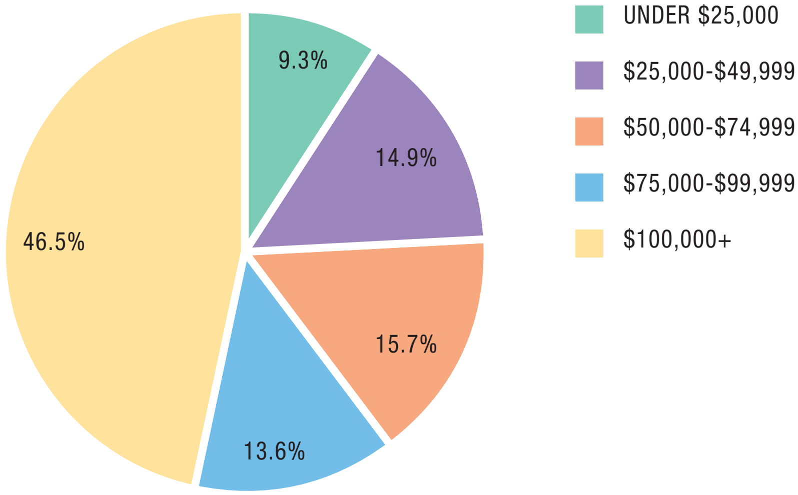
Demographic Analysis

6 months ending • September 2019

Unit Volume Share

TABLE LINENS • HOUSEHOLD INCOME

Percentage purchased by head of household income



Source: Checkout

INSIGHTS:

FEATURES: 18% of dollars spent on table linens in Q3’19 were on solid color products, down 3 share points compared to prior year.

Source: Checkout

RETAIL LANDSCAPE: E-commerce accounts for 9% of kitchen linens category dollar sales, up 1 share point compared to prior year.

Source: Checkout

PRICE BAND: Kitchen linens priced under $2 lost 4 dollar share points during Q3’19 compared to prior year.

Source: Checkout

FEATURES: Dollar sales of pattern/printed table linens were down 18 dollar share points in Q3’19 compared to prior year.

Source: Checkout

Q3 Temperature Check

continued from page 1

Shift Focus to Socializing

Outdoor entertaining continues to be hot. But we need to shift our mindset to think of it as socializing, rather than entertaining. Our focus should be on helping the consumer focus less on preparing, cooking, serving and maintaining the foods – we can help them enjoy time with friends and family—and creating fun selfie moments right through dessert.

Finally, back-to-college marketing often focuses on the freshman year, which is important, but we need to remember that off-campus living has more needs to fill, and more housewares are needed. The opportunities don't only lead to the dorms – parents celebrate their kids going back to school too, which opens the door for more marketing and life moments to leverage

Next year, let's continue to innovate in the ways we address and market to the different needs of the season. ■

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

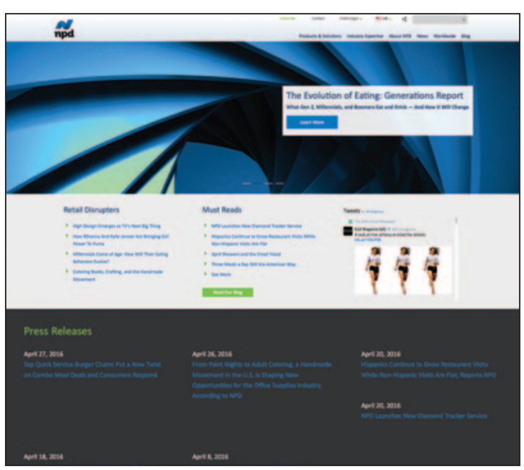
NPD collects point-of-sale retailer data from selected retailers. These data are the actual sales for the chain on an SKU-by-SKU basis. The data are combined with data from other retailers to produce reports on certain categories by channel, where a sufficient number of retailers are cooperating and where sufficient market demand exists for the database. The POS data covers the retail channels of mass/national chains, department stores, specialty stores and drug stores (personal care and home environment only).

CHECKOUT℠ METHODOLOGY

The CheckoutSM service is based on the total channel purchasing behavior of nearly 50,000 panelists in the United States who transmit purchase receipts (both brick & mortar and online) using their smartphones. Individual items on the receipts are coded to merchants, product categories, and other variables along with units purchased and price paid -- allowing for deep analysis of total channel purchasing behavior. The CheckoutSM sample is currently balanced and projected each month to represent the purchasing behavior of individuals in the United States according to U.S. Census estimates.

LIFESTYLES, ATTITUDES AND BEHAVIORS CONSUMER STUDY

An online consumer survey mailed to a demographically representative sample of adults ages 18+ in August 2016. Home textiles category information was captured among respondents who qualified as buyers (5,017 qualified as past year home textile purchasers). ■



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About The NPD Group, Inc.

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 guides 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 **www.npd.com**

IHA HOUSEWARES MARKETWATCH

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