



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 15-18, 2014
- ◆ March 7-10, 2015
- ◆ March 5-8, 2016

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

Dear Housewares Executive,

The **2013 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 (2012). 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., 2012. 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 sixth consecutive year as the number of companies providing data has increased each year 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. Distribution Channels

Find out which retail channels gained the most market share in 2012 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 consumers who shop online.

IHA Membership Profile

This final section includes key statistics about IHA member companies.

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EXECUTIVE SUMMARY AND FORECASTS

Key Findings

Global housewares market data show an overall retail sales increase of 2.9% in 2012. 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 3.3% in 2012. Among the five major sets of categories where IHA member companies compete, three increased, led by education, and two decreased in 2012 versus 2011 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 average (mean) size of IHA member companies increased slightly to \$21.8 million. The median (mid-point) of the survey remained in the \$5 – 9.9 million range. Size distribution shifted downward slightly as 68% of these companies reported annual sales under \$10 million in 2012.

Over half (60%) of IHA member housewares companies produce all of their products offshore. Another third (34%) make some products in the U.S. and some overseas. For these companies, 86% of their products are manufactured outside of the U.S., similar to last year.

Most IHA member companies (90%) export product to other countries. Canada, Mexico, Western Europe, Latin America, Australia and Asia are export destinations for at least half of these companies. With the exception of Mexico, all export destinations were mentioned by larger percentages of IHA member companies this year.

Discount stores and supercenters was the sales leader channel in all housewares categories. Several retail channels experienced flat percentages of total housewares sales versus last year, due to a large increase reported for wholesalers – 11.7% versus 6.9% in 2011. This is the largest share for the wholesale channel since 2001 (14.1%). Warehouse clubs, specialty stores and the “other” retailer channel (c-stores, garden centers, etc) posted small share gains.

Non-store retailing represented the second largest share of housewares sales in 2012. E-commerce retail sales continue to post yearly total sales gains. When combined, these housewares retail channels – Direct to Consumer via Manufacturer Website and Catalogs/TV and Internet Retailers – reached 15.0% in share of total housewares retail sales in 2012 versus 13.1% in 2011.

The top three categories for 2012 were cook & bakeware (16.7%), kitchen tools & accessories (12.4%) and tabletop (11.8%). Kitchen electrics slipped to number four.

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 2012 captured 6% more of the sales from the top 100. Their share increased in 2012 (65.6%) versus 2011 (65.5%).

Top 10 Retailers 2012 versus 1995					
Company	Stores 2012	Housewares Sales 2012	Company	Stores 1995	Housewares Sales 1995
Walmart	4,005	\$20,925	Walmart	2,234	7,775
Costco	608	\$11,160	Kmart	2,477	4,065
Target	1,778	\$8,940	Price Costco	240	2,125
Bed Bath & Beyond	1,471	\$4,680	Sam's Club	433	2,080
Sam's Club	620	\$4,620	Target	670	1,825
Williams-Sonoma	566	\$3,125	Sears	2,306	1,695
Home Depot	2,256	\$2,450	Montgomery Ward	398	630
Walgreen	8,385	\$2,285	Williams-Sonoma	240	540
Dollar General	10,506	\$2,060	Home Depot	423	510
Kmart	1,221	\$2,010	American Stores	1,650	500
Totals	31,416	\$62,255	Totals	11,071	21,745
Percent of Top 100	23.6%	65.6%	Percent of Top 100	15.7%	59.4%

Sales in Millions

Source: HomeWorld Business September 2013 and September 19, 1996

Fifty-six companies have “disappeared” from the 1995 list due to mergers, acquisitions, and bankruptcies. A comparison to the 56 which took their place on the *HomeWorld Business* 2012 list shows the following:

- 27,898 stores were replaced by 47,811 stores, with Starbucks adding over 11,000.
- \$9.1 billion sales grew to \$22.8 billion.
- Six companies on the 2012 list have 0 stores. None had 0 stores in 1995.

Among Top 100 Retailers in 1995, but not in 2012					
Rank		Rank		Rank	
10	American Stores	30	Hills	90	Phar-Mor
21	Ames	73	HomeBase	90	Proffitt's
95	Ann & Hope	87	Home Express	43	Revco
24	Best Products	84	H.W.I.	64	Rose's
97	Boscov's	77	Kitchen Collection	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	McCrorry Stores	35	Thrifty/Payless
10	Federated	70	Mercantile Stores	71	Value City
23	Fingerhut	95	Mervyn's	34	Venture
56	Food Lion	7	Montgomery Ward	76	Vons
74	Fortunoff	64	Pamida	60	Waccamaw
38	Fred Meyer	90	Pathmark	38	Winn Dixie
80	Giant Food	77	Payless Cashways	62	Woolworth
49	Hechinger	100	Penn Traffic		

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

Rank is 1995 rank

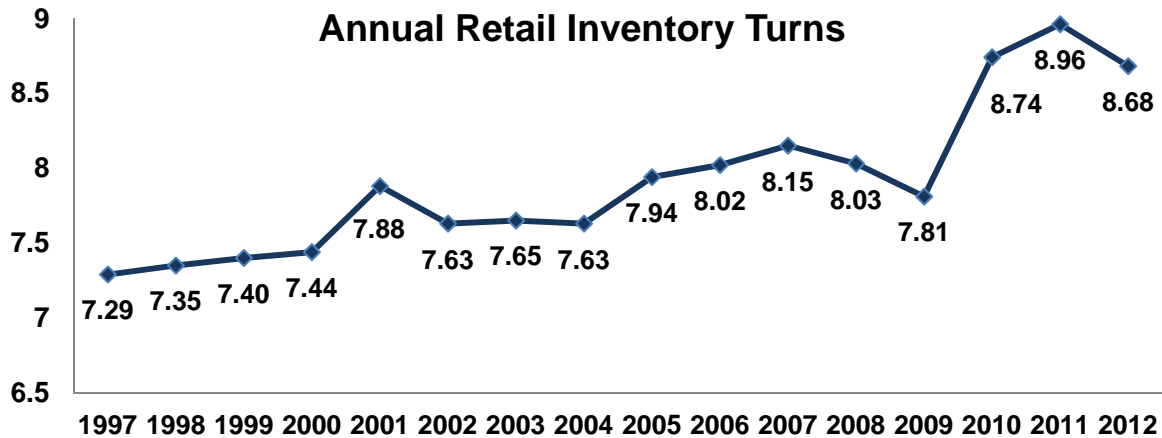
Source: HomeWorld Business September 19, 1996

MACRO TRENDS

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

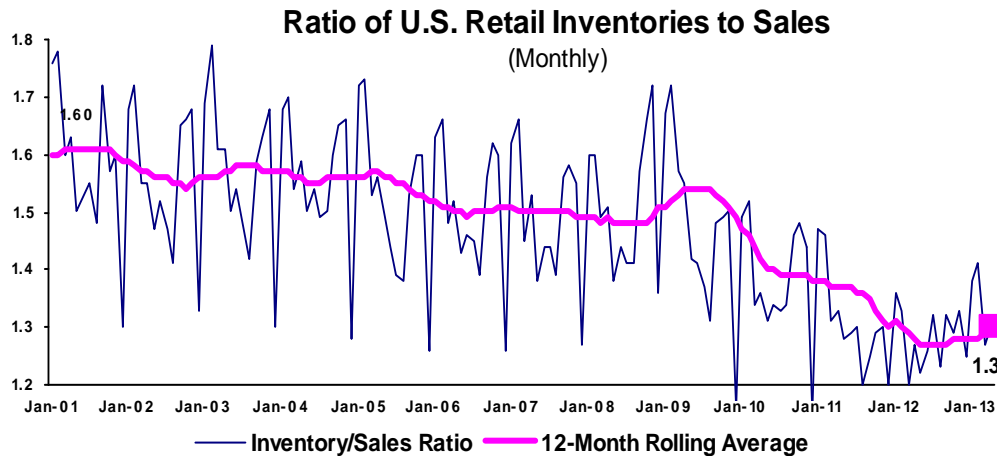
1. Retail stores improve inventory forecasting amid slower turns.

Retail inventory turnover in the U.S. pulled back from its 2011 record in 2012.



Source: Annual Retail Trade Survey 1997-2012, U.S. Census Bureau

For most of 2009, 2010 and 2011 – and into the early months of 2012 – retailers carried lower levels of inventory relative to sales. The ratio, which typically swings from month to month, has declined from 1.60 in January of 2001 to 1.30 in July of 2013 as the use of inventory management technologies has become more widespread. The 12-month rolling average showed a slight up-tick between January 2012 (1.28) and January 2013.



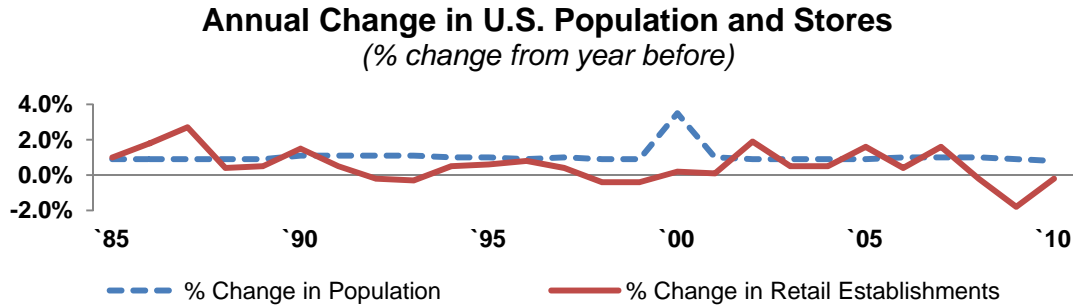
Source: U.S. Census Bureau, Manufacturing and Trade Inventories and Sales

SOI INSIGHT

While retail inventory turns may be slowing, the data support the argument that inventory levels are being matched to store sales, which indicates less investment buying by retailers.

2. Population growth exceeds overall store growth, except for housewares retailers.

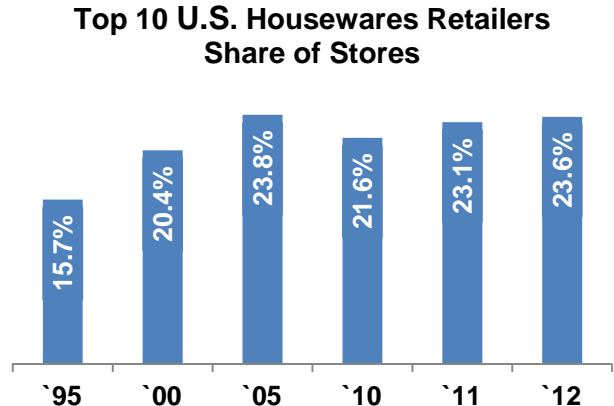
Year over year changes in U.S. population have been relatively consistent around 1% (except for 2000). The total number of retail stores (i.e., all retail, not just housewares retailers) have shown sporadic changes and have declined in the three years prior to 2012, where virtually no growth is reported.



However, the top 100 U.S. housewares retailers added over 4,000 stores in 2012 versus 2011.



Source: HomeWorld Business September 2013



Versus Top 100 HWB Housewares Retailers
Source: HomeWorld Business September 2013

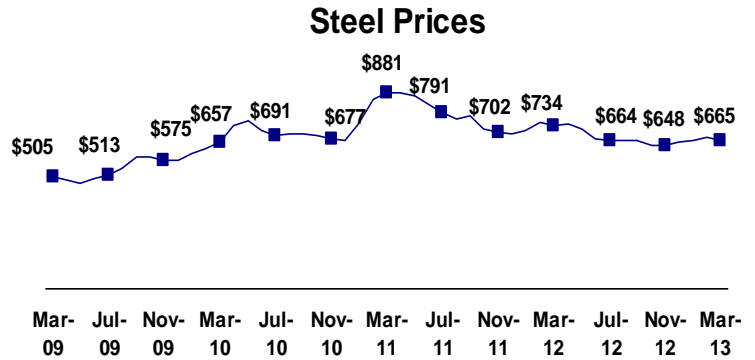
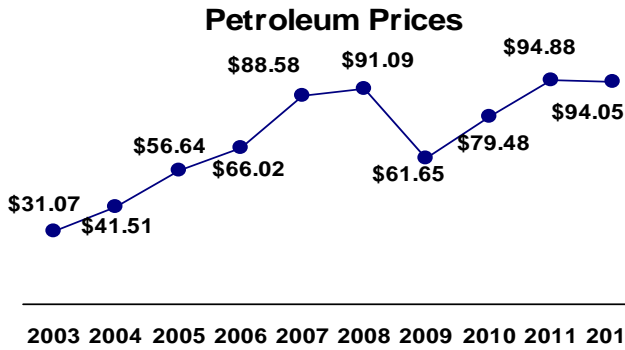
The top 10 U.S. housewares retailers continue to operate nearly a quarter (23.6%) of the retail outlets selling housewares among the top 10 companies.

SOI INSIGHT

As the U.S. housewares business continues to experience retailer consolidation and Internet sales grow among these companies, housewares companies can expect to have fewer purely “brick and mortar” customers.

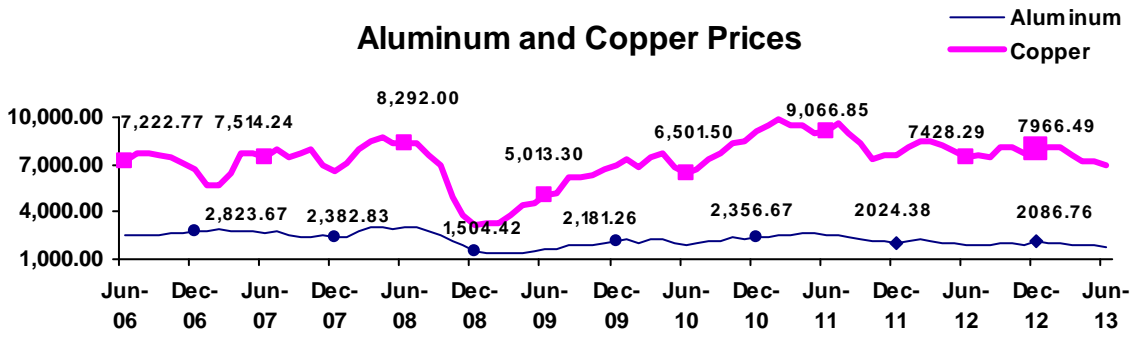
3. Raw materials prices generally leveled-off in 2012 for most housewares manufacturers.

Petroleum pricing, which drives polymer costs, pulled back only slightly from its 2011 record high. Steel prices still remain below their 2008 peak. Both aluminum and copper have been declining modestly over the last two years.



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

World Prices, U.S. Dollars per Ton. Hot Rolled Steel Coil.
Source: Steelonthenet.com

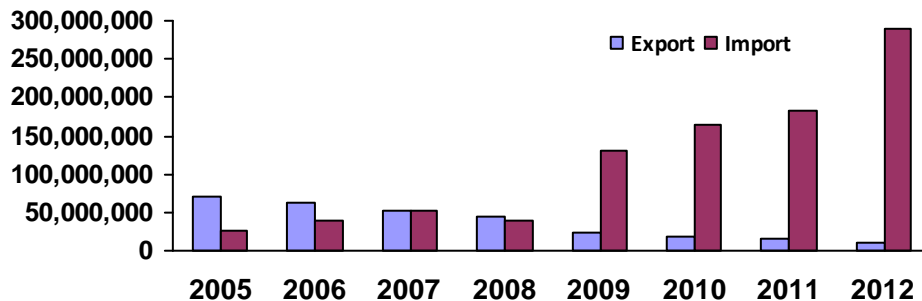


Aluminum and copper price monthly per metric ton.
Source: Index Mundi, extracted from the CIA World Factbook

In 2009, China reversed a decades-long position as a net global supplier of coal and became a large net consumer. This trend continues and greatly expanded in 2012.

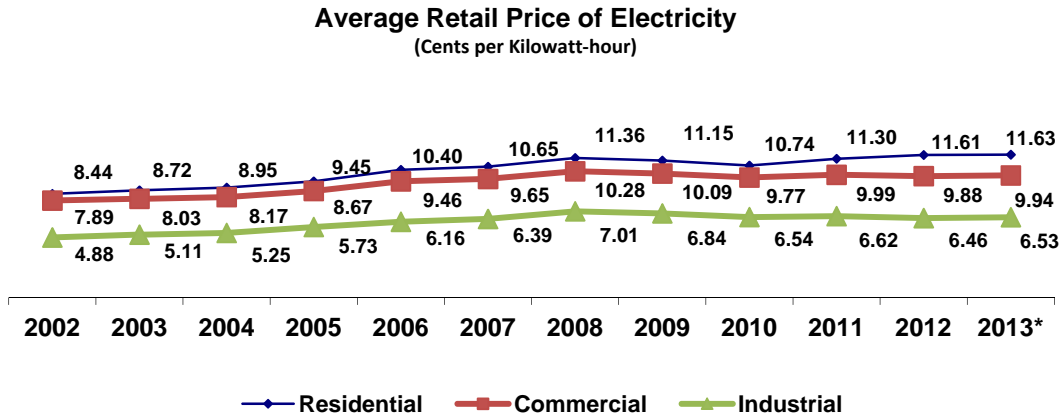
China's Coal Exports and Imports

Metric Tons



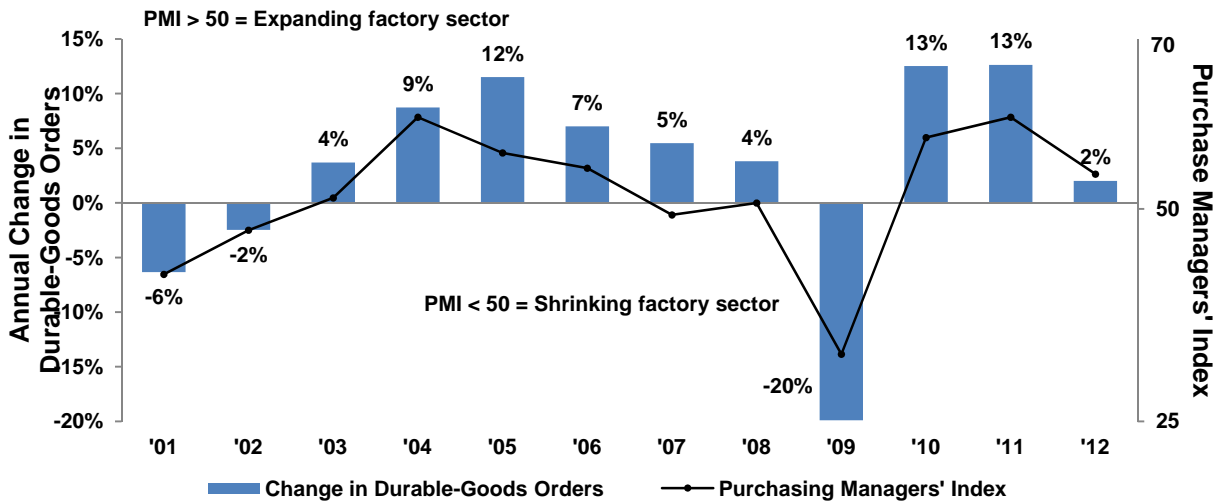
China Statistical Yearbook, China's National Development and Reform Commission (NDRC)

The cost of electricity continues to remain 2-3 cents per kilowatt-hour higher than it was a decade ago for producers, businesses and homeowners.



*Through April 2013
 Values for 2012 & 2013 are preliminary estimates based on a cutoff model sample.
 Source: Energy Information Administration, Electric Power Reports

Purchasing managers have bounced from extreme pessimism in September 2009 (32.9) to extreme optimism in February 2011 when the index posted a 7-year high of 61.4. However, this index has remained in neutral or slightly negative since then.



Sources: U.S. Census Bureau. *Manufacturers' Shipments, Inventories and Orders*. For nondefense capital goods excluding aircraft. Institute for Supply Management

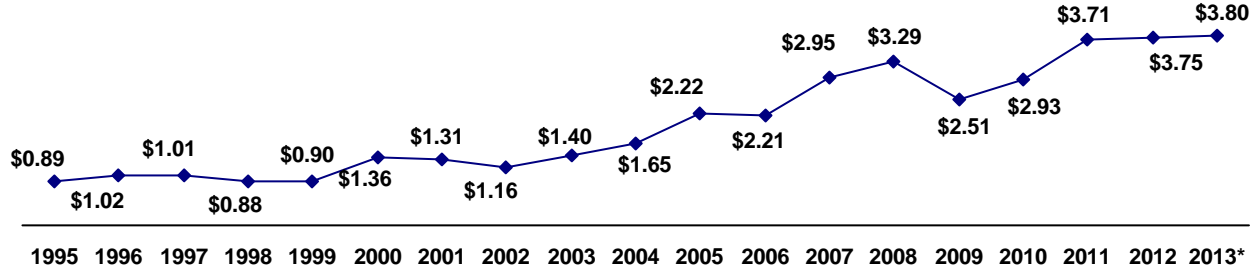
SOI INSIGHT

While the slower-paced economy in 2008 and early 2009 helped lower raw materials prices and the mild expansion that followed may have created some optimism about the future of the economy, current sentiment appears to be “wait and see.”

4. Overland transportation costs flatten as container volume inches up.

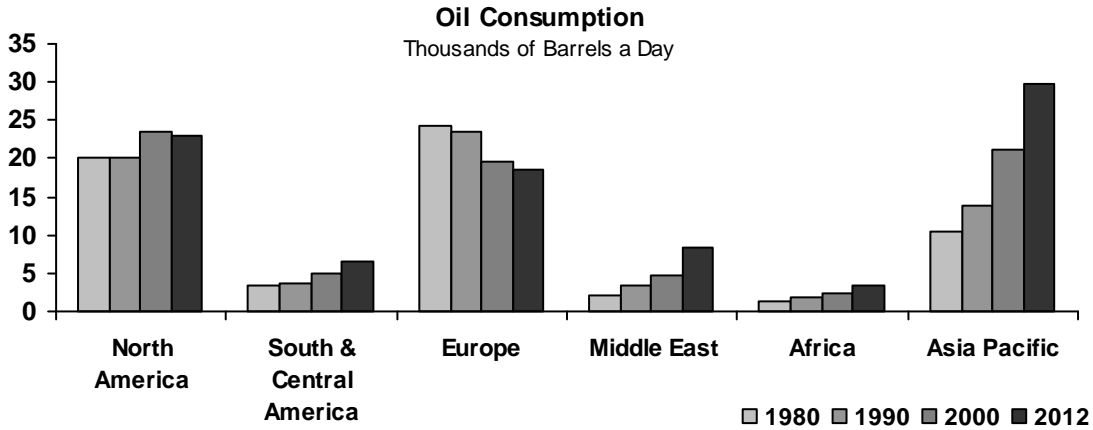
After a brief decline, diesel fuel costs rose in 2010 and have remained high through the first half of 2013. (Diesel fuel and #2 fuel oil are essentially the same refined product).

Annual Average Price for a Gallon of #2 Fuel Oil



1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013*
 *First five months. U.S. City Average. Source: BLS

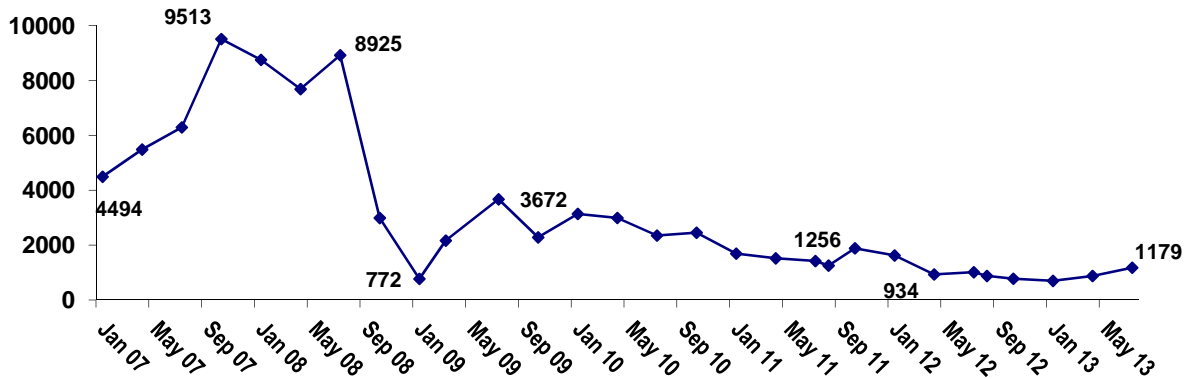
Global oil consumption continues to grow in developing regions, led by Asia Pacific, and is flat or modestly lower in North America and Europe.



Source: BP Statistical Review of World Energy 2013

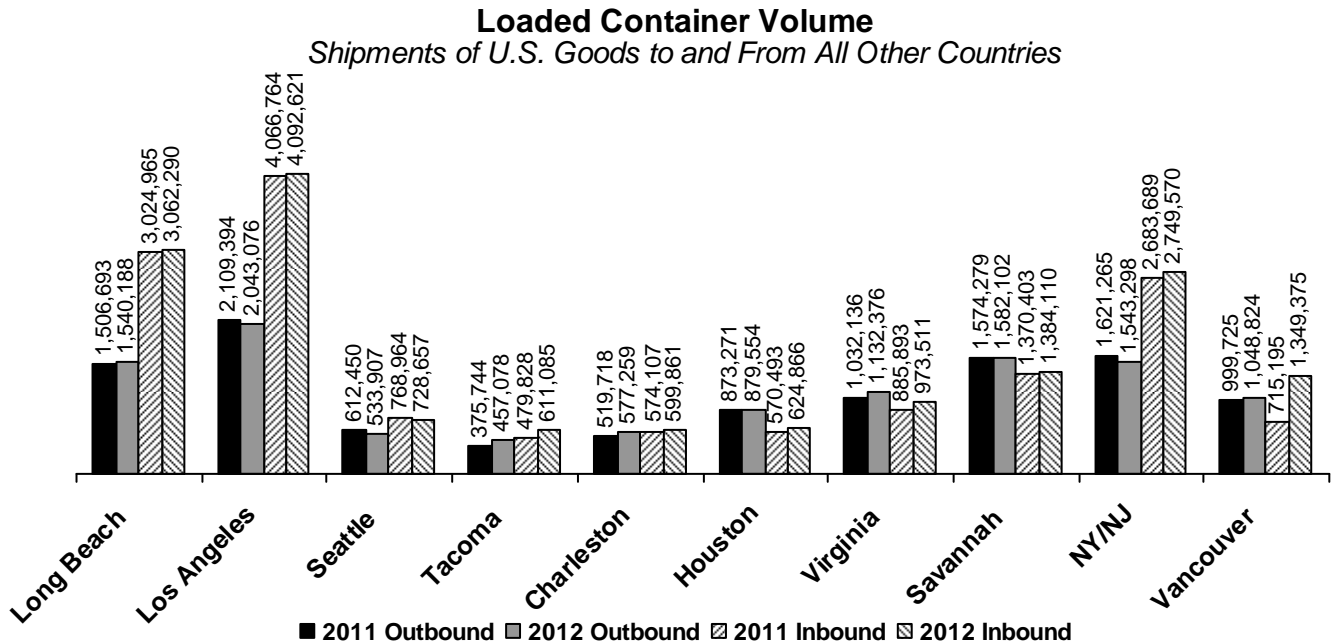
Ocean-going freight volume dropped significantly through 2008 and rebounded somewhat in the first half of 2009. The trend turned negative again in 2010 and picked up modestly toward the end of 2012 and into 2013.

Baltic Dry Index
Quarterly Volume

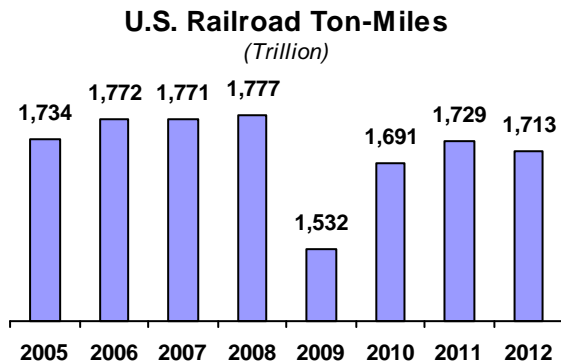


Source: Capital Link Shipping, Baltic Dry Index Charts

Exports of U.S. goods to all other countries increased at some major ports and decreased at others in 2012 versus 2011. Imports, which outpace exports on most docks, increased at most major ports.

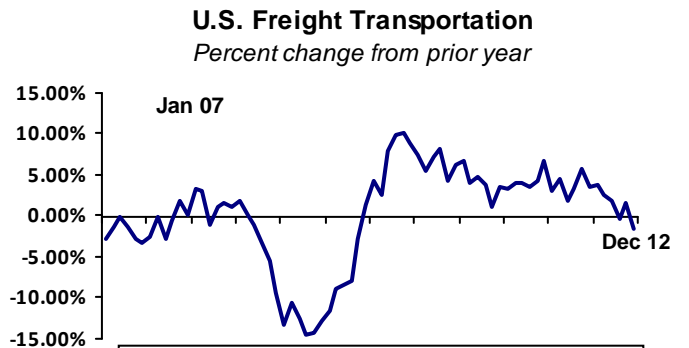


Railroad commercial volume within U.S. borders decreased in 2012 versus 2011, dropping below the levels seen in prior years.



Source: Association of American Railroads, Class I Railroad Statistics

A broader measure of internal U.S. freight shipments also shows a slowdown in 2012.



Includes goods shipped by truck, rail, air, pipeline and inland waterways.

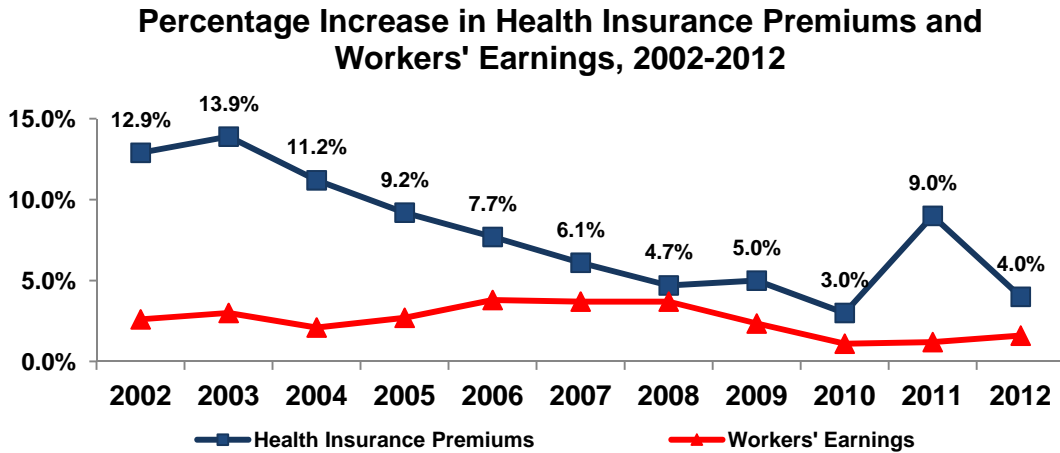
Source: Bureau of Transportation Statistics

SOI INSIGHT

The increasing consumption of oil in developing countries may be hold up fuel prices and decreasing volume of shipments will likely require shippers to continue fuel surcharges.

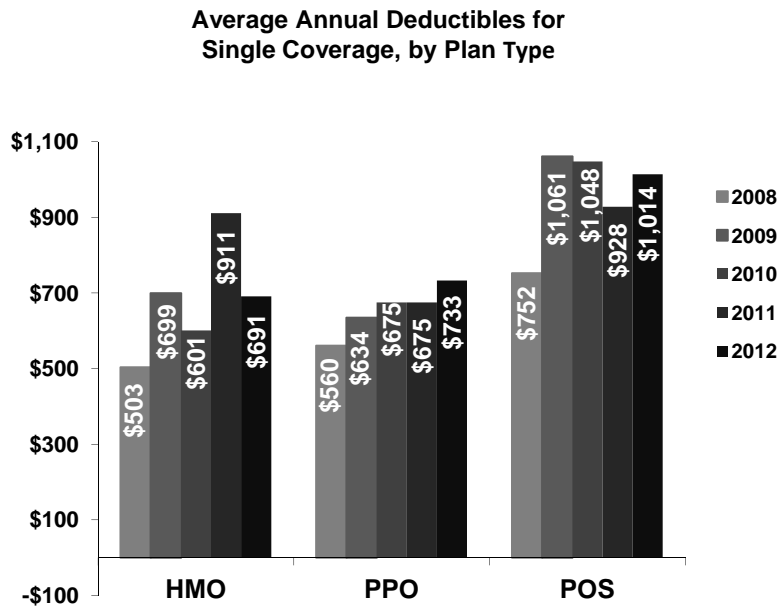
5. Healthcare costs continue to increase for employers and employees.

While the runaway annual increases of the prior decade have cooled in the past few years, they continue to far out-pace changes in workers earnings.



Source: Kaiser Family Foundation, *Employer Health Benefits 2012 Annual Survey*, family coverage. BLS, *Labor Force Statistics from the Current Population Survey*

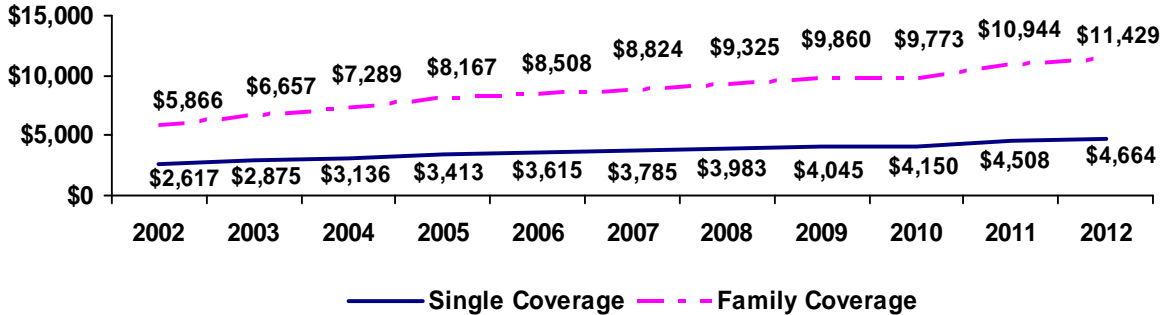
One technique that employers use to manage their healthcare costs has been to shift some of it to employees by increasing their deductible levels. Average employee annual deductibles declined in 2012 for HMO healthcare plans but increased for POS plans and PPOs.



Source: Kaiser Family Foundation, *Employer Health Benefits 2012 Annual Survey*

Companies paid slightly less for family plans and more for single person healthcare plans in 2012.

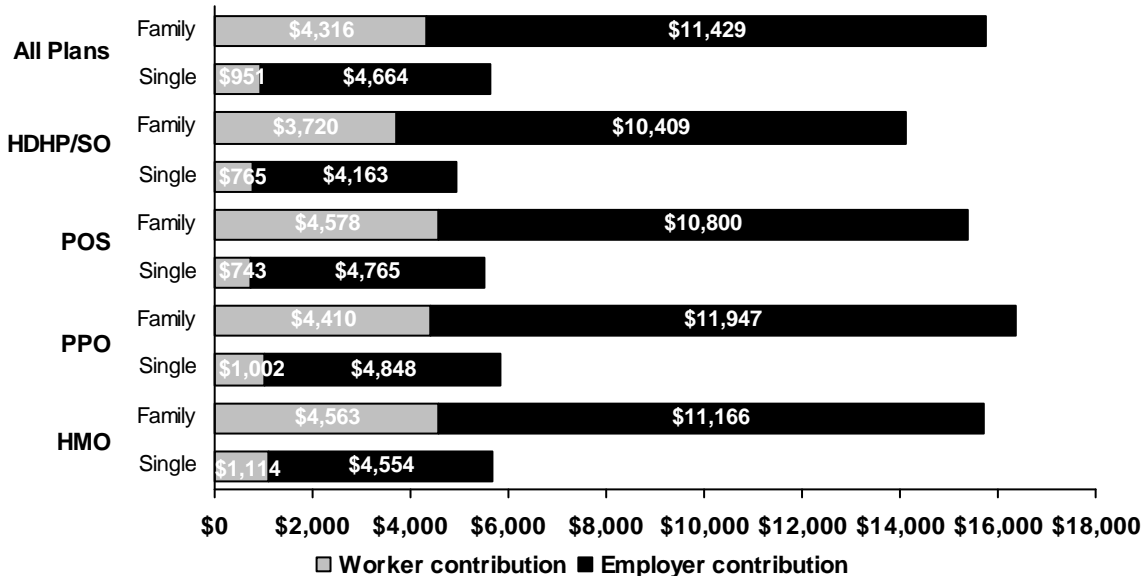
Average Annual Employer Contributions



Source: Kaiser Family Foundation, Employer Health Benefits 2012 Annual Survey

Employers' average premiums for various types of plans continue to be highest for PPOs and HMOs and somewhat lower for POS plans, where average worker contributions are highest.

Average Annual Insurance Premiums



Source: Kaiser Family Foundation, Employer Health Benefits 2012 Annual Survey

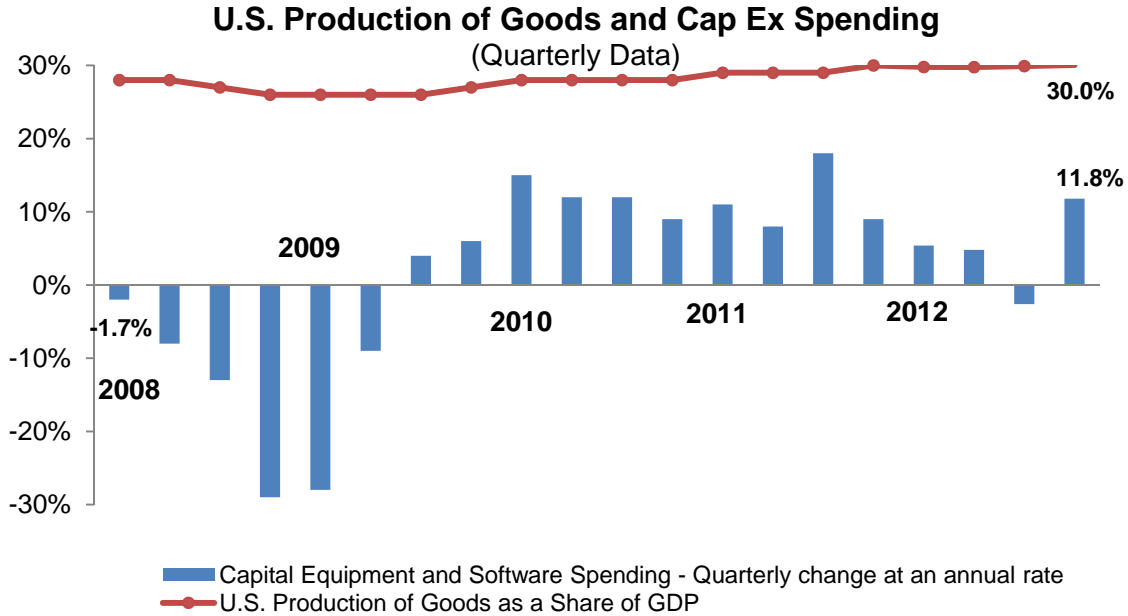
HDHP/SO – High Deductible Health Plan with a Savings Option POS – Point of Service
 HMO – Health Maintenance Organization PPO – Preferred Provider Organization

SOI INSIGHT

Healthcare costs continue to add a double inhibitor to housewares businesses – increased operating costs for manufacturers and decreased consumer expenditure as more employee wages go toward healthcare costs.

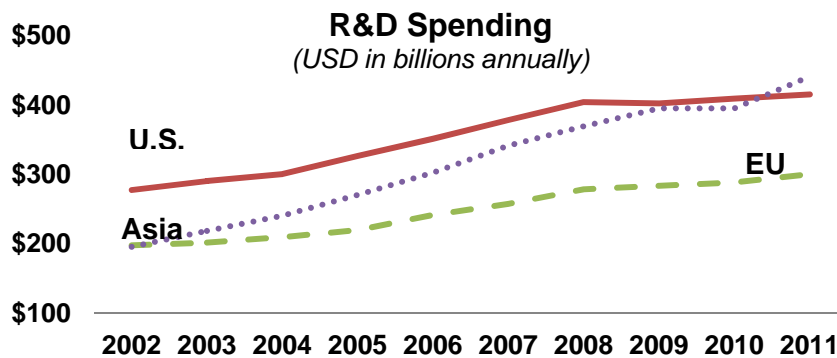
6. Manufacturers recovered from a drop in cap ex spending in 2012 and saw Asia pass the U.S. in R&D spending for the first time.

U.S. production of goods as a percentage of U.S. Gross Domestic Product was 30.0% in the fourth quarter of 2012, which has remained relatively constant for five years. Expenditures on capital equipment and software recovered in mid-2009 from six straight quarters of declines during the height of the recession. Spending increased for 12 consecutive quarters, recovering from a third-quarter dip in 2012.



Source: Bureau of Economic Analysis

Asian countries' spending research and development surpassed the annual U.S. amount in 2011, for the first time.



Source: Main Science and Technology Indicators, Organisation for Economic Co-operation and Development

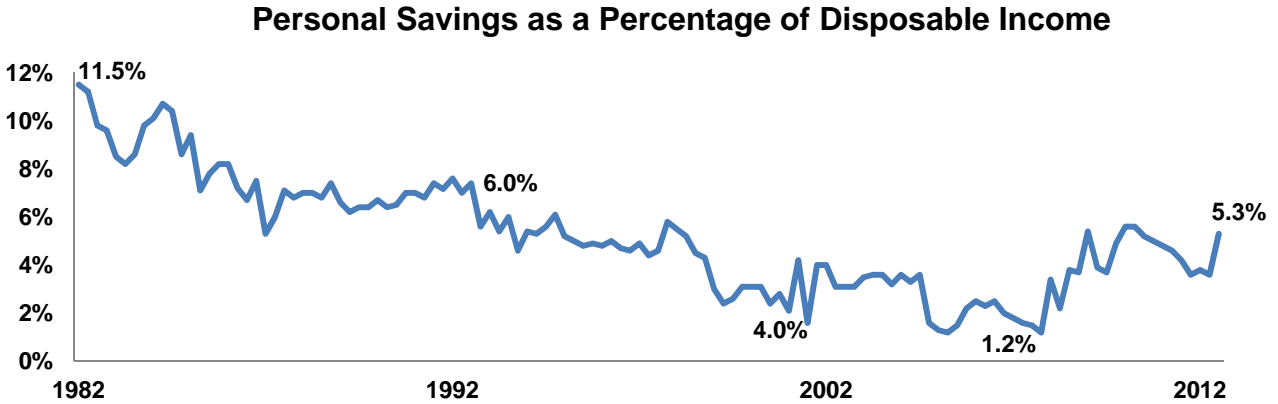
The decline in capital expenditure spending by U.S. companies in 2008 and the first half of 2009, coincided with a leveling-off of R&D spending in the U.S..

SOI INSIGHT

Housewares companies with investments in both the U.S. and Asia may have experienced a similar transfer of R&D to their off-shore partners.

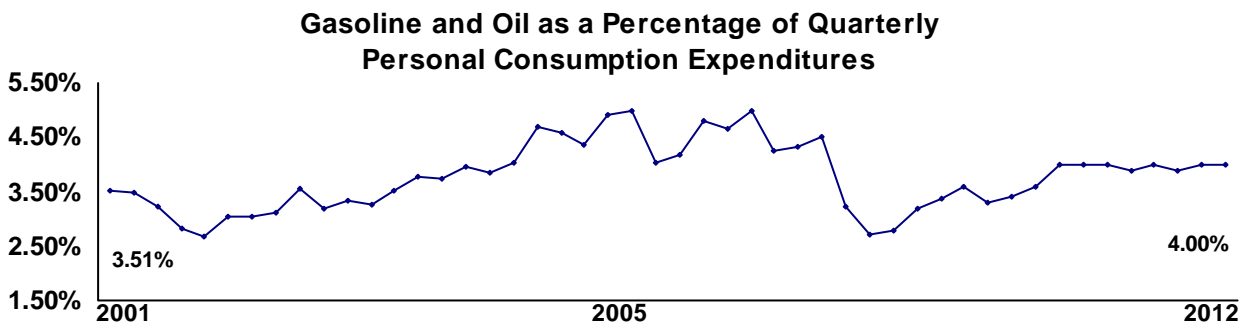
7. Consumers save a little more, but not at the gas pump.

The personal savings rate peaked in 1981 at 11.9% and steadily declined to a low point of 1.2% in 2008. Since then, consumers appear to be making an effort to reduce debt by saving more of their disposable income, with the level oscillating around 5%.



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

One of the most-watched consumer expenditures is gasoline and oil, as an indicator of available spending power or consumer mood. As a percentage of personal expenditures, gasoline and oil reached record levels in 2007. Wallet pressure eased somewhat since then, hovering around 4% for the last two years.



Through December 2012. Billions of chained dollars; seasonally adjusted at annual rates. Source: BEA.gov

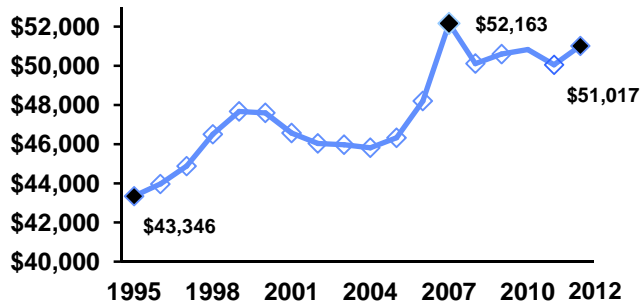
\$100 in 1982 had the same buying power as \$241.97 in 2013
 \$100 in 2002 had the same buying power as \$129.80 in 2013

Source: BLS CPI Inflation Calculator

Median household income started rising in 2005 to a record \$52,163 in 2007. The large drop in 2008 was partially recovered in 2012, when it rose to \$51,017.

Households continue to gain ground in their efforts to reduce debt. However, debt remains over 100% of income.

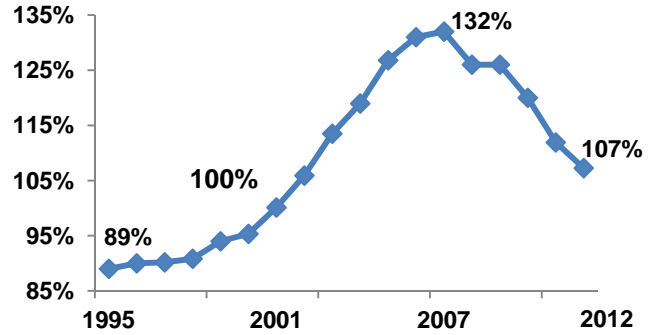
Median Household Income



*Income in 2012 CPI-U-RS adjusted dollars.
Households as of March the following year.*

Source: 2012 Current Population Survey, U.S. Census Bureau

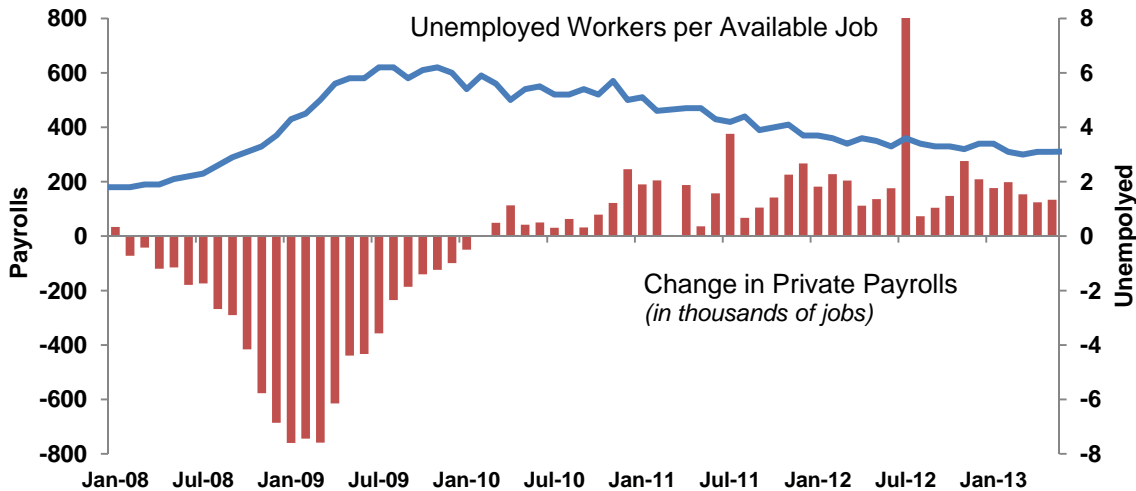
Household Debt as Percent of Personal Disposable Income



Source: Federal Reserve

The number of unemployed workers per available job declined modestly in 2012. Private sector jobs have been created monthly since the beginning of 2010.

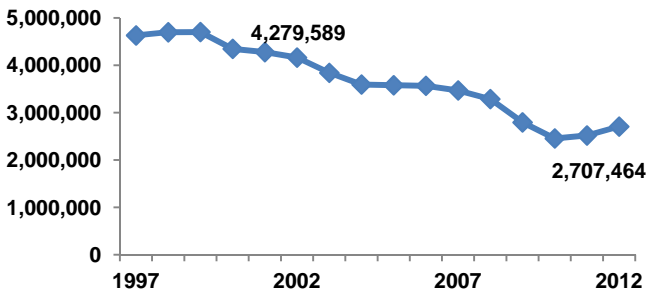
Private Payrolls & Unemployed Workers



Source: Department of Labor and ADP Employment Report. Historical numbers revised by ADP.

Reversing a decade-long trend, companies less than one-year-old – a common definition of a start-up – added a few more jobs versus the prior year, for the second year in a row.

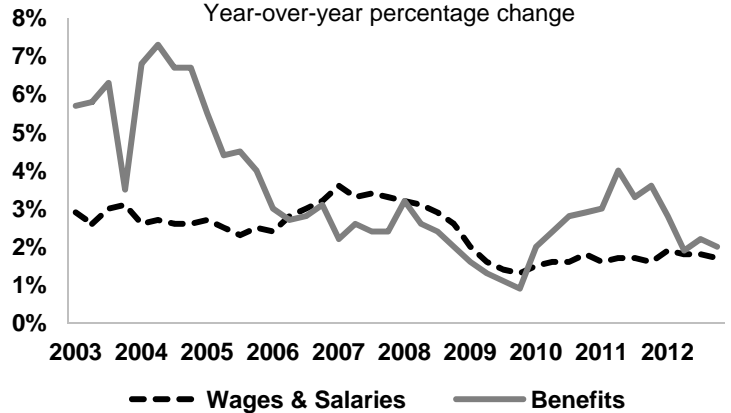
Number of Jobs Created by Establishments Less Than One-Year-Old



Source: U.S. Bureau of Labor Statistics

Companies continue to use more financial resources for employee benefits than for wages and salaries; however, the annual change for each cost became comparable in 2012.

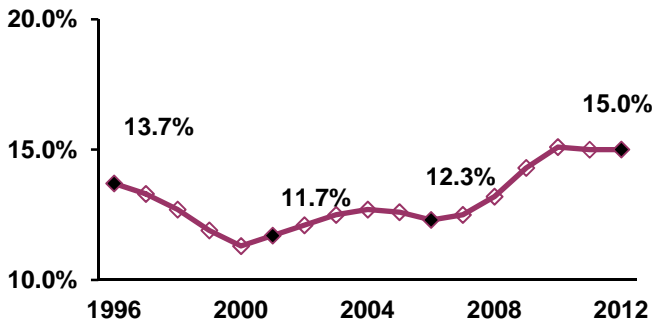
Private Sector Costs



Source: U.S. Bureau of Labor Statistics

The U.S. poverty rate was 15.0% in 2012, unchanged from the 2011 rate.

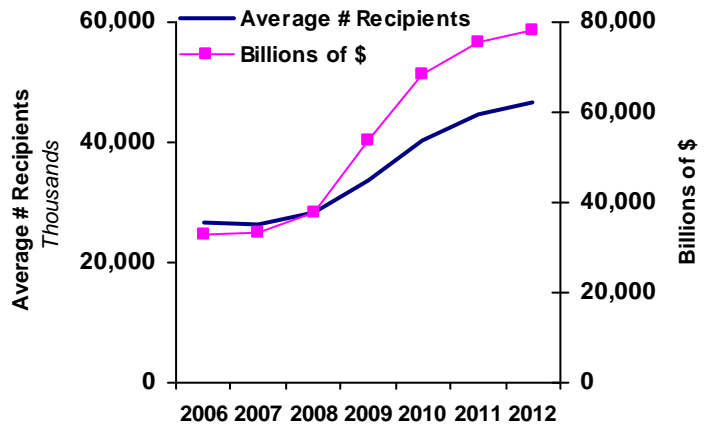
Percent of U.S. Population Below Poverty Level



Number in thousands. People as of March of the following year. Source: 2012 Current Population Report, U.S. Census Bureau

Both the number of recipients and the cost of the food stamp program rose again last year.

Food Stamp Program Cost and Usage



Source: United States Department of Agriculture, Supplemental Nutrition Assistance Program

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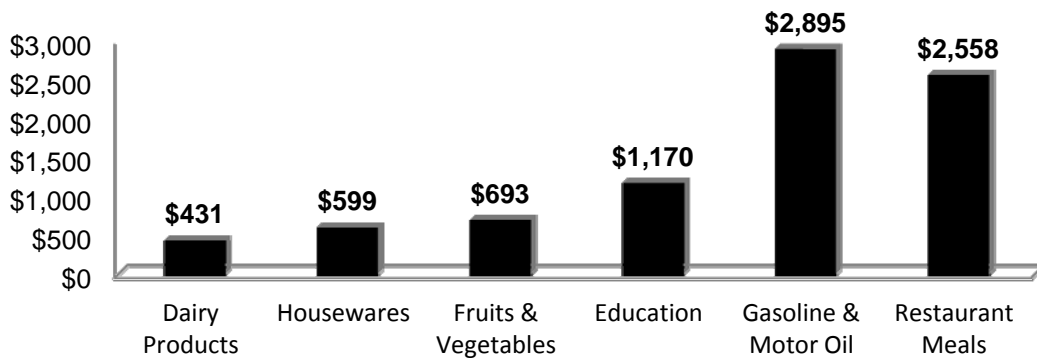
With small businesses generating about two-thirds of the new jobs in the U.S. each year, the costs of benefits have stunted growth of take-home pay for employed workers.

8. Household expenditures for housewares remain relatively unchanged.

The average U.S. household spent \$599 on housewares in 2012, according to U.S. government data. This is essentially unchanged versus 2011 (\$596) and little changed since 2005 (\$578). 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.

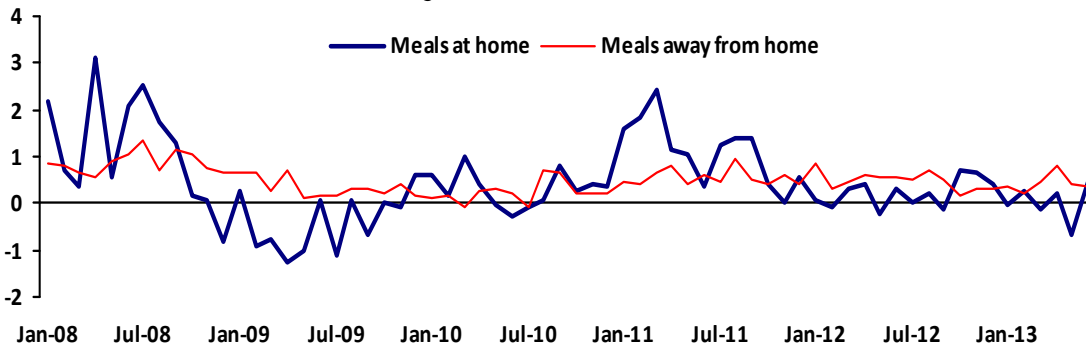
Among the other five categories, education rose the most, \$47 or 4.2% in 2012 versus 2011. Restaurant meals and gasoline & motor oil rose from 2011 levels, while dairy products and fruits and vegetables declined.

2012 Household Expenditures in Key Industries
(\$ per U.S. Households)



Government data show that consumer spending on food away from home gaining slightly over meals at home for the first half of 2012, with the trend reversing in the last half.

Change in CPI for Meals at Home and Away
Change from month to month in CPI



Source: Consumer Price Index, seasonally adjusted

SOI INSIGHT

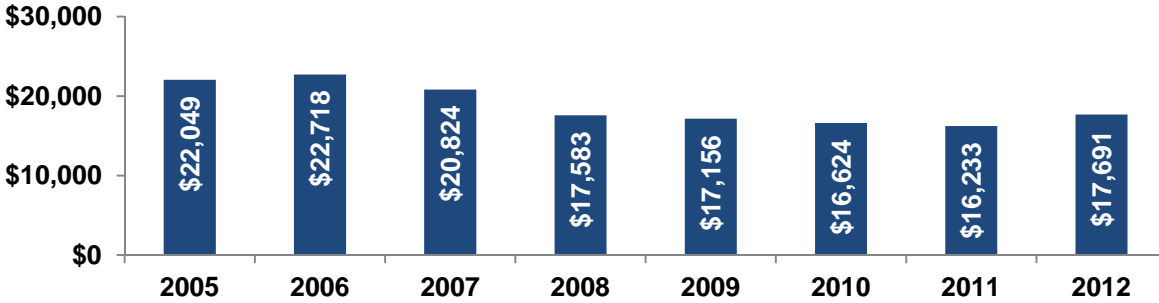
Consumers appear to be “loosening their belts” slightly, which could have positive implications for in-home purchases such as housewares.

9. The housing market made modest gains in 2012.

The total value of real estate holdings in the U.S. was \$17.7 trillion in 2012 – up 9% from the revised 2011 values but still down from the 2006 high of \$22.70 trillion.

Value of Household Real Estate Holdings

Billions of Dollars



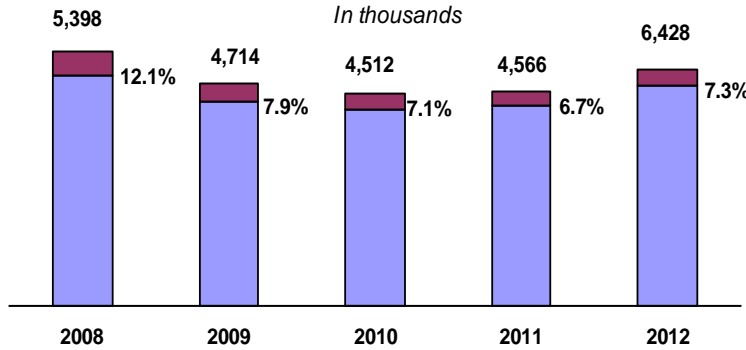
Source: Federal Reserve
(Revisions back to 2007 on 6-6-13)

At market value. All types of owner-occupied housing including farm houses and mobile homes, as well as second homes that are not rented, vacant homes for sale and vacant land.

Sales of all homes on the market rose in 2012 and the percentage represented by new homes increased to 7.3%. It was 15.4% in 2004. New home sizes shrunk a little.

Home Sales

In thousands

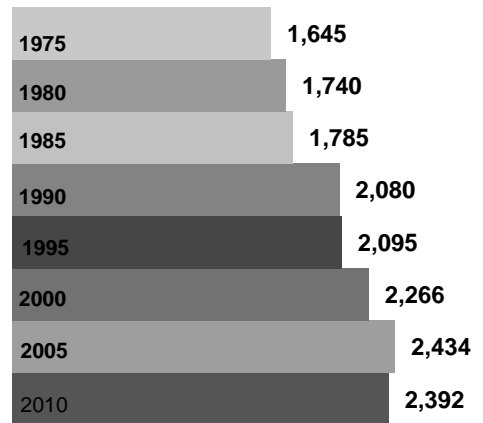


Existing homes sold (blue), New homes sold (red)

Percentage of new homes is shown to the right of each bar.

Source: U.S. Census Bureau, National Association of Realtors

Average Sq. Ft. of New Single-Family Houses



Source: U.S. Census Bureau

With several economic factors impacting sales of homes, the availability of distressed properties continues to be a major factor.

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For several years, these trends imply that consumers may be in the market for home remodels and new housewares purchases to “spruce-up” the old place.

10. Advertising budgets expanded for non-print media, with network TV regaining the top spot.

Overall advertising spending increased 3.0% between 2011 and 2012. Five of the six categories which declined in 2012 are print media.

Ad Spending by Media: Full Year 2012 vs. Full Year 2011¹ (Millions)				
Media	Full Year 2012	Full Year 2011	\$ Change	% Change
NETWORK TV	\$23,126.36	\$21,216.85	\$1,909.52	9.0%
CABLE TV ²	\$21,877.94	\$21,240.72	\$637.22	3.0%
CONSUMER MAGAZINES ³	\$18,885.33	\$19,469.42	-\$584.08	-3.0%
SPOT TV ⁴	\$15,084.74	\$13,713.40	\$1,371.34	10.0%
NEWSPAPERS (LOCAL) ⁵	\$14,380.68	\$14,674.17	-\$293.48	-2.0%
INTERNET (DISPLAY ADS) ⁶	\$14,275.55	\$14,717.06	-\$441.51	-3.0%
SPANISH LANGUAGE TV ⁷	\$5,514.24	\$4,794.99	\$719.25	15.0%
LOCAL RADIO ⁸	\$5,353.57	\$5,353.57	\$0.00	0.0%
SYNDICATION – NATIONAL	\$5,119.93	\$4,740.68	\$379.25	8.0%
OUTDOOR	\$4,204.28	\$4,004.08	\$200.20	5.0%
B-TO-B MAGAZINES ³	\$2,162.99	\$2,207.13	-\$44.14	-2.0%
NATIONAL NEWSPAPERS ⁵	\$2,121.04	\$2,410.27	-\$289.23	-12.0%
FOOD SUPPLEMENT INSERTS ⁹	\$2,066.68	\$1,968.27	\$98.41	5.0%
NATIONAL SPOT RADIO	\$1,936.37	\$1,879.97	\$56.40	3.0%
SUNDAY MAGAZINES ³	\$1,498.22	\$1,544.55	-\$46.34	-3.0%
NETWORK RADIO	\$1,083.97	\$934.46	\$149.51	16.0%
LOCAL MAGAZINES ³	\$300.18	\$294.30	\$5.89	2.0%
SPANISH LANGUAGE MAG ³	\$278.59	\$246.54	\$32.05	13.0%
SPANISH LANGUAGE NEWSP ⁵	\$270.19	\$264.89	\$5.30	2.0%
TOTAL	\$139,540.86	\$135,675.30	\$3,865.55	3.0%

Source: Kantar Media

1. Figures are based on the Kantar Media Strategy™ multimedia ad expenditure database across all measured media, including: Network TV (5 networks); Spot TV (731 stations in 125 DMAs); Cable TV (75 networks); Syndication TV; Hispanic Network TV (4 networks); Consumer Magazines (198 publications); Business-to-Business Magazines (299 publications); Sunday Magazines (8 publications); Local Magazines (31 publications); Hispanic Magazines (19 publications); Internet display (2,536 sites monitored at least one year); Local Newspapers (133 publications); National Newspapers (3 publications); Hispanic Newspapers (46 publications); Local Radio (33 markets); Network Radio (6 networks); National Spot Radio (205 markets); and Outdoor (192 market). Figures do not include public service announcements (PSA) or house advertising

2. Cable TV figures based on 71 English language networks and do not include any Hispanic cable networks

3. Magazines include Publishers Information Bureau (PIB) data and reflect print editions of publications.

4. Spot TV figures based on 658 English language stations and do not include any Hispanic stations

5. Newspapers figure reflect print editions of publication

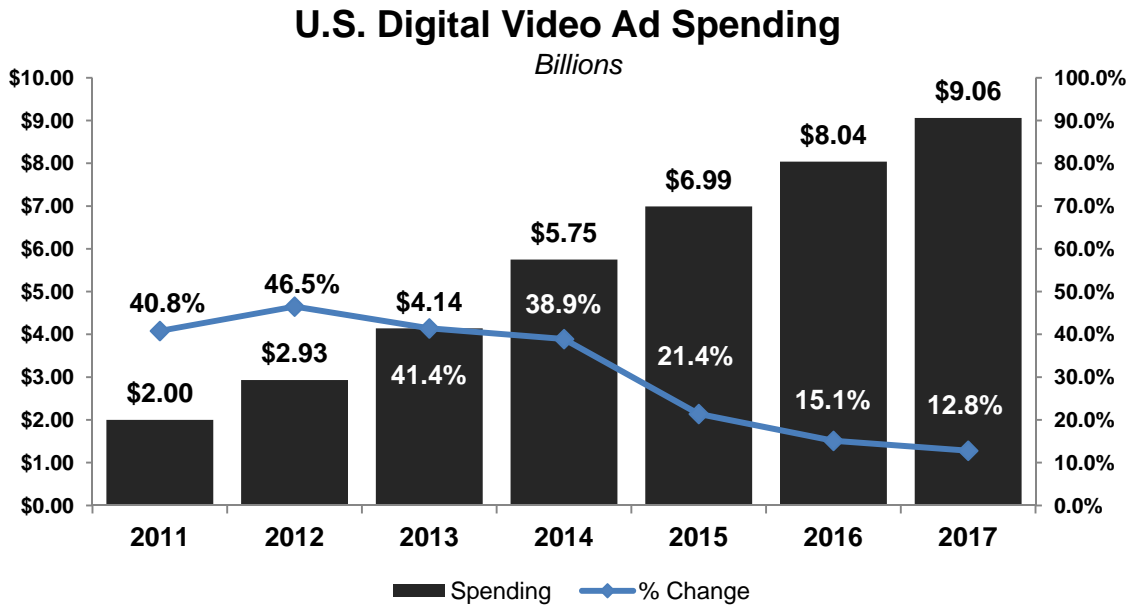
6. Internet expenditures reflect the value of desktop display advertising only. Video ad formats and mobile ad formats are specifically excluded

7. Spanish Language TV includes 4 Hispanic broadcast networks, 4 Hispanic cable network and 73 local Hispanic TV stations

8. Local Radio includes expenditures for 33 markets in the U.S. and the data are provided by Miller, Kaplan, Arase & Co.

9. FSI data represents distribution costs only

Part of the decline in Internet display ad spending may be due to the large increase in digital video ad spending – up 46.5% in 2012 and projected to be over \$9 billion by 2017.



Note: includes advertising that appears on desktop and laptop computers as well as mobile phones and tablets; data through 2011 is derived from IAB/PwC data; includes in-banner, in0stream (such as pre-roll and overlays) and in-text (ads delivered when users mouse-over relevant words).

Source: eMarketer, March 2013

Google received over half of the fledgling mobile Internet ad revenue in 2012.

Net Mobile Internet Ad Revenue Worldwide, by Company				
	2011 Revenues	2012 Revenues	2011 Share	2012 Share
Google	\$1.53	\$4.61	38.11%	52.36%
Facebook	-	\$0.47	-	5.35%
Pandora	\$0.12	\$0.24	2.99%	2.71%
YP	\$0.09	\$0.25	2.32%	2.86%
Twitter	-	\$0.14	-	1.57%
Millennial Media	\$0.04	\$0.07	1.00%	0.82%
Other	\$2.23	\$3.02	55.58%	34.33%
Total	\$4.02	\$8.80		

Note: Net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; including display (banners and other, rich media and video) and search; ad spending on tablets is included; excludes SMS MMS and P2P messaging-based advertising; numbers may not add up to total or 100% due to rounding.

Source: Company reports, 2013 & 2013, eMarketer June 2013

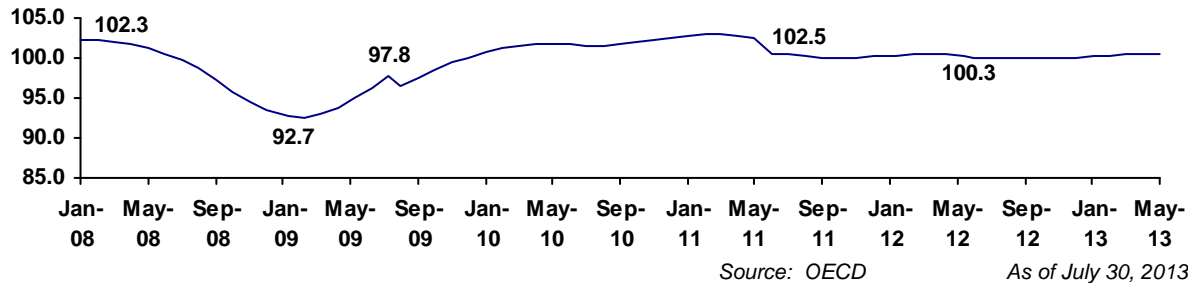
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The shift away from print media may be driven in part by a decline in publications for mass markets, not necessarily housewares trade publications. The surge toward video ads and the advent of mobile ads provide increasingly available opportunities for housewares products to be shown to consumers while they shop.

11. Modest improvement is forecast for the global economy.

Looking to the future, the Organisation for Economic Co-operation and Development (OECD) reports a flat to slightly rising 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



This global indicator is affected by the individual country CLIs that are 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 the strongest growth in GDP and inflation for China. Unemployment in Europe is predicted to remain above 12% and decline the U.S.. Moderate inflation is expected for the U.S. and the Euro area.

Summary of Projections					
	2013		2014		
	Q4	Q1	Q2	Q3	Q4
Real GDP growth					
United States	1.9	3.0	3.2	3.4	3.4
Japan	1.6	3.3	-4.3	1.6	1.5
Euro area	-0.6	1.2	1.4	1.6	1.8
Total OECD	1.2	2.5	2.0	2.7	2.8
China	7.8	n/a	n/a	n/a	n/a
Inflation ¹					
United States	1.3	1.6	1.8	1.9	1.9
Japan	-0.1	0.4	2.3	2.3	2.4
Euro area	1.5	1.2	1.2	1.2	1.2
Total OECD	1.5	1.6	1.9	2.0	2.0
China	2.5	2.5	2.6	2.7	2.7
Unemployment rate ²					
United States	7.5	7.3	7.1	6.9	6.7
Japan	4.2	4.1	4.1	4.1	4.1
Euro area	12.1	12.3	12.3	12.3	12.3
Total OECD	8.1	8.1	8.0	7.9	7.8

¹ USA; price index for personal consumption expenditure, Japan and China; consumer price index and the euro area; harmonized index of consumer prices. ² Percent of the labor force. Source: OECD; Economic Outlook, Volume 2013, Issue 1 – No.93, May 2013

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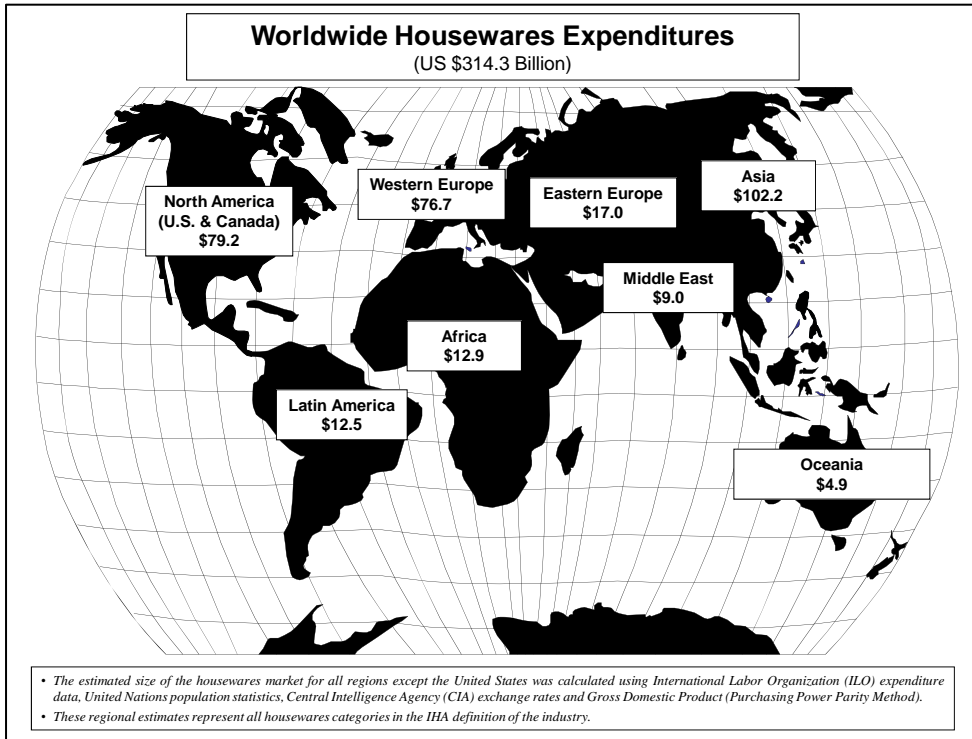
OECD forecasts for overall improvement in mature markets bodes well for opportunities for U.S. housewares manufacturers exporting to China.

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) \$314.3 billion, up 2.9% from 2011. North America, Western Europe and Asia make up 82% of all housewares spending by consumers.



China’s 10.2% growth in GDP drove Asian housewares expenditures although it was slower than last year (13.4%). India had 5.4% GDP growth (versus 11.2% last year), which helped mute Middle East expenditures increase. (Source: CIA World Factbook, September 2012 and 2013).

2012 Housewares Expenditures and Market Share (\$ Millions)		
Region	Housewares Expenditures*	Housewares Market Share
Asia	\$102,174	32.4%
North America	79,230	25.2%
United States**	69,282	22.0%
Canada	9,948	3.2%
Western Europe	76,653	24.4%
Eastern Europe	16,972	5.4%
Africa	12,899	4.1%
Latin America	12,510	4.0%
Middle East (includes India)	8,963	2.9%
Oceania	4,930	1.6%
TOTAL	\$314,330	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 2013 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 \$69.3 billion dollars on housewares last year in categories where IHA member companies participate.

As the global housewares market saw a 2.9% year-to-year increase as measured in dollars, U.S. Housewares Expenditures increased 3.3% 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).

2012 U.S. Housewares Expenditures IHA Definition (\$ Billions)		
<i>Year</i>	<i>Total Expenditures</i>	<i>% Change in 1 Year</i>
2012	\$69.3	3.3%
2011	\$67.1	.4%
2010	\$66.8	1.5%
2009	\$65.8	-11.2%
2008	\$74.1	-3.0%
2007	\$76.3	4.8%
2006	\$72.8	1.3%

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.

2012 U.S. Housewares Expenditures		
	2012 Total Expenditures (millions)	Avg. Annual % Change Past 5 Years
Furniture	\$8,875	-2.3%
Infants	\$1,193	2.2%
Outdoor	\$2,409	-1.3%
Occasional	\$5,274	-2.4%
Appliances	\$8,121	0.8%
Electric Floor Cleaning	\$1,999	0.1%
Sewing Machines	\$316	-5.8%
Miscellaneous Household Appliance	\$491	12.8%
Small Electric Kitchen	\$3,223	8.1%
Portable Heating & Cooling Equipment	\$1,100	30.3%
Microwaves	\$993	2.9%
Housewares	\$8,971	0.2%
Plastic Dinnerware	\$333	2.7%
China & Other	\$2,207	6.4%
Flatware	\$365	-4.6%
Glassware	\$988	-6.0%
Other Serving Accessories	\$383	51.5%
Non-electric Cookware	\$4,697	0.1%
Misc. Household Equipment	\$33,450	-3.2%
Infant Equipment	\$1,670	3.5%
Laundry & Cleaning Equipment	\$2,437	2.2%
Outdoor Equipment	\$3,049	2.5%
Lamps & Lighting	\$3,338	-3.4%
Other Household Decorative	\$15,781	-2.1%
Telephone & Accessories	\$3,400	4.8%
Small Misc. Accessories	\$1,201	-4.6%
Closet & Storage	\$1,568	-6.3%
Telephone Answerers	\$73	6.5%
Other Household Appliances	\$936	10.6%
Personal Care Products	\$9,865	5.5%
Non-electric Articles for the Hair	\$1,110	2.0%
Oral Hygiene	\$5,078	9.9%
Shaving Needs	\$2,386	7.0%
Electric Personal Care	\$1,293	-0.4%
Total Expenditures	\$69,282	-1.8%
Number of Households	124 million	

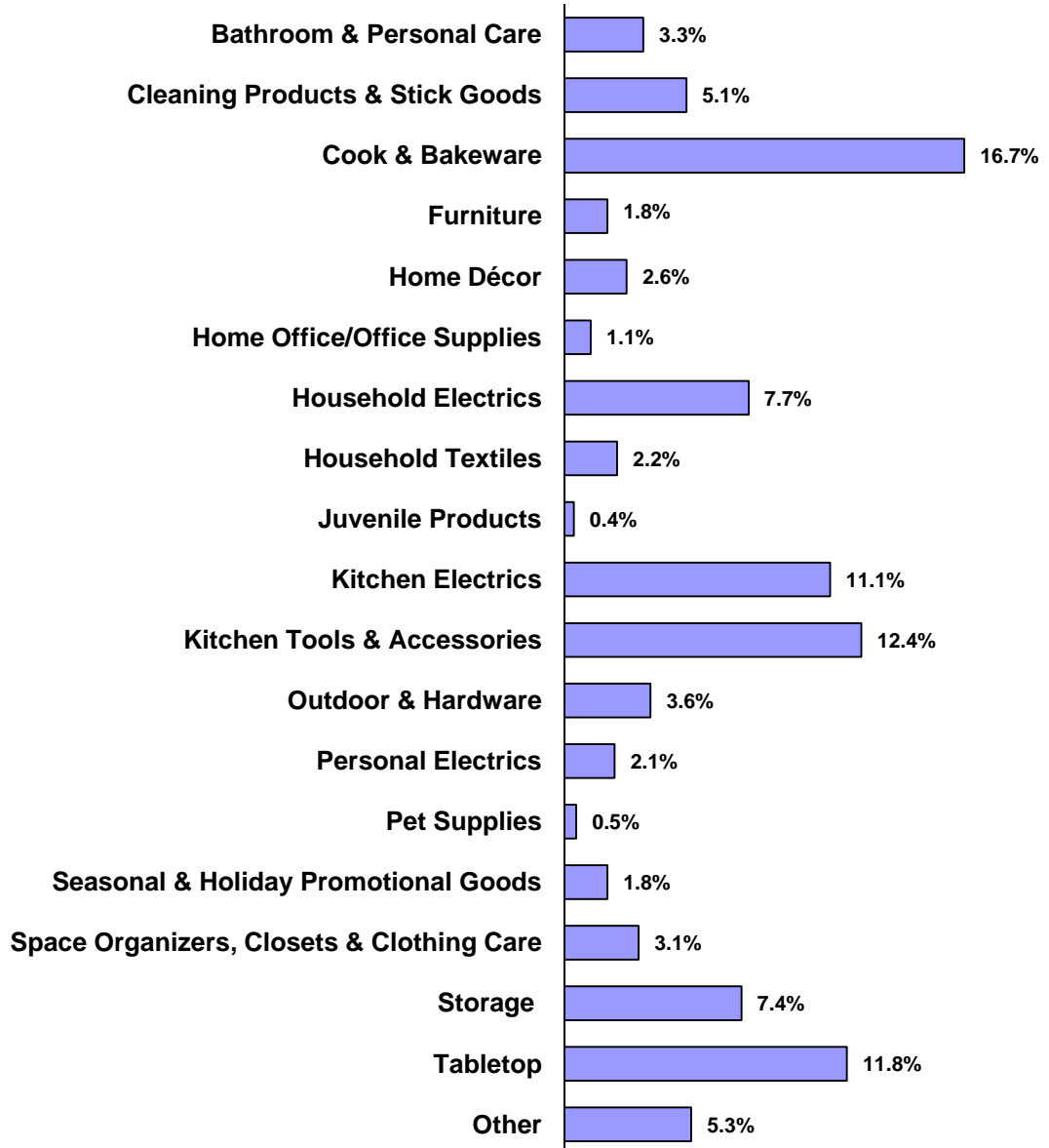
Values are rounded for presentation purposes.
Source: U.S. Department of Labor/Bureau of Labor Statistics Consumer Expenditures Study for 2012, unpublished (sample of 5,000 U.S. consumers).

U.S. DISTRIBUTION CHANNELS

Housewares Category Share Estimates

The housewares industry is comprised of a number of diverse categories for use in the home, with 52.0% of industry sales falling into the cook & bakeware, kitchen tools & accessories, tabletop and kitchen electrics categories. These same top four categories represented 56.1% of industry sales in 2011.

Housewares Category Share Estimates (Share of Reported Companies' Sales)



The data in this chart are from 730 IHA member companies who answered the "2013-2014 Membership Profile" survey and represent 26.2% of the projected total housewares industry volume for 2012. 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	Specialty Stores	Department Stores	Supermarkets/ Food Stores	Hardware Stores/ Home Centers	Warehouse Clubs	Gourmet/ Gift/ Novelty & Souvenir Stores	Drug Stores
Bathroom & Personal Care	\$485	\$214	\$154	\$184	\$82	\$67	\$44	\$128
Cleaning Products & Stick Goods	\$507	\$361	\$227	\$420	\$364	\$57	\$73	\$165
Cook & Bakeware	\$2,371	\$1,449	\$1,562	\$1,043	\$363	\$509	\$396	\$240
<i>Electrics Subtotal</i>	<i>\$2,717</i>	<i>\$1,856</i>	<i>\$1,645</i>	<i>\$282</i>	<i>\$744</i>	<i>\$618</i>	<i>\$701</i>	<i>\$511</i>
Household Electrics	\$962	\$806	\$473	\$114	\$326	\$212	\$225	\$190
Kitchen Electrics	\$1,401	\$928	\$1,079	\$138	\$333	\$350	\$463	\$210
Personal Electrics	\$354	\$122	\$93	\$30	\$85	\$56	\$13	\$111
Furniture	\$308	\$52	\$58	\$47	\$44	\$50	\$24	\$53
Home Decor	\$374	\$194	\$131	\$239	\$85	\$62	\$59	\$119
Home Office/Office Supplies	\$193	\$69	\$27	\$31	\$54	\$18	\$6	\$38
Household Textiles	\$291	\$185	\$148	\$133	\$61	\$40	\$70	\$61
Juvenile Products	\$81	\$37	\$20	\$22	\$10	\$8	\$9	\$26
Kitchen Tools & Accessories	\$1,828	\$1,093	\$982	\$695	\$324	\$397	\$352	\$235
Outdoor & Hardware	\$523	\$168	\$124	\$285	\$252	\$90	\$72	\$90
Pet Supplies	\$65	\$44	\$27	\$18	\$13	\$15	\$8	\$28
Seasonal & Holiday Promotional Goods	\$316	\$112	\$86	\$131	\$76	\$50	\$39	\$92
Space Organizers, Closets & Clothing Care	\$564	\$288	\$103	\$122	\$174	\$82	\$30	\$49
Storage	\$1,489	\$494	\$336	\$484	\$367	\$200	\$89	\$157
Tabletop	\$1,827	\$864	\$907	\$772	\$262	\$393	\$301	\$268
Other	\$648	\$206	\$204	\$266	\$240	\$71	\$120	\$108
TOTAL	\$14,587	\$7,686	\$6,741	\$5,174	\$3,515	\$2,727	\$2,393	\$2,368

Category	Variety/One Price Stores	Home Furnishings, Appliance Stores	Catalogs, TV	Direct to Consumer via Your Web	Internet Retailer	Wholesale	Other*	Rounded Total
Bathroom & Personal Care	\$105	\$15	\$174	\$151	\$20	\$364	\$98	\$2,285
Cleaning Products & Stick Goods	\$220	\$59	\$171	\$96	\$61	\$648	\$104	\$3,533
Cook & Bakeware	\$253	\$317	\$847	\$334	\$216	\$1,235	\$435	\$11,570
<i>Electrics Subtotal</i>	<i>\$226</i>	<i>\$754</i>	<i>\$1,362</i>	<i>\$1,042</i>	<i>\$219</i>	<i>\$1,441</i>	<i>\$365</i>	<i>\$14,483</i>
Household Electrics	\$92	\$354	\$499	\$218	\$94	\$646	\$123	\$5,334
Kitchen Electrics	\$94	\$350	\$746	\$686	\$112	\$622	\$181	\$7,693
Personal Electrics	\$40	\$50	\$117	\$138	\$13	\$173	\$61	\$1,456
Furniture	\$29	\$68	\$105	\$22	\$48	\$299	\$40	\$1,247
Home Decor	\$57	\$33	\$115	\$44	\$25	\$201	\$64	\$1,802
Home Office/Office Supplies	\$24	\$25	\$45	\$54	\$16	\$139	\$22	\$761
Household Textiles	\$41	\$94	\$113	\$22	\$27	\$176	\$64	\$1,526
Juvenile Products	\$10	\$7	\$16	\$6	\$3	\$15	\$6	\$276
Kitchen Tools & Accessories	\$262	\$117	\$748	\$243	\$176	\$814	\$326	\$8,592
Outdoor & Hardware	\$64	\$38	\$222	\$56	\$71	\$228	\$211	\$2,494
Pet Supplies	\$14	\$4	\$33	\$5	\$5	\$47	\$19	\$345
Seasonal & Holiday Promotional Goods	\$57	\$21	\$90	\$34	\$19	\$84	\$40	\$1,247
Space Organizers, Closets & Clothing Care	\$62	\$27	\$181	\$36	\$42	\$291	\$98	\$2,149
Storage	\$170	\$125	\$318	\$96	\$60	\$498	\$245	\$5,128
Tabletop	\$296	\$129	\$565	\$216	\$154	\$939	\$282	\$8,175
Other	\$35	\$86	\$323	\$52	\$79	\$680	\$551	\$3,669
TOTAL	\$1,925	\$1,919	\$5,428	\$2,509	\$1,241	\$8,099	\$2,970	\$69,282

Sample sizes: 730 companies; 1,852 data points.

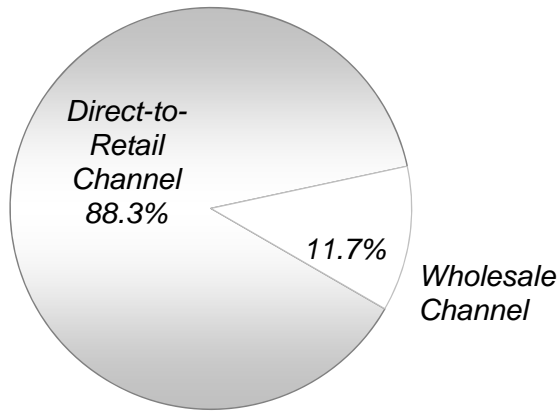
Source: IHA 2013-2014 Membership Survey

*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 2012, 11.7% of housewares volume was sold through the wholesale channel. This is nearly double the volume share sold through wholesalers in 2011, and the highest level in recent years.

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



Source: IHA 2013-2014 Membership Survey

Prior Years Wholesale Channel Share	
2011	6.9%
2010	8.5%
2009	5.5%
2008	6.2%
2007	8.5%
2006	7.2%

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 (88.3%) 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.

2012 U.S. Housewares Industry Direct-to-Retail Channels*				
Channel	Channel Sales (Millions)	Share of Housewares Retail Market	Annual Change Channel Sales	Annual Share Change
Mass Merchants/ Supercenters	\$14,587	23.8%	↓	↓
Specialty Stores	\$7,686	12.6%	↔	↑
Department Stores	\$6,741	11.0%	↔	↔
Supermarkets/ Food Stores	\$5,174	8.5%	↓	↓
Hardware Stores/Home Centers	\$3,515	5.7%	↔	↑
Warehouse Clubs	\$2,727	4.5%	↑	↔
Gourmet/Gift/Novelty & Souvenir Stores	\$2,393	3.9%	↔	↔
Drug Stores	\$2,368	3.9%	↔	↔
Variety/One-Price Stores	\$1,925	3.1%	↓	↓
Home Furnishings/Appliance Stores	\$1,919	3.1%	↔	↔
Catalogs/TV	\$5,428	8.9%		
Direct to End-User/ Consumer via Your Web	\$2,509	4.1%	↔	↔
Internet Retailer	\$1,241	2.0%		
Other	\$2,970	4.9%	↑	↑
TOTAL	\$69,282	100.0%		

Source: IHA 2013-2014 Membership Survey

* Excluding wholesale channel.

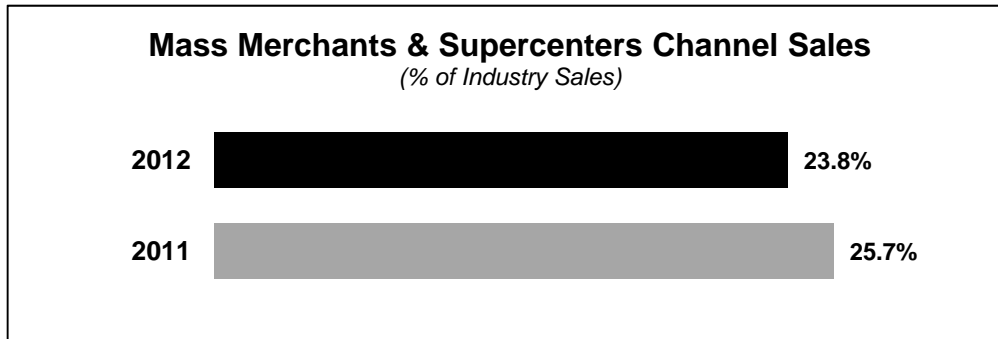
Notes: Directional changes based on IHA definition of the housewares industry. The “other” channel includes convenience stores, garden centers, patio specialty stores and all other retail formats.

The Internet Retailer channel is new for the 2013 report. It was previously reported in the Catalogs, Internet, TV channel. When combining this year’s channels to match last year’s, both annual sales and annual share changes are positive for Catalogs, Internet, TV for 2012 versus 2011.

Total non-store retailing (Catalogs/TV, Direct-to-End-User/Consumer via Your Web and Internet Retailer) accounted for 15.0% of the total retail volume, which is the second largest share, when combined. Their combined share in 2011 was 13.1%.

Mass Merchants & Supercenters

Mass merchants and supercenters continue to be the leaders of housewares retailing. Their overall share decreased in 2012.



Source: IHA 2013-2014 Membership Survey

This channel sees the majority of its housewares sales in cook & bakeware (16.3%), kitchen tools & accessories (12.5%) and tabletop (12.5%). This channel is the sales leader in all categories in 2012.

Supercenters continue to drive the majority of this channel’s overall growth with large increases in total store sales over last year for larger operators. These total store sales gains, combined with this format’s strong but consistent share of housewares sales, indicate that consumers have likely been spending a larger portion of their budget on food and drug items in these stores for the last three years.

Large Format Value Store Sales Growth Selected Companies 2012 vs. 2011 Total Store Sales (\$ Millions)						
Top Discount Store Chains	2012		2011		% Change	
	Sales	Stores	Sales	Stores	Sales	Stores
Walmart (Bentonville, AR)*	\$274,490	4,005	\$264,186	3,868	3.9%	3.5%
Target (Minneapolis, MN)*	71,960	1,778	68,466	1,763	5.1%	0.9%
Kmart (Hoffman Estates, IL)*	14,567	1,221	15,285	1,305	-4.7%	-6.4%
Meijer (Grand Rapids, MI)*	15,825	200	15,600	198	1.4%	1.0%
Shopko (Green Bay, WI)	2,250	136	2,210	138	0.2%	-0.1%

Source: HomeWorld Business “Top 100 Retailers,” September 2013

*Sales include Internet sales.

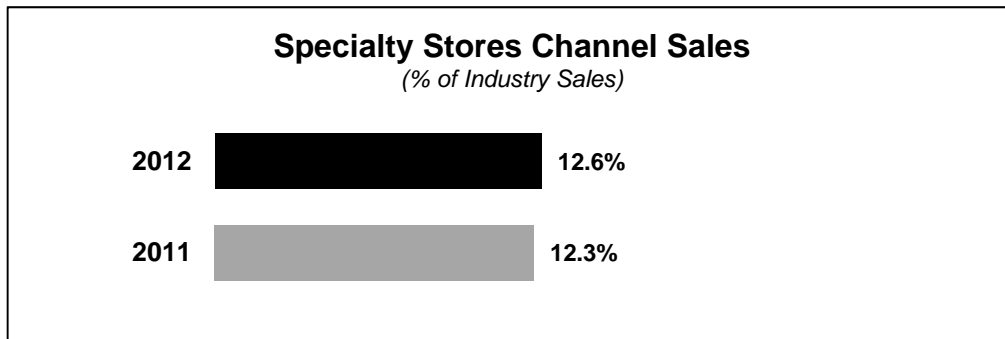
Selected companies performance snapshot (2012 vs. 2011) as a group:

- ◆ 3.6% – Total annual sales increase.
- ◆ .7% – Total store count increase.

Note: HomeWorld Business Total Store Sales include Internet sales for several companies. Internet sales were broken out for 2012, but not 2011 by HomeWorld Business. As a result, store efficiency changes are not reported this year.

Specialty Stores

Specialty stores accounted for 12.6% of all direct-to-retail housewares sales, up from 12.3% in 2011.



Source: IHA 2013-2014 Membership Survey

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

Three of the top five specialty store operators reported significant total store sales increases in 2012.

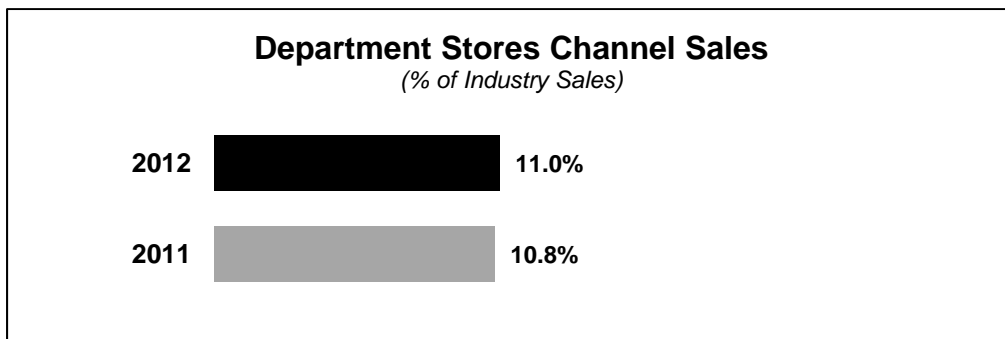
Housewares-Dominant Specialty Stores Sales Growth Top Chains 2012 vs. 2011 Total Store Sales (\$ Millions)						
Top Specialty Store Chains	2012		2011		% Change	
	Sales	Stores	Sales	Stores	Sales	Stores
Best Buy (Eden Prairie, MN)*	\$45,085	4,379	\$50,705	4,308	-11.1%	1.6%
Staples (Framingham, MA)*	12,293	1,547	12,392	1,917	-0.8%	-19.3%
Bed Bath & Beyond (Union, NJ)*	10,915	1,471	9,500	1,173	14.9%	25.4%
Starbucks (Seattle, WA)	10,535	11,128	9,632	10,787	9.4%	3.2%
Ross Stores (Newark, CA)	9,721	1,198	8,608	1,125	12.9%	6.5%

Source: HomeWorld Business "Top 100 Retailers," September 2013

*Sales include Internet sales

Department Stores

Department stores accounted for 11.0% of all direct-to-retail housewares sales, up from 10.8% in 2011.



Source: IHA 2013-2014 Membership Survey

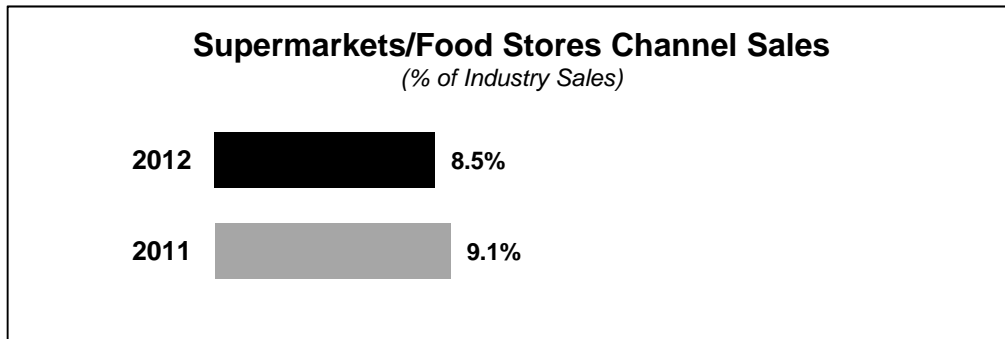
This channel sees the majority of its housewares sales in cook & bakeware, kitchen electrics and kitchen tools & accessories.

Department Store Sales Top Chains 2012 vs. 2011 Total Store Sales (\$ Millions)			
Chain	2012	2011	% Change
Macy's (Cincinnati, OH)*	\$27,686	\$26,405	4.9%
Sears (Hoffman Estates, IL)*	20,927	21,649	-3.3%
Kohl's (Menomonee Falls, WI)*	19,279	18,804	2.5%
TJMaxx/Marshall's (Framingham, MA)*	17,011	15,368	10.7%
JC Penney (Plano, TX)*	12,985	17,260	-24.8%

Source: HomeWorld Business "Top 100 Retailers," September 2013
*Sales include Internet sales.

Supermarkets/Food Stores

Supermarkets/food stores accounted for 8.5% of housewares sales in 2012, down from 9.1% in 2011.



Source: IHA 2013-2014 Membership Survey

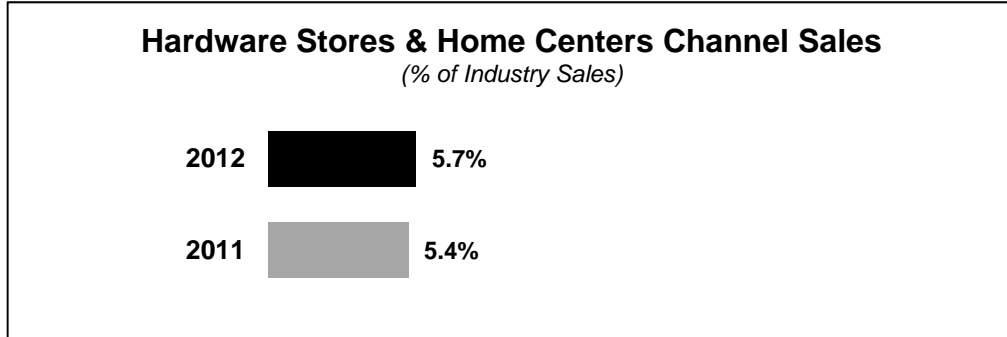
This channel sees the biggest share of its housewares sales in cook & bakeware, tabletop and kitchen tools & accessories. Four of the top five chains reported sales increases in 2012.

Supermarket Sales Growth Top Chains 2012 vs. 2011 Total Store Sales (\$ Millions)			
Chain	2012	2011	% Change
Kroger (Cincinnati, OH)*	\$92,751	\$90,374	2.6%
Safeway (Pleasanton, CA)	42,237	43,640	-3.2%
Publix (Lakeland, FL)	27,485	26,961	1.9%
Ahold USA (Quincy, MA)	25,800	25,072	2.9%
H.E.B. (San Antonio, TX)	19,400	18,000	7.8%

Source: HomeWorld Business "Top 100 Retailers," September 2013
*Sales include Internet sales.

Hardware Stores & Home Centers

Hardware stores & home centers accounted for a slightly larger share of housewares sales in 2012, rising to to 5.7% from 5.4% in 2011.



Source: IHA 2013-2014 Membership Survey

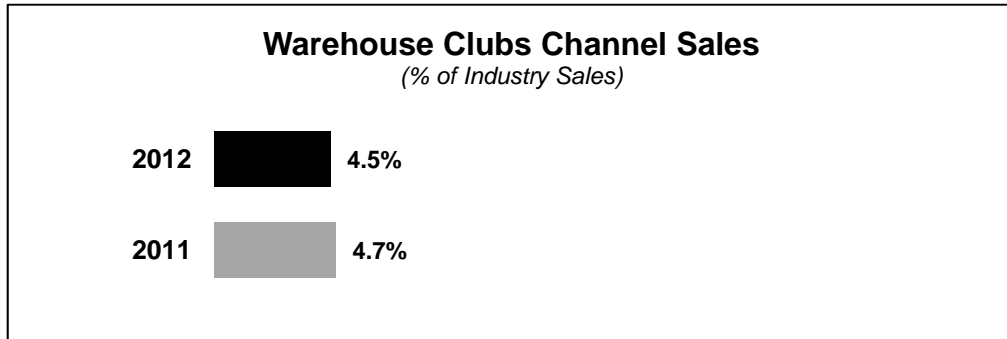
This channel sees the majority of its housewares sales in cleaning products & stick goods, storage and cook & bakeware. Four of the top five operators reported total store sales increases in 2012.

Hardware and Home Center Retailers Sales Growth Top Chains 2012 vs. 2011 Total Store Sales (\$ Millions)			
Chain	2012	2011	% Change
Home Depot (Atlanta, GA)*	\$74,754	\$70,395	6.2%
Lowe's (Wilkesboro, NC)*	50,521	50,208	0.6%
TrueValue (Chicago, IL)*	16,625	17,135	-3.0%
Ace Hardware (Oak Brook, IL)	12,510	10,300	21.5%
Menards (Eau Claire, WI)*	8,441	8,075	4.5%

Source: HomeWorld Business "Top 100 Retailers," September 2013
*Sales include Internet sales.

Warehouse Clubs

Warehouse clubs accounted for 4.5% of housewares sales in 2012, down from 4.7% in 2011.



Source: IHA 2013-2014 Membership Survey

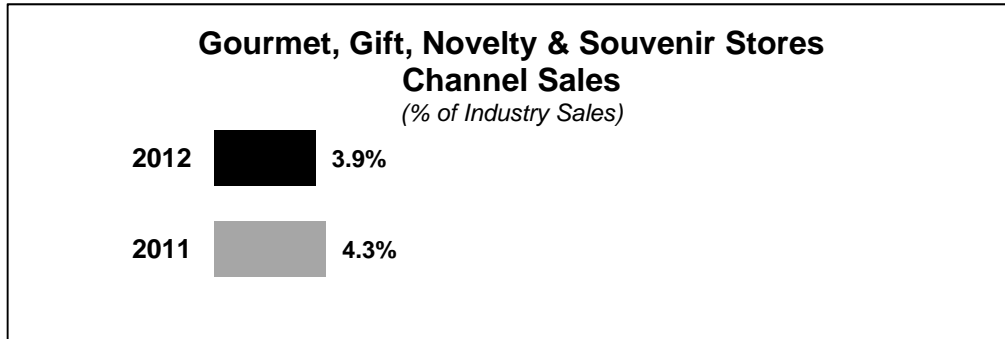
This channel sees the majority of its housewares sales in cook & bakeware and kitchen tools and tabletop. All of the top five retailers reported total store sales increases in 2012.

Warehouse Club Retailers Sales Growth Top Chains 2012 vs. 2011 Total Store Sales (\$ Millions)			
Chain	2012	2011	% Change
Costco (Issaquah, WA)*	\$97,062	\$89,054	9.0%
Sam's Club (Bentonville, AR)*	56,423	53,795	4.9%
BJ's (Westborough, MA)*	12,465	11,797	5.7%
PriceSmart (San Diego, CA)*	2,000	1,675	19.4%
Bi-Mart (Eugene, OR)	830	800	3.8%

Source: HomeWorld Business "Top 100 Retailers," September 2013
*Sales include Internet sales.

Gourmet, Gift, Novelty & Souvenir Stores

Gourmet, gift, novelty & souvenir stores saw their share of housewares sales decrease to 3.9% in 2012 from 4.3% in 2011.

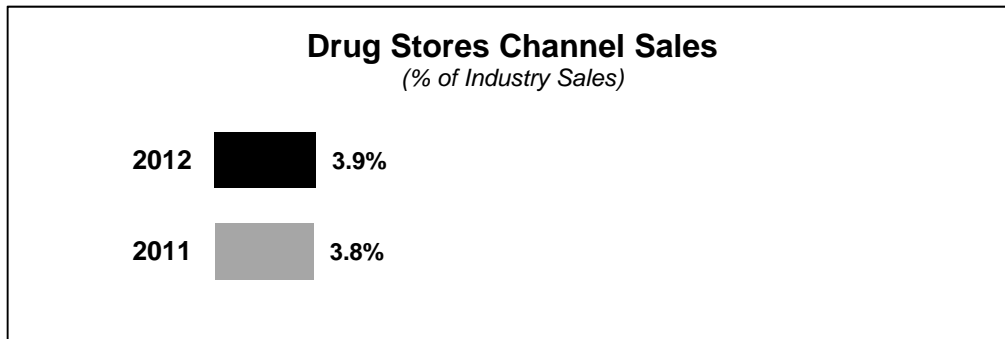


Source: IHA 2013-2014 Membership Survey

This channel sees the majority of its housewares sales in kitchen electrics and cook & bakeware. No public data are available about retailers in this channel who are primarily privately held companies.

Drug Stores

Drug Stores' share of housewares sales rose slightly in 2012 to 3.9% from 3.8% in 2011.



Source: IHA 2013-2014 Membership Survey

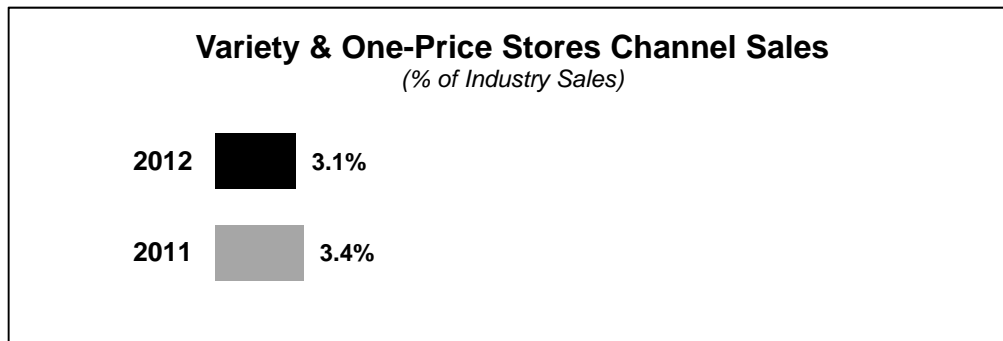
This channel sees the majority of its housewares sales in tabletop, cook & bakeware and kitchen tools. Three of the top five operators reported higher total store sales in 2012. Channel leader Walgreens is ranked as the 8th largest housewares retailer by *HomeWorld Business* magazine for 2012. CVS is ranked 18th. Both retailers' positions are unchanged from 2011.

Drug Stores Sales Growth Top Chains 2012 vs. 2011 Total Store Sales (\$ Millions)			
Chain	2012	2011	% Change
Walgreen (Deerfield, IL)*	\$71,633	\$72,184	-0.8%
CVS (Woonsocket RI)*	63,863	59,599	7.2%
Rite Aid (Camp Hill, PA)*	25,392	26,121	-2.8%
Good Neighbor (Chesterbrook, PA)	8,355	8,045	3.9%
HealthMart (San Francisco, CA)	7,350	6,950	5.8%

Source: *HomeWorld Business* "Top 100 Retailers," September 2013
Sales include Internet sales.

Variety & One-Price Stores

Variety & One-Price Stores housewares shares decreased to 3.1% from 3.4% in 2011.



Source: IHA 2013-2014 Membership Survey

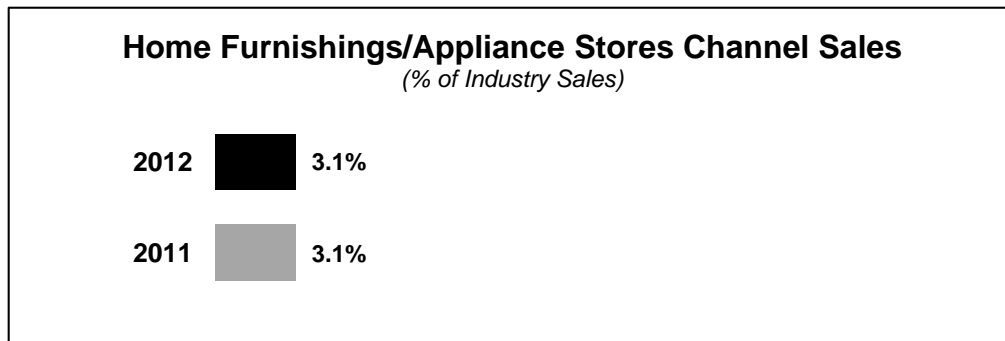
This channel, also known as Extreme Value Stores, sees the majority of its housewares sales in tabletop, kitchen tools and cook & bakeware. All five major retailers in this channel posted strong total store sales gains in 2012.

Variety & One-Price Stores Sales Growth Top Chains 2012 vs. 2011 Total Store Sales (\$ Millions)			
Chain	2012	2011	% Change
Dollar General (Nashville, TN)	\$16,022	\$14,807	8.2%
Family Dollar (Matthews, NC)	9,425	8,548	10.3%
Dollar Tree (Chesapeake, VA)	7,395	6,630	11.5%
Big Lots (Columbus, OH)	5,192	4,926	5.4%
Fred's (Memphis, TN)	1,955	1,879	4.0%

Source: *HomeWorld Business* "Top 100 Retailers," September 2013

Home Furnishing & Appliance Stores

Share of housewares sales held steady for this channel.

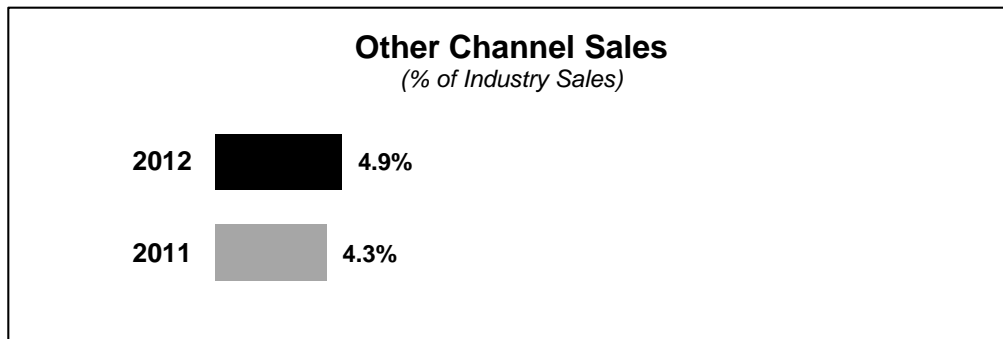


Source: IHA 2013-2014 Membership Survey

This channel sees most of its housewares sales in household electrics and kitchen electrics.

Others

Share of housewares sales increased this year to 4.9% for this channel, which includes convenience stores, garden centers, patio specialty stores and all others.



Source: IHA 2013-2014 Membership Survey

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

Catalogs & TV

Housewares sales through catalogs, and TV marketing programs in 2012 accounted for 8.9% of retail sales. Internet Retailers were previously included in this channel and are reported separately this year.

Example companies include:

- ◆ Catalogs: Lillian Vernon, Skymall, Hammacher Schlemmer, etc.
- ◆ TV: QVC Network, Home Shopping Network, infomercials, etc.

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

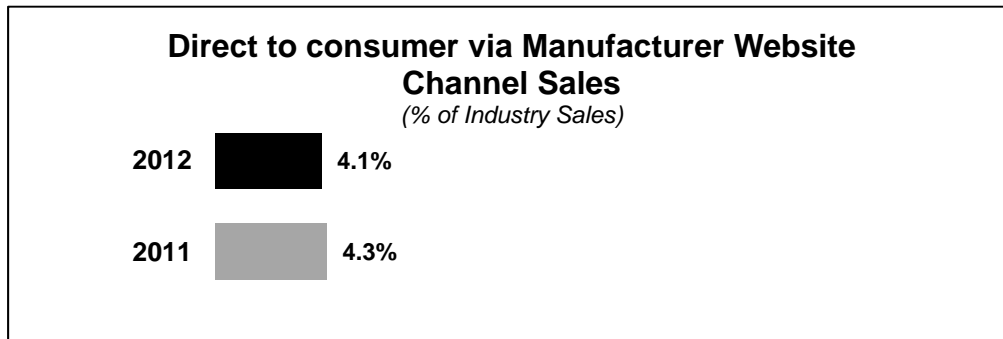
Catalog & TV Companies Sales Growth Top Chains 2012 vs. 2011 Total Store Sales (\$ Millions)			
Chain	2012	2011	% Change
W.W. Grainger Direct (Lake Forest, IL)	\$8,950	8,078	10.8%
QVC Network (West Chester, PA)	8,516	8,268	3.0%
HSN (St. Petersburg, FL)	3,267	3,069	6.5%
Wayfair/CSN Stores (Boston, MA)	600	500	20.0%

Source: HomeWorld Business “Top 100 Retailers,” September 2013

Manufacturer Website

In order to more accurately account for the virtual retail channels in the IHA Membership survey, data on the Direct to Consumer via Manufacturer Website channel has been collected since 2007.

Direct to consumer via manufacturer website decreased slightly in housewares sales share in 2012.



Source: IHA 2013-2014 Membership Survey

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

Internet Retailer

The Internet Retailer channel is reported separately for the first time in this year’s report. Previously, this channel was included with the Catalogs & TV channel.

Internet Retailer sales accounted for 2.0% of total housewares direct to retail sales in 2012.

Combined channel sales for 2012 (i.e., Internet Retailer plus Catalog & TV) were 10.9% of total housewares direct to retail sales, compared to 8.8% in 2011.

Example companies include Amazon, Target.com, Walmart.com, Overstock.com.

Internet Retailers Sales Growth Top Chains 2012 vs. 2011 Total Store Sales (\$ Millions)			
Chain	2012	2011	% Change
Amazon.com (Seattle, WA)	\$61,093	\$48,075	27.1%
Newegg.com (City of Industry, CA)	3,074	2,950	4.2%
Overstock.com (Salt Lake City, UT)	1,099	1,054	4.3%
Cooking.com (Marina Del Rey, CA)	105	100	5.0%

Source: HomeWorld Business "Top 100 Retailers," September 2013

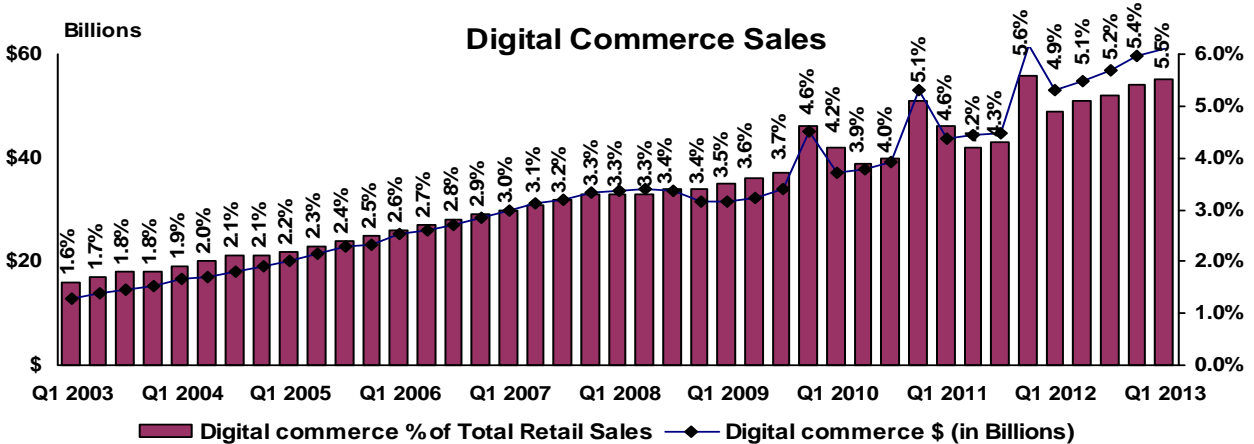
CHANNEL FOCUS: DIGITAL COMMERCE

Channel Focus: Digital Commerce

Earlier in this report (on page 30), all Digital Commerce is shown to represent 15.0% of all housewares categories' sales (Direct to End-User via Manufacturer Website plus Catalogs, TV and Internet Retail). When combined, this is the second largest share of sales for housewares companies, behind Mass Merchants (23.8%) and ahead of Specialty Stores (12.6%).

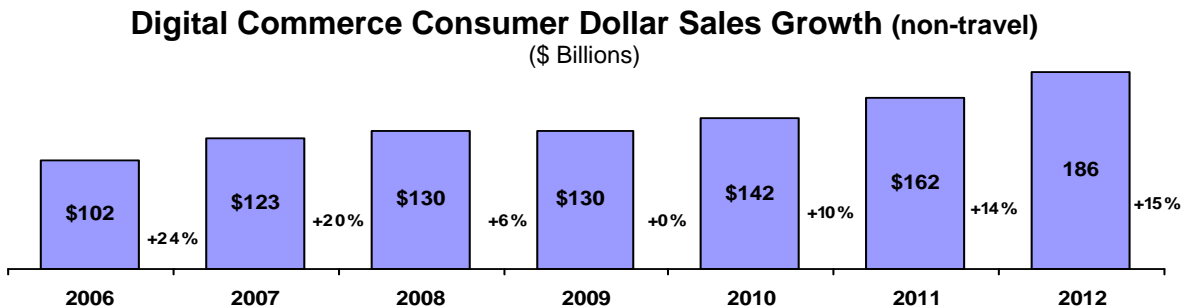
These results reflect several marketplace dynamics, including the ease of shopping online and the convenience of home delivery, which has been increasingly marketed as “free.” This section of the report reviews several important trends in Digital Commerce for consideration by housewares companies.

Total Digital Commerce sales to consumers grew from \$5.8 billion in the first quarter of 2000 to \$61.2 billion in the first quarter of 2013 according to U.S. Census Bureau. The significant spike in the fourth quarter sales that occurred for three years (2009-2011), did not occur in 2012.



Source: Quarterly Retail Digital Commerce, Census Bureau

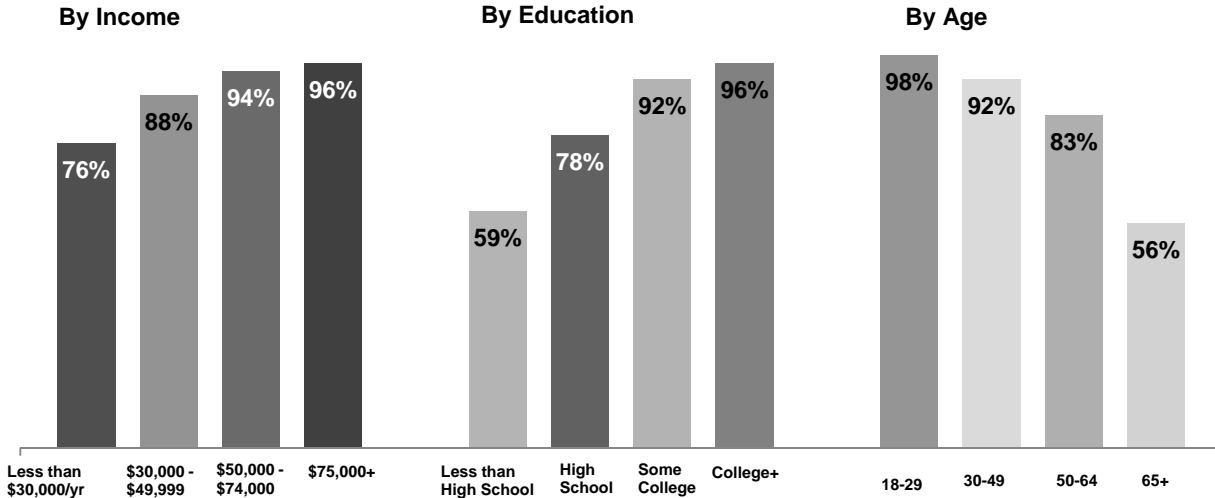
For the full year, U.S. digital commerce sales of products and services increased 15% in 2012 to \$186 billion.



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

Internet usage increases as education and income levels increase. Usage level declines in the older portions of the population.

Internet Usage



2013: N=2,252 adults, 18 and older. Interviews were conducted in both English and Spanish on landline and cell phones. Margin of error is +/- 2.3 percent points for results based on internet users. 2012: N=2,254 adults, 18 and older, including 903 interviews conducted by cell phone. 2011: N=2,277 adults, 18 and older, including 755 cell phone interviews.

Source: Pew Internet & American Life Project, April 17 – May 19, 2013 Spring Tracking Survey
 March 15 – April 3, 2012 Spring Tracking Survey
 April 26 – May 22, 2011 Spring Tracking Survey

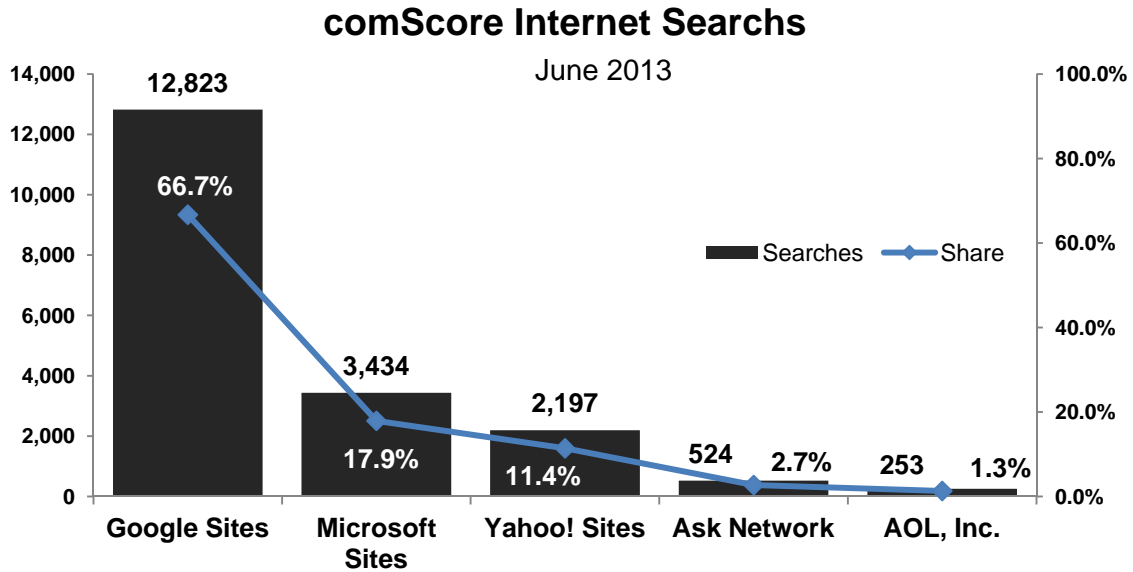
The amount of time spent on-line continues to increase for social applications and video viewing.

Daily Time Spent with Digital Media According to U.S. Consumers 2010-2012			
	2010	2011	2012
Social networks	0:26	0:30	0:37
Email	0:26	0:28	0:33
Online video	0:10	0:17	0:24
Using search	0:16	0:20	0:22
Online games	0:13	0:16	0:17
Blogs	0:05	0:06	0:07
Online radio	0:07	0:06	0:06
Online newspapers	0:06	0:06	0:06
Online magazines	0:02	0:03	0:03
Other	0:42	0:44	0:31

Note: Ages 13-64

Source: GFK, "MultiMedia Mentor" as cited by Interactive Advertising Bureau (IAB), "45 Million Reasons and Counting to Check Out the NewFronts" conducted in partnership with GFK, April 29, 2013.

Google is the overwhelming favorite explicit core search resource, followed by Microsoft and Yahoo! sites, according to this one-month snapshot from comScore.



comScore Internet Searches exclude contextually driven searches that do not reflect specific user intent to interact with the search results.

Source: comScore June 2013 U.S. Search Engine Rankings

While people still spend the most time watching television (an average of 5 hours and 5 minutes per day in 2012), time spent on the Internet (3:07) continues to rise.

Daily Time Spent with Media According to U.S. Consumers 2010-2012			
	2010	2011	2012
TV	5:27	5:06	5:05
Internet	2:34	2:56	3:07
Radio	1:52	2:00	1:50
Video games	0:26	0:39	0:48
Newspapers	0:20	0:19	0:18
Magazines	0:15	0:14	0:14

Note: Ages 13-64

Source: GFK, "MultiMedia Mentor" as cited by Interactive Advertising Bureau (IAB), "45 Million Reasons and Counting to Check Out the NewFronts" conducted in partnership with GFK, April 29, 2013.

A more detailed snapshot of the online video ad market metrics shows a complex diversity of results.

Top U.S. Online Video Ad Properties Viewed June 2013				
Property	Video Ads (000)	Total Ad Minutes (MM)	Frequency (Ads per Viewer)	% Reach Total U.S. Population
Google Sites	3,260,119	300	29.7	35.5
LIVERAIL.COM†	2,390,027	800	29.4	26.3
BrightRoll Platform**†	2,384,810	1,155	15.3	50.2
ADAP.TV†	2,208,488	1,048	18.1	39.4
Specific Media**	1,482,259	567	13.1	36.7
TubeMogul Video Ad Platform†	1,442,628	438	15.3	30.4
Hulu	1,395,987	533	73.4	6.1
Tremor Video**	772,829	358	12.5	20.1
AOL, Inc.	670,437	314	12.6	17.2
Videology†	598,124	238	9.3	20.8
<i>Total Internet : Total Audience</i>	<i>20,090,763</i>	<i>7,487</i>	<i>121.1</i>	<i>53.6</i>

*Video ads include streaming-video advertising only and do not include other types of video monetization, such as overlays, branded players, matching banner ads, etc. **Indicates video ad network. †Indicates video ad exchange/DSP/SSP

Source: comScore June 2013, U.S. Online Video Rankings. comScore Video Metrix. Total U.S. Home and Work Locations. Ad Videos Only (Content Videos Not Included)

Some housewares companies have ventured into the online video channel arena. Top YouTube channels in June of 2013 represent a range of personal interests.

Top YouTube Partner Channels June 2013			
Property	Total Unique Viewers (000)	Videos (000)	Minutes per Viewer
VEVO @ YouTube	47,452	533,916	37.7
Fullscreen @ YouTube	34,287	309,216	28.2
Maker Studios Inc. @ YouTube	28,758	476,838	62.3
Warner Music @ YouTube	28,375	160,236	18.4
ZEFR @ YouTube	26,530	137,230	14.4
The Orchard @ YouTube	22,564	85,294	10.6
Machinima @ YouTube	20,380	389,548	75.8
UMG @ YouTube	17,907	60,096	9.8
BroadbandTV @ YouTube	16,759	127,043	24.5
E! Entertainment Television @ YouTube	15,634	39,251	4.1

Source: comScore June 2013, U.S. Online Video Rankings. comScore Video Metrix. Total U.S. Home and Work Locations. Ad Videos Only (Content Videos Not Included)

SOI INSIGHT

As consumers increasingly use the Internet to purchase and/or research housewares products, manufacturers can offer timely content, such as videos, to help retailers conclude the sale.

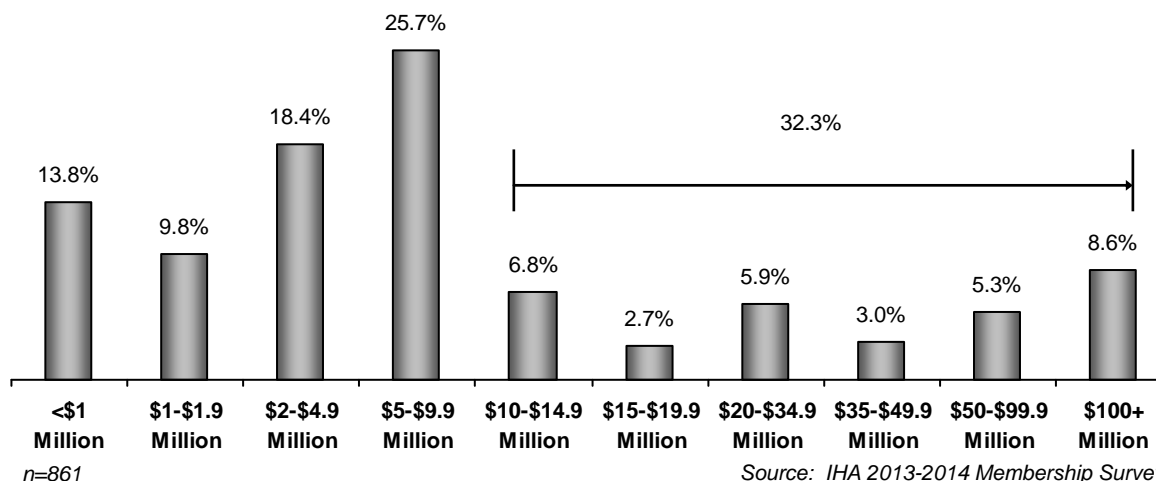
IHA MEMBERSHIP PROFILE

IHA Membership Base

International Housewares Association (IHA) is composed of approximately 1,600 member companies of all sizes. Among the representative sample of companies surveyed this year, two-thirds had annual sales of less than \$10 million (U.S.) in 2012.

Size of IHA Member Companies

(Annual Sales Distribution)



Publicly Held Housewares Companies

Publicly held companies comprise about 6% of IHA membership ($n=1031$). An analysis of 2012 financial reports and 10K reports from a representative sample of housewares manufacturers provides financial and operational benchmarks.

Financial Benchmarks of Publicly Held Companies*					
Weighted Average (as a % of Annual \$ Sales)					
	Total Sample ($n=20$)	Under \$500 Million ($n=4$)	\$500 Million-\$1 Billion ($n=2$)	\$1 Billion-\$10 Billion ($n=9$)	Over \$10 billion** ($n=5$)
Gross Margin	32%	32%	25%	33%	39%
Selling Expense	22%	22%	17%	23%	17%
Receivables	16%	18%	12%	16%	17%
Inventory	19%	20%	16%	16%	12%
Net Profit	6%	7%	2%	6%	6%

*Sample of 20 randomly selected, publicly held companies.

**Some portion of these companies' sales may fall outside the housewares industry. Companies reporting loss are included.

Gross Margin:	(Net Sales - Cost of Goods Sold) ÷ Net Sales
Selling Expense:	General and administrative expenses from corporate financial statements
Receivables:	Does not include Short-term Notes
Inventory:	Inventory on Hand (\$) ÷ Net Sales
Net Profit:	Net Income ÷ Net Sales

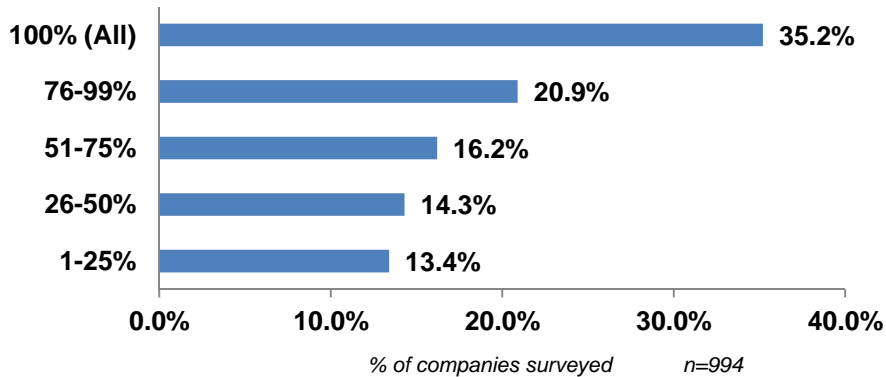
IHA Member Companies Profile

The 2013-2014 IHA annual membership registration process included a few questions about company operations. Selected data are presented here as a profile of typical IHA member companies and are not intended to represent industry averages or benchmarks.

Selected IHA Membership Data

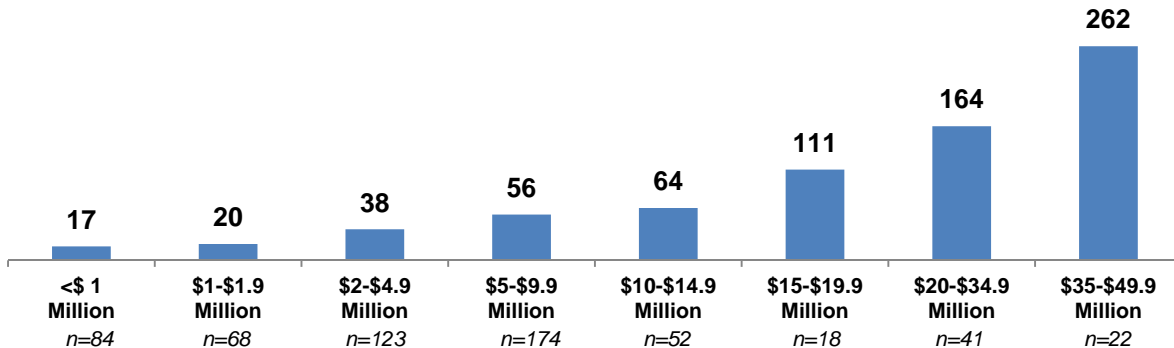
- \$21.8 million Average annual gross sales per company in 2012 (*n*=861)
- 15.3% Weighted average sales growth versus 2011 (*n*=494)

Percentage of Total Sales Which Is Housewares

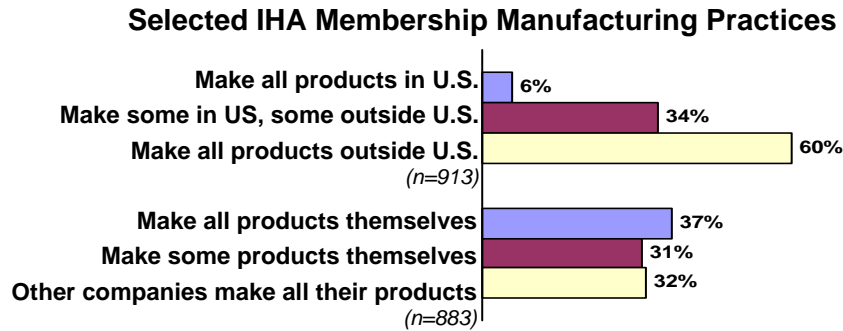


The average (mean) annual gross sales of \$21.8 million increased from \$21.7 reported last year which is essentially flat. Since the weighted average growth is much higher than the mean average increase, it appears that some of the larger companies experienced much higher percentage sales gains versus smaller companies.

Average Number of Employees by Company Size (Full Time Equivalents)



Companies with annual sales above \$100 million averaged 1,239 FTEs. Companies with sales in the \$50-99.9 million range averaged 690. Excluding companies with sales above \$100 million, the average number of FTEs per company is 99.



Among all the companies answering these questions:

- 86% of their products are manufactured outside of the U.S. (n=913)
- 72% of their products are manufactured by other companies (n=883)

The predominant countries of origin mentioned by those companies whose products are manufactured outside of the U.S. are: China (67% of respondents); Taiwan and France (3% each). A total of 43 countries, including these three, were identified.

Most (90%) IHA members export to markets outside of their headquarters country (n=1,012). For those companies who export products, more than 4 in 5 export to Canada and over half export to Mexico, Western Europe, Latin America, Australia and Asia.



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

- 81% are headquartered in the U.S.
- 19% are headquartered in 38 other countries, led by Canada (4%) and China (2%).

The states with the highest concentration of housewares company headquarters (among U.S. headquartered companies) are: California (23%); New York (12%); and Illinois (10%).

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 2013-2014 IHA Membership Survey, which includes:

- 1,852 data points for category and channel data
- 730 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										
Rank	Chain	Retailer Type	# of Stores-2012	# of Stores-2011	Total Sales-2012 (millions)	Total Sales-2011 (millions)	Housewares Sales-2012 (millions)	Housewares Sales-2011 (millions)	% Change in Housewares	% Change in Total Sales
1	Walmart (Bentonville, AR)	LFV	4,005	3,868	\$274,490	\$264,186	\$20,925	\$20,490	2.1%	3.9%
2	Costco (Issaquah, WA)	LFV	608	592	\$97,062	\$89,054	\$11,160	\$10,250	8.9%	9.0%
3	Target (Minneapolis, MN)	LFV	1,778	1,763	\$71,960	\$68,466	\$8,940	\$8,525	4.9%	5.1%
4	Bed Bath & Beyond (Union, NJ)	Spec	1,471	1,173	\$10,915	\$9,500	\$4,680	\$4,160	12.5%	14.9%
5	Sam's Club (Bentonville, AR)	LFV	620	611	\$56,423	\$53,795	\$4,620	\$4,500	2.7%	4.9%
6	Williams-Sonoma (San Francisco, CA)	Spec	566	576	\$4,043	\$3,721	\$3,125	\$2,880	8.5%	8.7%
7	Home Depot (Atlanta, GA)	HC/Hdw	2,256	2,252	\$74,754	\$70,395	\$2,450	\$2,325	5.4%	6.2%
8	Walgreen (Deerfield, IL)	Drug	8,385	8,210	\$71,633	\$72,184	\$2,285	\$2,310	-1.1%	-0.8%
9	Dollar General (Nashville, TN)	SFV	10,506	9,961	\$16,022	\$14,807	\$2,060	\$1,905	8.1%	8.2%
10	Kmart (Hoffman Estates, IL)	LFV	1,221	1,305	\$14,567	\$15,285	\$2,010	\$2,115	-5.0%	-4.7%
11	Kohl's (Menomonee Falls, WI)	Dept	1,146	1,127	\$19,279	\$18,804	\$1,800	\$1,755	2.6%	2.5%
12	Kroger (Cincinnati, OH)	Groc	3,538	3,657	\$92,751	\$90,374	\$1,650	\$1,610	2.5%	2.6%
13	Sears (Hoffman Estates, IL)	Dept	852	1,047	\$20,927	\$21,649	\$1,425	\$1,535	-7.2%	-3.3%
14	Lowe's (Wilkesboro, NC)	HC/Hdw	1,754	1,725	\$50,521	\$50,208	\$1,390	\$1,380	0.7%	0.6%
15	Macy's (Cincinnati, OH)	Dept	841	842	\$27,686	\$26,405	\$1,365	\$1,295	5.4%	4.9%
16	Family Dollar (Matthews, NC)	SFV	7,442	7,023	\$9,425	\$8,548	\$1,215	\$1,115	9.0%	10.3%
17	BJ's (Westborough, MA)	LFV	200	195	\$12,465	\$11,797	\$1,190	\$1,170	1.7%	5.7%
18	CVS (Woonsocket RI)	Drug	7,458	7,327	\$63,863	\$59,599	\$1,100	\$1,025	7.3%	7.2%
19	Amazon.com (Seattle, WA)	Etail/TV	0	0	\$61,093	\$48,075	\$1,075	\$900	19.4%	27.1%
20	Ace Hardware (Oak Brook, IL)	HC/Hdw	4,105	4,072	\$12,510	\$10,300	\$1,020	\$850	20.0%	21.5%
21	Crate & Barrel (Northbrook, IL)*	Spec	114	113	\$1,355	\$1,310	\$1,005	\$975	3.1%	3.4%
22	HomeGoods (Framingham, MA)	Spec	415	409	\$2,619	\$2,244	\$925	\$800	15.6%	16.7%
23	QVC Network (West Chester, PA)	Etail/TV	0	0	\$8,516	\$8,268	\$900	\$875	2.9%	3.0%
24	HSN (St. Petersburg, FL)	Etail/TV	17	19	\$3,267	\$3,069	\$890	\$855	4.1%	6.5%
25	Meijer (Grand Rapids, MI)*	LFV	200	198	\$15,825	\$15,600	\$755	\$745	1.3%	1.4%
26	Rite Aid (Camp Hill, PA)	Drug	4,623	4,664	\$25,392	\$26,121	\$730	\$735	-0.7%	-2.8%
27	Safeway (Pleasanton, CA)	Groc	1,641	1,678	\$42,237	\$43,640	\$715	\$740	-3.4%	-3.2%
28	TJMaxx/Marshall's (Framingham, MA)	Dept	1,940	1,867	\$17,011	\$15,368	\$700	\$640	9.4%	10.7%
29	The Container Store (Dallas, TX)*	Spec	58	53	\$700	\$634	\$650	\$590	10.2%	10.4%
30	Sally Beauty (Denton, TX)	Spec	4,315	4,128	\$3,524	\$3,269	\$618	\$610	1.3%	7.8%
31	Dollar Tree (Chesapeake, VA)	SFV	4,671	4,351	\$7,395	\$6,630	\$555	\$500	11.0%	11.5%
32	Publix (Lakeland, FL)	Groc	1,069	1,046	\$27,485	\$26,961	\$465	\$455	2.2%	1.9%
33	IKEA (Conshohocken, PA)	Spec	39	38	\$3,900	\$3,632	\$465	\$430	8.1%	7.4%
34	Tuesday Morning (Dallas, TX)*	SFV	828	852	\$838	\$813	\$450	\$410	9.8%	3.1%
35	Do-It-Best (Fort Wayne, IN)	HC/Hdw	4,000	4,000	\$6,650	\$6,200	\$405	\$400	1.3%	7.3%
36	TrueValue (Chicago, IL)	HC/Hdw	4,550	4,175	\$16,625	\$17,135	\$400	\$415	-3.6%	-3.0%
37	Ahold USA (Quincy, MA)*	Groc	772	756	\$25,800	\$25,072	\$385	\$375	2.7%	2.9%
38	Fred's (Memphis, TN)	SFV	712	700	\$1,955	\$1,879	\$375	\$360	4.2%	4.0%
39	Big Lots (Columbus, OH)	SFV	1,495	1,451	\$5,192	\$4,926	\$350	\$330	6.1%	5.4%
40	Shopko (Green Bay, WI)*	LFV	136	138	\$2,250	\$2,210	\$325	\$315	3.2%	1.8%
41	Best Buy (Eden Prairie, MN)	Spec	4,379	4,308	\$45,085	\$50,705	\$310	\$355	-12.7%	-11.1%
42	JC Penney (Plano, TX)	Dept	1,104	1,115	\$12,985	\$17,260	\$280	\$305	-8.2%	-24.8%
43	Pier 1 Imports (Fort Worth, TX)	Spec	982	1,052	\$1,705	\$1,534	\$270	\$240	12.5%	11.1%
44	Army Air Force Exchange (Dallas, TX)	MX	182	182	\$9,695	\$8,230	\$265	\$225	17.8%	17.8%
45	Delhaize America (Salisbury, NC)*	Groc	1,553	1,650	\$18,800	\$19,225	\$250	\$260	-3.8%	-2.2%
46	Ross Stores (Newark, CA)	Spec	1,198	1,125	\$9,721	\$8,608	\$230	\$200	15.0%	12.9%
47	Good Neighbor (Chesterbrook, PA)	Drug	3,450	3,400	\$8,355	\$8,045	\$230	\$210	9.5%	3.9%
48	H.E.B. (San Antonio, TX)*	Groc	320	316	\$19,400	\$18,000	\$225	\$205	9.8%	7.8%
49	Kitchen Collection (Chillicothe, OH)	Spec	312	337	\$225	\$221	\$220	\$216	1.9%	1.8%
50	Wayfair/CSN Stores (Boston, MA)*	Etail/TV	0	0	\$600	\$500	\$220	\$185	18.9%	20.0%

Top 100 Domestic Housewares Retailers by Sales										
Rank	Chain	Retailer Type	# of Stores-2012	# of Stores-2011	Total Sales-2012 (millions)	Total Sales-2011 (millions)	Housewares Sales-2012 (millions)	Housewares Sales-2011 (millions)	% Change in Housewares	% Change in Total Sales
51	Starbucks (Seattle, WA)	Spec	11,128	10,787	\$10,535	\$9,632	\$210	\$192	9.4%	9.4%
52	Menards (Eau Claire, WI)*	HC/Hdw	273	262	\$8,441	\$8,075	\$205	\$195	5.1%	4.5%
53	Ulta Beauty (Bolingbrook, IL)	Spec	550	449	\$2,220	\$1,776	\$200	\$159	25.8%	25.0%
54	P.C. Richard (Hauppauge, NY)*	Spec	66	67	\$1,725	\$1,760	\$156	\$150	4.0%	-2.0%
55	ShopRite (Keasbey, NJ)	Groc	300	291	\$13,655	\$12,840	\$154	\$149	3.4%	6.3%
56	Giant Eagle (Pittsburgh, PA)*	Groc	218	224	\$9,350	\$9,300	\$153	\$151	1.3%	0.5%
57	Sur La Table (Seattle, WA)*	Spec	101	92	\$270	\$240	\$150	\$155	-3.2%	12.5%
58	Wegman's (Rochester, NY)*	Groc	81	79	\$6,750	\$6,250	\$147	\$136	8.1%	8.0%
59	HealthMart (San Francisco, CA)	Drug	3,000	2,800	\$7,350	\$6,950	\$144	\$148	-2.7%	5.8%
60	SuperValu Retail (Minneapolis, MN)	Groc	1,446	1,499	\$9,142	\$8,931	\$135	\$130	3.8%	2.4%
61	hgregg (Indianapolis, IN)	Spec	228	208	\$2,474	\$2,493	\$132	\$133	-0.8%	-0.8%
62	Belk (Charlotte, NC)	Dept	301	303	\$3,957	\$3,700	\$130	\$121	7.4%	6.9%
63	99 Cents Only (City of Commerce, CA)	SFV	319	295	\$1,669	\$1,531	\$125	\$116	7.8%	9.0%
64	Dillard's (Little Rock, AR)	Dept	302	304	\$6,489	\$6,194	\$124	\$119	4.2%	4.8%
65	Bi-lo (Jacksonville, FL)	Groc	688	691	\$8,957	\$6,995	\$120	\$105	14.3%	28.0%
66	Hy-Vee (West Des Moines, IA)*	Groc	255	261	\$7,650	\$7,300	\$114	\$108	5.6%	4.8%
67	The Bon-Ton Stores (York, PA)	Dept	238	231	\$2,790	\$2,613	\$111	\$104	6.7%	6.8%
68	Staples (Framingham, MA)	Spec	1,547	1,917	\$12,293	\$12,392	\$106	\$107	-0.9%	-0.8%
69	Whole Foods Market (Austin, TX)	Groc	336	311	\$11,699	\$10,108	\$105	\$92	14.1%	15.7%
70	Save Mart (Modesto, CA)*	Groc	240	238	\$5,100	\$5,050	\$101	\$100	1.0%	1.0%
71	Roundy's (Pewaukee, WI)*	Groc	160	159	\$3,890	\$3,841	\$99	\$97	2.1%	1.3%
72	Bi-Mart (Eugene, OR)*	LFV	74	73	\$830	\$800	\$98	\$96	2.1%	3.8%
73	Aldi (Batavia, IL)*	Groc	1,260	1,195	\$10,030	\$9,010	\$94	\$86	9.3%	11.3%
74	A&P (Montvale, NJ)	Groc	291	336	\$6,260	\$6,191	\$93	\$94	-1.1%	1.1%
75	PriceSmart (San Diego, CA)	LFV	29	29	\$2,000	\$1,675	\$87	\$84	3.6%	19.4%
76	Overstock.com (Salt Lake City, UT)	Etail/TV	0	0	\$1,099	\$1,054	\$84	\$79	6.3%	4.3%
77	Harris-Teeter (Charlotte, NC)	Groc	208	204	\$4,535	\$4,286	\$81	\$77	5.2%	5.8%
78	Stater Bros. (Colton, CA)	Groc	167	167	\$3,887	\$3,693	\$78	\$74	5.4%	5.3%
79	BrandsMart USA (Hollywood, FL)*	Spec	9	9	\$975	\$950	\$77	\$76	1.3%	2.6%
80	Nexcom (Virginia Beach, VA)	MX	100	100	\$2,800	\$2,769	\$77	\$75	2.7%	1.1%
81	Michaels Stores (Irving, TX)	Spec	1,229	1,198	\$4,408	\$4,210	\$76	\$75	1.3%	4.7%
82	Price Chopper (Rotterdam, NY)*	Groc	130	129	\$3,650	\$3,620	\$73	\$72	1.4%	0.8%
83	Ingles Markets (Asheville, NC)	Groc	203	203	\$3,578	\$3,429	\$70	\$67	4.5%	4.3%
84	Cooking.com (Marina Del Rey, CA)	Etail/TV	0	0	\$105	\$100	\$70	\$67	4.5%	5.0%
85	Neiman Marcus (Dallas, TX)	Dept	78	77	\$4,345	\$4,035	\$68	\$63	7.9%	7.7%
86	Burlington Coat (Burlington, NJ)	Dept	500	474	\$4,165	\$3,854	\$67	\$62	8.1%	8.1%
87	Newegg.com (City of Industry, CA)*	Etail/TV	0	0	\$3,074	\$2,950	\$64	\$61	4.9%	4.2%
88	Winco (Vancouver, WA)*	Groc	86	80	\$4,925	\$4,550	\$60	\$55	9.1%	8.2%
89	Raley's (W. Sacramento, CA)*	Groc	128	131	\$3,350	\$3,390	\$59	\$60	-1.7%	-1.2%
90	Brookstone (Merrimack, NH)	HC/Hdw	290	294	\$520	\$497	\$58	\$56	3.6%	4.6%
91	Marc's (Cleveland, OH)*	Drug	62	62	\$1,250	\$1,300	\$54	\$56	-3.6%	-3.8%
92	Defense Commissary Agency (Arlington, VA)	Groc	180	180	\$5,200	\$5,070	\$50	\$49	2.0%	2.6%
93	Albertson's (Boise, ID)*	Groc	193	211	\$3,675	\$4,100	\$48	\$54	-11.1%	-10.4%
94	J. & R. (New York, NY)*	Spec	8	8	\$995	\$950	\$47	\$45	4.4%	4.7%
95	ALCO (Abilene, KS)	LFV	217	216	\$493	\$476	\$44	\$42	4.8%	3.6%
96	Tractor Supply (Nashville, TN)	Spec	1,176	1,083	\$4,664	\$4,232	\$44	\$41	7.3%	10.2%
97	W.W. Grainger Direct (Lake Forest, IL)	Etail/TV	369	368	\$8,950	\$8,078	\$43	\$40	7.5%	10.8%
98	Gordmans (Omaha, NE)	Dept	83	74	\$608	\$552	\$43	\$39	10.3%	10.1%
99	Chefs Catalog (Colorado Springs, CO)	Etail/TV	0	0	\$41	\$38	\$41	\$38	7.9%	7.9%
100	Medicine Shoppe Int'l (St. Louis, MO)	Drug	600	650	\$1,900	\$2,150	\$40	\$41	-2.4%	-11.6%

Dept – Department store, Etail/TV – Internet Retail/TV, LFV – Large-Format Value,
 Groc – Grocery/Supermarket, HC/Hdw – Home Center/Hardware,
 MX – Military Exchange, SFV – Small-Format Value, Spec – Specialty Store, N - Negligible
 *HomeWorld estimates

Source: HomeWorld Business "Top 100 Retailers,"
 September 2013

Top 50 Internet Properties (U.S.)		
<i>Total U.S. – Home, Work and University Locations</i>		
Rank	Property	Unique Visitors (000)
	Total Internet : Total Audience	224,318
1	Google Sites	192,590
2	Yahoo! Sites	188,727
3	Microsoft Sites	174,998
4	Facebook	144,659
5	AOL, Inc.	113,352
6	Amazon Sites	98,332
7	Glam Media	91,090
8	Wikimedia Foundation Sites	81,439
9	CBS Interactive	76,185
10	Apple Inc.	75,040
11	Turner Digital	73,276
12	Ask Network	71,418
13	eBay	69,368
14	Viacom Digital	66,467
15	Comcast NBCUniversal	62,111
16	About	58,526
17	Demand Media	58,442
18	VEVO	54,738
19	Weather Company, The	54,177
20	Linkedin	50,615
21	Gannett Sites	48,098
22	craigslist, inc.	48,058
23	Answers.com Sites	42,342
24	Wal-Mart	39,971
25	TWITTER.COM	39,085
26	YELP.COM	38,686
27	Hearst Corporation	37,818
28	YP Local Media Network	36,068
29	TUMBLR.COM*	35,863
30	ESPN	34,474
31	Federated Media Publishing	33,450
32	Adobe Sites	31,827
33	WebMD Health	30,806
34	New York Times Digital	30,600
35	NETFLIX.COM	30,451
36	Meredith Digital	28,983
37	Disney Online	28,422
38	SheKnows	28,395
39	WORDPRESS.COM*	28,316
40	PINTEREST.COM	27,927
41	T365 - Tribune	27,297
42	NetShelter Technology Media	27,027
43	Fox News Digital Network	26,720
44	AT&T, Inc.	26,342
45	AVG Technologies	25,593
46	Scripps Networks Interactive Inc.	25,489
47	Time Warner (Excl. Turner/WB)	25,483
48	BitTorrent Network	25,165
49	Conde Nast Digital	25,150
50	Everyday Health	24,635

Source: comScore Media Metrix,
Total U.S. – Home, Work and University Locations
June, 2013

Net Digital Ad Revenues Worldwide, by Company				
	2011 Revenues	2012 Revenues	2011 Share	2012 Share
Google	\$27.72	\$32.73	32.08%	31.46%
Facebook	\$3.15	\$4.28	3.65%	4.11%
Yahoo!	\$3.41	\$3.51	3.95%	3.37%
Microsoft	\$1.10	\$1.70	1.27%	1.63%
IAC	\$0.99	\$1.45	1.15%	1.39%
AOL	\$1.01	\$1.06	1.17%	1.02%
Amazon	\$0.42	\$0.61	0.48%	0.59%
Pandora	\$0.24	\$0.38	0.28%	0.36%
Twitter	\$0.14	\$0.29	0.16%	0.28%
LinkedIn	\$0.16	\$0.26	0.18%	0.25%
Millennial Media	\$0.04	\$0.07	0.05%	0.07%
Other	\$48.05	\$57.72	55.59%	55.48%
Total digital (billions)			\$86.43	\$104.04

Note: Includes advertising that appears on desktop and laptop computers as well as mobile phones and tablets and includes all various formats of advertising on those platforms; net ad revenues after companies pay traffic acquisition costs (TAC) to partner sites; numbers may not add up to total or 100% due to rounding.

Source: Company reports, 2013 & 2013; eMarketer, June 2013



Raftery Resource Network (R2N) is a cross-functional team of independent professionals led by Dan Raftery. Dan has authored over three-dozen reports on a variety of leading-edge subjects for food, drug and housewares industry associations. For individual companies, he and the R2N team deliver custom assignments for manufacturers, wholesalers, retailers and service providers to the industry. Dan regularly contributes to industry conferences and facilitates executive share groups and solution action teams inside client organizations.

Dan has personally contributed to the development and application of industry 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 three executive share groups (CORE) for IHA and facilitates IHA's annual executive conference (CHESS).

In addition to the annual *State of the Industry Report*, Raftery Resource Network has 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 above publications are available at www.housewares.org.

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)

Dan has also published a strategic guidebook for manufacturers interested in developing a new approach to managing costs associated with unsaleable products, called *The Hybrid Program Principles*, available at www.HybridProgramPrinciples.com.

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