



The State of Specialty NeedleArts 2010

EXECUTIVE SUMMARY

***The State of Specialty
NeedleArts 2010***
report sections:

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- **Needleartists**
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- **Wholesalers**

All 2010, 2007, and 2005 report sections are available to TNNA members at www.TNNA.org.

The National NeedleArts Association (TNNA)

is the leading association of independent wholesale and retail needlearts businesses and the sponsor of this study.
www.TNNA.org

Hart Business Research

is a leader in crafts and hobby industry research and independently conducted this study.
www.HartBusinessResearch.com

Introduction

The National NeedleArts Association is pleased to publish this summary to help the needlearts community plan a bright future. This year's report updates industry data from the 2005 and 2007 reports and announces data on important issues including new products, selling direct, consumer spending on classes, and use of stashes.

The focus of TNNA's members and this report is specialty needleartists: knitters, crocheters, needlepointers, and cross-stitchers. This report looks holistically at needleartists and the retailers and wholesalers that make their creativity possible.

Methodology

Hart Business Research received completed surveys from more than 11,000 respondents: 10,159 needlearts consumers sourced from needlearts magazines, Web sites, and specialty retailers; 671 needlearts retailers from a compiled national list; and 214 needlearts wholesalers from TNNA's membership. The surveys were mailed and distributed online in the spring of 2010 to a random selection of respondents. The results were regionally representative. Hart also called more than 300 retailers to verify overall data, reviewed company annual reports, and interviewed industry leaders.

NEEDLEARTISTS

Key Findings

Recession Impacted the Needlearts

The number and spending of needleartists increased from 2004 to 2006 but then decreased from 2006 to 2009. Their numbers went from 1.67 million to 1.72 million to 1.5 million. Spending went from \$1.2 billion to \$1.4 billion to \$1.15 billion.

Needleartists Making More Projects

The average number of projects made by a knitter, needlepointer, or cross-stitcher increased from 2004 to 2009. Crocheters made fewer projects in 2009.

Put a Sock in It

Knitters and crocheters would love their next projects to involve sweaters, socks, lace, hats, shawls, or afghans. Needlepointers would like projects to involve pillows, Christmas items, ornaments, or stockings. Cross-stitchers favor projects that involve samplers, linen, silk, or hardanger. (These are listed in order of popularity.)

Wanted: Fresh Crochet and Cross-stitch

The most-requested “fresh and new” needlearts products were crochet patterns and counted thread charts. They would especially like to hear about these new products via Web sites, magazines, and stores.

Big Spending on Classes and Workshops

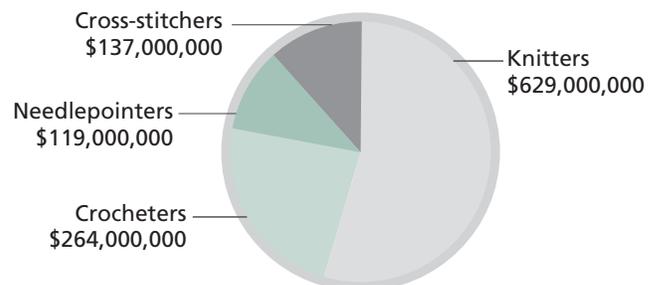
Roughly one in three needleartists spent money on classes and workshops in 2009. Class-taking knitters spent an average of \$226, crocheters \$181, needlepointers \$531, and cross-stitchers \$405.

Stashes Provide 1/3 of Project Materials

Needleartists in all four categories said they used about two-thirds materials purchased in 2009 and one-third materials from their stash (bought in previous years) for 2009 projects.

Note: Needleartists were assigned to the categories of knitter, crocheter, needlepointer, or cross-stitcher based upon what they said their favorite needleart was.

Total Spending per Needlearts Segment, 2009:



Note: The above market sizes are accurate +/- 10%.

**TOTAL
\$1.15 BILLION**

Spending Profile

Percentage of needleartists in each spending range, by needlearts category, 2009:

	KNITTERS	CROCHETERS	NEEDLEPOINTERS	CROSS-STITCHERS
More than \$2,000	7%	4%	17%	9%
\$1,201–\$2,000	10%	5%	16%	11%
\$801–\$1,200	13%	9%	15%	11%
\$401–\$800	30%	24%	27%	26%
\$201–\$400	27%	34%	18%	25%
Less than \$200	13%	24%	7%	18%
Total	100%	100%	100%	100%
Median (midpoint)	\$401–\$600	\$301–\$400	\$601–\$800	\$401–\$600
Average (2009)	\$807	\$569	\$1,204	\$842
Average (2006)	\$819	\$702	\$1,377	\$805
Average (2004)	\$680	NA	\$1,330	\$680

NEEDLEARTISTS

Spending by Retail Type

Percentage of needleartist total spending by retail type, 2009:

RETAIL TYPE	KNITTERS	CROCHETERS	NEEDLEPOINTERS	CROSS-STITCHERS
Independent needlearts shops	47%	28%	66%	45%
Needlearts store Web sites	27%	23%	18%	34%
Needlearts shows	6%	3%	2%	3%
Needlearts guilds/events	1%	2%	5%	3%
Craft or hobby chain stores	10%	32%	5%	10%
Mass merchandisers	1%	7%	0%	1%
Direct from producers (ranch, designer, dyer, etc.)	6%	4%	2%	2%
Other	2%	2%	2%	2%
Total	100%	100%	100%	100%

Spending by Product Category

Percentage of needleartist total spending by product category, 2009:

PRODUCT CATEGORY	KNITTERS	CROCHETERS	NEEDLEPOINTERS	CROSS-STITCHERS
Yarn, floss, thread, or other fibers	66%	64%	30%	21%
Canvas or fabric (for needlepoint, cross-stitch, embroidery)	1%	2%	30%	21%
Tools, hardware, notions	12%	11%	6%	6%
Embellishments, accessories	2%	2%	4%	5%
Patterns and charts	7%	7%	6%	23%
Books or magazines	11%	13%	5%	7%
Finishing and framing	0%	1%	17%	15%
Other	1%	0%	2%	2%
Total	100%	100%	100%	100%

Note: Spending by product category was a new needleartist survey question in 2010.

2009 Numbers

KNITTERS

- 5,192 survey respondents
- Market size: 780,000
- \$629 million spent on supplies
- Average spending: \$807 (1% decrease since 2006)
- Completed average of 24 needlearts projects
- 42% completed a crochet project

CROCHETERS

- 862 survey respondents
- Market size: 464,000
- \$264 million spent on supplies
- Average spending: \$569 (19% decrease since 2006)
- Completed average of 31 needlearts projects
- 54% completed a knitting project

NEEDLEPOINTERS

- 1,257 survey respondents
- Market size: 99,000
- \$119 million spent on supplies
- Average spending: \$1,204 (13% decrease since 2006)
- Completed average of 13 needlearts projects
- 38% completed a cross-stitch project

CROSS-STITCHERS

- 2,413 survey respondents
- Market size: 163,000
- \$137 million spent on supplies
- Average spending: \$842 (5% increase since 2006)
- Completed average of 17 needlearts projects
- 32% completed a knitting project

RETAILERS

Key Findings

Needlearts Stores Gained Market Share

Brick-and-mortar (B&M) needlearts stores and online needlearts stores both gained market share from 2006 to 2009, with B&M storefronts taking 40% of the market and online stores 26%.

(Note: One-third of needlearts retailers surveyed had both a B&M storefront and an online store.)

Yarn Store Numbers and Sales Decreased

Yarn stores' average gross sales decreased from \$237,000 in 2004 to \$177,000 in 2009. The number of yarn stores decreased by 7% from 2006 to 2009. Fewer yarn stores are carrying needlepoint and cross-stitch but more are carrying spinning and weaving.

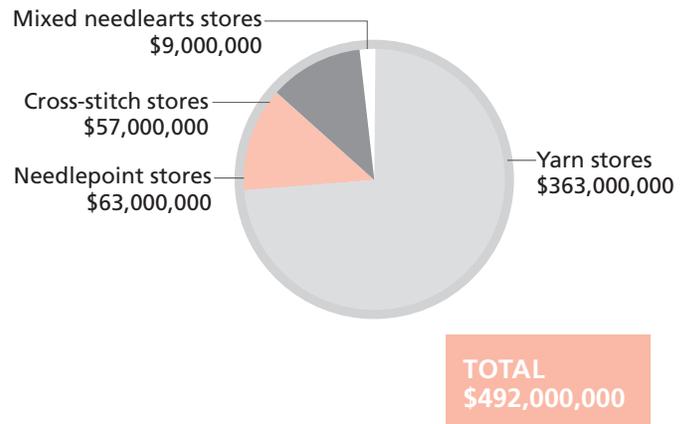
Needlepoint Store Average Sales Up

Needlepoint stores' average gross sales decreased from \$221,000 in 2004 to \$169,000 in 2006, and then went back up to \$192,500 in 2009. The number of needlepoint stores stayed about the same from 2006 to 2009. Fewer needlepoint stores are carrying knitting and gifts and accessories but more are carrying cross-stitch and punchneedle.

Cross-stitch Store Numbers Down, Sales Up

Cross-stitch stores' average gross sales increased from \$131,000 in 2004 to \$156,500 in 2009. The number of cross-stitch stores decreased by about 30% from 2006 to 2009. Fewer cross-stitch stores are carrying knitting, but more are carrying needlepoint and framing.

Total Sales by Independent Needlearts Stores, by Store Category, 2009:



2009 Numbers

YARN RETAILERS

- 412 survey respondents
- About 2,050 yarn stores
- Average sales: \$177,000
- 58% of stores grew
- 47% of stores profitable
- Profit margin: 13%
- Average inventory turn: 1.2
- Median sales floor: 1,000 square feet
- Median sales per square foot: \$125
- 91% of respondents TNNA members
- 84% have Web site

NEEDLEPOINT RETAILERS

- 106 survey respondents
- About 325 needlepoint stores
- Average sales: \$192,500
- 45% of stores grew
- 52% of stores profitable
- Profit margin: 12%
- Average inventory turn: 1.0
- Median sales floor: 1,000 square feet
- Median sales per square foot: \$150
- 97% of respondents TNNA members
- 78% have Web site

CROSS-STITCH RETAILERS

- 104 survey respondents
- About 360 cross-stitch stores
- Average sales: \$156,500
- 48% of stores grew
- 46% of stores profitable
- Profit margin: 12%
- Average inventory turn: 1.4
- Median sales floor: 1,050 square feet
- Median sales per square foot: \$87
- 91% of respondents TNNA members
- 63% have Web site

Note: Profit margin is profit divided by gross sales. Inventory turn equals gross sales divided by (inventory value times markup). Average is total for all retailers divided by number of retailers. Median is the middle, or typical, value.

RETAILERS

Profits Less Frequent

About half of all needlearts stores were profitable in 2009. This is significantly less than in 2004, when 74% of yarn stores, 67% of needlepoint stores, and 49% of cross-stitch stores were profitable.

Classes and Trunk Shows Develop Local Markets

Retailers in all segments noted classes and trunk shows were the two most effective methods to encourage their customers and community to do more needlearts projects.

Retailers Want More Fresh Products to Sell

Needlepoint retailers especially want more fresh and new canvases. Cross-stitch retailers really want more fresh and new counted thread charts and tools/hardware/notions. Yarn retailers are equally interested in new yarn, gift items/accessories, and patterns.

Retailers Favor Trade Shows

Retailers in each category noted their favorite way to learn about new products was at trade shows. Their second favorite was sales reps (yarn), wholesaler mailings (needlepoint), and wholesaler e-mails (cross-stitch).

Sales Profile

Percentage of stores in each gross sales range, 2009:

SALES RANGE	YARN STORES	NEEDLEPOINT STORES	CROSS-STITCH STORES
More than \$500,000	6%	5%	6%
\$250,001–\$500,000	15%	18%	5%
\$175,001–\$250,000	15%	16%	14%
\$100,001–\$175,000	23%	26%	15%
\$50,001–\$100,000	22%	19%	31%
\$50,000 or less	20%	17%	29%
Total	100%	100%	100%
Average	\$177,230	\$192,474	\$156,505
Median	\$125,000	\$142,500	\$85,000

Number of Needlearts Retailers

Number of independent needlearts retailers in the USA, 2006 and 2009:

RETAIL CATEGORY	WHAT THEY SELL	DEC. 2006 ESTIMATE	DEC. 2009 ESTIMATE
Yarn stores	Majority knit and crochet supplies	2,230	1,900–2,200
Needlepoint stores	Majority needlepoint supplies	320	300–350
Cross-stitch stores	Majority cross-stitch supplies	520	325–400
Mixed needlearts stores	Mix of needlearts supplies	40	50
Total needlearts stores		3,110	2,575–3,000
Related independent fiber/crafts stores	Majority related crafts supplies* and some needlearts	1,000	600–800
Total independent retail needlearts market		4,110	3,175–3,800

Notes: This includes brick-and-mortar and online stores. The 2005 retailer report included 2004 needlearts store population estimates that are not comparable with the 2006 and 2009 totals. Retailers were assigned to each store category based upon the percentage of a store's sales from each needleart.

*Related craft supplies include quilting, weaving, sewing, spinning, framing, punchneedle, or beading.

WHOLESALE

Key Findings

Wholesalers Still Profitable

Almost two-thirds (64%) of wholesalers were profitable in 2009 and 2006, down from 78% in 2004. Profit margins were 20% in 2009 and 2006.

81% of Wholesaler Sales to Shops

Wholesalers reported 81% of their sales were to independent needlearts shops in 2009, down from 88% in 2004. Internet-only needlearts retailers were 7% of the wholesaler market in 2009, up from 4% in 2004.

Growth from Needlearts Stores

Almost half (47%) of wholesalers noted Internet-only needlearts shops increased as customers, particularly for cross-stitch (73%). More than half (57%) noted independent needlearts shops increased, particularly for needlepoint (69%). Few wholesalers noted crafts chains increased.

Wholesaler Sales Decreased with Recession

Typical (median) wholesaler sales were \$87,500 in 2009, down from \$95,000 in 2006 and \$116,500 in 2004. The percentage of wholesalers reporting growth decreased from 72% in 2004 to 46% in 2009.

Selling Direct is 3% of Sales

Participation in selling direct is significant, but revenues from selling direct are not. Wholesalers reported 3% of their total sales were from selling direct in 2009. About one-third of wholesalers sold direct in 2009: 41% of knitting and crochet wholesalers, 23% of needlepoint, and 24% of cross-stitch.

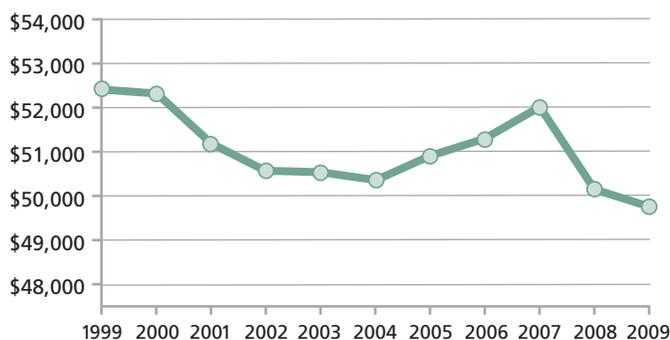
New Product Volume versus Freshness

The typical knit and crochet wholesaler received 17% of their sales from new products, needlepoint 27%, and cross-stitch more than 50%. Despite this volume of new products, retailers indicated a strong need for “fresh and new” products particularly in the categories of painted needlepoint canvases and counted thread charts.

Needlearts Handmade in USA

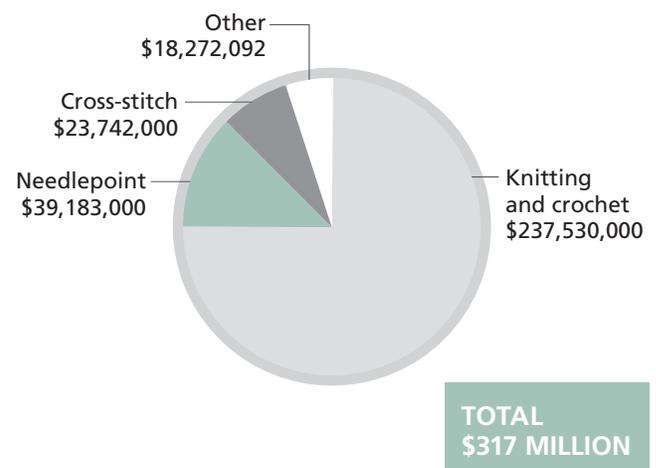
In 2009, 70% of cross-stitch, 31% of needlepoint, and 28% of knit and crochet wholesalers mostly manufactured their inventory in-house by hand.

U.S. median household income 1999 to 2009 (in 2009 dollars):



Source: U.S. Census Bureau, September 2010.

Wholesale Needlearts Market Size, 2009:



WHOLESALERS

Number of Wholesalers

Number of specialty needlearts wholesalers in the USA in December 2004, 2006, and 2009:

WHOLESALER CATEGORY	2004	2006	2009
Knitting and crochet	212	277	298
Needlepoint	187	190	202
Cross-stitch	100	109	102
Combination of needlearts	15	58	12
Other related crafts*	20	39	50
Total	534	673	664

Note: The above numbers are a revision from the 2007 report, which excluded all designers from the wholesaler total. Total for each year is accurate +/-5% and for each needleart +/-10%.

*Other related crafts included spinning, felting, weaving, or quilting.

Sales Profile

Percentage of wholesalers in each gross sales volume range, 2009:

SALES RANGE	2009
More than \$1 million	11%
\$500,001–\$1 million	9%
\$200,001–\$500,000	14%
\$100,001–\$200,000	11%
\$50,001–\$100,000	22%
\$50,000 or less	33%
Total	100%
Average	\$477,000
Median	\$87,500

2009 Numbers

KNITTING AND CROCHET WHOLESALERS

- Typical (median) sales: \$187,500
- 55% of wholesalers grew
- 62% of wholesalers profitable
- Average profit margin: 15%
- Average 466 customers

NEEDLEPOINT WHOLESALERS

- Typical (median) sales: \$75,000
- 38% of wholesalers grew
- 63% of wholesalers profitable
- Average profit margin: 28%
- Average 263 customers

CROSS-STITCH WHOLESALERS

- Typical (median) sales: \$62,500
- 33% of wholesalers grew
- 73% of wholesalers profitable
- Average profit margin: 23%
- Average 365 customers

Overview of the Specialty Needlearts Industry

January 2010



Based on 2010 TNNA surveys of 2009 totals from specialty wholesalers, retailers, and consumers.

SPECIALTY NEEDLEARTISTS define the industry—they consider the needlearts an essential part of their lives, do projects regularly, often read about the subject, and appreciate quality and service. They make frequent use of specialty needlearts stores, Web sites, and magazines. They enjoy a combination of knitting, crocheting, needlepoint, cross-stitch, and/or embroidery.

SPECIALTY NEEDLEARTS RETAILERS serve the specialty needleartist market, offering high-quality products and services in an independent shop and/or online store setting. Many of them are TNNA members.

SPECIALTY NEEDLEARTS WHOLESALERS serve this market with high-quality products tailored to the needs of the specialty needleartist. Nearly all are TNNA members.

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