

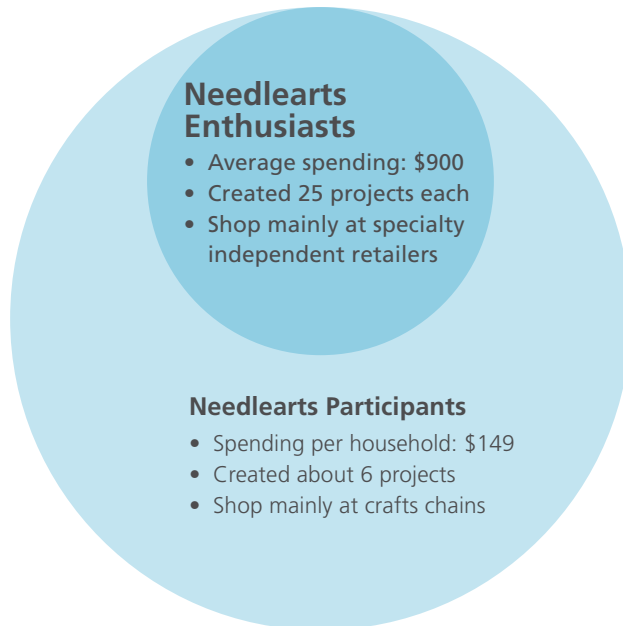
The State of Specialty NeedleArts 2013

MARKET SUMMARY USA

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 specializes in research about creative people and businesses, and independently conducted this study. www.HartBusinessResearch.com

Needlearts Enthusiasts: The Heart of the Market



Sources:
Enthusiasts: 2013 TNNA State of Specialty NeedleArts Study
Participants: 2011 CHA Attitude & Usage Study

Methodology

Hart Business Research conducted 10 needlearts surveys online in the spring of 2013. In all, 12,475 knitters, 2,892 crocheters, 1,302 weavers, 898 spinners, 841 needlepointers, 2,979 cross-stitchers and embroiderers, 670 yarn retailers, 96 needlepoint retailers, 115 counted thread retailers, and 225 needlearts wholesalers participated. Sample sizes are large enough (greater than 425 or more than 30% of the population) to be statistically valid.

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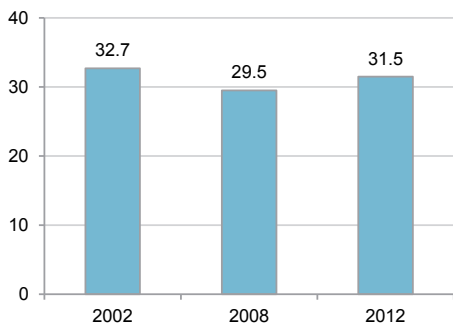
TNNA members, get the full 2013 study at <http://www.tnna.org/?page=Research>, including 20 tools to grow your business and the complete results of 10 surveys.

The National NeedleArts Association 

Market Overview

Needlearts Participant Market

NEA data shows rebound to 31.5 million adults



Millions of U.S. adult knitters, crocheters, weavers, needlepointers, quilters, and sewers

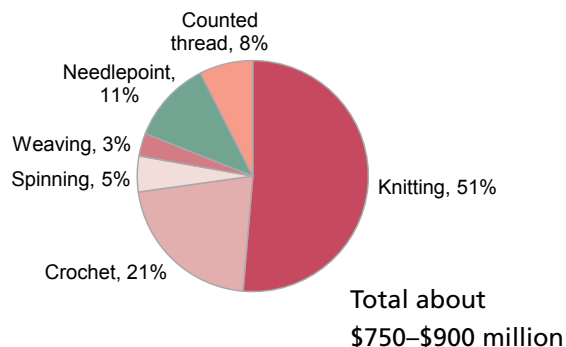
Source: The NEA 2008 and 2012 Survey of Public Participation in the Arts

The National Endowment for the Arts (NEA) report, based upon U.S. Census Bureau surveys, is the best long-term study available. 31.5 million is a good approximation of TNNA's six segments because many sewers and quilters also knit, crochet, or cross-stitch. The Craft and Hobby Association's (CHA's) 2012 *State of the Craft Industry* estimated there are 11.9 million knitters, 14.7 million crocheters, and 13.6 million stitchers (cross-stitch, embroidery, needlepoint, felting, etc.). Assuming about 30% cross-participation among them, the CHA total would be similar to the NEA's.

The needlearts **enthusiast** market is a subset of the 31.5 million adults.

Needlearts Enthusiast Market

TNNA now includes six segments



TNNA added spinning and weaving to the association in 2012. The above enthusiast market sizes are based upon this study's surveys, a retailer census, and industry interviews.

Enthusiast market declined since Great Recession

The enthusiast market has not recovered since the Great Recession, as indicated by the 2009 and 2012 survey data. The number of needlearts retailers decreased by 12%, yarn store average sales decreased 6%, and average spending per needle artist was unchanged. These results indicate there are fewer needlearts enthusiasts, perhaps because U.S. incomes have continued to fall since 2009.

Blame the economy ... but take action! Use this study to plot how to **inspire participants to become enthusiasts and join your customers.**

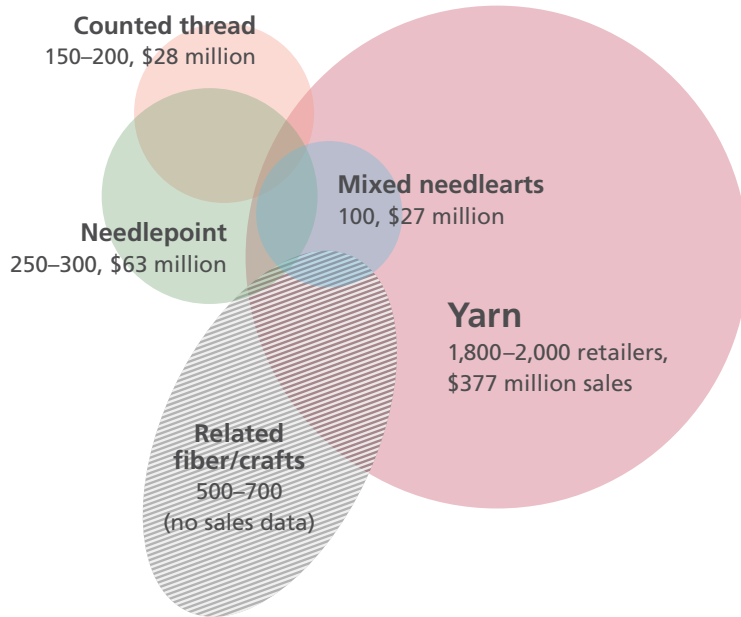
Needlearts enthusiast market size and spending

SEGMENT	MARKET SIZE	AVERAGE SPENDING	TOTAL SPENDING
Knitting	517,000	\$801	\$414,000,000
Crochet	303,000	\$570	\$173,000,000
Spinning	35,000	\$1,164	\$41,000,000
Weaving	24,000	\$1,088	\$26,000,000
Needlepoint	61,000	\$1,517	\$93,000,000
Counted thread and embroidery	74,000	\$822	\$61,000,000
All needlearts	1,013,000	—	\$808,000,000

Notes: Market size data are Hart calculations from the retailer census, sales data from the retailer surveys, confidential interviews with major online retailers, and needle artist spending and percentage of spending by retail type data from the consumer surveys. Total spending equals market size times average spending.

Needlearts Retailers

About 3,100 independent brick-and-mortar and online retailers



These retailer counts are the result of a Hart national census using TNNA and wholesaler customer lists plus verification calls to hundreds of retailers.

These markets overlap. For example, a needlepoint wholesaler may have 500 retailer customers consisting of 250 stores selling mostly needlepoint plus 250 others selling needlepoint plus counted thread, yarn, or other fiber arts.

Each retailer was assigned to a needlearts category depending upon what generated the majority of its sales. For example, “yarn stores” sell 50% or more knit, crochet, weaving, or spinning supplies. “Related fiber/craft stores” sell some needlearts plus mostly quilting, sewing, spinning, framing, etc.

The dollar values indicate total sales by these retailers, including for non-needlearts products.

Needlearts Wholesalers

Performance improved from 2009 to 2012

See the *Wholesaler Survey Results* and the *Wholesaler Financial Benchmarks* tool for full details and data per needlearts segment.

- 512 wholesale members of TNNA
- Average gross sales: \$523,000
- 69% of wholesalers grew in 2012
- 71% of wholesalers were profitable
 - Average profit margin: 18%
- Average number of customers: 401
- Average percentage of international customers: 5%

Yarn Market

Yarn Key Findings

Build marketing that's worth the investment: e-newsletters, classes, Web sites. Most yarn retailers noted the following three promotional methods were worth the time and money: email newsletters, paid classes and workshops, and a store Web site/blog. Print media promotions received relatively low ratings. See the *Marketing Media* tool.

Embrace social media along with the rest of the yarn world. 83% of yarn stores use Facebook and 75% use Ravelry. Knitters and crocheters both spend about half their online fiber arts time on social media and like to hear from their favorite retailers and businesses on Ravelry. See the *Social Media* tool.

Market yarn based on consumer purchase criteria: the intended project, yarn color, and instant love. Both knitters and crocheters select their yarns based mainly upon the project they have in mind, yarn color/appearance, and "I saw it and wanted it". (In addition, price is an important factor for crocheters.) Yarn weight, yardage, and brand trust are less important factors. Yarn retailers, in contrast, select yarns based upon how well they think it will sell, feel/texture, and brand trust. See the *Marketing Message* tool.

Teach using print, online videos, and classes. Knitters prefer to learn by using printed materials (books, magazines, patterns, etc.), online videos, and in-person classes, usually in combination. Crocheters prefer more printed materials and less in-person classes. Online paid classes were used by 18% of knitters and 5% of crocheters. See the *Needlearts Education* tool.

Be mindful of a quiet market. The number of yarn stores and their average revenues each decreased by about 2% per year from 2006 to 2012. Knitter average spending stayed the same but crocheter spending dipped during the Recession and stayed down. This indicates needle artist knitter and crocheter numbers decreased.

Specialty Yarn Retailer Profile

This segment consists of independent retailers with half or more of their sales from knitting, crochet, spinning, and weaving supplies. See the Yarn Retailer Survey Results and the *Financial Benchmarks* tool.

- Average gross sales: \$158,375
- 62% of sales from yarn
- 56% of stores grew in 2012
- 50% were profitable (up from 47% in 2009)
 - Average profit margin: 15%
- Median inventory turn: 0.89
- Median sales floor: 1,040 square feet
- Median sales per square foot: \$125

Definitions

Profit margin is profit divided by gross sales.

Inventory turn equals gross sales divided by (inventory value times markup).

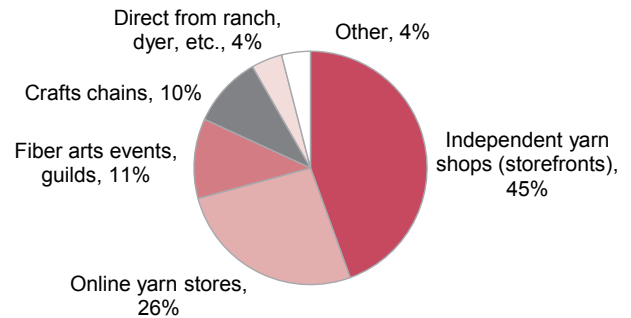
Average is total for all retailers divided by number of retailers.

Median is the middle, or typical, value.

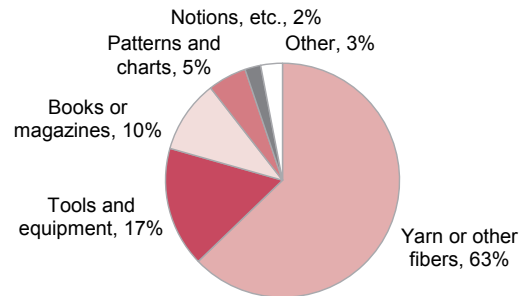
Knitting Enthusiast Profile

- Spending: average \$801
- Time spent: average 10 hours per week
- Number of knitting projects completed: average 24
- Expertise in knitting: 40% expert, 57% intermediate
- Cross-participation: 42% also crochet
- Average age: 52
- 86% of knitters use Ravelry and 29% use Facebook for fiber arts interests

Knitter spending percentage per retail type



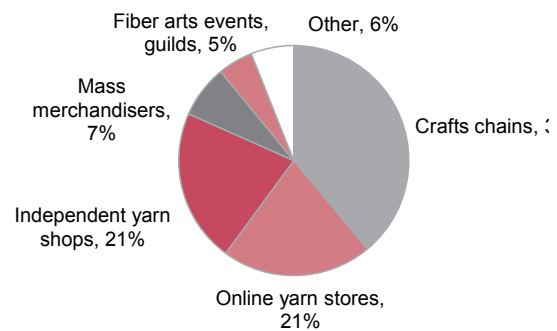
Knitter spending percentage per product category



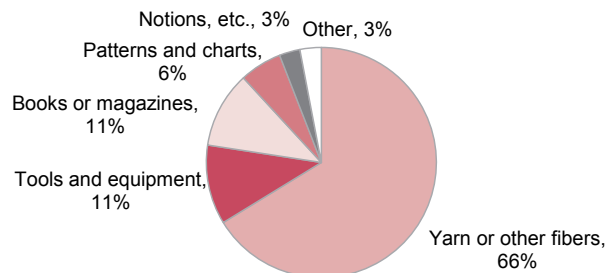
Crochet Enthusiast Profile

- Spending: average \$570
- Time spent: average 10 hours per week
- Number of crochet projects completed: average 39
- Expertise in crochet: 45% expert, 51% intermediate
- Cross-participation: 49% also knit
- Average age: 51
- 69% of crocheters use Ravelry and 38% use Facebook for fiber arts interests

Crocheter spending percentage per retail type



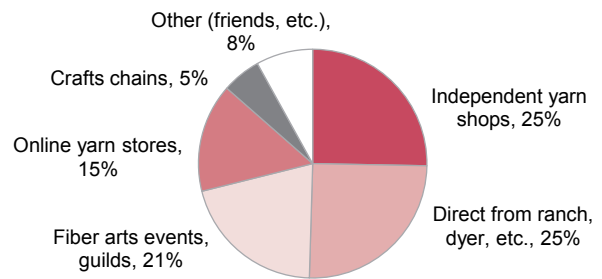
Crocheter spending percentage per product category



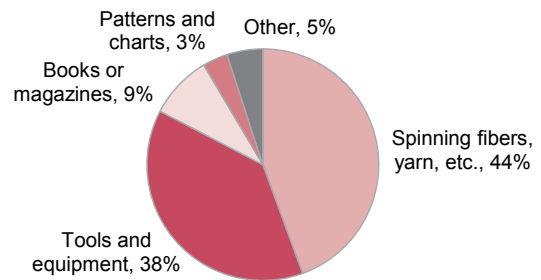
Spinning Enthusiast Profile

- Spending: average \$1,164
- Time spent: average 10 hours per week
- Number of skeins spun: average 27
- Major types of fibers spun: wool, alpaca, silk
- Spinning projects usually include carding, washing, dyeing
- Expertise in spinning: 29% expert, 58% intermediate
- Cross-participation: 91% also knit
- Average age: 53
- 79% of spinners use Ravelry and 27% use Facebook for fiber arts interests

Spinner spending percentage per retail type



Spinner spending percentage per product category

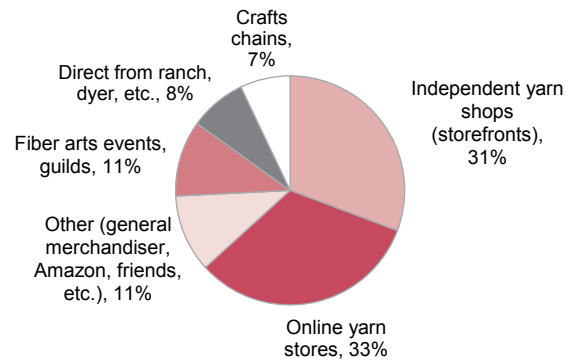


Note: This is the first year of the study to include spinners.

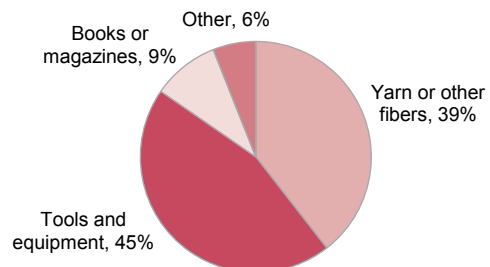
Weaving Enthusiast Profile

- Spending: average \$1,088
- Time spent: average 9 hours per week
- Weaving projects completed: average 22
- Major types of yarn used: cotton, wool
- Expertise in weaving: 25% expert, 58% intermediate
- Cross-participation: 63% also knit
- Average age: 60
- 42% of weavers use Ravelry and 14% use Facebook for fiber arts related interests

Weaver spending percentage per retail type



Weaver spending percentage per product category



Note: This is the first year of the study to include weavers.

Cross-Stitch/Counted Thread and Embroidery Market

2013 Key Findings

Build marketing that's worth the investment: e-newsletters, Web sites/blogs, phone calls, stitch groups. Most counted thread retailers noted the following four promotional methods were worth the time and money: email newsletters, store Web site/blog, phone calls to customers, and in-store stitch groups. Print media promotions received relatively low ratings. See the *Consumer Marketing* tool.

Be sure to offer the standard fibers and fabric/canvas. More than 80% of retailers in this segment carry the following types of threads and floss: colors that are overdyed, hand-dyed, or solid; stranded and pearl cotton; silk. More than 80% carry fabric/canvas in the following counts: 36, 32, 28, 18, 16, and 14.

Keep selling charts. 58% of counted thread enthusiasts said they bought most of their charts at needlework stores, and 16% bought them mostly online. Only 3% said they mostly got them free online.

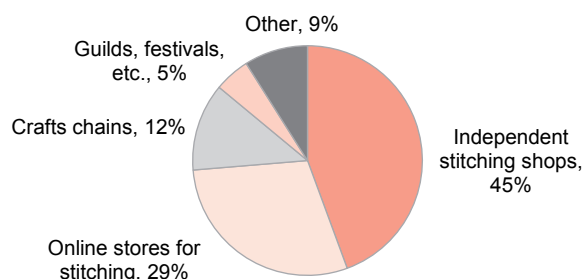
Market based on consumer purchase criteria: project needs and instant love. Consumers make their buying decisions because they need the threads, charts, or fabric for a particular project; and they "saw it and wanted it." Consumers pay less attention to the feel/texture, quality, brand, or price. See the *Marketing Messages* tool.

Stay mindful of a fragile market. The number of counted thread stores has decreased by about half since 2006 but average store sales increased 13% from 2006 to 2012. Stitcher average spending stayed the same. The number of counted thread and embroidery enthusiasts therefore likely decreased.

Retailer Profile

- Average gross sales: \$147,600
- Sales: 23% from charts, 21% from fibers
- 52% of stores grew in 2012
- 54% were profitable (up from 46% in 2009)
 - Average profit margin: 14%
- Median inventory turn: 0.71
- Median sales floor: 1,200 square feet
- Median sales per square foot: \$97

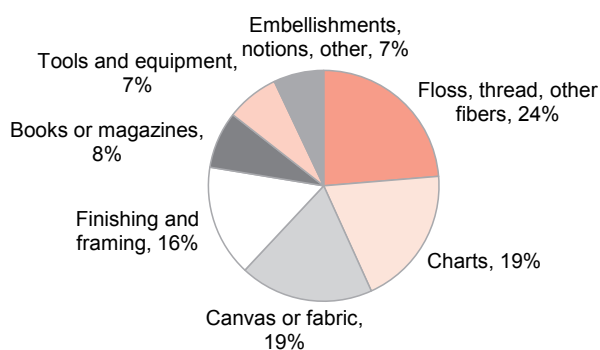
Enthusiast total spending per retail type



Cross-Stitch and Embroidery Enthusiast Profile

- Spending: average \$822
- Time spent: average 10 hours per week
- Projects completed: average 11
- Common threads: stranded and pearl cotton, silk
- Expertise: 15% expert, 39% intermediate
- Cross-participation: 33% also knit
- Average age: 56
- 31% use Facebook for fiber arts interests

Enthusiast spending percentages per product category



Needlepoint Market

2013 Key Findings

Build marketing that's worth the investment: e-newsletters, paid classes, Web sites, shows/events. Most needlepoint retailers noted the following four promotional methods were worth the time and money: e-newsletters, paid classes and workshops, store Web site, and participation in shows and events. Print media promotions received relatively low rating. See the *Consumer Marketing* tool.

Market canvases based on consumer purchase criteria: instant love and painting quality. Needlepointers said they select a particular canvas mainly because they "saw the canvas and wanted it," and also because they loved the designer and appreciated the painting quality. It was less important to needlepointers that the canvas's colors go with their home décor or that the finished project is attractive. See the *Marketing Messages* tool.

Manage trunk shows as one element of retail. Needlepointers said they purchase about 15% of their canvases through trunk shows at a shop. Needlepoint retailers indicated 17% of their sales were from trunk shows.

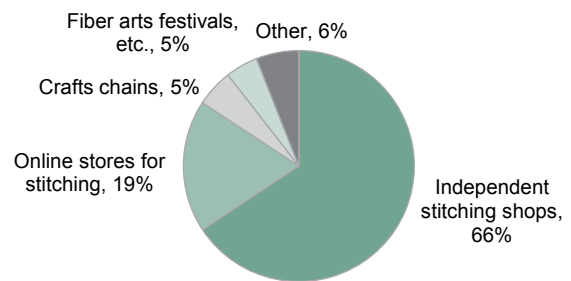
Provide more stitch guides. Needlepointers typically use a stitch guide for half their projects. Needlepoint stores, in contrast, have stitch guides for one quarter or less of the canvases they sold.

Keep in mind that needlepointers continue to spend. The needlepoint market dipped slightly during the 2008 Recession but then recovered. The number of needlepoint stores decreased by about 14% from 2006 to 2012 but their average sales increased 18% from 2006 to 2012; similarly, needlepointer average spending increased by 10%. The number of needlepointers therefore probably decreased slightly but their growing spending kept the market afloat.

Retailer Profile

- Average gross sales: \$193,538
- Sales: 34% from canvases, 29% yarn/fibers
- 60% of stores grew in 2012 (up from 45% in 2009)
- 72% were profitable (up from 52% in 2009)
 - Average profit margin: 17%
- Median inventory turn: 0.76
- Median sales floor: 1,000 square feet
- Median sales per square foot: \$175

Needlepointer total spending per retail type



Needlepoint Enthusiast Profile

- Spending: average \$1,517
- Time spent: average 10 hours per week
- Needlepoint projects completed: average 10
- Projects completed using a stitch guide: average 49%
- Needlepoint expertise: 45% expert, 52% intermediate
- Cross-participation: 39% also knit
- Average age: 61
- 37% use Facebook for fiber arts interests

Needlepointer spending percentages per product category

