

2016

THE STATE of SPECIALTY NEEDLEARTS

MARKET SUMMARY USA

NEEDLE ARTS ENTHUSIASTS

- Market size: 1 million adults
- Total spending: \$750 million–\$850 million
- Average spending: \$819
- Likely to shop at specialty retailers

NEEDLE ARTS PARTICIPANTS

- Market size: 30 million–40 million adults
- Total spending: \$2 billion–\$3 billion
- Average spending: \$60
- Likely to shop at crafts chains

Data for 2015. See details on next page.

Study Methodology

Hart Business Research independently produced this study. 2016 research included online surveys of 393 needle arts retailers; 158 wholesalers; and 15,288 enthusiasts: 8,842 knitters; 2,056 crocheters; 990 spinners; 1,309 weavers; 1,058 needlepointers; 734 cross-stitchers; and 299 hand embroiderers. The participant survey was via ORC International's Online Caravan Omnibus survey of 6,147 demographically representative U.S. adults.

TNNA
THE NATIONAL NEEDLEARTS ASSOCIATION

TNNA is the leading association of independent needle arts businesses and the sponsor of this study. TNNA members, get the detailed results of all 12 participant, enthusiast, retailer, and wholesaler surveys at TNNA.org/?Survey2016.

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KNITTERS CROCHETERS SPINNERS WEAVERS NEEDLEPOINTERS CROSS-STITCHERS EMBROIDERERS

Needle Arts Consumers Overview

Participants

Market size for U.S. adult participants and percentage of each segment by demographic (2015):

PARTICIPANT SEGMENT*	NUMBER OF ADULTS, MILLIONS**	FEMALE	UNDER AGE 35	HISPANIC/LATINO
Knitting	12–22	75%	50%	23%
Crocheting	14–25	85%	42%	18%
Weaving	2–7	53%	71%	30%
Spinning yarn	2–5	70%	53%	29%
Needlepoint	5–10	42%	76%	35%
Cross-stitch	8–17	73%	42%	20%
Hand embroidery	6–12	74%	42%	29%
All needle arts	27–57	75%	45%	20%
U.S. adults	248	52%	30%	15%

*These segments overlap, as the typical participant did 1.7 of the above needle arts.

**Each segment maximum number and demographics are from a July 2016 survey of 6,147 demographically representative U.S. adult volunteers on ORC International's Online Caravan Omnibus. Such surveys of volunteers may overstate participation by about two times. The minimums are Hart estimates based upon the 2012 NEA Survey of Public Participation in the Arts, a very reliable non-volunteer survey with a 75% response rate conducted by the U.S. Census.

Participant total spending \$2 billion–\$3 billion (page 1)

More precise market sizes are needed; major retailers and suppliers, please contribute sales data in the future.

Survey-based estimate using number of participants times average spending is $27,000,000 \times \$60 = \1.6 billion, or $57,000,000 \times \$60 = \3.4 billion.

Imports-based estimate using \$185 million in natural and synthetic yarn imports (see page 5) and assuming imports are 85% of market, markup is 2.5, 70% of knitter and crocheter spending is on yarn, and they are half of needle arts market, equals $\$185,000,000 / 0.85 \times 2.5 / 0.70 / 0.50 = \1.6 billion.

Retailer-based estimate using number of needle arts retailers (see page 4) times average sales plus additional for largest online retailers yields about \$501 million. Assuming roughly 20% of participant spending is at needle arts retailers: $\$501,000,000 / 0.20 = \2.5 billion.

Enthusiasts

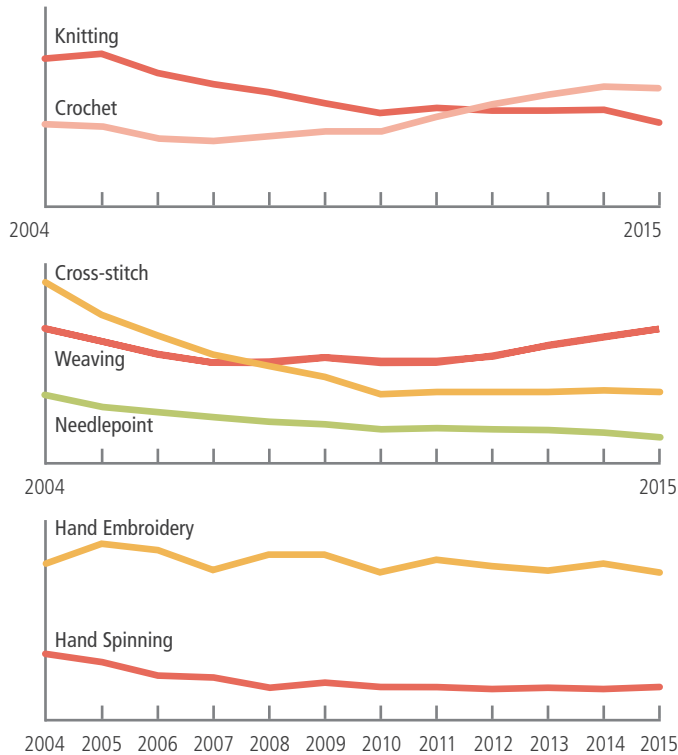
Market size for U.S. adult enthusiasts (2015):

ENTHUSIAST SEGMENT	NUMBER OF ENTHUSIASTS	AVERAGE SPENDING	TOTAL SPENDING, MILLIONS
Knitting	450,000–525,000	\$835	\$376–\$438
Crochet	275,000–350,000	\$633	\$174–\$222
Weaving	20,000–25,000	\$1,102	\$22–\$28
Spinning	25,000–35,000	\$1,200	\$30–\$42
Needlepoint	55,000–65,000	\$1,466	\$81–\$95
Counted thread and embroidery	50,000–65,000	\$711	\$36–\$46
All needle arts	875,000–1,065,000	\$819	\$750–\$850

Enthusiasts are the top 2%–5% of the market and typically spend more than \$200 each on fiber arts supplies each year. Each enthusiast segment is defined by what each adult said was her or his favorite needle art. Number of enthusiasts are Hart calculations based upon the survey data, retailer census, and other sources. Total spending equals number of enthusiasts times average spending.

Participant Growth Trends

Google Trends search interest in needle arts, annual averages, showing changes from 2004–2015:



Google Trends indicates the relative popularity of search terms over time, with no quantifiable metric. Terms with similar popularity are grouped together above. Crochet search interest was about 10x cross-stitch and 70x hand embroidery in 2015.

The Google Trends 2015 popularity of these text searches was in this ranked order:

1. Crochet (hobby)
2. Knitting (hobby)
3. Weaving (hobby)
4. Cross stitch
5. Needlepoint
6. Hand embroidery
7. Hand spinning

Social Media Use

Percentage of each segment using these for needle arts (February 2016):

ENTHUSIAST SEGMENT	RAVELRY	FACE-BOOK	PIN-TEREST	INSTA-GRAM
Knitters	91%	41%	37%	20%
Crocheters	79%	55%	60%	10%
Spinners	80%	46%	38%	19%
Weavers	47%	36%	37%	6%
Needlepointers	15%	51%	33%	6%
Cross-stitchers	23%	46%	40%	6%
Embroiderers	41%	39%	56%	9%

Spending Habits by Retail Channel

Percentage of each segment shopping at each retail type in the past year (February 2016):

SEGMENT	ONLINE	IN-STORE AT LOCAL NEEDLE ARTS SHOPS	IN-STORE AT CRAFT OR HOBBY CHAINS	IN-STORE AT MASS MERCHANDISERS	AT FIBER ARTS EVENTS
Participants	25%	22%	62%	42%	2%
Enthusiasts					
Knitters	70%	88%	27%	12%	54%
Crocheters	63%	50%	88%	46%	17%
Spinners	67%	78%	51%	1%	75%
Weavers	70%	73%	46%	9%	50%
Needlepointers	54%	96%	42%	6%	19%
Cross-stitchers	73%	67%	81%	22%	20%
Embroiderers	66%	73%	81%	24%	38%

This data is participation by retail type and **not** market share. The total of each enthusiast row is about 300% because enthusiasts typically shop at three retail types in a year.

Needle Arts Businesses Overview

FOR DETAILS, SEE THE 2016 WHOLESALER AND RETAILER SURVEY RESULTS AT TNNA.ORG/?SURVEY2016.

Retailers

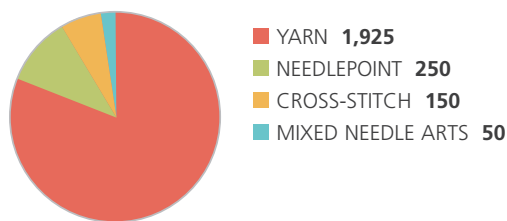
See each needle arts section for details about each retailer segment.

Number of Retailers, 2007–2016

Number of independent specialty needle arts retailers selling “mostly” each category:

RETAILER CATEGORY	2007	2010	2013	2016
Yarn	2,230	2,050	1,900	1,925
Needlepoint	320	325	275	250
Cross-stitch	520	360	175	150
Mixed needle arts	40	50	150	50
Total	3,110	2,785	2,500	2,375
Related fiber/crafts	1,000	700	600	700

Data is for in-store and online retailers as of January 1 of each year. Some retailers sell multiple needle arts. Counts are from a de-duplicated list from 10 major suppliers and NeedleTravel.com, and verification of segment and whether out-of-business. “Related crafts” sell some needle arts plus mostly quilting, sewing, framing, crafts, etc. In comparison the Census Statistics of U.S. Businesses indicated there were 3,793 sewing, needlework, and piece goods stores (NAICS 45113), excluding Jo-Ann Stores (800) and Hancock Fabrics (261) in 2012.



Recipe for a Profitable Retailer

About 60% of needle arts retailers were profitable in 2015. Here’s what they had in common:

- Higher pricing, less discounting
- Larger store size and higher sales
- Higher sales relative to store size and inventory
- Value added through product design, assembly of kits, or finishing services
- Diverse marketing methods, including mailings, trunk shows, and paid Facebook
- Less use of credit card debt and personal assets to fund business

Wholesalers

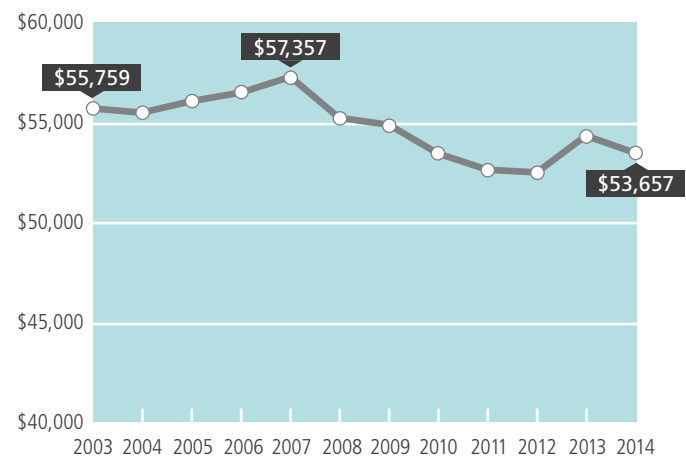
The following are the results of this study’s survey of needle arts wholesalers:

BENCHMARK	2013	2016
% selling supplies for yarn segment*	51%	58%
% selling supplies for needlepoint and counted thread	49%	42%
Average gross sales	\$523,000	\$746,000
% of wholesalers that grew	69%	59%
% of wholesalers that were profitable	71%	73%
Average profit margin	18%	9%
% selling direct to consumers	33%	46%
Average number of retailer accounts	401	306

*Yarn segment consists of supplies for knitting, crochet, spinning, weaving, etc.

Economic Context

U.S. median household income 2003–2014, in 2014 dollars (excludes inflation):



Yarn Market

FOR FULL DETAILS, SEE THE SURVEY REPORTS FOR KNITTERS, CROCHETERS, WEAVERS, SPINNERS, AND YARN RETAILERS AT TNNA.ORG/?SURVEY2016.

2016 Key Findings

Use marketing channels that work. Use Ravelry plus email newsletters to communicate with yarn customers. Also have a website or blog. Use Facebook for mainstream social media. Provide printed catalogs to weavers. Use Pinterest if you are targeting crocheters and Instagram for younger customers. No need to invest in Tumblr or Twitter.

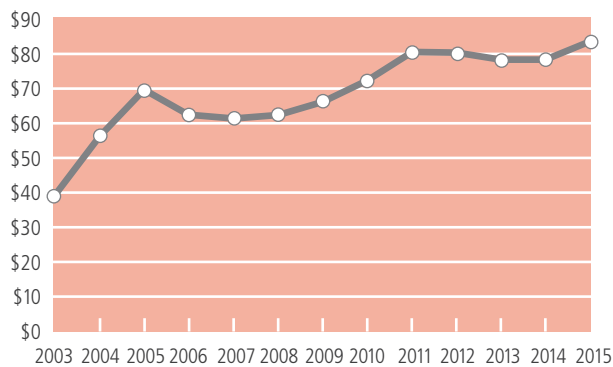
Post a range of content on social media. Post about new yarns and patterns, how-to tips, sales and special offers, trunk shows, product reviews, local yarn events, and classes. Fiber artists typically want seven different kinds of content, so vary your posts!

Get Americans back to knitting (and jump on crochet). Knitting has slipped while crochet has grown. Target adults in their 40s and 50s. Encourage knitters to mentor a friend, relative, or coworker. Mentoring is crucial! Offer excellent how-to and inspirational content where 40-somethings go for knitting help: Facebook and Ravelry, online videos and tutorials, and local yarn shop staff.

Serve up conscious consumer yarn. A good way to differentiate a yarn in a crowded market is to provide these features (in order of importance): made in USA, handmade, locally produced, fair trade, socially conscious, or organic. Any one feature matters to 10%–30% of yarn buyers.

Yarn Growth Perspective

Imports of natural fiber yarn (pure or blends of wool, other hair, cotton, or silk) for retail sale (in millions, at wholesale prices):



Source: U.S. International Trade Commission (USITC.gov) data for HTS 5109 and HTS 5207. The 2015 total for these was \$85 million. In addition, the total for synthetic yarn (HTS 5511) was \$100 million.

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 (TNNA.org/?Survey2016) for details.

BENCHMARK	2013	2016
Average gross sales	\$158,375	\$166,706
% of sales from yarn	62%	61%
% that grew	56%	48%
% that were profitable	50%	50%
Average profit margin	15%	15%
Median inventory turn	0.89	0.99
Median sales floor, square feet	1,040	1,025
Median sales per square foot (excluding online sales)	\$111	\$95

DEFINITIONS

Retailers include shops (in-store) and online.

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.

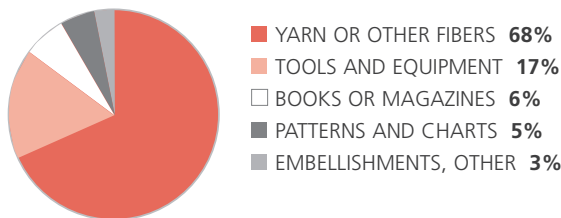
Yarn Market

FOR FULL DETAILS, SEE THE SURVEY REPORTS FOR KNITTERS, CROCHETERS, WEAVERS, SPINNERS, AND YARN RETAILERS AT TNNA.ORG/?SURVEY2016.

Knitting Enthusiast Profile

	2013	2016
Spending average	\$801	\$835
% of \$ at needle arts shops	45%	41%
Time spent per week	10 hours	10 hours
Knitting projects completed	24	27
% who are knitting experts	40%	39%
% who also crochet	42%	41%
Average age	52	52

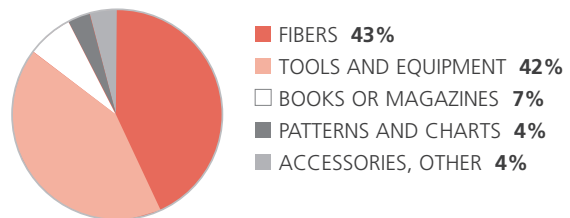
Knitter spending percentage per product category:



Spinning Enthusiast Profile

	2013	2016
Spending average	\$1,164	\$1,200
% of \$ at needle arts shops	25%	24%
Time spent per week	10 hours	10 hours
Skeins spun	27	24
% who are spinning experts	29%	26%
Percentage who also knit	91%	89%
Average age	53	54

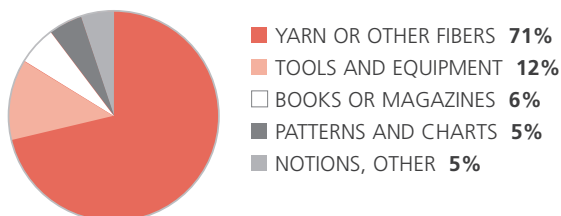
Spinner spending percentage per product category:



Crochet Enthusiast Profile

	2013	2016
Spending average	\$570	\$633
% of \$ at needle arts shops	21%	20%
Time spent per week	10 hours	10 hours
Crochet projects completed	39	44
% who are crochet experts	45%	40%
% who also knit	49%	42%
Average age	51	51

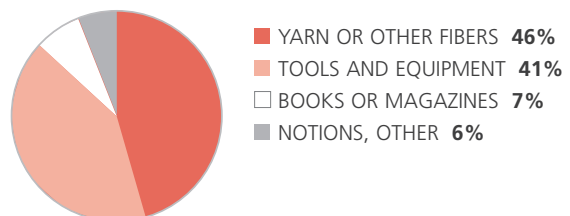
Crocheter spending percentage per product category:



Weaving Enthusiast Profile

	2013	2016
Spending average	\$1,088	\$1,102
% of \$ at needle arts shops	31%	31%
Time spent per week	9 hours	9 hours
Weaving projects completed	22	26
% who are weaving experts	25%	21%
Percentage who also knit	63%	61%
Average age	60	60

Weaver spending percentage per product category:



Cross-Stitch/Counted Thread and Embroidery Market

FOR FULL DETAILS, SEE THE SURVEY REPORTS FOR CROSS-STITCHERS, EMBROIDERERS AND COUNTED THREAD RETAILERS AT TNNA.ORG/?SURVEY2016.

2016 Key Findings

Use marketing channels that work. Focus on email newsletters to communicate with counted thread and embroidery customers. Also have a website or blog. Provide printed catalogs. Use Facebook for social media, plus possibly Pinterest for embroiderers. No need to invest in Instagram, Tumblr, or Twitter. Promote new charts in online stores, shops, and social media.

Post a range of content on social media. Post about new charts and fibers, how-to tips, sales and special offers, product reviews, classes, local events, and customers' completed projects. Cross-stitchers typically want seven different kinds of content, so vary your posts!

Get Americans back to cross-stitch. Get cross-stitch in front of adults in their 40s and 50s, particularly empty nesters or those facing illness or other stress. Encourage your current cross-stitchers to mentor a friend or relative. Even though half of cross-stitchers like to figure it out on their own, provide great content via magazines, Facebook, and Pinterest.

Counted Thread Retailer Profile

BENCHMARK	2013	2016
Average gross sales	\$147,600	\$132,407
% of sales from charts	23%	23%
% of sales from fibers	21%	23%
% that grew	52%	54%
% that were profitable	54%	52%
Average profit margin	14%	12%
Median inventory turn	0.71	0.74
Median sales floor, square feet	1,200	950
Median sales per square foot (excluding online sales)	\$73	\$84

Data from 27 counted thread retailers, so approximate.

Hand Embroidery Enthusiast Profile

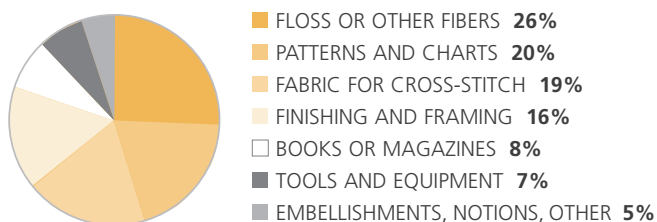
	2016
Spending average	\$727
% of \$ at needle arts shops	34%
Time spent per week	9 hours
Embroidery projects completed	17
% expert in embroidery	44%
% who also knit	45%
Average age	58

2016 was the first year of reporting embroiderer results.

Cross-Stitch Enthusiast Profile

	2013	2016
Spending average	\$822	\$711
% of \$ at needle arts shops	45%	36%
Time spent per week	10 hours	10 hours
Counted thread projects completed	11	14
% expert in cross-stitch	59%	61%
% who also knit	33%	31%
Average age	56	57

Cross-stitcher spending percentage per product category:



Needlepoint Market

FOR FULL DETAILS, SEE THE SURVEY REPORTS FOR NEEDLEPOINTERS AND NEEDLEPOINT RETAILERS AT TNNA.ORG/?SURVEY2016.

2016 Key Findings

Use marketing channels that work. Use email newsletters to communicate with needlepointers. Also have a website or blog. Use Facebook for social media. No need to invest in Pinterest, Instagram, Tumblr, or Twitter. Promote canvases via Ravelry, online stores, and social media.

Post a range of content on social media. Post about new canvases, sales and special offers, trunk shows, classes, store events, how-to tips, customers' completed projects, and product reviews. Needlepointers typically want seven different kinds of content, so vary your posts!

Get Americans back to needlepoint. Get needlepoint in front of adults in their 40s and 50s, particularly empty nesters or those facing illness or other stress. Encourage your current needlepointers to mentor a friend or relative. Provide great local classes and knowledgeable store staff to help them get started. (Books, magazines, and online resources are less important to new needlepointers.)

Retailers, add value to what you sell. Offer what many needlepointers say they plan to use or buy: custom-painted canvases, finishing services, framing, and stitch guides.

Needlepoint Retailer Profile

BENCHMARK	2013	2016
Average gross sales	\$197,250	\$244,688
% of sales from canvases	34%	35%
% of sales from yarn/fibers	29%	24%
% that grew	60%	73%
% that were profitable	72%	59%
Average profit margin	17%	18%
Median inventory turn	0.76	0.76
Median sales floor, square feet	1,000	1,445
Median sales per square foot (excluding online sales)	\$163	\$188

Data from 41 needlepoint retailers, so approximate.

Needlepoint Enthusiast Profile

	2013	2016
Spending average	\$1,517	\$1,466
% of \$ at needle arts shops	66%	72%
Time spent per week	10 hours	9 hours
Needlepoint projects completed	10	10
% expert in needlepoint	45%	39%
Percentage who also knit	39%	29%
Average age	61	61

Needlepointer spending percentage per product category:

