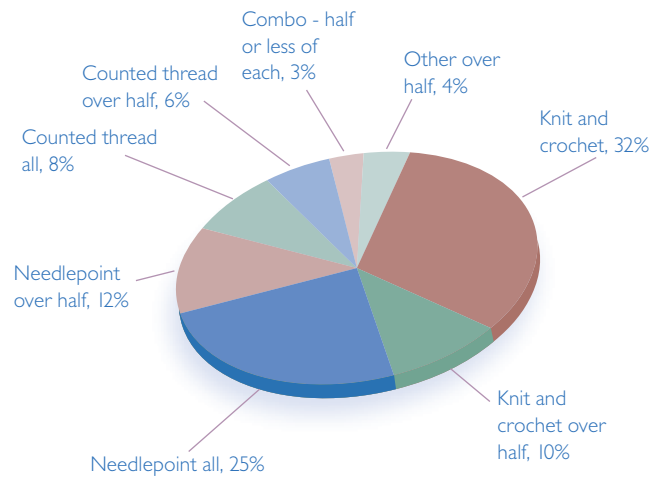


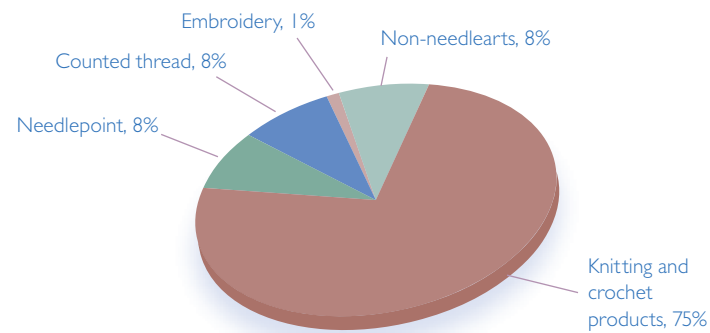
## Wholesalers

American needlearts wholesalers had about \$440 million in gross sales in 2004. About 83% of those sales were to independent needlearts shops. There were about 500 wholesalers in early 2005, with 42% reporting they sold mostly knitting and crochet supplies, 37% needlepoint, and 14% counted thread. Based on the TNNA 2000 wholesale survey, sales growth for wholesalers overall appears to have been about 43% a year from 2000 – 2004.

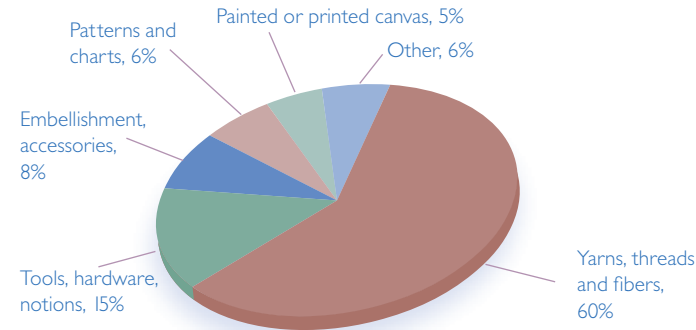
Wholesalers by category: 42% knitting and crochet, 37% needlepoint, 14% counted thread



Sales by category: 75% from knitting and crochet products



Sales by product type: 60% from yarns, threads, and fibers



Needlearts wholesalers overall in 2004 derived about 60% of their sales from yarns, threads and fibers. Each wholesale category sells a significantly different set of product types. Knitting and crochet wholesalers derive about three-fourths of their sales from yarns, threads and fibers. Needlepoint wholesalers gain about half of their sales from painted canvas, and one-third from yarns, threads, and fibers. Counted thread wholesalers derive over half their sales from patterns and charts, and about 20% from blank canvas or fabric. When you review these numbers, keep in mind that the knitting and crochet wholesale business in 2004 generated about three-fourths of the needlearts wholesale total.

53% of needlearts wholesalers reported gross sales of over \$100,000 or more for 2004

Reported sales range	% of wholesalers
Over \$5 million	9%
Over \$2 million - \$5 million	5%
Over \$1 million - \$2 million	4%
\$500,001 - \$1 million	4%
\$300,001 - \$500,000	5%
\$200,001 - \$300,000	9%
\$150,001 - \$200,000	8%
\$100,001 - \$150,000	9%
\$75,001 - \$100,000	8%
\$50,001 - \$75,000	8%
\$25,001 - \$50,000	15%
Under \$25,000	16%

## Present and Future

The Independent NeedleArts Industry as a whole has seen significant growth over the past five years. Over 1.4 million people in the United States are actively involved as needleartists on the consumer side. These consumers consider needlearts an essential part of their daily lives and comprise the higher-spending segment of the market. They are needleartists because the pursuit is relaxing, creative, fun, and productive. More than 4,400 needlearts business owners support this art and industry. This study confirms the importance of the needlearts as one of the primary creative pastimes and creative industries in the United States today. The National NeedleArts Association (TNNA) is proud to represent the companies that specialize in serving this art and industry.

## RESEARCH & METHODOLOGY

The purpose of this study is to give the needlearts industry and businesses the information they need to plan for the future. The study provides an independent assessment of the size and scope of the needlearts industry, data on needleartists' needs and lives, and a complete picture of the needlearts wholesaler and retailer in three segments: knitting and crochet, needlepoint, and counted thread and embroidery. Prior to this study, the only information other than The National NeedleArts Association's (TNNA) surveys in 2000/2001 on the knitting and crochet and needlepoint segments, was brief mention in yarn and crafts industry reports. This study is also the first comprehensive look at active needleartists – those who consider the needlearts an essential part of their lives, do a number of projects each year, and purchase supplies mostly at independent needlearts shops—, the higher-spending segment of the market.

Hart Business Research, a leader in niche industry analysis, conducted the study for TNNA. Their research in the spring of 2005 focused on three in-depth surveys of: wholesalers (from the TNNA member list), retailers (from a compiled national list including TNNA members and nonmembers), and consumers (from a compiled list of shop customers and magazine subscribers). Research also included telephone interviews with industry leaders, visits to shops and trade shows, and reviews of past industry publications and surveys, corporate annual reports, national *Yellow Pages* listings, needlearts directories, and Web sites.

The National NeedleArts Association, the leading association of independent needlearts businesses, is pleased to publish this summary. The complete report is available to TNNA members on the association's member's website.

# THE STATE OF THE NEEDLEARTS

In the United States 2005

## AN EXECUTIVE SUMMARY



### Report Scope

This study confirms the importance of the needlearts as one of the primary creative pastimes and creative industries in the United States today. Not only are more than 1.4 million people in the United States actively involved as needleartists on the consumer side, more than 4,400 needlearts business owners support this art and industry.

This study explores the business and consumer world of active American needleartists. They are needleartists because the pursuit is relaxing, creative, fun, and productive.

### Needlearts Definition

This report uses needlearts terms favored by consumers to keep the focus on them; it groups certain needlearts together because their supplies tend to be sold in the same shop. For the purposes of this report, the "needlearts" consist of the following:

- Knitting and crochet
- Needlepoint
- Counted thread and embroidery

Even separating the needlearts into these three categories is somewhat artificial, because doing so overemphasizes the separateness of each art and excludes some other art forms that consumers would include in the needlearts. Consumers usually do at least two kinds of needleart, and sometimes all kinds. They also would include other arts in the needlearts, such as quilting, tatting, and punch needle.

The report won't use "yarn" to refer to knitting and crochet, since this term confuses what the consumer does with what the retailer sells as one product type. The report uses the term "counted thread" in the wholesale and retail segments, but it uses "cross-stitch" in the consumer segment to follow consumer usage.

### Active Needleartist

The needlearts market covered in this report is comprised of active needleartists. They do most of their shopping at independent needlearts shops, do a significant number of needlearts projects annually, and consider the needlearts an integral part of their lives. It does not include casual needleartists, a separate market segment not covered in this report.

Reports such as the 2002 Hobby Industry Association report, "Nationwide Craft & Hobby Consumer Usage and Purchases Study," cover the much broader \$29 billion national hobby and craft market, which includes both this report's active needleartists and many more casual needleartists.

### Market Geography: the United States

United States wholesalers and retailers do little business outside their home country - wholesalers noted that only 4% of their customers are outside the States. The manufacturing is international, though: wholesaler reports indicate that 78% of needlearts products (by dollar value) are manufactured outside the States. The needlearts business outside the States is quite large and worthy of a separate report, but it is not covered here.

### Active needleartists spent \$700 - \$1,300, on average in 2004, depending on the needlearts category

2004 spending	Knitters and crocheters	Needlepointers	Cross-stitchers	Embroiderers
Less than \$200	19%	7%	22%	19%
\$200 - \$400	28%	14%	33%	21%
\$401 - \$800	25%	21%	18%	30%
\$801 - \$1,200	15%	22%	15%	19%
\$1,201 - \$2,000	9%	16%	7%	8%
\$2,001 - \$4,000	4%	14%	3%	4%
More than \$4,000	0%	7%	2%	0%

### Most needleartists report spending more money

	Knitters and crocheters	Needlepointers	Cross-stitchers	Embroiderers
Will spend more in 2005	29%	21%	21%	15%
Will spend same in 2005 as 2004	55%	68%	67%	72%
Spent more in 2004 than 2005	15%	9%	10%	9%
Spent more in 2004 than 2003	53%	45%	46%	20%
Spent same in 2004 and 2003	36%	39%	37%	59%
Spent more in 2003 than 2004	11%	15%	15%	17%

### Needleartists who shopped at crafts and hobby chains spent about \$280 less

Needleartists who shopped at craft and hobby chains for more than one-quarter of their needlearts supplies reported they spent an average of about \$280 less per year on needlearts supplies than those who shopped at chains less than one-quarter of the time.

### Retailers

American independent needleart retailers had about \$780 million in gross sales in 2004, up from about \$560 million in 2000 representing a 39% growth. There were over 3,600 needlearts shops in early 2005, two-thirds of them knitting and crochet, one-quarter needlepoint, and one-eighth counted thread. Reported shop gross sales averaged about \$237,000 for a knit and crochet shop, \$221,000 for a needlepoint shop, and \$131,000 for a counted thread shop. Seventy percent of knit and crochet shops reported that their sales increased steadily from 2001 to 2004.

	Independent shops	*Others	Overall Total
Knitting and crochet	\$531 m.	\$228 m.	\$759 m.
Needlepoint	\$197 m.	\$35 m.	\$232 m.
Counted thread	\$56 m.	\$23 m.	\$79 m.
<b>Total</b>	<b>\$784 m.</b>	<b>\$286 m.</b>	<b>\$1,070 m.</b>

\*Others include guilds, shows, catalogs, craft and hobby chains, mass merchandisers, wholesalers

### Active Needleartists

Active U.S. needleartists spent an estimated \$1.07 billion in 2004, about 73% of that sum at independent needlearts shops (storefronts and online) and 13% at craft and hobby chain stores. They spent about \$760 million on knitting and crochet supplies, \$230 million on needlepoint, and \$80 million on counted thread and embroidery.

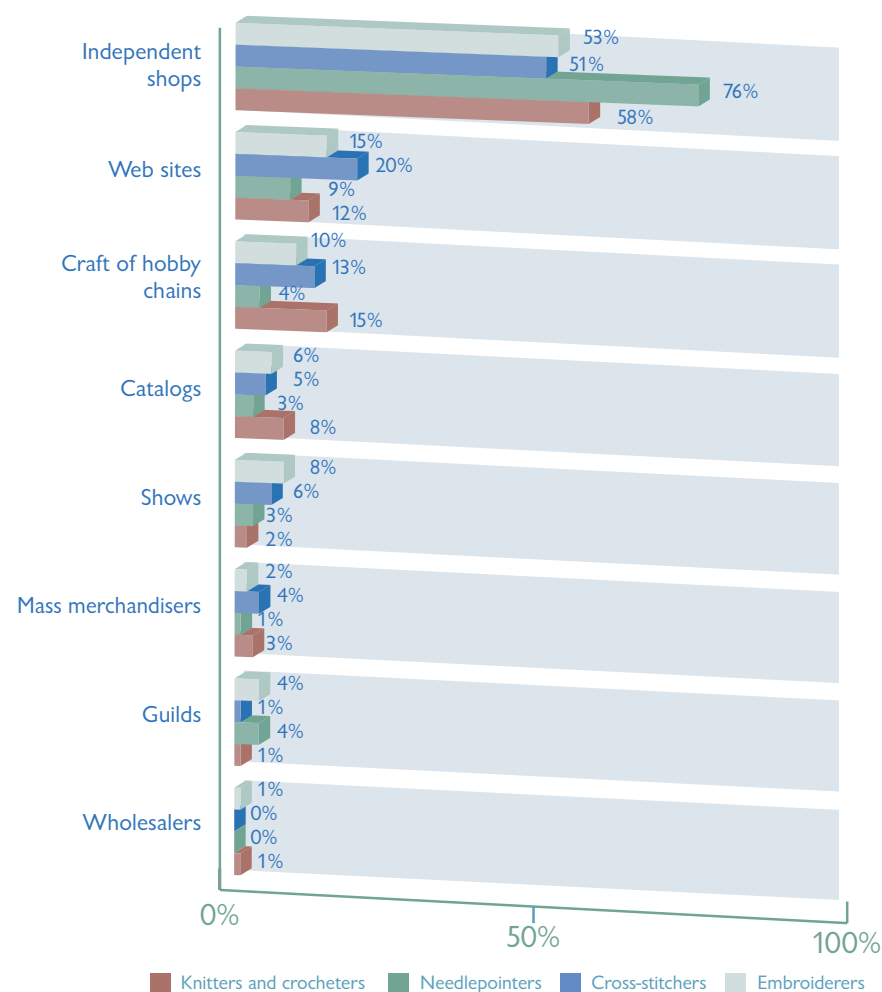
- 1,116,000 active knitters and crocheters
- 174,000 active needlepointers
- 116,000 active cross-stitchers and embroiderers

### 73% of active needleartists spending was at independent needlearts shops

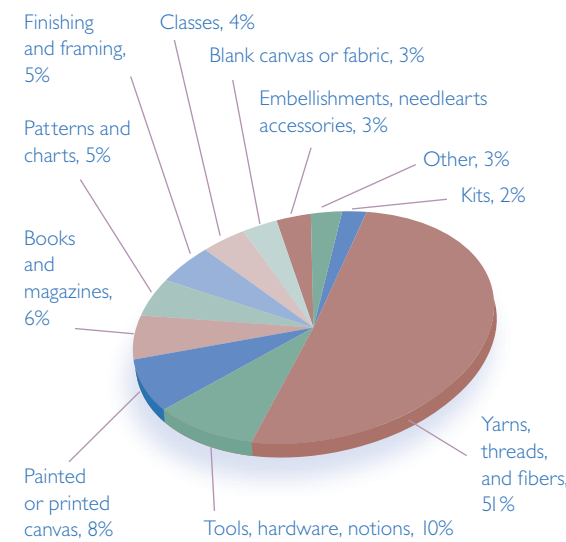
Independent needlearts shops	\$652 million
Web sites (independent shops)	\$128 million
Craft or hobby chains	\$139 million
Catalogs	\$64 million
Mass merchandisers	\$32 million
Shows	\$32 million
Wholesalers	\$11 million
Guilds	\$11 million
<b>Total</b>	<b>\$1.07 billion</b>

Active needleartists spent 73% of their needlearts dollars at independent needlearts shops, with 61% at independent shop storefronts and 12% at independent needlearts shop web sites.

### Percentage of each needleartist category's spending done at each store type



### Sales by Product Type



The types of product sold by needlearts shops vary substantially by category. Knitting and crochet shops' sales consist mostly of one category: 61% yarns, threads, and fibers. Needlepoint shops' sales consist of 33% painted or printed canvas, 26% yarns, threads, and fibers, and 16% finishing and framing. Counted thread shops' sales are more evenly spread across categories: 21% patterns and charts, 17% yarns, threads and fibers, 15% blank canvas or fabric, and 10% finishing and framing. (Detail by category is provided in full report.)

### Percentage of needlearts category retailers in each 2004 gross sales range

