Dear Housewares Executive,

The ***2009 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 (2008). The methodology used to project housewares sales incorporates these data and remains consistent with prior years' reports, with one exception, which became effective last year.

The data that IHA member companies contribute are now completely from 2008. 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 second consecutive year.

Please forward any comments or suggestions for improvement so we can continue to meet your information needs.

Sincerely,

Philip J. Brandl
President
International Housewares Association
6400 Shafer Court, Suite 650
Rosemont, IL 60018

phone: 847.292.4200
fax: 847.292.4211
email: pbrandl@housewares.org
website: **www.housewares.org**

Daniel J. Raftery
President
Raftery Resource Network, Inc.
800 N. Main Street
Antioch, IL 60002

phone: 847.838.1177
fax: 847.838.1188
email: Dan@RafteryNet.com
website: **www.RafteryNet.com**

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 and world wealth.

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 2007 and in which housewares categories. This section includes special analyses by retail channel and a channel focus report on Internet usage and retail.

U.S. Consumers

Consistent with prior reports, U.S. household expenditures are reported here.

IHA Membership Profile

This final section includes key statistics about IHA member companies.

EXECUTIVE SUMMARY AND FORECASTS

Key Findings

Global housewares market data show an overall decrease of .3%, driven in part by a decline in the U.S. dollar. In keeping with past reports, this *State-of-the-Industry Report* provides a projection of global sales using current U.S. dollar valuations. The global statistics used in these projections reveal only modest changes from 2007 around the globe. These basic economic variations are reflected in the housewares market projections.

In the U.S., average household housewares expenditures decreased 3.0% in 2008. Among the five major sets of categories where IHA member companies compete, three declined (furniture, appliances and miscellaneous household equipment) and two increased (housewares and personal care products) in 2008 versus 2007 in the data provided by the U.S. Bureau of Labor Statistics. The BLS housewares expenditures are combined with the data provided by IHA member companies to project the total market.

Over half (58%) of IHA member housewares companies produce all of their products off-shore. Another third (34%) make some products in the U.S. and some overseas. For these companies, 85% of their products are manufactured outside of the U.S..

Most IHA member companies (65%) export product to other countries. Canada, Western Europe, Mexico and Latin America are export destinations for at least half of these companies.

Discount stores and supercenters remained the sales leader in all housewares categories. For the second consecutive year, no other channel ranked number one in sales for any category. However, the overall share of housewares sales declined for discounters and supercenters as other channels picked up share, also for the second year in a row.

Virtual retailers distributed 13.0% of the housewares sales in 2008. This is down slightly from the channel's share in 2007. However, gains were posted by the Direct to Consumer channel (i.e., via manufacturer Web site).

The top three categories for 2008 were cook & bakeware (16.9%), kitchen tools & accessories (16.0%), and table top (9.3%). These categories led the charge in each of the top three channels, with one exception: the storage category was number three in Mass Merchants & Supercenters.

New category-level data from IHA member companies are released in 2009. The new data are aggregated at a more detailed level than the top line estimates developed for the SOI report, in order to support strategic planning between housewares suppliers and their retail partners. The first two categories for which IHA has developed retails sales estimates are as follows:

- Bakeware - $425.5 million U.S. retail sales
- Cutlery - $633.9 million U.S. retail sales

Data are confidently assembled by Riedel Marketing Group for IHA.