April 2020

Market Trends

Impact of COVID-19 on Arts & Crafts Retail
Key Takeaways

- There has been an increase in demand for a variety of arts-and-crafts activities since a greater number of people have entered self-isolation.

- People are searching for both activities to entertain children at home since schools closed as well as activities to occupy time and facilitate de-stressing.

- Movements shared on social media such as the paint a rainbow trend are likely to cause further demand on arts-and-craft items as well as prevalent articles online detailing adult crafting projects and ideas to entertain kids.

- Arts-and-crafts retailers are considered more of as an ‘essential’ during this time as they are able to facilitate enjoyment during times of self-isolation.

- While some retailers are reluctant to close stores due to their more ‘essential’ nature many retailers have closed stores in line with government advice and are seeing an uplift in online activity.
Impacts on Arts & Crafts

Increases in global sales have been seen in hobby sectors including musical instruments, crafts and toys.

Impact of coronavirus (COVID-19) on monthly retail sales development in the United States 2020, by retail sector

Growth of online toy sales during the coronavirus (COVID-19) outbreak in South Korea as of February 2020
Impacts on Arts & Crafts

Increased consumer demand for items ‘essential’ for being in self-isolation.

- There has been an increased consumer demand for items **essential to being self-isolated**, from home gym equipment to **hobby supplies**.

- There has been a large surge in demand for anything that revolves around **being at home and keeping yourself and children entertained** while schools are closed and people aren’t able to go outside.

- An increased number of news articles, blogs and YouTube videos are detailing **crafts and hobbies to carry out at home**, while people are social distancing, focusing on the positive impacts including **stress and anxiety reduction**.

- Sears is seeing an **increased interest in entertainment** to keep children busy.

- Within the US, interest for search terms including **crafts** and demand for stores such as **Jo-Ann** have been increasing since self-isolation measures were brought in mid-to-late March.
Impacts on Arts & Crafts

Large demand in a variety of arts-and-craft related items.

- New hobbies are being shared across social media including reading, baking, knitting and painting.

- Hundreds of school children are being encouraged to take up crafting activities since schools closed such as painting rainbows and placing them in windows to spread joy in difficult times.

- Movements such as painting rainbows is likely to cause a surge in demand for items eg. paints which is shown below spiking in interest in March.

- As well as children’s crafting activities there has been an increase in demand for adult crafts too such as knitting and crocheting.
Arts-and-crafts retailers are benefiting from people’s self-isolation hobbies.

- Overall arts-and-crafts retailers have seen good performance since the development of coronavirus due to many people seeking ways to keep occupied and de-stress in uncertain self-isolation.

- The Michaels Companies, North America’s largest provider of arts, crafts, DIY decorating and more has seen an increase in net income from $173.7M last year to $181.7M this year.

- The Michaels Companies does not anticipate material supply chain disruptions in the first quarter but sales of certain categories are slowing.
**Impacts on Arts & Crafts**

Many stores are fighting to stay open and resisting the transition to online.

- The move to close stores has been slower compared to other retailers who are clearly non-essential at this time. The arts-and-crafts retailers however remain in a grey area of retail and while are not essential to survival at home are key for providing respite during these times.

- Many arts-and-crafts retailers are exploiting the inconsistencies in the US unified strategy and defining of essential versus non-essential retail risking damaging their brand image amid profiteering accusations.

- Michaels CEO has stated that their stores will stay open deeming its employees an “essential workforce” that is “here for the makers” arguing that its stores are fundamental to serving communities who are looking to take their minds off a stressful reality.

- While this is the case, Michaels have seen a transition to e-commerce recently as more people enter self-isolation indicating that people are preferring to put their and store employees safety first.

- Other arts-and-crafts retailers such as Hobby Lobby have closed stores but are remaining open online to be fully committed to people’s crafting needs.
Impacts on Arts & Crafts

References


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