



Market Trends

Impact of COVID-19 on
Arts & Crafts Retail

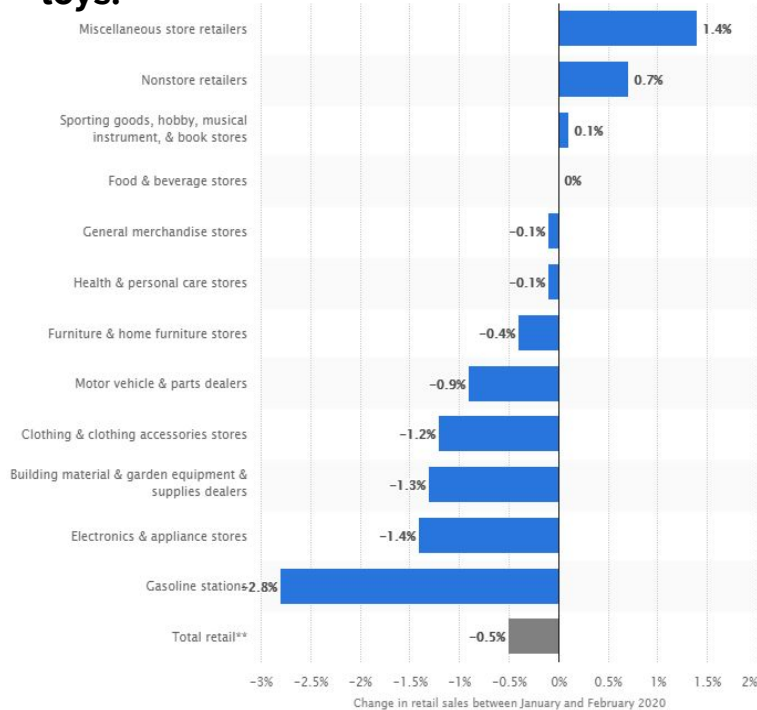
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Key Takeaways

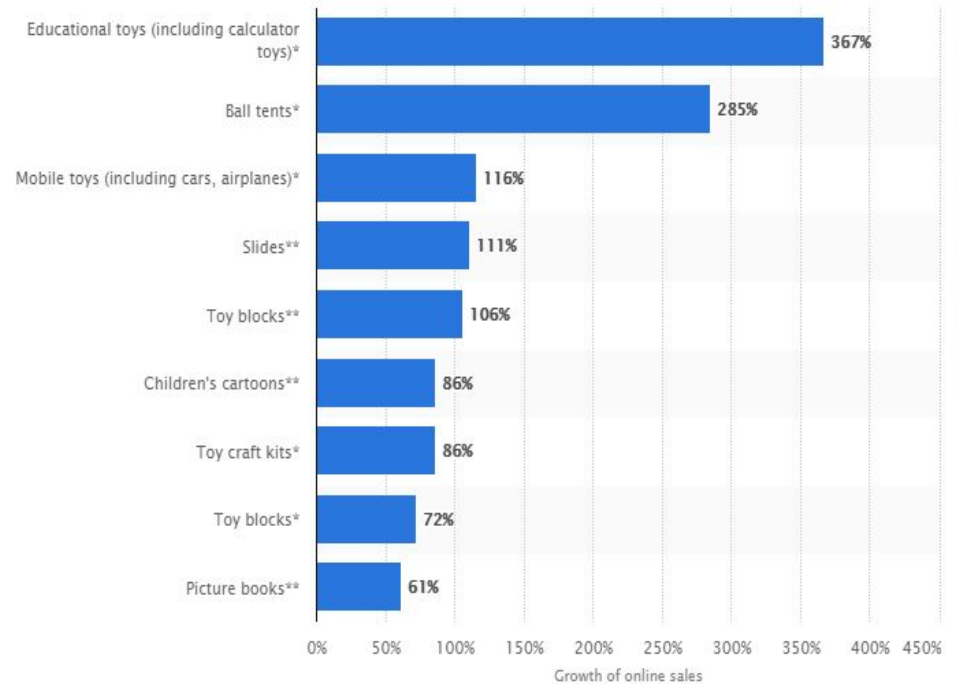
- There has been an **increase in demand** for a variety of arts-and-crafts activities since a greater number of people have entered **self-isolation**.
- People are searching for both activities to **entertain children at home** since schools closed as well as activities to **occupy time and facilitate 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.



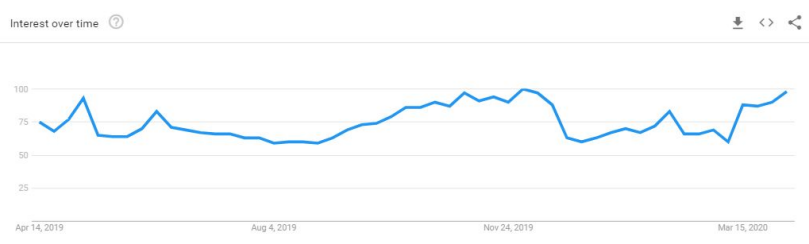
Impact of coronavirus (COVID-19) on monthly retail sales development in the United States 2020, by retail sector



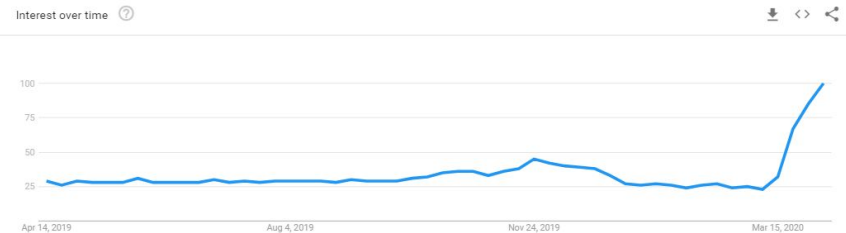
Growth of online toy sales during the coronavirus (COVID-19) outbreak in South Korea as of February 2020

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.



Interest in Crafts (US)



Interest in Jo-Ann Stores (US)

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**.

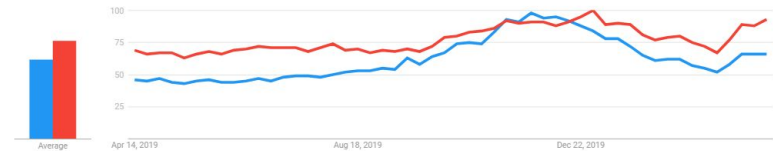


Interest over time ⓘ



Interest in Paint

Interest over time ⓘ

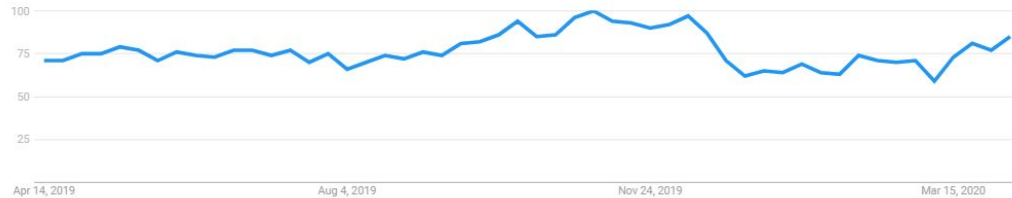


Interest in Knitting (blue) and Crochet (red)

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.

Interest over time ?



Interest in Arts and 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.

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