



SUMMER 2009

## GENERAL HOBBY DIVISION RESEARCH PROJECT

### *The Value of General Hobby Products in Retail Stores*

The General Hobby Division of the Hobby Manufacturers Association embarked on a research survey in March to assess the value proposition for increasing the sales of general hobby products in hobby retail stores. A wide array of products are available for dealers to carry in their shops and many of these “add-ons” have high value and margin returns to the store owners. General hobby products, as well, often lead customers to buy staple items in the radio control, model trains, and plastics/die cast categories.

The objectives of this research project were:

1. To develop statistics which show the value of carrying products in the “general hobby” category in retail stores.
2. To show ways to build and structure general hobby products in hobby stores.
3. To develop communications vehicles to update this information on a regular basis nationwide.

**RESEARCH PROCESS:** Manufacturer Members in the General Hobby Division of HMA, as well as some non-member exhibitors, were surveyed on the following product categories sold in retail stores:

- a. Tools
- b. Adhesives
- c. Paints/Brushes/Airbrushes
- d. Building Materials
- e. Art/Science/Craft Hobby Activity Kits
- f. Publications

Survey questions included were:

- a. What is the **estimated** annual sales value (at retail) that you believe your product can generate in a hobby store?
- b. What is the **estimated** amount of linear floor space that you would recommend be stocked in a general hobby product department in a retail store?
- c. What is the **estimated margin** (%) that you believe a retail store owner might generate from your product line?
- d. What is the **estimated** amount of product turns that you believe a retailer can expect when stocking your product skus?

### **Results of Survey**

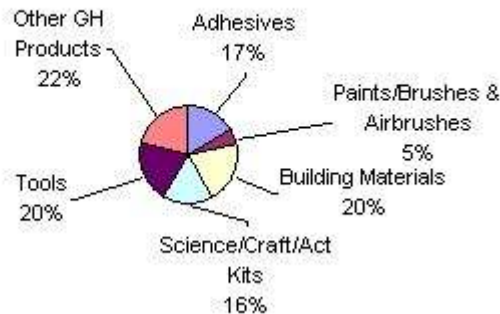
36% of the General Hobby Division Membership responded to the online survey (70 members total). The responding companies represented all of the product categories included in the survey.

## 1) Estimated annual sales by GH category

General hobby products represent approximately \$50,863 of the total annual sales in a typical hobby store. Building Materials and Hobby Tools represent 40% of general hobby products that retailers purchase annually while Adhesives and Activity kits (science/art/craft) are ranked second and third for general hobby products purchased by retailers.

Category	Annual Store Sales Volume	% of volume
Adhesives	\$ 8,750	17%
Paints/Brushes & Airbrushes	\$ 2,500	5%
Building Materials	\$ 10,000	20%
Science/Craft/Act Kits	\$ 8,125	16%
Tools	\$ 10,417	20%
Other GH Products	\$ 11,071	22%
	<b>\$ 50,863</b>	

Typical Sales Volume of GH products

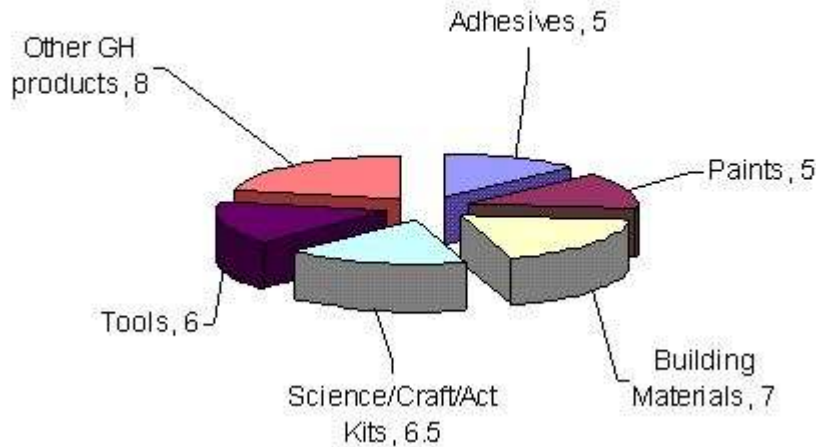


## 2) Space Requirements by category (in lineal feet)

General hobby products require on average 37.5 lineal feet in a typical hobby store. Many of the general hobby products sold today are blister paks and kits that can easily be displayed in conjunction with other mainline hobby products or with other general hobby accessory items. From a lineal foot perspective, General Hobby products supply \$1,150 of sales per lineal foot per year.

Category	Lineal Feet Required
Adhesives	5
Paints	5
Building Materials	7
Science/Craft/Act Kits	6.5
Tools	6
Other GH products	8
	<b>37.5</b>

## Space Requirements/Guidelines in lineal feet

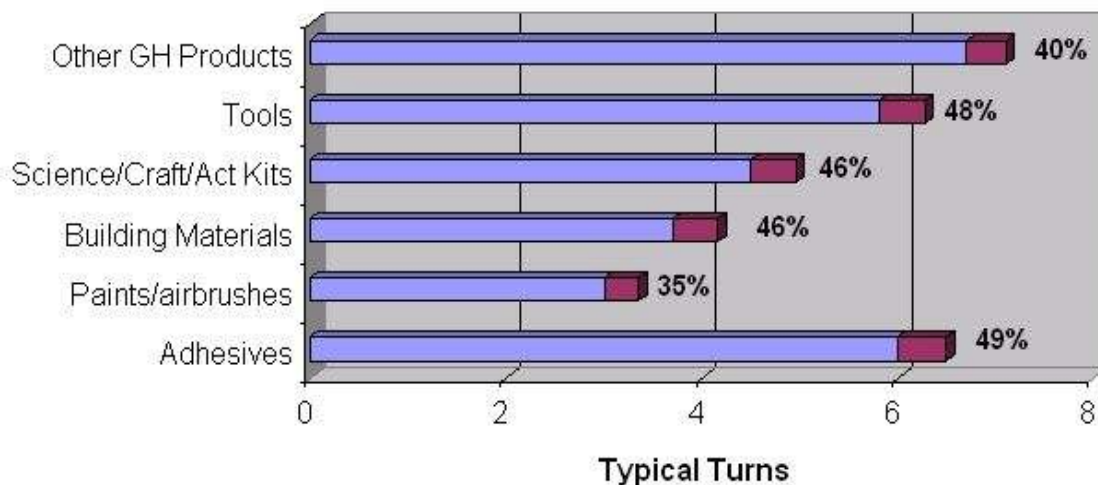


### 3) Typical Annual Turns & Margin Percentage

General Hobby products provide good margin value and tend to have a higher rate of turns annually than other hobby products. The average turn for all general hobby products is 6 x per year; however, adhesives and tools turn 7-8 x per year. Retailers can expect to make sales margins of over 45% on General Hobby products annually. General Hobby products generate \$4,791 per month and \$2,155 margin dollars per month.

Category	Annual Turn	Margin %
Adhesives	6	49%
Paints/airbrushes	3	35%
Building Materials	3.7	46%
Science/Craft/Act Kits	4.5	46%
Tools	5.8	48%
Other GH Products	6.7	40%

### Turns and Margins by Category



#### **4. Conclusion**

Hobby retailers need to add products from the General Hobby segment in order to provide a “one-stop shop” experience for all hobbyists – whether experienced or new consumers. Not only are general hobby accessory items, such as hobby tools, paints, adhesives, and rebuilding parts, important to the sale of the larger hobby products, but add-on products that augment the hobbyists’ experience as well as cause them to look for new activities, add greater margins to help boost the retailers bottom line.

**Note:** This report is presented by the *HMA General Hobby Division Council*. For additional information or to provide comments for future reports, please send to [info@hmahobby.org](mailto:info@hmahobby.org).