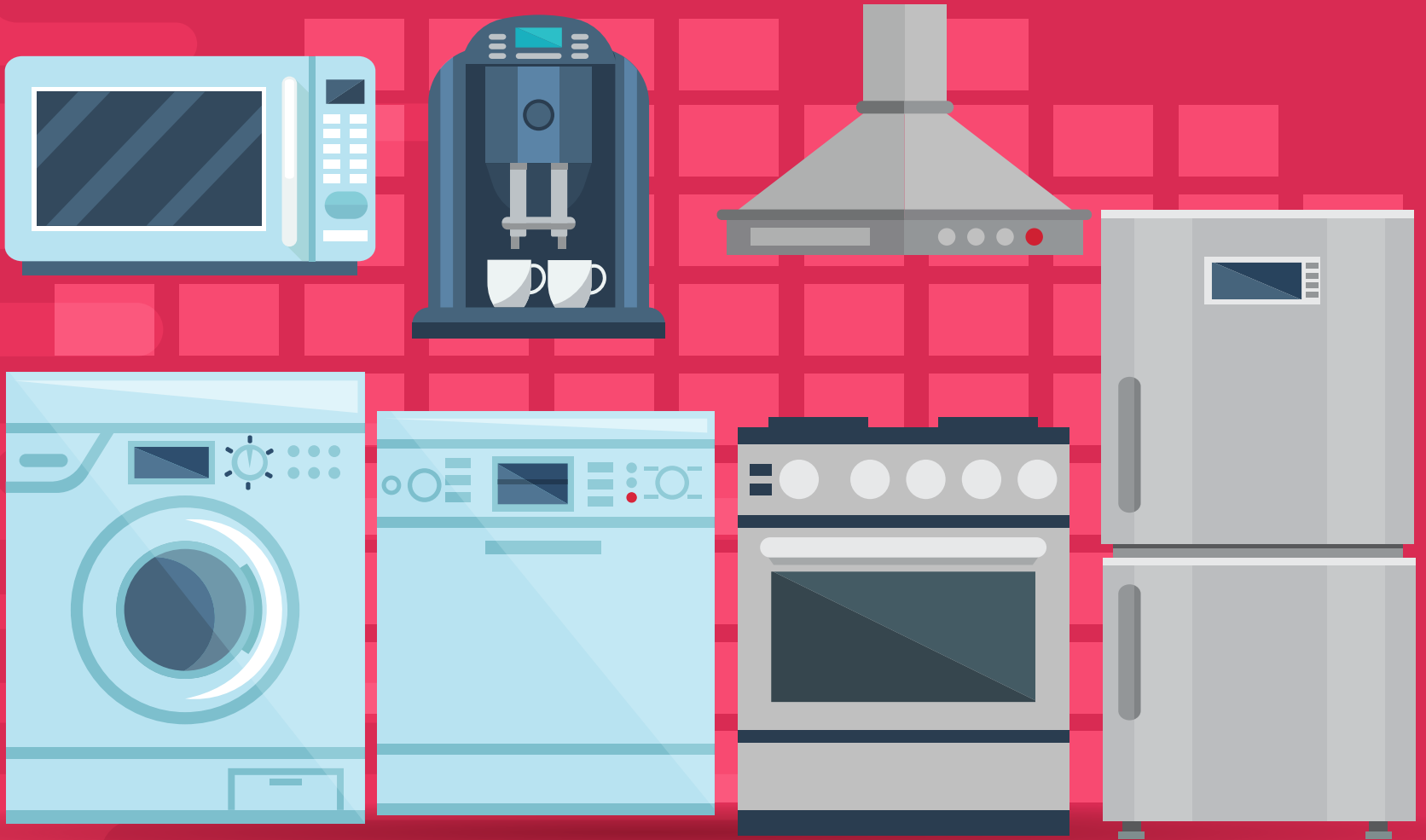


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2018 TOP 50 MAJOR APPLIANCE RETAILERS

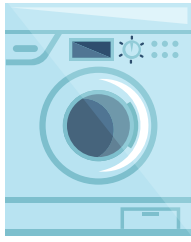
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TOP 50 MAJOR APPLIANCE RETAILERS

It Was A Wild, Wild World For Majap Dealers In 2017

Sales edged up 2.3%, but sinking ships weighed down the winners

By Alan Wolf

2017 was another dynamite year for the white-goods business, but you wouldn't know it looking at the TWICE Top 50 Major Appliance Retailers Report.

Despite stunning double-digit sales gains by dealers large and small, the cumulative sell-through of our Top 50 appliance retailers — which represent better than 90 percent of all U.S. majap sales at retail — was blunted by a bloodletting at three top 10 chains.

But first to the numbers: Total appliance sales for the country's 50 largest white-goods dealers rose a modest 2.3 percent last year, to a record \$28.7 billion. The results represent a retreat from the industry's more typical 4 percent increase, reported for 2016, and a rare recent instance where sales growth in majaps actually trailed that of consumer electronics (up 3.3 percent, according to TWICE's latest Top 100 CE Retailers Reports, released last month).

So what happened? In a word, Sears, the once unquestioned queen of appliances, whose well-documented challenges stymied the Top 50 sales totals. Reflective of its woes, sales of the company's core category fell 19 percent last year, to \$3 billion, as nearly 150 stores closed and over \$700 million in majap revenue was shed.

As a result, Sears dropped another peg in the rankings, to fourth place, allowing Best Buy to rise to No. 3. The process could accelerate even faster now that Sears chairman/CEO Eddie Lampert is actively working to acquire Kenmore, the company's private-label jewel in the crown.

Also tamping down Top 50 growth was Sears' Hometown and Outlet Stores spin-off (No. 5), the closest thing to a national appliance specialty chain, which saw its white-goods sales sink 15.5 percent last year, to \$1.3 billion.

Lowe's maintained its first-place ranking with a comfortable billion-dollar cushion between it and No. 2 The Home Depot.

Missing from the rankings but still making an impact is hhgregg, which shut its doors one year ago last week. Even in its death throes the chain accounted for nearly \$1 billion in appliance sales, placing it at No. 7 on last year's charts. But as we learned from the electrical fire that was Circuit City, when big ships



Costco leaped into the top 10 with a 28 percent sales surge, fueled by its first cogent appliance presentation in memory.

sink their treasure is never fully recovered, and some degree of gregg's retail market share is simply gone.

Other pain points included Sears' sister chain Kmart (No. 39), and Pirch, the high-flying luxury bath and appliance palace that fell from grace (and last year's 18th-place ranking) in a retrenchment that shuttered more than half its stores and landed it at No. 35.

But those were truly the exceptions in a year that otherwise rewarded merchants for their investment in the appliance business. With the economy growing, job market stabilizing, stock market soaring, housing market re-heating and Sears ceding share, most Top 50 players found themselves in the plus column last year, with some, like Costco (No. 9), downright on fire.

The leading warehouse club leaped into the top 10 with a 28 percent sales surge, to \$347 million, fueled by its first cogent appliance presentation in this member's memory: an array of compact branded displays for kitchen and laundry products by Whirlpool, Samsung, LG and GE.

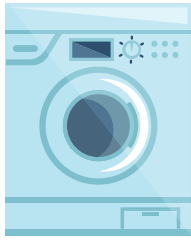
It was bested in sales growth only by the Army-Air Force Exchange (rebranded simply as Exchange),

which entered the Top 50 arena at No. 48 on a 29 percent revenue rush.

But sometimes a strong macroeconomic backdrop can be a mixed blessing. Mike Heintz, co-principal at University Electric Home Appliance Center in Santa Clara, Calif. (one up from Exchange at No. 49), reported that a blazing hot real estate market in the Bay Area bogged down deliveries as customers waited on backlogged contractors to remodel their kitchens. And a spate of bad weather aside, University was also impacted by "exploding" housing prices, which forced new homeowners to put appliances on the backburner.

Meanwhile, at the other end of the retail spectrum, Lowe's maintained its first-place ranking with a comfortable billion-dollar cushion between it and No. 2 The Home Depot, although the latter outpaced its rival in sales growth, 11 percent vs. 8 percent.

But here's the real kicker: Lowe's, Home Depot, Best Buy and the two Sears entities — the majap top five — together command nearly 76 percent of all Top 50 majap dollars, while the two home improvement chains alone accounted for nearly half (49.6 percent) of the home appliance pie.



TOP 50 MAJOR APPLIANCE RETAILERS

Rank	Previous Rank	Store Type	Retailer	2017 Total MA Sales (in millions)	2016 Total MA Sales (in millions)	Y/Y Growth	2017 Stores	2016 Stores
1	1	HIC	LOWE'S	\$7,716	\$7,144	8.0%↑	1,740	1,733
2	2	HIC	THE HOME DEPOT	\$6,503	\$5,876	10.7%↑	1,980	1,977
3	4	EA/N	BEST BUY	\$3,178	\$3,014	5.4%↑	1,293	1,335
4	3	MM	SEARS	\$3,044	\$3,757	-19.0%↓	547	695
5	5	AO/L	SEARS HOMETOWN STORE	\$1,271	\$1,504	-15.5%↓	921	1,020
6	6	MM	WALMART	\$991	\$1,006	-1.5%↓	4,761	4,672
7	8	EAF/N	P.C. RICHARD & SON	\$791	\$754	4.9%↑	66	66
8	9	EAF/N	NEBRASKA FURNITURE MART	\$422	\$380	11.0%↑	4	4
9	12	WC	COSTCO	\$347	\$271	28.0%↑	518	501
10	11	EA/M	ABT ELECTRONICS AND APPLIANCES	\$323	\$296	9.0%↑	1	1
11	10	EAF/N	CONN'S	\$317	\$336	-5.9%↓	116	113
12	13	EAF/N	BRANDSMART USA	\$262	\$237	10.4%↑	9	9
13	14	CD/I	AMAZON	\$250	\$228	10.0%↑	-	-

NR = Not ranked last year

(1) All sales information, except for that supplied by publicly held companies that break out line-of-business sales for major appliances, is based on TWICE estimates.

(2) Represents only stores carrying major appliances.

(3) Most store type codes were developed jointly by TWICE and the Consumer Technology Association.

AO/L = Appliance-only stores

CD/I = Consumer direct/Internet shopping

CD/MO = Consumer direct/Mail order

CD/TV = Consumer direct/TV shopping

EA/M = Electronics/Appliance stores/One-market

EA/N = Electronics/Appliance stores/Multiregional

EA/R = Electronics/Appliance stores/Regional

EAF/N = Electronics/Appliance/Furniture stores

HF = Home-furnishings stores

HIC = Home-improvement centers

MM = Mass merchants

WC = Warehouse clubs

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TOP 50 MAJOR APPLIANCE RETAILERS

Rank	Previous Rank	Store Type	Retailer	2017 Total MA Sales (in millions)	2016 Total MA Sales (in millions)	Y/Y Growth	2017 Stores	2016 Stores
14	15	HIC	MENARDS	\$238	\$225	6.0%↑	305	305
15	16	HIC	PACIFIC SALES KITCHEN & BATH CENTERS	\$222	\$202	10.0%↑	22	28
16	17	EAF/N	ABC WAREHOUSE	\$194	\$184	5.6%↑	44	44
17	19	HF	R.C. WILLEY HOME FURNISHINGS	\$190	\$174	8.9%↑	11	11
18	20	MM	TARGET	\$164	\$167	-2.0%↓	1,822	1,802
19	22	AO/L	ALBERT LEE APPLIANCE CO.	\$157	\$141	12.0%↑	5	5
20	21	AO/L	MONARK	\$150	\$140	7.1%↑	20	20
21	23	MM	J.C. PENNEY	\$148	\$125	18.4%↑	610	515
22	24	WC	SAM'S CLUB	\$114	\$117	-2.5%↓	589	660
23	25	AO/L	WARNERS' STELLIAN APPLIANCE	\$110	\$104	6.0%↑	9	9
24	26	HIC	FERGUSON	\$95	\$87	9.0%↑	275	270
25	31	EA/R	FAMOUS TATE	\$80	\$68	18.2%↑	11	10
26	30	AO/L	AIRPORT HOME APPLIANCE	\$78	\$70	11.0%↑	6	5

NR = Not ranked last year

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EA/R = Electronics/Appliance stores/Regional

EAF/N = Electronics/Appliance/Furniture stores

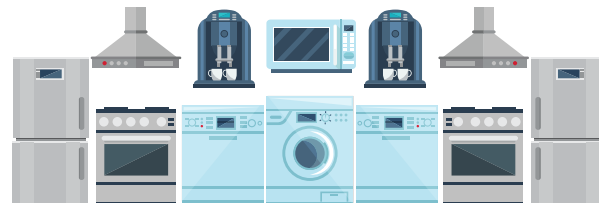
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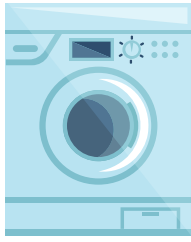


Rank	Previous Rank	Store Type	Retailer	2017 Total MA Sales (in millions)	2016 Total MA Sales (in millions)	Y/Y Growth	2017 Stores	2016 Stores
27	27	EA/R	HOWARD'S APPLIANCE	\$77	\$79	-2.5%↓	12	12
28	28	AO/L	APPLIANCE FACTORY OUTLET	\$77	\$76	1.5%↑	17	16
29	29	AO/L	BRAY & SCARFF	\$75	\$71	5.0%↑	13	13
30	32	EA/R	SPENCERS TV & APPLIANCE	\$69	\$68	1.5%↑	10	10
31	34	AO/L	HAHN APPLIANCE	\$68	\$67	2.0%↑	3	3
32	36	EA/R	KARL'S SALES & SERVICE	\$68	\$66	4.0%↑	4	4
33	33	AO/L	APPLIANCE DIRECT	\$67	\$68	-1.0%↓	9	9
34	38	EA/R	ORVILLE'S HOME APPLIANCES	\$66	\$63	6.0%↑	6	6
35	18	HIC	PIRCH	\$65	\$183	-64.4%↓	4	10
36	37	EA/N	FRY'S	\$64	\$64	1.0%↑	34	34
37	39	AO/L	APPLIANCESMART	\$61	\$66	-7.2%↓	16	18
38	40	AO/L	WAREHOUSE DISCOUNT CENTER	\$60	\$62	-2.4%↓	7	7

NR = Not ranked last year
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TOP 50 MAJOR APPLIANCE RETAILERS

Rank	Previous Rank	Store Type	Retailer	2017 Total MA Sales (in millions)	2016 Total MA Sales (in millions)	Y/Y Growth	2017 Stores	2016 Stores
39	35	MM	KMART	\$55	\$66	-17.0%↓	432	730
40	41	CD/I	AJ MADISON	\$53	\$50	7.0%↑	1	1
41	42	EA/M	COUNTY TV & APPLIANCE	\$49	\$45	8.2%↑	1	1
42	43	EA/R	JETSON TV & APPLIANCE CENTERS	\$46	\$43	7.0%↑	5	5
43	45	EA/R	QUEEN CITY AUDIO VIDEO & APPLIANCES	\$46	\$41	11.0%↑	6	5
44	44	HF	BADCOCK & MORE	\$43	\$42	3.0%↑	315	315
45	46	EA/R	GRAND APPLIANCE AND TV	\$41	\$38	7.5%↑	21	19
46	48	EA/R	KARL'S TV & APPLIANCE	\$37	\$37	2.0%↑	24	23
47	-	AO/L	TEXAS APPLIANCE AND BUILDERS' SUPPLY	\$37	\$36	2.8%↑	4	4
48	-	MS/PX	ARMY-AIR FORCE EXCHANGE	\$36	\$28	29.0%↑	122	122
49	50	AO/L	UNIVERSITY ELECTRIC	\$34	\$33	3.0%↑	1	1
50	49	EAF/N	COWBOY MALONEY'S	\$34	\$34	-0.7%↓	13	13
TOTALS				\$28,682	\$28,030	2.3%↑		

NR = Not ranked last year

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EAF/N = Electronics/Appliance/Furniture stores

HF = Home-furnishings stores

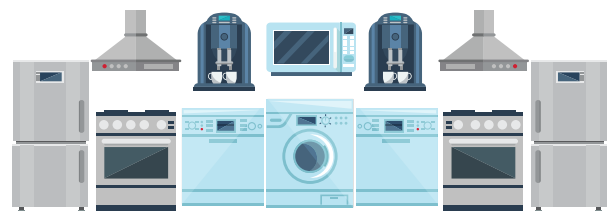
HIC = Home-improvement centers

MM = Mass merchants

WC = Warehouse clubs

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STORE CLASSIFICATION SALES



RANK	STORE TYPE	COMPANY NAME	MA 2017 (\$M)	MA 2016 (\$M)	% TOTAL MA 2017	% TOTAL MA 2016
Total Appliance-only stores			\$2,245	\$2,436	7.8%	8.7%
5	AO/L	Sears Hometown Store	\$1,271	\$1,504	4.4%	5.4%
19	AO/L	Albert Lee Appliance Co.	\$157	\$141	0.5%	0.5%
20	AO/L	Monark	\$150	\$140	0.5%	0.5%
23	AO/L	Warners' Stellan Appliance	\$110	\$104	0.4%	0.4%
26	AO/L	Airport Home Appliance	\$78	\$70	0.3%	0.2%
28	AO/L	Appliance Factory Outlet	\$77	\$76	0.3%	0.3%
29	AO/L	Bray & Scarff	\$75	\$71	0.3%	0.3%
31	AO/L	Hahn Appliance	\$68	\$67	0.2%	0.2%
33	AO/L	Appliance Direct	\$67	\$68	0.2%	0.2%
37	AO/L	ApplianceSmart	\$61	\$66	0.2%	0.2%
38	AO/L	Warehouse Discount Center	\$60	\$62	0.2%	0.2%
47	AO/L	Texas Appliance and Builders' Supply	\$37	\$36	0.1%	0.1%
49	AO/L	University Electric	\$34	\$33	0.1%	0.1%
Total Consumer Direct			\$304	\$278	1.1%	1.0%
13	CD/I	Amazon	\$250	\$228	0.9%	0.8%
40	CD/I	AJ Madison	\$53	\$50	0.2%	0.2%
Total Electronics/Appliance stores/One Market			\$372	\$341	1.3%	1.2%
10	EA/M	Abt Electronics and Appliances	\$323	\$296	1.1%	1.1%
41	EA/M	County TV & Appliance	\$49	\$45	0.2%	0.2%
Total Electronics/Appliance stores/ Multi-region			\$3,243	\$3,078	11.3%	11.0%
3	EA/N	Best Buy	\$3,178	\$3,014	11.1%	10.8%
36	EA/N	Fry's Electronics	\$64	\$64	0.2%	0.2%
Total Electronics/Appliance stores/Regional			\$531	\$502	1.9%	1.8%
25	EA/R	Famous Tate	\$80	\$68	0.3%	0.2%
27	EA/R	Howard's Appliance	\$77	\$79	0.3%	0.3%
30	EA/R	Spencers TV & Appliance	\$69	\$68	0.2%	0.2%
32	EA/R	Karl's Sales & Service	\$68	\$66	0.2%	0.2%
34	EA/R	Orville's Home Appliances	\$66	\$63	0.2%	0.2%
42	EA/R	Jetson TV & Appliance Centers	\$46	\$43	0.2%	0.2%
43	EA/R	Queen City Audio Video & Appliances	\$46	\$41	0.2%	0.1%
45	EA/R	Grand Appliance and TV	\$41	\$38	0.1%	0.1%
46	EA/R	Karl's TV & Appliance	\$37	\$37	0.1%	0.1%

RANK	STORE TYPE	COMPANY NAME	MA 2017 (\$M)	MA 2016 (\$M)	% TOTAL MA 2017	% TOTAL MA 2016
Total Electronics/Appliance/Furniture stores/Multi-Regional			\$2,019	\$1,925	7.0%	6.9%
7	EAF/N	P.C. Richard & Son	\$791	\$754	2.8%	2.7%
8	EAF/N	Nebraska Furniture Mart	\$422	\$380	1.5%	1.4%
11	EAF/N	Conn's	\$317	\$336	1.1%	1.2%
12	EAF/N	BrandsMart USA	\$262	\$237	0.9%	0.8%
16	EAF/N	ABC Warehouse	\$194	\$184	0.7%	0.7%
50	EAF/N	Cowboy Maloney's	\$34	\$34	0.1%	0.1%
Total Home Furnishing			\$232	\$216	0.8%	0.8%
17	HF	R.C. Willey Home Furnishings	\$190	\$174	0.7%	0.6%
44	HF	Badcock & More	\$43	\$42	0.1%	0.1%
Total Home-Improvement Centers			\$14,838	\$13,716	51.7%	48.9%
1	HIC	Lowe's	\$7,716	\$7,144	26.9%	25.5%
2	HIC	The Home Depot	\$6,503	\$5,876	22.7%	21.0%
14	HIC	Menard's	\$238	\$225	0.8%	0.8%
15	HIC	Pacific Sales Kitchen & Bath Centers	\$222	\$202	0.8%	0.7%
24	HIC	Ferguson	\$95	\$87	0.3%	0.3%
35	HIC	Pirch	\$65	\$183	0.2%	0.7%
Total Mass Merchants			\$4,401	\$5,121	15.3%	18.3%
4	MM	Sears	\$3,044	\$3,757	10.6%	13.4%
6	MM	Walmart	\$991	\$1,006	3.5%	3.6%
18	MM	Target	\$164	\$167	0.6%	0.6%
21	MM	J.C. Penney	\$148	\$125	0.5%	0.4%
39	MM	Kmart	\$55	\$66	0.2%	0.2%
Total Miscellaneous			\$36	\$28	0.1%	0.1%
48	MS/PX	Army-Air Force Exchange	\$36	\$28	0.1%	0.1%
Total Warehouse Clubs			\$461	\$388	1.6%	1.4%
9	WC	Costco	\$347	\$271	1.2%	1.0%
22	WC	Sam's Club	\$114	\$117	0.4%	0.4%
Totals			\$28,682	\$28,030	100.0%	100.0%

MAJOR CHANNELS

STORE TYPE	MA 2017 (\$M)	MA 2016 (\$M)	% TOTAL MA 2017	% TOTAL MA 2016
Total Home-Improvement Centers	14,838	13,716	51.7%	48.9%
Total Electronics/Appliance stores	6,164	5,847	21.5%	20.9%
Total Mass Merchants	4,401	5,121	15.3%	18.3%
Total Appliance-only stores	2,245	2,436	7.8%	8.7%
Total Warehouse Clubs	461	388	1.6%	1.4%
Total - All Others	340	305	1.2%	1.1%
Total Home Furnishing	232	216	0.8%	0.8%
Totals	28,682	28,030	100.0%	100.0%

SALES BY RANK

RANGE FOR THE TOP 50	MA 2017 (\$M)	MA 2016 (\$M)	% TOTAL MA 2017	% TOTAL MA 2016
1 to 5	21,712	21,297	75.7%	76.0%
6 to 10	2,873	2,707	10.0%	9.7%
11 to 25	2,691	2,533	9.4%	9.0%
26 to 50	1,406	1,492	4.9%	5.3%
Registry Totals	28,682	28,030	100.0%	100.0%



TOP 50 MAJOR APPLIANCE RETAILERS

Recipe For Success

How ADC is taking on the big boys in appliances

By Alan Wolf

Hard to believe, but consolidation is even more acute in appliance retailing than it is in electronics.

With nearly 50 percent of majap sales now controlled by the two big home improvement chains, what's an independent dealer to do?

The short answer: Join a buying group. These retail confederations pool resources, buying power and best practices to level the playing field, and few do it better on a regional level than the Appliance Dealers Cooperative (ADC).

A chapter of the \$1.5 billion NECO Alliance co-op that spans the Northeast, ADC, led by NECO co-founder Mike Napoletano, was a progenitor of the own-your-own warehousing strategy that allows its members to compete.

Founded in 1972, ADC now owns and operates three appliance warehouses, located at the group's headquarters in Monroe Township, N.J., and in Pittsburgh and Harrisburg, Pa. Together they provide the chapter's nearly 200 members with some 700,000 units a year, with its fleet of 31 ADC-owned trailers making some 44,000 deliveries across 10 states, many of them by the next day.

The warehouses allow the chapters to buy and stock container-size shipments direct from manufacturers at competitive prices. At the same time, having the products on hand allows dealers to pull small lots as needed, relieving them of inventory overhead, and enables the group to respond immediately to marketplace events, such as price actions by big-box chains, Napoletano told TWICE.

While ADC is a clearly a buying group in the literal sense of the word, "We've become so much more than that," he said, by providing services like floor planning, exclusive promotions, instant rebate tracking and even bookkeeping.

"We address all the problems that the independent faces," Napoletano said, "either because they can't or won't."

The latest arrow in ADC's quiver is a rather large one — a proprietary end-to-end digital platform, developed for the chapter by Sewell, N.J.-based HomeSource Systems, which provides automated inventory and supply chain management; an advanced e- and m-commerce platform for dealers replete with search engine optimization and social media campaigns; and comprehensive product specs, promotional vendor videos, competitive pricing, real-time inventory status and click-and-order functionality.

ADC's other not-so-secret weapon is executive director Ken Miele, who joined the group eight years ago from the apparel industry. Miele brought with him a business discipline and logistical prowess that has helped the ADC nearly double its volume to \$500 million annually in six years, as it wins back market share from big-box competitors.

Looking ahead, ADC — which maintains ties with the Big Two of buying groups, Nationwide and AVB — plans to add more warehousing, expand into furniture and bedding, and extend its reach into new territories both west and south, in the quest to control its own destiny.

"We have to do everything we can to compete and be profitable," Napoletano said.



From left, HomeSource CEO Jim White, ADC president Mike Napoletano and executive director Ken Miele tout their new one-stop digital platform for dealers.

SALES BY STORE TYPE

Store Type	MA 2017 (\$M)	MA 2016 (\$M)	% Total MA 2017	% Total MA 2016
Totals	28,682	28,030	100.0%	100.0%
Total Home Improvement Centers	14,838	13,716	51.7%	48.9%
Total Mass Merchants	4,401	5,121	15.3%	18.3%
Total Electronics/Appliance/Furniture stores/Multi-Regional	2,019	1,925	7.0%	6.9%
Total Electronics/Appliance stores/Multi-region	3,243	3,078	11.3%	11.0%
Total Appliance-only stores	2,245	2,436	7.8%	8.7%
Total Electronics/Appliance stores/Regional	531	502	1.9%	1.8%
Total Warehouse Clubs	461	388	1.6%	1.4%
Total Electronics/Appliance stores/One Market	372	341	1.3%	1.2%
Total Consumer Direct	304	278	1.1%	1.0%
Total Home Furnishing	232	216	0.8%	0.8%
Total Miscellaneous	36	28	0.1%	0.1%
Total Electronics/Appliance Stores	6,164	5,847	21.5%	20.9%
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Total Electronics/Appliance stores/Regional	531	502	1.9%	1.8%
Total Electronics/Appliance stores/One Market	372	341	1.3%	1.2%
Total All Others	340	305	1.2%	1.1%
Total Consumer Direct	304	278	1.1%	1.0%
Total Miscellaneous	36	28	0.1%	0.1%

Methodology



The TWICE Top 50 Major Appliance Retailers Report ranks the leading domestic white-goods dealers by consumer sales of major appliances for the 2017 calendar year.

Sales figures are based on information that was supplied by retailers responding to a survey by TWICE and its research partner Senex, a global industry research firm.

Absent retailers' input, estimates were developed using economic models related to household demand for major appliances on a local market level, including housing market data, average retail price points by product and other sources, plus industry sizing based on wholesale shipment figures from the Association of Home Appliance Manufacturers (AHAM).

All estimates were further refined and submissions vetted using public filings with the U.S. Securities and Exchange Commission (SEC), TWICE industry analyses, financial analysts' reports, published data and other sources.

Sales figures for 2017 were then compared to 2016 sales tallies and adjusted if necessary to more closely track industrywide revenue growth.

Major appliance retailers must meet the following criteria to be considered for inclusion in the TWICE Top 50 Major Appliance Retailers Report:

- sell new products directly to consumers
- have brick-and-mortar retail stores or a significant online presence;
- sell major appliances as one of their principal lines of business;
- do not sell solely to the builder channel or to multi-family dwellings; and
- sell at least one of the following major appliance categories as defined by AHAM: washers, dryers, refrigerators, freezers, dishwashers, ranges, cooktops, wall ovens, microwave ovens, room air conditioners and dehumidifiers.

Sales are considered to be the revenue received for merchandise only, and which is sold solely through the retail channel.

Senex, headquartered in Louisville, Ky., is an industry research and analysis firm providing greater clarity into markets and opportunities for entities involved in product development, mergers and acquisitions, retailing and product design.

Founded in 2016, principals at Senex have been creating the TWICE retail rankings since 2006. Their proprietary methodology and refined baseline render sales comparisons with reports issued prior to 2006 imprecise.

The Gift That Keeps On Bleeding

What's been the biggest boon to appliance retailers this past year?



Market Insight

By Bob Tancula, Senex

You're probably thinking income growth, job gains, tax cuts, or promotion and pricing. Well, those are probably contributing factors to another good year for appliance retail sales. But where did \$1.9 billion worth of business come from? It didn't come from any of those.

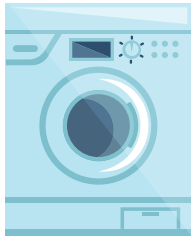
If you guessed the Sears business, plus the exit of hhgregg, you're correct. Sears and hhgregg provided retailers with a huge slice of the 2017 market to gobble up. Between 2016 and 2017, Sears, and its prodigal child Sears Hometown Stores, have given up close to \$1 billion in appliance sales. Add in another \$950 million from gregg and you get a sense of the size of the opportunity for remaining retailers.

Where did that \$1.9 billion of appliances go in 2017? If you guessed the Big Three of Lowe's, The Home Depot and Best Buy, you'd be partially correct. Estimates indicate that more than half of that \$1.9 billion went to the majap troika, with the remainder picked up by local and regional retailers. And yes, location matters, and not all Sears and gregg business was absorbed, due to many factors (although clearly Sears is not making any changes that would help them keep their fair share).

In fact, market share estimates of the combined Sears businesses show them to be below 20 percent on a dollar basis. For a retailer that pretty much owned the appliance retail market a few years ago with a close to 40 percent market share, that's sad.

Sears has been driving appliance retailers to greater growth than consumers and manufacturers could on their own. There's close to another \$4 billion left to pick up and no signs of a tourniquet for the bleeding, which means the company will continue to be classified under the adage of "The gift that keeps on giving."

Bob Tancula is a principal of Senex, a Louisville, Ky.-based industry research and analysis firm founded in 2016 to provide greater clarity into markets, and opportunities for entities involved in product development, mergers and acquisitions, retailing, and product design. Tancula has helped compile the TWICE retail rankings since 2006.



TOP 50 MAJOR APPLIANCE RETAILERS

In Appliances, Smartest Is Not Always Smart *Why 'sensible tech' keeps Kenmore in the game*

Things move fast these days. Sometimes even too fast for an emailed article to keep up.

Wouldn't you know it, the week after Kleber & Associates posted an article applauding Sears for being good stewards of the Kenmore brand, it's revealed that it's trying to sell it off.

Oops.

In our defense, it appears that Sears CEO Eddie Lampert is attempting to direct the sale to his own hedge fund, and we're calling shenanigans. Lampert claimed he's insisted that the retailer is on the path back to solvency and even profitability, but between Craftsman and now Kenmore, it's selling all the best parts.

Aside from the part about Sears keeping and supporting the Kenmore brand, we stand behind our article. The Kenmore brand stands as a pillar of sensible innovation and good design, perfect for the mid-range consumer who wants good, smart products, but doesn't want to go overboard.

We doubt that Lampert believes his own words when he says Sears is on the path back to profitability. From a retailing standpoint, the company is so far behind the likes of Amazon, Walmart and even Target, the situation is hopeless. Even if it was to somehow stabilize their finances, it would take a monumental injection of cash and talent to match the infrastructure Amazon has.

But Lampert's no dummy. He knows that the Kenmore brand is strong, and as long as it's jettisoning its best assets, he may as well keep one of them for himself and reap the rewards.

And there's another reason the Kenmore brand will continue to have value: technology fatigue.

In the last few years, leading appliance manufacturers have gone all-in on smart appliances. Perhaps seeing the success of products like Nest, Kwikset's Kevo and Ring, they're convinced that the future of appliances lies in the Internet of Things (IoT).

So they've unveiled appliances that are super smart. They keep track of your food, your grocery lists, and your family members. They tell you how to cook, they know how much laundry detergent you need, and they perform all kinds of functions automatically.

These smart appliances are removing all of the mundane, repetitive tasks from household living. But are consumers adopting them?

New research says no, not really.



Market
Insight

By Steve Kleber,
Kleber &
Associates

According to the research, smart appliances make up a tiny 7 percent of the overall appliance market. Given the ubiquity of technology these days, with IoT everything, that's a surprising figure.

But perhaps not. Smart technology takes the basic function of certain products to the next level of convenience. Locks and thermostats come to mind as natural fits for "smartness."

But with appliances, the technology feels bolted on, at best indirectly related to the core functions. Smart refrigerators and ovens are nice, but in the end do they cool and cook food any better?

In some cases consumers might be getting a little tired of technology. Brands are continually trying to one-up each other in search of the next must-have gizmo. As all of the good uses of technology are identified, it becomes increasingly likely that new ideas are met with eye rolls instead of excitement.

That seems to be the case in appliances, and consumers aren't yet convinced enough to look past the higher price tags for whiz-bang features. That's what makes Kenmore so intriguing. It doesn't seem to be overdoing the technology.

It's not that Kenmore is completely devoid of technology. It's just being sensible about it. Kenmore's innovations seem to be more, shall we say, useful and mainstream; they won't turn your home into a model of the future, but they will do what they're supposed to do. Dishwashers that clean every corner of your dishes. Washing machines that offer predic-

tive maintenance alerts. Refrigerators that can be controlled with your phone.

That may be by design, or more likely due to diminishing resources for their R&D department. Whatever it is, it's positioning the brand as an alternative to over-the-top gadgets.

Don't get us wrong. We love cool innovations as much as anyone. And it's clear that the Samsungs and LGs of the world are gaining the attention of

Not everyone wants the coolest new refrigerator. What people want more than anything is reliability.

homeowners with their leading-edge products.

But not everyone wants the coolest new refrigerator. What people want more than anything when buying an appliance is reliability — especially people in Middle America. Major appliances are a big expense, and there are countless horror stories about appliances quitting two days after their warranty expires.

And for as long as it's existed, the Kenmore brand has stood for good quality products at a reasonable price. It wasn't the sexiest brand ever, but like Sears and Craftsman, it was known to be solid, reliable and safe.

(Now just watch: With our recent track record of proclamations, Kenmore will next week announce an amazing new feature that senses how hungry you are or pre-chews your food.)

Steve Kleber is president of Kleber & Associates, an integrated marketing communications agency that has been building better brands that build better living spaces since 1987. He is president of the National Remodeling Foundation, serves on the board of trustees for The Home Projects Council, and was the immediate past president of the National Kitchen & Bath Association's Center for Kitchen and Bath Education and Research.

