



Australian Government
Australian Trade Commission

Giftware to the United Kingdom.

Trends and opportunities

The market

The giftware sector is still experiencing sales growth in certain sectors, despite the economic global downturn, as the positive UK retail sector has shielded the economy to some degree. Lower interest rates in the UK and increased purchases on credit have been a major contributing factor.

The giftware industry reports that although overall sales are growing, this is not uniform across the industry. At the lower priced end of the market, principally the cheaper jewellery and giftware sector, spending is slightly down compared with 12 months ago. In contrast to this, **the higher end of the market is experiencing strong growth, especially in homewares**, with figures up by over 11 per cent.

Customers are prepared to pay for quality and good design, and there is increasingly strong demand for designer goods for the home. People are spending more on Christmas and birthday presents, and the 'average' British wedding now costs around \$37,000.

The interest at the higher end of the gift and homewares sector can in part be attributed to the popularity of home, garden and DIY shows on British television, which has stimulated demand.

The UK **gift sector** is estimated to be worth over \$21 billion. It comprises of:

- ≠ homewares (not including home textiles)/ceramics – 32 per cent
- ≠ jewellery/silverware – 30 per cent
- ≠ toys and games – 28 per cent
- ≠ cards/wrapping – 8 per cent
- ≠ small leather goods – 1 per cent

(Sources: Gift Trade Federation and [Department of Trade and Industry](#))

Homewares and ceramics include tableware/decorative ceramics and glassware, gifts for the home (eg. cushions, pictures, frames, decorative boxes) and gardening gifts (eg. sundials, wind chimes).

Jewellery

The jewellery sector includes precious, semi-precious and costume pieces. The sector is growing at an average rate of four per cent. This is a response to rising incomes and greater interest in luxury goods. High carat gold (14ct +), diamond and platinum jewellery are all selling well. However, competition is fierce and there is distinct polarisation between the sale of heavily branded, higher priced global names and non-branded goods at the middle-lower end of the market.

Jewellery retail has seen a shift of share from department stores to specialist shops, which now account for 60 per cent of sales. Other channels have experienced significant growth including direct selling and mail order. The [QVC](#) TV shopping channel has increased its market share to almost 20 per cent. Leading retailers in this sector include: [Signet](#), [Goldsmiths](#) and [Mappin & Webb](#).

Watch sales have been increasing due to growing brand awareness, the propensity for watches for specific uses and the introduction of seasonal collections.

Silverware

Silverware includes cutlery and silver gifts other than jewellery. The sector has benefited from renewed interest in luxury goods. The relatively low price of raw silver has contributed to manufacturer's lower overheads.

Toys

Sales of toys have been dominated by film merchandise and computer games, but there is still a market for educational

and traditional toys and games. UK toy manufacturers have suffered from the strong exchange rate, and some have set-up overseas manufacturing bases in order to compete. Many retailers now source directly from overseas contract manufacturers to trim costs. Import sources include China and Indonesia. Leading retailers include: [Hamleys](#), [Early Learning Centre](#) and [Harrods](#).

Leather goods

The small leather goods sector includes wallets, purses, organisers, desk sets and mobile phone cases. The increased ownership of mobile phones and computers has resulted in new niches for portable leather accessories. Most products of this type are sold through department stores such as [House of Fraser](#) or brand outlets such as [Mulberry](#).

Greeting cards and gift wrapping

The greeting cards sector is highly competitive, but industry sources expect it to continue to diversify away from the traditional card-giving times of Christmas, Valentine's Day, Mothers' Day, weddings and birthdays. E-cards have not had a significant impact on traditional greetings cards sales, but have perhaps encouraged informal card sending.

The higher end of the gift wrap sector is design-led and heavily influenced by fashion trends. Leading retailers include: [Paperchase](#) – specialist stationery, [WH Smith](#) – books and stationery and [John Lewis](#) – department store.

Opportunities

There are niche opportunities for giftware suppliers offering unique, high quality design-led products with strong points of difference. The industry is highly dependent upon a strong economy and consumer confidence.

Growth areas include:

- ≠ Lifestyle gifts for the home and garden
- ≠ Unusual, design-led jewellery
- ≠ Toys and games, particularly those with an educational focus
- ≠ Baby and children's products
- ≠ Innovative cosmetics and toiletries

Competitive environment

The homewares and ceramics sector is extremely competitive. To remain competitive, leading manufacturers and retailers have cut margins to reduce prices, particularly in the tableware segment. Leading retailers include specialist and department stores: [Habitat](#), [Conran](#), [Heals & Co](#), [Debenhams](#) and [Liberty's](#).

More information

For further information please contact Austrade on 13 28 78 or email info@austrade.gov.au

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