



Gift Stores

continue to lead distribution in 2018

Gift specialty stores top the list of distribution channels as per the Gifts and Decorative Accessories' annual Trends and Forecasts Survey (USA). All gift vendors who responded to this year's survey reported that they sell through gift stores and 65 percent identify the channel as the fastest-growing for 2018. Direct-to-consumer is predicted to be the fastest growing channel in 2018 by 62 percent of vendors, and 35 percent of vendors believe home accessories stores will also be among the fastest growing channels next year. The percentage of vendors who say that the discount department store channel will grow in the next year nearly doubled from 18 percent last year to 35 percent this year. Florists or garden centers bought from 10 percent more vendors in 2017 than in 2016, moving it from fourth to third in the list of channels that vendors sell

through. While still the least popular channel, discount department stores experienced similar growth, from 21 percent to 31 percent. Despite being predicted by 48 percent of vendors last year to be a fast-growing channel, 11 percent less vendors sold through direct-to-consumer stores in 2017 than 2016.

Products and Domestic Manufacturing

Holiday and tabletop are the most popular products manufactured by gift vendors. Tabletop was previously the third most manufactured product in 2016, but grew 7 percent to take second place in 2017. Home accent pieces experienced a 10 percent decline from 2016 to 2017, dropping from second place to a tie for third place with bath and body and stationery.

Fastest-Growing Channels for 2018

% of responding vendors predicting as the fastest-growing

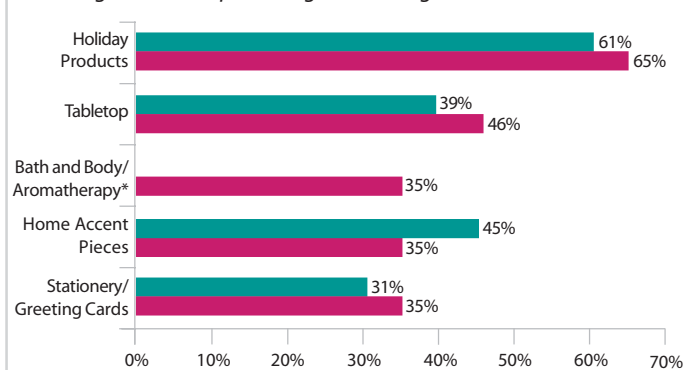
	2018	2019
Gift specialty store	65%	73%
Direct-to-consumer	62%	48%
Home accessories store	35%	36%
Discount department store	35%	18%
Department store	23%	18%
Florist/garden center/nursery	15%	22%
Museum, "attraction" or souvenir store	12%	19%
Stationery/card store	12%	14%
Bookstore	12%	8%
Craft/hobby/toy store	12%	8%

Largely, vendors believe that price points for most product categories will stay the same; however, 56 percent of vendors predict that the price of home accent pieces will rise in 2018. Conversely, half of the vendors said that prices for novelty products will decrease next year. Over 60 percent of vendors plan to introduce around the same amount of new lines in 2018 as they did this year. Thirty-five percent plan to introduce more lines next year than they did in 2017. The median number of lines that manufacturers expect to introduce in 2018 is four, double the median of two lines that vendors planned to introduce in 2017.

For the majority (65 percent) of vendors, licensed products make up less than 10 percent of their total product line-up. For 8 percent of vendors, licensed products make up between 10 percent and 15 percent of merchandise. Just 12 percent of vendors have merchandise comprised of 30 percent or more licensed products. Despite the fact that licensed merchandise is not a large product category for vendors, 17 percent say that

Top Products Manufactured

Percentage of vendors producing/distributing



Distribution Channels in 2017

Percentage of responding vendors that sell through

	2017	2016
Gift specialty store	100%	91%
Home accessories store	73%	68%
Florist/garden center/nursery	65%	55%
Museum, "attraction" or souvenir store	62%	66%
Direct-to-consumer	54%	65%
Stationery/card store	50%	56%
Bookstore	46%	53%
Craft/hobby/toy store	42%	38%
Department store	39%	38%
Discount department store	31%	21%

Price Point Changes in 2018

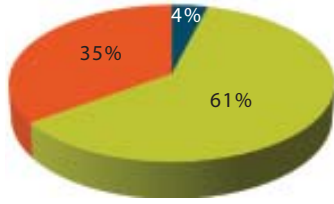
	Decrease	Stay same	Increase
Home accent pieces	0%	44%	56%
Collectibles	0%	63%	37%
Gourmet	0%	75%	25%
Holiday products	0%	76%	24%
Bath and body/aromatherapy	0%	78%	22%
Garden décor	0%	80%	20%
Candles/accessories	20%	60%	20%
Novelty	50%	33%	17%
Kids	12%	75%	13%
Stationery/greeting cards	11%	78%	11%
Tabletop	8%	84%	8%
Baby/infant	0%	100%	0%
Frames/desk accessories	0%	100%	0%

sports licensed products will be very important in 2018. That's six more percent than the amount of vendors who identified it as very important for 2017. Artist and illustrator licensed products have declined in importance to vendors from 17 percent to 13 percent. Fashion-designers licensed merchandise experienced the largest decline, from 14 percent last year to 8 percent this year. Less than half of vendors, 42 percent, currently manufacture domestically and only 7 percent of vendors who do not plan to start in the next year. An additional 7 percent have plans to begin manufacturing in America in 2019.

New Lines to Introduce in 2018

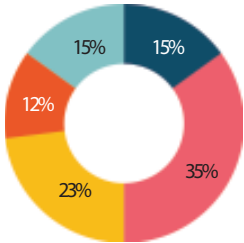
Percentage of vendors responding

- Fewer than in 2016
- About the same as 2016
- More than in 2016



4: Median number of new lines vendors plan to introduce in 2018.

Reduction in Existing Product When New Lines Are Introduced

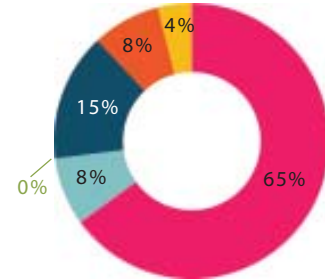


- Not at all
- Less than 10%
- 10%-14.9%
- 15%-19.9%
- 20% or more

Source: PBM Strategic Insights, 2017 Gifts and Decorative Accessories study

Licensed Product

Percentage of total product line-up that is licensed

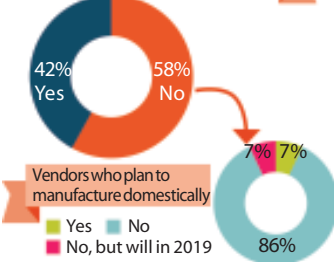


- Less than 10%
- 10%-14.9%
- 15%-19.9%
- 20%-29.9%
- 30%-39.9%
- 40% or more

Made in the USA

Percentage of responding vendors

Vendors who currently manufacture in the USA



- Yes
- No
- No, but will in 2019

Design and Target Markets

Sixty-two percent of vendors plan to specifically target Generation X in 2018. While it's a 9 percent drop from last year, the age group surpassed Millennials, at 58 percent, as the most targeted market for the next year. The number of vendors targeting ethnic and religious groups continues to decline, from 14 percent in 2015 to 9 percent in 2016 and now to 4 percent in 2017.

Fifty-four percent of manufacturers say that eco-friendly design trends will become more popular next year, making it the top design trend. In second and third place are inspirational at 46 percent and Americana at 38 percent. Forty-six percent of vendors foresee Asian design trends fading in 2018, follow by rustic design trends at 42 percent. Metallics remain at the top of the list for most important color schemes for the second year in a row, with 58 percent of vendors rating this color scheme as somewhat or very important. Jewel tones are the second most important, at 56 percent, and earth tones are third, at 54 percent. Tropicals, midtones and primary colors round out the least three important color trends for the second year in a row. Twenty-nine percent of vendors rated tropicals and 20 percent rated midtones as somewhat important or very important. Even less, 16 percent, said the same of primary colors. More gift manufacturers are using social media than in

years prior. This year, 92 percent reported that they use social media, a five percentagepoint rise from the previous year. All vendors who use social media say that they use Facebook, followed by 92 percent of vendors using Instagram, and 75 percent for Twitter. Both Instagram and Twitter use grew considerably from 2016 to 2017, by approximately 10 percent each.

Design Directions for 2018

Percentage of responding vendors speculating on most popular trends

Trend	Less Popular	Same	More Popular
Eco-friendly/Green/ Recycled	0%	46%	54%
Inspirational	8%	46%	46%
Americana/Made in USA	0%	62%	38%
Classic/sophisticated	12%	54%	35%
Modern/Contemporary	15%	54%	31%
Retro	19%	50%	31%
Coastal	15%	58%	27%
Traditional	12%	65%	23%
Celebrity/Pop culture	19%	62%	19%
Spiritual/Religious	8%	73%	19%
Rustic/Cabin	42%	46%	12%
Other*	14%	77%	9%
Tropical/Island	19%	73%	8%
Safari/Adventure	27%	65%	8%
Asian	46%	50%	4%

*Includes holiday and minimalist



Colour Trends

Percentage of vendors rating color scheme as "somewhat important" or "very important"

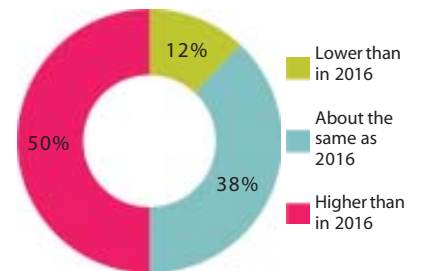
	2018	2019
Metallics	58%	62%
Jewel tones	56%	54%
Earth tones	54%	61%
Brights	48%	57%
Neutrals	44%	47%
Black and/or white	42%	55%
Pastels	32%	34%
Tropicals	29%	31%
Midtones	20%	31%
Primary colours	16%	31%

Target Market for New Products

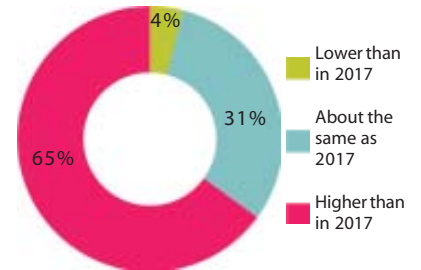
Percentage of responding vendors

	2017	2016
Gen X- ages 36-51	62%	71%
Millennials- ages 18-35	58%	74%
Younger Boomers - ages 52-60	42%	51%
Older Boomers - ages 61-70	23%	29%
Teen- ages 13-17	19%	11%
Tween- ages 8-12	15%	14%
Baby/kids- ages 7 and under	15%	31%
Ethnic/religious groups	4%	9%

Sales 2017 Compare to 2016



2018 Sales Expectations



Sales

Half of all vendors report higher sales this year compared to 2015. Only one in five anticipate sales this year to be lower than in 2015. Vendors are strongly optimistic for 2017 too, with 77 percent expecting higher sales than in 2016. Sixty-six percent of vendors sell directly to consumers through the Internet, up one percent from last year. The number of retailers ordering online has continued to grow, up from 64 percent in 2015 to 67 percent in 2016. Unsurprisingly, online sales are also expected to grow in 2017, with vendors expecting the average percentage of total revenue resulting from online sales to jump from 19 percent in 2016 to 25 percent in 2017. As online sales continue to grow, so does the number of manufacturers adding direct-to-consumer sales. In 2015, only 19 percent planned to add it the next year, compared to a quarter of vendors planning to add it in 2017.



Trade Shows

Though 65 percent of vendors say that trade show attendance is decreasing, 62 percent say that exhibiting is important to their business. Forty-six percent of vendors exhibited at six or more trade shows in 2017 and 42 percent plan to continue that frequency next year. The top gift trade show for responding vendors is the Atlanta Gift and Home Furnishings Market. Due to the declining trade show attendance, vendors are using exclusive offers and events to entice more buyers. Others focus on creating a welcoming environment, with one manufacturer describing their approach as follows: "We start by personally inviting each of our customers to attend the trade show and visit our showroom. We create a wonderful experience for our customers in our showroom by being hospitable, re-designing and overhauling our displays so we're creating a new experience every time they visit the showroom, and by approaching our sales in a consultative and proactive approach rather than an ordertaking and reactionary approach." ■

Source: Gifts and Decoratives, USA

Sell to Consumers Online

Percentage of responding vendors

