

Gift retailers expect a brighter economy through 2015

Three-fifths of gift retailers report their 2014 sales were up by a median of 10 percent, compared with the prior year, according to the 2015 Gifts and Decorative



Accessories Today's Gift Retailer Survey. For the 19 percent that reported 2014 sales below 2013, they were down by a median of 5 percent. That's well below the 14 percent gift retailers were down the prior year, which is an encouraging sign. Optimism abounds for the 64 percent of gift retailers projecting 2015 sales to be higher than last year. In 2013, 59 percent of gift specialists predicted the next year's sales would be higher. This year, those retailers expecting sales to be higher than last year are forecasting a median increase of 7 percent. The National Retail Federation (NRF) is projecting retail sales to increase 4.1 percent this year, up from 3.5 percent growth in 2014. Matthew Shay, NRF president and CEO says, "Already facing far fewer obstacles than this time last year in terms of growth opportunities, retailers are optimistic about the potential that exists for healthy growth in retail sales and consumer engagement in 2015." Only 4 percent are projecting next year's sales to be down. Even those retailers are estimating their sales will drop a median of 10 percent; which is lower

than the 15 percent retailers predicted sales would be down two years ago.

Events attract customers

More than one-fourth of total sales for gift retailers occurs

When Sales Occur

Percentage of sales by day

Monday	10%	
Tuesday	11%	
Wednesday	12%	
Thursday	12%	
Friday	18%	
Saturday	27%	
Sunday	10%	

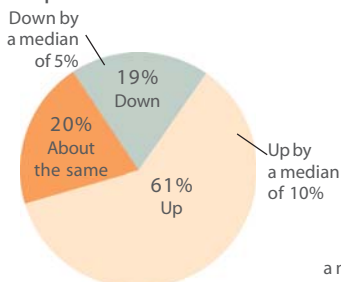
Percentage of sales by day

January	4%	
February	5%	
March	5%	
April	6%	
May	8%	
June	7%	
July	8%	
August	8%	
September	7%	
October	9%	
November	14%	
December	19%	

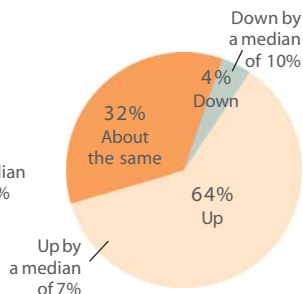
Sales Performance

Percentage of retailers saying sales were

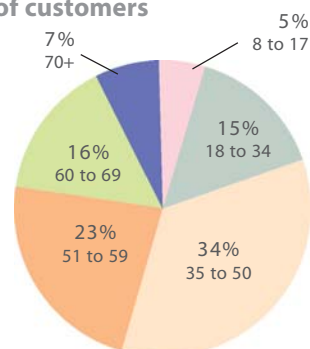
How did total 2014 sales compare with 2013 sales?



Projected 2015 sales from 2014 sales



Average age of customers



Source: Gifts and Decorative Accessories, Today's Gift Retailer, 2015

on Saturdays, and another 18 percent of sales happen on Fridays. Not surprising given that consumers love to shop on the weekend and retailers host special events on those days. The Gifts and Decorative Accessories 2014 Gifted Retailers reported hosting events and workshops on Fridays and Saturdays to attract customers. Beladagio in Bakersfield, CA, offers free Saturday workshops where store designers discuss the latest trends in design and entertaining.

Orange Tree Imports in Madison, WI, hosts a Sampling Saturday once a month and in Sioux Falls, SD, Zing has created Wine Fridays to bring in shoppers. In an average week, gift retailers report a median of 200 customers visit their stores, and 110 of those make a purchase for a close ratio of 56 percent

Retailers' work is never done

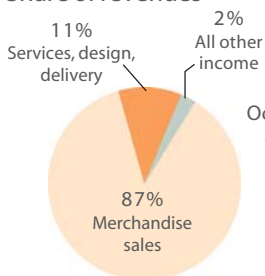
As suspected, from sourcing products to selling, gift store owners are doing it all. Sourcing products is the duty that most store owners are carrying out, at 93 percent. Controlling inventory comes in second, as 89 percent of store owners say they manage that process. Eighty-eight percent of gift store owners have their hands full with the financial end of the business. Nine out of 10 responding stores report having cash flow challenges. One-third of retailers cite the amount of business in their store as the biggest challenge in managing cash flow.

Merchandise sales account for 87 percent of a gift retailer's revenue stream, which has remained virtually unchanged from

The Store

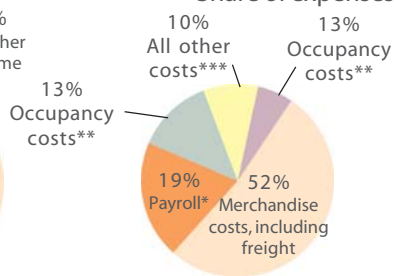
Revenue sources

Share of revenues



Expense allocation

Share of expenses



Top challenge in managing cash flow

Amount of business	33%
Turning inventory	26%
Depth of stock	12%
Profits	9%
Capital expenses	6%
Access to credit	6%
Payroll	4%
Other****	4%

* Including salaries/commissions, draws to owner, fringe benefits. ** Excluding payroll. *** Excluding income taxes. **** Includes seasonality and weather.

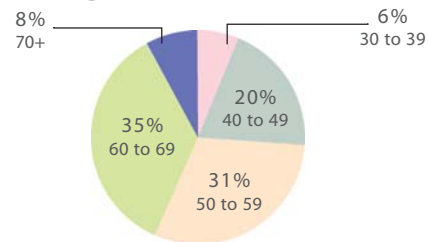
Source: Gifts and Decorative Accessories, Today's Gift Retailer, 2015

The Owner

Duties of a store owner

Sourcing product	93%
Inventory	89%
Financial	88%
Adv./promotions/mkt.	88%
Merchandising	82%
Selling to consumers	81%
Managing staff	81%
Accounting	74%
Social media	58%

Store owner's age



The Employees

Employees are paid	Full-time	Part-time
Salary only	43%	5%
Hourly only	27%	63%
Hourly + bonus/commission	18%	23%
Salary + bonus/commission	8%	1%
Bonus /commission only	3%	3%

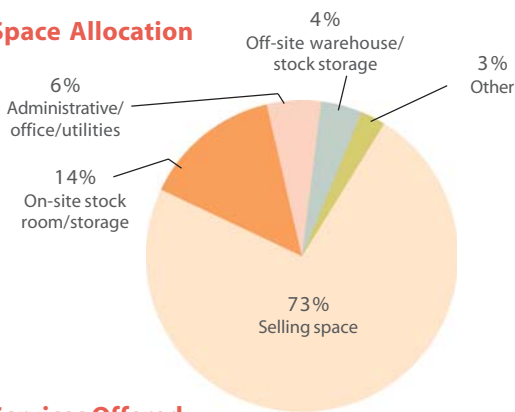
two years ago. This year, retailers report an increase in the percentage of revenue that comes from services, design and delivery. In 2015, responding retailers say 11 percent of their revenue is from services, compared with 9 percent in 2013. The more retailers can diversify their revenues, the better it is for cash flow. The largest share of gift store owners, at 35 percent, is between the ages of 60 and 69. As these store owners near retirement age, succession plans will need to include relinquishing these duties and passing the torch.



Advertising goes digital

Gift specialists devote a median of 5 percent of 2014 total sales to advertising and promotions, which is unchanged from two years ago. Seven out of 10 gift retailers are using email and social media to market their store. That's up from 61 percent and 62 percent, respectively in 2013. Email marketing has also grabbed a bigger piece of the advertising budget, at 15 percent, compared with 12 percent in 2013. Newspaper advertising remains the largest portion of the gift specialists' advertising budget, at 17 percent. What do stores market? Many advertise the special services they offer. Nearly nine out of 10 offer gift cards and certificates. Three-fourths of gift retailers offer customers a special order option and giftwrap services.

Space Allocation



Services Offered

Percentage of retailers offering

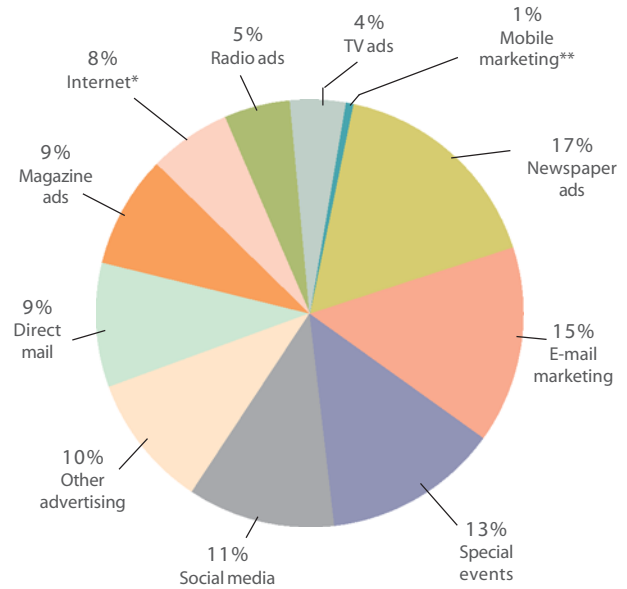
Gift certificates/gift cards	89%	<div style="width: 89%;"></div>
Special orders	75%	<div style="width: 75%;"></div>
Giftwrap	74%	<div style="width: 74%;"></div>
Delivery	52%	<div style="width: 52%;"></div>
Gift registry	35%	<div style="width: 35%;"></div>
Design services	28%	<div style="width: 28%;"></div>
Bridal registry	23%	<div style="width: 23%;"></div>
Other*	5%	<div style="width: 5%;"></div>
Party planning	4%	<div style="width: 4%;"></div>

*Includes shopping, classes, loyalty programs.



Types of Advertising

Percentage of total ad budget

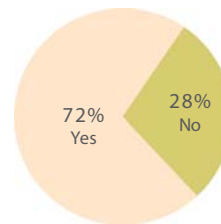


Online sales expectations rise

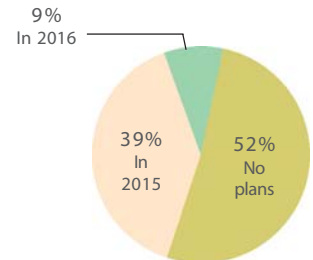
Responding gift retailers say online sales account for a median of 5 percent of 2014 total sales. All of the respondents expect 2015 online sales to be about the same or higher than last year. Sixty-three percent of those expect Internet sales to be better in 2015 than in 2014. Forty percent of gift retailers say their online sales were higher in 2014 than the prior year; and another 49 percent say they were about the same. It appears as though gift retailers without a website have no

Store Website

Percentage of retailers that have a website

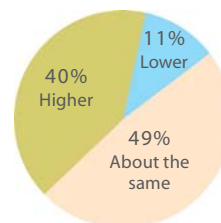


Plans for a website
Percentage of gift retailers that do not have a website

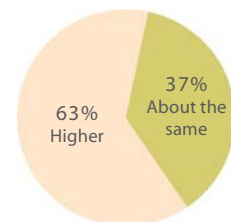


Online Sales Performance

2014 online sales compared with 2013 sales












Expectations for online sales in 2015



Social Media






Types of social media used

Percentage of responding gift retailers

Facebook	100%	
Pinterest	46%	
Twitter	34%	
Instagram	34%	
LinkedIn	32%	
Google+	24%	
YouTube	15%	
Flickr	1%	
Tumblr	1%	

Person responsible for social media efforts

Percentage of responding gift retailers

Store owner	58%	
Store salesperson/ employee	30%	
Unpaid family member/ friend	8%	
Paid outside consultant/ freelancer	3%	
Paid marketing firm	1%	

plans to create one. Twenty-eight percent of gift specialists do not have a website and more than half, at 52 percent have no plans for a website in the near future.

Pinterest Gains Favor



































Forty-six percent of responding gift retailers are using Pinterest to promote their store. That's up four percentage points from two years ago. A recent Pew Research Center study found that Pinterest is used by 28 percent of adults overall, giving the site the distinction of being second most popular, behind Facebook. Women dominate Pinterest, as 42 percent of women use the platform, compared with 13 percent of men. Pinterest is popular with younger users, those between the ages of 18 and 29, with 34 percent using the platform.

Products in the mix

Apparel products have boosted favor with gift retailers as 54 percent are carrying the category in 2015. This is an increase of 22 percentage points from 2013, when 32 percent carried the category. Toys, games and puzzles also saw double-digit growth in terms of the percentage of gift retailers carrying the products. Two years ago, 38 percent of gift stores carried toys, and this year 48 percent carry the category. The percentage of gift retailers carrying accent rugs has declined six percentage points. Home accent specialty stores have picked up the slack in area rugs. The 2014 Retail Store Operations Survey from

sister publication, Home Accents Today, revealed a slight increase in the percentage of home accent retailers carrying area rugs. In 2012, 36 percent of home accessories stores carried area rugs, and in 2014 that number increased to 38 percent. More than half of gift retailers carry handcrafted items and reported carrying a median of five lines, which is three fewer lines than they carried two years ago.

Merchandise Mix

	% carry	Median lines	Median stock turns	Median best- selling price	
Holiday products	76%		9	2	\$15
Jewellery	72%		6	3	\$20
Candles/accessories	62%		3	2	\$20
Greeting cards	61%		5	4	\$4
Baby/infant products	56%		5	2.5	\$20
Apparel	54%		4	3	\$30
Wall art	54%		4	2	\$50
Handcrafted products	53%		5	2	\$20
Fashion accents	49%		6	3	\$20
Tabletop products	49%		3	2	\$24
Photo frames	48%		3	2	\$18
Plush products	48%		4	3	\$15
Toys/games/puzzles	48%		6	2	\$15
Ceramics/pottery	45%		3	2	\$35
Gift books	45%		3	3	\$16
Personal care/aroma therapy	43%		3	2	\$12
Gourmet foods	38%		6	3	\$8
Home textiles	38%		4	1.5	\$12
Collectibles	36%		4	2.5	\$25
Glassware/crystal	28%		4	2	\$20
Licensed products	26%		3	2	\$20
Social/business stationery	24%		4	2	\$10
Accent rugs	23%		2	2	\$45
Gourmet tools/housewares	23%		4	3	\$13
CDs/music	22%		2	1	\$16
Pet products	22%		3	1.5	\$15
Permanent florals	21%		4	1	\$12
Party products	16%		4	1.5	\$9
Writing instruments	16%		2	1	\$7
Giftwrap	15%		1	1.5	\$4
Tween/teen accessories	14%		3	1	\$10
Gift baskets	13%		2	2	\$50
Desk/home office accessories	12%		2	2	\$15
Other*	9%		12	3.5	\$10

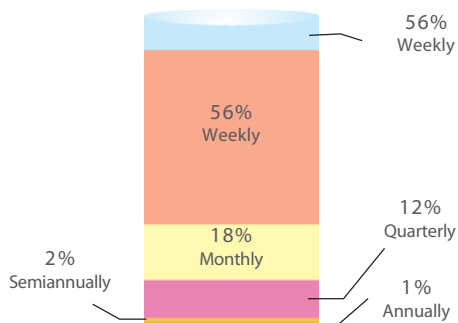
*Other includes antiques, garden decor, fresh flowers and fabric.

More orders placed weekly

Fifty-six percent of gift retailers are placing orders on a weekly basis, that's up from the 47 percent that placed orders on that frequency two years ago. The number one method gift retailers prefer to place product orders is at trade shows. Placing product orders online is the second most preferred method gift retailers use to replenish inventory. And for retailers that place orders with sales reps, 73 percent do it in their store; while 67 percent do it by email; 56 percent by phone and 16 percent with sales reps online. Responding gift retailers remain traditional when it comes to their product catalog. Eighty-three percent want the catalog in a paper format, compared with 17 percent who prefer a digital format.

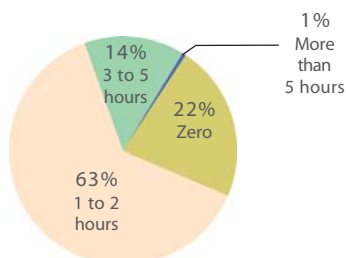
Frequency of Ordering Products

Percentage of retailers ordering



Times Spent with Sales Reps

Amount of time on a weekly basis



Top Winter Shows Attended

1. Atlanta International Gift & Home Furnishings Market
2. NY Now
3. Dallas Total Home & Gift Market
4. Las Vegas Market
5. Chicago Gift Market

Top Summer Shows Attended

1. Atlanta International Gift & Home Furnishings Market
2. NY Now
3. Dallas Total Home & Gift Market
4. Chicago Gift Market
5. Minneapolis Gift Show

Placing Orders

Percentage of retailers ordering products

At trade shows	78%	<div style="width: 78%;"></div>
Online	77%	<div style="width: 77%;"></div>
With sales reps in store	73%	<div style="width: 73%;"></div>
With sales reps by email	67%	<div style="width: 67%;"></div>
With sales reps by phone	56%	<div style="width: 56%;"></div>
With sales reps online	16%	<div style="width: 16%;"></div>
Fax	4%	<div style="width: 4%;"></div>



How Vendors Could Help Boost Store Sales

"Bring me new product, understand what I carry and what would be wasting my time to show me; assist with special events."

"I always appreciate a vendor's input. They tell me what sells for other customers and what's good quality."

"Lower quantities for first orders."

"Know my store better and work harder to keep other stores from copying."

"Look at your digital formats and make them easy to navigate. Lower your minimums. Work off case packs rather than dollar amount."

"We love when our vendors make sure to list us as a resource on their site and when they post our social media content."

"Promotional materials or samples."

"Better freight incentives and control on price increases."

Source : Gifts and Decorative Accessories