



## Promotional Gifts Boost the Market: The 2017 Hong Kong Gifts & Premium Fair Survey

The promotional gifts and premiums category was not only the one seen as having the greatest growth potential, but it also represented the most popular sector in terms of online sales, at least according to the cross-section of industry players surveyed during the course of this year's *HKTDC Hong Kong Gifts & Premium Fair*. Overall, the 2017 growth prospects for the gifts and premiums market were seen as largely promising, with improved sentiments expressed with regard to all of the major overseas markets. In particular, the Asian countries were seen to have retained their positions as the primary drivers of growth.

With regard to the performance of Hong Kong's gifts and premiums suppliers, this was largely seen as satisfactory by the majority of the buyers surveyed. In particular, buyers appreciated the high quality of products and the compliance with safety and environmental regulations/standards offered by the city's suppliers. Many of them, however, were less satisfied with the relatively high prices charged by Hong Kong companies, an inevitable consequence of the higher quality products on offer.

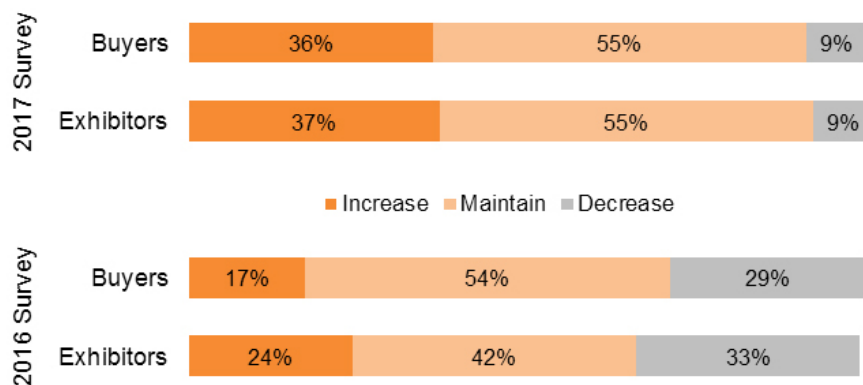
The survey was conducted during this year's *HKTDC Hong Kong Gifts & Premium Fair* (27-29 April 2017). In total, 440 exhibitors and 513 buyers were asked their views as to the likely 2017 market prospects and product trends of the gifts and premiums market.

### Positive Market Outlook for 2017

The growth prospects for the gifts and premiums market are looking up for 2017, according to the industry players surveyed. More than one-third of all buyers (36%) and exhibitors (37%) who participated in the survey anticipated that their sales would increase this year. This compares favourably with the 17% and 24% respectively expressing a similar sentiment in the 2016 survey. Overall, only 9% of buyers and exhibitors expected a fall in sales, a considerable decrease from the 29% and 33%, respectively, who expressed such a negative sentiment last year.



**Overall Sales Expectations in 2017**

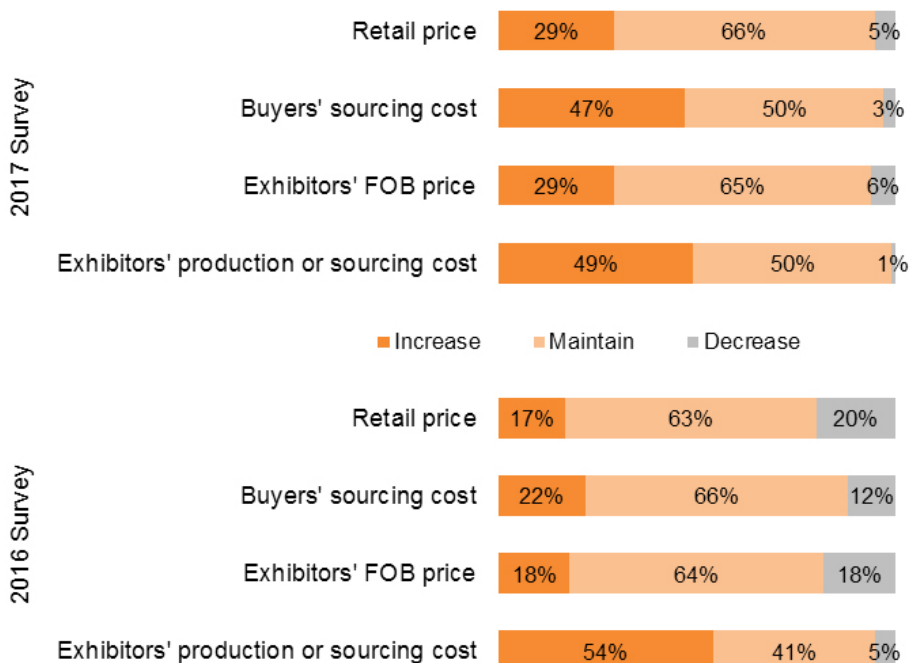


Source: HKTDC Survey

This improved market outlook, however, is also expected to result in a rise in prices/costs, with 29% of exhibitors anticipating an increase in their FOB prices this year, a marked rise from the 18% who expressed the same belief last year. Slightly fewer exhibitors (49%) expected their production/sourcing costs to increase, compared with 54% in the 2016 survey. The margin, however, remains largely the same at 48% (49% minus 1%) this year, only 1% lower than last year (49%). In the case of buyers, 29% of respondents expected an increase in their retail prices, up from 17% in 2016. In total, 47% of buyers anticipated paying more for sourcing this year, more than double the 22% figure recorded last year.



**Expected Changes of Prices/Costs in 2017**

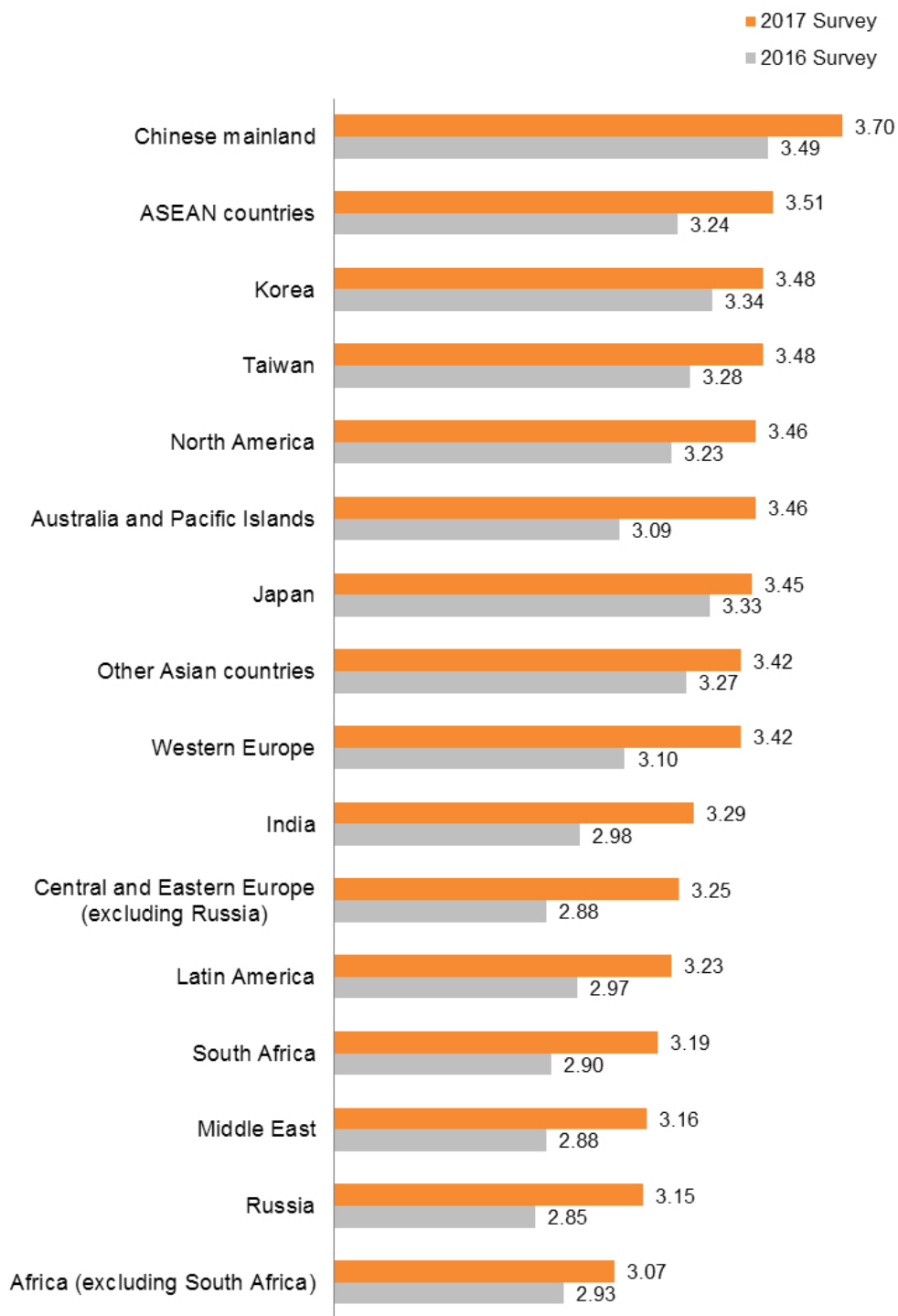


Source: HKTDC Survey

Buyers were also asked to rate the market prospects of the overseas markets for the coming year, grading them on a scale of 'very unpromising' ('1') to 'very promising' ('5'). Overall, the response reflected a sense of optimism and improved confidence with regard to all of the major overseas markets, with ratings of between 3.07-3.7. This was a substantial increase over the 2.93-3.49 recorded last year. Buyers were generally the most optimistic with regard to the potential growth of the Asian markets. At 3.7, the Chinese mainland was seen as the most promising of the overseas markets, followed by the ASEAN bloc (3.51), Korea (3.48) and Taiwan (3.48). Not surprisingly, North America (3.46) remains the territory with the best growth prospects among the traditional markets.



**Buyers' Views on Market Prospects for 2017**



Note: Scale of 1 to 5; 1 denotes very unpromising and 5 denotes very promising  
 Source: HKTDC Survey



## Promotional Gifts: Keep Growing

This year, promotional gifts and premiums overtook figurines/decorations and tech gifts to become regarded as the category with the greatest growth potential, according to 14% of respondents – a 4 percentage points increase over last year’s figure (10%). The prospects for figurines/decorations, although backed by fewer respondents this year, still appear promising, with 11% of respondents regarding these items as having the best market prospects, a slight drop from the 13% expressing the same sentiment in 2016. Among the other categories seen as promising were tech gifts (12%) and fashion jewellery and accessories (10%).

### Categories with the Greatest Potential in 2017

	2017 Survey	2016 Survey
Promotional gifts and premiums	14%	10%
Figurines and decorations	11%	13%
Tech gifts	10%	12%
Fashion jewellery and accessories	10%	10%
Stationery and paper	7%	5%
Luggage and travel goods	7%	4%
Green gifts	6%	4%
Personal and well-being gifts	6%	7%

Note: Only the top choices are shown.  
Source: HKTDC survey

## Promotional Gifts: Popular Online

E-tailing appears slightly less popular among the gifts and premiums industry players this year. Around one in five respondents (19%) indicated that they were currently engaged in e-tailing, compared with 27% last year. Among those who are not active in the e-tailing sector, 8% planned to move into it within the next two years, a slight fall from the 10% making the same commitment in the 2016 survey. The survey reflected that the appetite for industry players to expand their business online remains low.



### Currently Engaged in E-tailing



Source: HKTDC Survey

### Moving into E-tailing Within Two Years



Source: HKTDC Survey

Overall, promotional gifts and premiums was not just rated as the category with the best market prospects, it was also seen as the best performing e-tailing sector. Among those who were currently engaged (or will soon engage) in e-tailing, 21% of respondents said they sold or expected to sell promotional gifts and premiums through e-tailing. Other popular items for e-tailing purposes included figurines and decorations (14%), stationery and paper (14%) and fashion and jewellery and accessories (13%). Most notably, the popularity of figurines and decorations among e-tailers dropped significantly, falling from 32% last year to just 14% this year.



**Product Types Sold/Expected to be Sold Through E-tailing**

	2017 Survey	2016 Survey
Promotional gifts and premiums	21%	15%
Figurines and decorations	14%	32%
Stationery and paper	14%	7%
Fashion jewellery and accessories	13%	17%
Toys and sporting goods	10%	13%
Luggage and travel goods	10%	10%
Tech gifts	7%	12%
Packaging	7%	10%
Personal and well-being gifts	7%	8%
Party and festive items	6%	8%

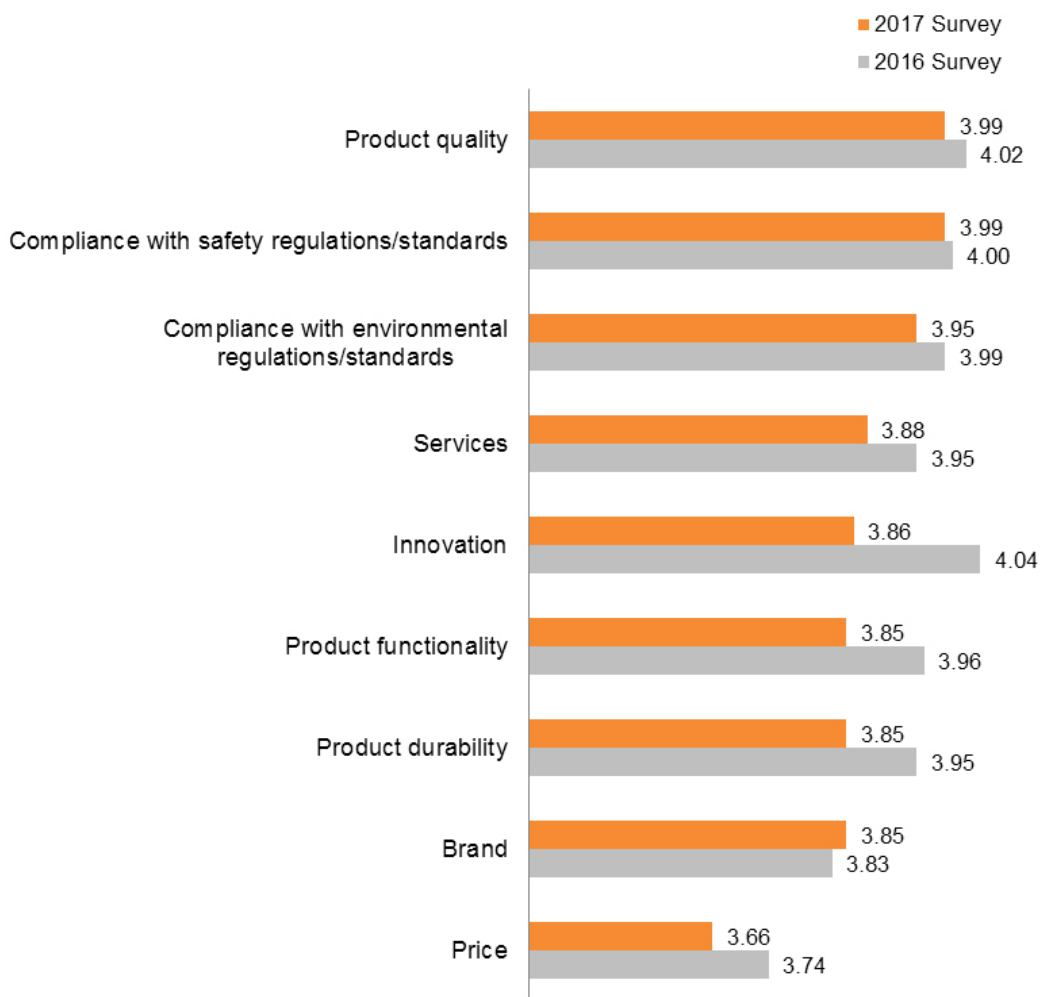
Note: (1) Only the top choices are shown.  
 (2) Respondents were allowed to choose 3 categories.  
 Source: HKTDC survey

**Hong Kong Suppliers: All-round Performers**

Buyers were also asked to rate the performance of Hong Kong’s gifts and premiums suppliers on a scale of 1 to 5, with ‘1’ denoting very unsatisfied and ‘5’ denoting very satisfied. Overall, buyers were generally satisfied with the performance of Hong Kong suppliers, giving ratings of between 3.66-3.99 in the nine areas of evaluation. This, though, was slightly lower than the 3.74-4.04 recorded last year. Product quality and compliance with safety regulations/standards were the highest-rated areas with a rating of 3.99. These were followed by compliance with environmental regulations/standards (3.95) and services (3.88). The overall rating for innovation dropped from 4.04 last year to 3.86 this year, the largest decline among the nine evaluation areas, despite it being regarded as having shown the biggest improvement last year. Price remains the worst performing area, possibly a consequence of the high quality items that Hong Kong suppliers provide.



### Buyers' Evaluation of Hong Kong's Gifts and Premium Suppliers



Note: Scale of 1 to 5; 1 denotes very unsatisfied and 5 denotes very satisfied  
 Source: HKTDC Survey

### Profile of Respondents

- 440 exhibitors – 34% from Hong Kong, 43% based on the Chinese mainland, 20% from other Asian countries, 3% from the rest of the world.
- 513 buyers – major markets in Chinese mainland (36%), Asia outside of Chinese mainland and Hong Kong (30%), Western Europe (22%) and North America (21%).

The HKTDC Hong Kong Gifts & Premium Fair took place from 27-29 April 2017 at the Hong Kong Convention and Exhibition Centre.





**Find this page at**

<http://economists-pick-research.hktdc.com/business-news/article/Research-Articles/Promotional-Gifts-Boost-the-Market-The-2017-Hong-Kong-Gifts-Premium-Fair-Survey/rp/en/1/1X000000/1X0AAHNY.htm>

*Copyright©2017 Hong Kong Trade Development Council. Reproduction in whole or in part without prior permission is prohibited. While every effort has been made to ensure accuracy, the Hong Kong Trade Development Council is not responsible for any errors. Views expressed in this report are not necessarily those of the Hong Kong Trade Development Council.*