

VITAL SIGNS

Unwrapping gifts

Assessing the category's challenges and opportunities

An industry survey by *Christian Retailing*

» BY JIM SEYBERT

Despite the challenges associated with carrying gifts, Christian retailers say the area has been a bright spot for them in recent times and may contribute to the continued viability of their stores.

Christian Retailing's first Vital Signs survey of 2009 looked at this important category, asking retailers and consumers for their opinions and experiences.

Here's what we found:

SALES AND SPACE

Two-thirds of stores (67%) reported that their gift inventories were "steady or up" in the last couple of years, with the average number of SKUs held in inventory at around 750.

Most gift sections were located near the front of the store, with 56% "up front." One-fifth of respondents told us that gifts were "the first thing" a customer saw when entering their stores. Another third placed gifts "all around the walls," and just less than 10% used a separate gift room. No store had its gift department at the rear of its floor area.

PRICES

The average "highest price point" for gift items was \$190. The top individual price point reported was \$500, and the lowest "high price" a store identified was—curiously—just \$20.

Consumers who took part in our survey said they purchased an average of 14 gifts annually for others and an average of 10 items each year for themselves.

Just under half (43%) "always" included a greeting card when giving a gift.

In additional comments, shoppers said they were tending to look for more practical gifts than they had in the past, including products that can be used in the kitchen or garden—a finding that corresponds to other consumer studies.

Many retailers reported observing a trend toward items that are functional rather than decorative, with comments such as: "They're looking for more than knickknacks to put on a shelf."

PROFITS

The results suggest that there might be a correlation between gift sales and the amount of space allocated to them. Just over half (54%) of stores said gifts amounted to less than 20% of their total sales—while the same percentage told us they allocated less than 20% of their selling space to gifts.

On the other hand, 20% of stores reported that gifts accounted for more than 40% of their total sales, and many of these also had the largest amount of space set aside for the category.

Gifts sales as a share of total revenues have remained steady or increased in 65% of stores. When asked about the future of gifts, one retailer said: "If it wasn't

for gifts, I would not be in business. I plan on gifts keeping us alive."

EMPHASIS

Retailers and consumers differed on the need for specific Bible content on gift items. Just under half (45%) of retailers said the presence of specific scripture references on products was "extremely important" when they selected inventory, and they estimated that 66% of their stock was "scriptural" in this way.

However, only 30% of participating

shoppers said they preferred gifts with specific Bible verses, looking instead for items that were more generally "inspirational."

DISCUSSION

The purpose of our Vital Signs surveys is to generate dialogue about important issues in the Christian products industry. You will benefit most from these reports if you use them as discussion-starters with fellow retailers.

Consider some of the findings here that don't match your experience, and talk to others about it. For instance:

- What makes a "Christian" gift?
- How important is location and display in selling gifts?
- In what ways is gift inventory management different to that for books?

Jim Seybert is an author and consultant living in Arroyo Grande, Calif. He can be reached at jim@jimseybert.com.

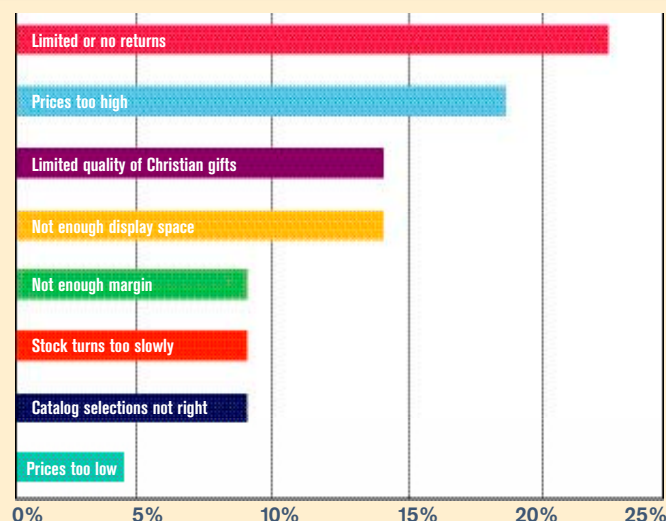
MORE COMMENTS: Read more from those who took part in our survey at: www.christianretailing.com/index.php/retail-focus/vital-signs.

Gifts: stores that...

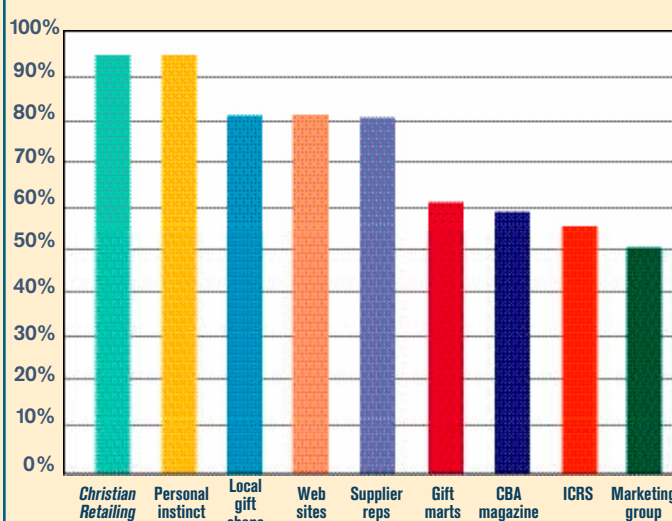


Graph information courtesy The Jim Seybert Co.

Gifts: the biggest challenge is...



Gifts: information comes from...



This Vital Signs survey was conducted online in November 2008 among readers of Christian Retailing's Christian Retailing news service. Of 201 respondents, 22% were retailers. Vital Signs is a joint project of Christian Retailing and Jim Seybert, who are solely responsible for its content.

CHRISTIAN RETAILING **WHAT DO YOU THINK?**
 ...of the findings and comments?
 Write to Vital Signs at: Christian Retailing,
 600 Rinehart Road, Lake Mary, FL 32746,
 or e-mail andy.butcher@strang.com.

Graph information courtesy The Jim Seybert Co.