

Exporting nativity sets to Europe

Nativity sets are a small product group in the large and growing category of Christmas decoration. Markets with large Christian populations and high holiday spending are particularly interesting, such as the United Kingdom and Italy. For less religion-oriented consumers, alternative designs have potential. Nativity sets are a firmly mid-market product. Showcasing the origin of your nativity sets is key. Fair trade values traditionally offer good opportunities for seasonal products.

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1. Product description

In the Catholic Christian tradition, the scene of the birth of Jesus is represented during the Christmas season by a set of model figures in a manger or barn (or grotto). A full nativity set may include the infant Jesus, mother Mary, Joseph, as well as shepherds and sheep, angels, a donkey and an ox, and the three Magi with their camels.

As seasonal items, nativity sets don't feature permanently in any retailer's collection. In the period before Christmas, they are either ranged under seasonal items or decorative home accessories.

This study uses the following codes to indicate trade in nativity sets:

Table 1: Product codes

Harmonised System (HS)	Prodcom	Description
9505 10 90	32995130	Christmas articles (excluding glass, candles and electric lighting sets, natural Christmas trees and Christmas tree stands)

Tip:

For more information on Christmas tree decoration in general, see our study about [Christmas tree decoration](#).

Quality

Functionality

Nativity sets have a decorative purpose only, making their appearance their most important quality. Full sets have all or most of the figures, but more compact sets have just the core group, with the infant Jesus, Mary and Joseph. The manger or grotto is optional. Most nativity scenes are packed away shortly after Christmas to be saved until the following year. As opposed to Christmas tree decorations, nativity sets are often used repeatedly, rather than being replaced by a trendier version each year.

Of all Christmas decorations, the nativity set has the most overt religious connotation. This makes it a less common feature in the homes of people with religions of other denominations than Catholic Christian. For those not adhering to any religion, nativities can be used purely decoratively during the festive season.

Material

An important marker of quality, wood is the most-used material. Synthetic materials can also be used, but these have a lower quality perception, with lower prices. Aside from the natural feeling of wood, handmade is appreciated in nativity sets. Other materials (paper, glass, ceramics and metal) are more unusual and as such bring an element of novelty, with a possible price differential.

Design

Where Christmas decorations generally lack high design aspirations, nativity sets often seem more of a challenge. Traditionally, great care was taken to model the figures with attention to detail and a local stylistic flavour in terms of their dress or surroundings. However, both the professional buyer and the consumer seem to be becoming much less discerning when it comes to nativity sets.

Labelling

- Information on the outer packaging of nativity sets should correspond to the packing list sent to the importer.
- External packaging labels for nativity sets should include: producer, consignee, material, quantity, size, volume, country of origin and caution signs.
- EAN or barcodes on the product label are common in Europe.
- Your buyer will specify what information they need on the product labels or on the item itself, such as logos or 'made in...' information. This is part of the order specifications.
- Use the English language for labelling, unless your buyer indicates otherwise.

Packaging

Importer specification

You should pack nativity sets according to the importer's instructions. They have their own specific requirements for the use of packaging materials, filling boxes, palletisation and stowing containers. Always ask for the importer's order specifications. These are part of the purchase order.

Damage prevention

Properly packaging nativity sets minimises the risk of damage by shocks. How an item is packaged for export depends on how easily it can be damaged. Nativity sets can be fragile items, with irregular shapes. Packaging should make sure the items inside a cardboard box cannot damage each other. It should also prevent damage to the boxes when they are stacked inside the container.

Dimensions and weight

Packaging must be of easy-to-handle dimensions and weight. Standards are often related to labour regulations at the point of destination, specified by the buyer. Cartons are usually palletised for air or sea transport. You have to maximise pallet space.

Cost reduction

Nesting or stacking the items inside the container reduces costs. While packaging has to provide maximum protection, you must also avoid using excess materials or shipping 'air'. Waste removal is a cost to buyers.

Material

Importers are increasingly banning wooden crating and packaging due to their unsustainability and high material and disposal costs. Economical and sustainable packaging materials are more popular. Using biodegradable packaging materials can be a market opportunity. For some buyers, it can even be a demand.

Mould prevention

Wooden items can mould or crack, so you need to dry the wood properly after production. Condensation inside the container during transport can cause mould because of humid air becoming colder at night and warmer during the day. You need proper air ventilation inside the container to prevent this. Before shipment, you must inspect containers for air holes. You can also place products to reduce humidity amongst the cargo. Make sure to follow the importer's instructions.

Consumer packaging

Consumer packaging for nativity sets adds value to the product in the form of branded gift-wrapping. The gift box can be the original export packaging or a box provided by the retailer. The manger can also be used as the box.

2. Which European markets offer opportunities for exporters of nativity sets?

Developing countries are Europe's main source of nativity set imports. These imports are increasing steadily. As Europe's main importers from developing countries, the United Kingdom, the Netherlands and Italy are especially interesting target markets. The United Kingdom and Italy have some of the largest Christian populations within Europe, along with high Christmas spending per consumer. The Netherlands is mainly a trade hub for re-exports within Europe.

(!) Because no specific trade data are available for nativity sets, these statistics cover non-glass Christmas tree decorations.

Where is consumer demand located?

- European demand for non-glass Christmas tree decorations increased between 2012 and 2016. With an average annual growth rate of 6.6%, it reached €891 million in 2016.
- Demand is highest in the United Kingdom (€262 million), followed by Italy (€129 million).

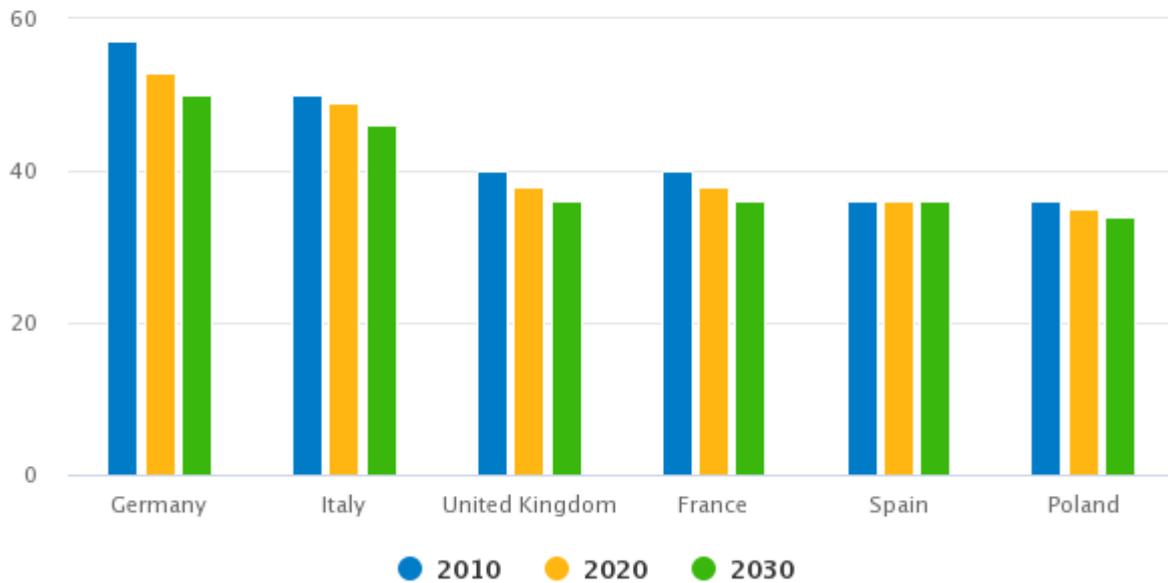
What is the role of European production in supplying European demand?

- Europe's demand for non-glass Christmas tree decorations is significantly higher than its production. This drives the need for imports, making Europe an interesting market.
- European production of non-glass Christmas tree decorations decreased between 2012 and 2016. With an average annual decline of -8.8%, it reached €7.9 billion in 2016.
- Italy is responsible for 46% of European Christmas tree decoration production, followed by Poland with 23%.

Which countries are most interesting in terms of religious denomination and Christmas spending?

Figure 1: Christian population by European country

in million people



Source: Pew Research Center

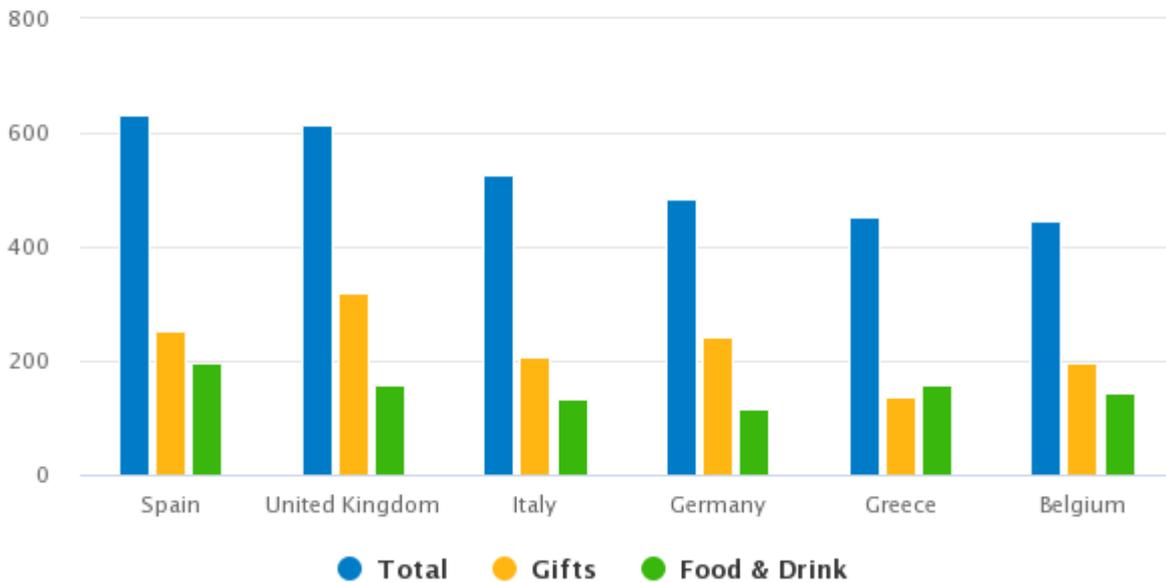
Around 70% of European citizens are Christian, making Christianity the largest religion in Europe. With more than 99% of its population identifying as Christian, Romania has the highest percentage of Christian inhabitants, followed by Malta, Portugal, Poland, Ireland and Croatia (more than 90% each).

When it comes to concrete numbers of Christian citizens, Germany has the largest population, followed by Italy, the United Kingdom, France, Spain and Poland. These countries also have the largest Catholic populations in Europe, ranging from around 50 million people in Italy to 10 million in the United Kingdom. This makes them especially interesting markets for nativity sets.

Both the number and percentage of Christian citizens in Europe is expected to continue declining in the coming years. This effect is less marked in the smaller, most Christian-identifying countries than in the larger countries. However, due to their sheer size the latter are expected to continue to have the largest Christian population.

Figure 2: European holiday spending per consumer

in € million



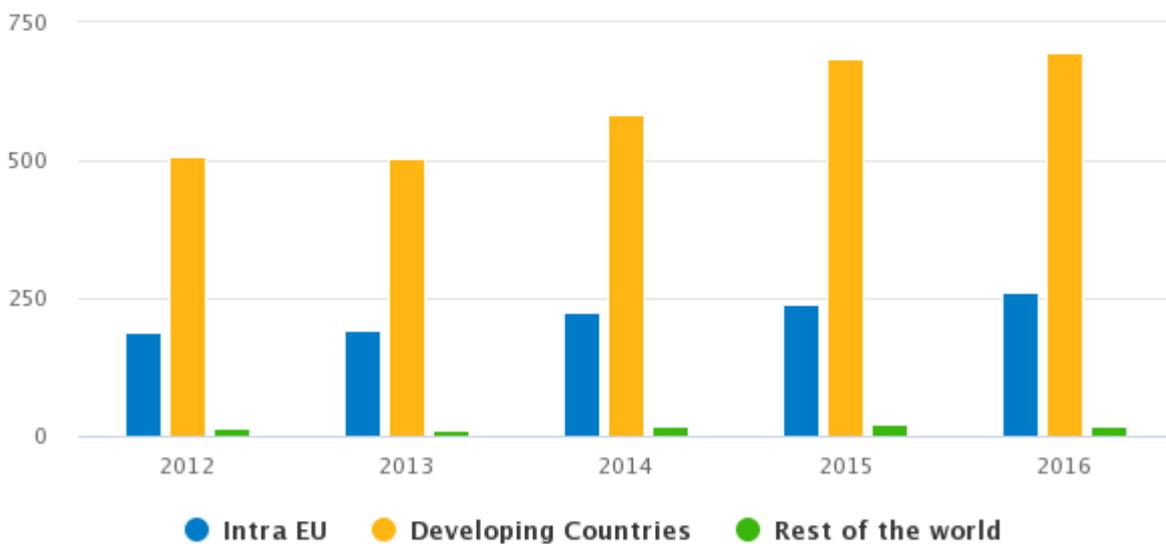
Source: Deloitte Christmas Survey 2017

On average, [European holiday spending for 2017 was €445 per consumer](#). This is an increase of 2.6% compared to 2016. 42% (€188) of this is spent on gifts, a further 30% (€131) on food and drink. These categories are especially relevant for the sales of home decoration products. Consumers from Spain and the United Kingdom were the top spenders, with British consumers leading on gifts.

Which countries are most interesting in terms of imports from developing countries?

Figure 3: European imports of non-glass Christmas tree articles

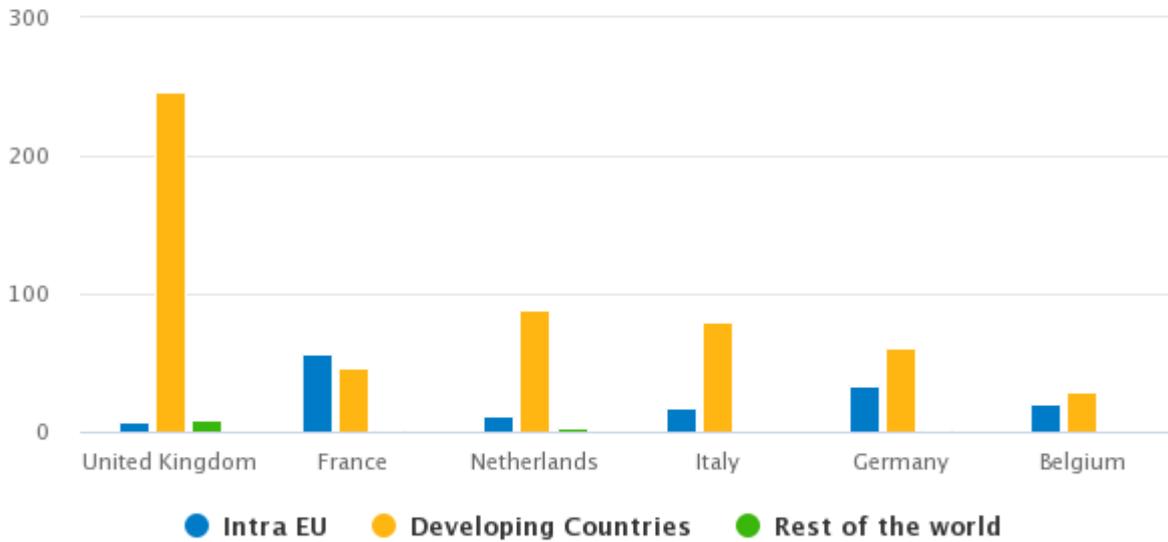
in € million



Source: Trademap

Figure 4: Main importers of non-glass Christmas tree decorations

in € million



Source: Trademap

Figure 5: Leading suppliers of non-glass Christmas tree decorations

in € millions



Source: Trademap

- European imports of non-glass Christmas tree decorations increased from €712 million in 2012 to €973 million in 2016. This corresponds to an average annual growth rate of 8.1%.
- In the coming years, European imports are expected to keep growing moderately.
- With €694 million, developing countries account for 71% of European non-glass Christmas article imports. This share is predicted to stay fairly stable in the coming years.
- In reality, many of the exports of non-glass Christmas tree decorations from Western European countries are re-exports of products manufactured in developing countries.
- The United Kingdom is Europe's leading importer of non-glass Christmas tree decorations by far, with €262

million in 2016. France and the Netherlands follow with €103 million each.

- When it comes to imports from developing countries, the United Kingdom is also leading with €247 million. This is 94% of its total non-glass Christmas tree decoration imports!
- The Netherlands and Italy also source above-average shares of their imports from developing countries. France, however, mainly imports from European trade hubs like the Netherlands, Germany and Belgium, as well as China.
- The strong performance of developing country suppliers in the United Kingdom is evidenced further by a €101 million increase between 2012 and 2016. The Netherlands and Italy also considerably increased their imports from developing countries, with €22 million and €17 million respectively.
- China dominates European non-glass Christmas article imports, with 67% in 2016. Other leading developing country suppliers are Thailand (1.5%) and India (0.9%).

Tips:

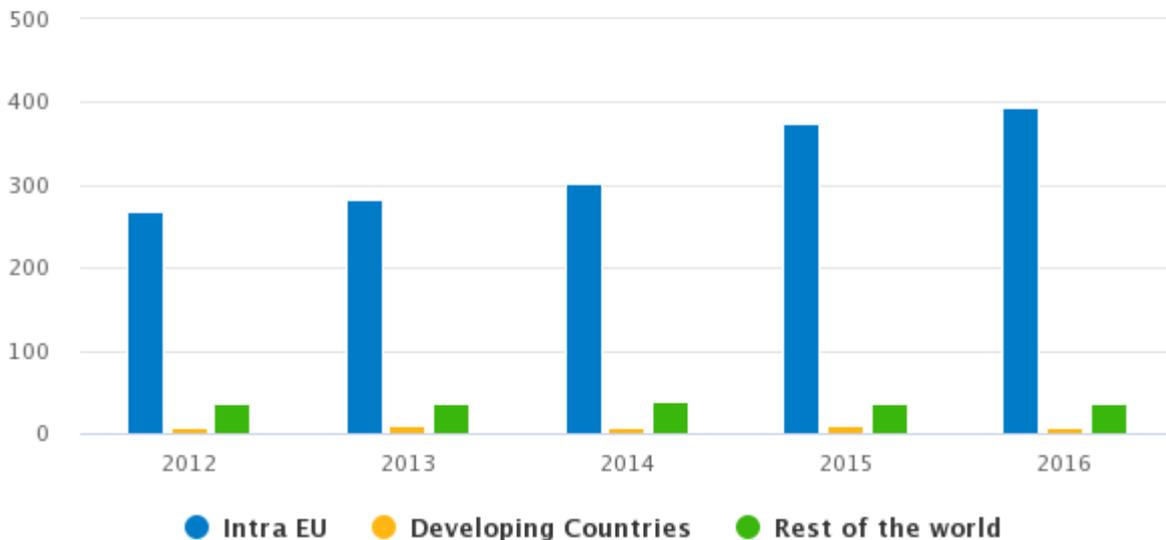
Study your options in the United Kingdom, the Netherlands and Italy. Their strong imports of products from developing countries make these countries especially interesting markets.

Compare your products and company to the strong competition from China, as well as Thailand and India. You can use [ITC Trademap](#) to find exporters per country. You can compare on market segment, price, quality and target countries.

What role do exports play in supplying European demand?

Figure 6: European exports of non-glass Christmas tree decorations

in € million



Source: Trademap

- European exports of non-glass Christmas tree decorations consist mainly of trade within Europe.
- The Netherlands (€231 million) is Europe's leading non-glass Christmas tree decoration exporter, followed at a considerable distance by Belgium (€45 million) and Germany (€44 million). This illustrates these countries' role as trade hubs within Europe.

What is the effect of real private consumption expenditure on European demand?

- Private consumption expenditure is an important indicator for the European home decoration market. The sector is closely linked to economic conditions. When money is tight, consumers postpone buying non-essential items until they have enough disposable income.
- Between 2017 and 2019, European private consumption expenditure is expected to increase. This means that consumption of decorative products is likely to rise. Especially in emerging markets, consumers will have more money available to spend on decorating the home. Consumers in mature markets already spend a fair amount of money on decoration, so growth in their consumption will be moderate.

3. What trends offer opportunities on the European market for nativity sets?

Familiar and changing consumer values around Christmas

As a specific seasonal purchase, nativity sets correspond to a number of familiar consumer needs related to Christmas. However, some of these consumer needs are changing.

Christmas as a period of Christian-religious introspection appears to be changing character. In what is often referred to as 'Post-Christian Europe', Christmas may become a more general spiritual or social event. As a result, Christmas decorations, including nativity sets, may become less overtly religious in character.

The ambience consumers try to create at Christmastime is underpinned by a number of psychological needs, influencing their Christmas purchases:

- Religion or spirituality – Christmas decorations often use religious imagery such as angels, and nativities. For the mainstream consumer, the religious element adds to the cosiness of Christmas and as such is more emotional than spiritual. However, this differs per consumer, with some putting more emphasis on the religious aspect. If this does become further diluted due to dwindling levels of Christianity, the religious story itself may survive in a more secular sense.
- Nostalgia – during Christmas, the consumer is deeply influenced by a need to travel back to the innocence of childhood or to peace and tranquillity in general.
- Escapism – Christmas allows consumers to retreat into the comfort of a good story, away from their busy daily lives. There are many stories available, such as the Santa Claus/Father Christmas story, the nativity of Jesus, 'winter's tales', fairy tales, or, indeed, Disney stories.
- Sharing and socialising – during Christmas, consumers eat and cook together, make family calls, decorate the home together, huddle up. A spirit of goodwill, solidarity and gifting is part of the Christmas sentiment. Christmas tree decorations are traditionally a much appreciated gift.

Tips:

Strategic marketing of nativity sets can consist of three main strands:

Further penetrate the religiously motivated Western European market for nativity sets with the help of active sales and price (discount) strategies. As this segment seems to dwindle, you may need alternative strategies, such as using social media or targeting small retailers directly.

Develop new markets in Eastern Europe, where Christianity (especially Catholicism) is still strong and disposable income for decorations increasing. Marketing will predominantly take place through Western European (especially German and Dutch) distributors that already have a strong footing on the Christmas market, including in Eastern Europe.

Develop a more 'generalised' Christmas imagery for the Western European consumer, where the nativity set acquires a more decorative and less religious value.

Have an alternative Christmas!

European consumers are generally becoming more independent and less influenced by corporate marketing efforts in their purchases. Perhaps spurred on by increasing secularity, groups of consumers are increasingly open to staying away from the accepted Christmas imagery, rituals and expressions. Instead, they create their own, individual Christmas stories in their own homes.

For the nativity set, this has resulted in:

- abstractions – off-setting the abundant decoration during Christmas;
- spoofs – making fun of the mass appeal and often poor cliché style of Christmas decorations;
- examples of nativity sets in (extra) bad taste.

Although essentially light-hearted and good-humoured in nature, orthodox Christians may still frown upon such statements.

Examples of other, less controversial ways to make the nativity accessible to a less religiously driven consumer are:

- helping the consumer create their own, alternative shrine, less overtly religious but still spiritual in character, by giving options or allowing consumers to finish the figurines themselves;
- making the Nativity set a less prominent feature in the home, for example by making it smaller, turning it into a Christmas tree decoration, or only using one or a few figures;
- using more trendy, mid-market styles;
- emphasising the craftsmanship or origin over the religious story.

Tips:

Innovate away from the accepted Christmas imagery by using humour, new styles (minimalism) and/or new functionalities. This is easiest when you already have your own style of manufacturing decorative figurines and objects, which you can transfer to a nativity scene.

Be aware of possible adverse perceptions in the trade from people who would consider deviating statements in nativity sets irreverent. Alternative designs may need a brave attitude, but can provide an early-adopter advantage on a market that is gradually becoming more secular.

Fair, but good?

Nativity sets are traditionally a stronghold of the fair trade segment. Fair trade generally adds value, but particularly during Christmas, when consumers are open to contributing to the welfare of producers in developing countries. Around the holidays, consumers are also less price-sensitive than otherwise. A Christmas gift that gives the producer a fair price and has a good production story provides consumers with status amongst their peers.

In addition, the small producer groups that often make these nativities add cultural background and features, for example in the form of indigenous animals (from elephants to lama's) and exotic settings, as well as local decorations, shapes and patterns. Indeed, fair trade nativity sets often go all out on their ethnicity. This is something the European consumer normally avoids in their regular purchases for the home, but appreciates during Christmas.

Tips:

Clearly communicate your social and environmental values.

Apply for fair trade certification if you feel that it is close to your identity and helps you in your marketing.

Show your origin to differentiate. For example, showcase your cultural background, local materials, techniques, patterns and decorations.

Buying locally

European buyers increasingly work with manufacturers of wooden items (furniture, accessories) in Eastern Europe, creating additional competition for you. These manufacturers have the advantage of proximity. This allows for greater control, lower transport costs, lower runs per item, as well as lower stocks for the importer. Nativities with an ethnic character may also depict European cultures (for example Bavarian), and these will obviously be manufactured in Europe.

Tips:

Again, differentiate your offer by showcasing the 'origin' of your nativity sets.

Have a proactive attitude to make the relationship with your importer strong and durable. This includes taking the initiative in product development (new ideas, samples on a regular basis) and an active approach towards cost reduction, especially in transport (negotiate with agents constantly, look for consolidation options) or effective packaging options (saving space and cost).

Remain price-conscious in your offer.

Collecting

As in other product groups in home decoration (such as figurines or chess boards), nativity sets are often collected. Collecting comes from a seemingly irresistible drive to 'own them all' and obtain complete collections of something. This urge results in reduced price sensitivity, but heightened quality awareness. As such, it represents an opportunity for mid-high market nativity sets, which is otherwise a group in the middle end of the market.

Consumers can collect nativity sets based on origin (for example sets from all over the world), craftsmanship (excellently carved wooden sets, where consumers buy or are gifted a new figurine every year) or just atmosphere (extending your grotto scene with a wider rural setting). Collectors will create specific, permanent display units for their collection, or show their complete extended nativity sets during Christmas.

Tips:

Cater for the collector market by adding new editions or new extensions to your core nativity set every season.

Identify importers that are specialised dealers in Christmas decorations, as they will have these collectors as a consumer group. Such specialists often appear at specialised Christmas fairs such as

[Christmasworld](#).

For more information, see our study about [trends for Home Decoration & Home Textiles](#).

4. What requirements should nativity sets comply with to be allowed on the European market?

What legal and non-legal requirements must your product comply with?

General product safety

The European Union's [General Product Safety Directive](#) applies to all consumer products, including nativity sets. It states that all products marketed in Europe must be safe to use.

Tips:

Read more about the [General Product Safety Directive](#).

Also use your common sense to ensure normal use of your product does not cause any danger.

The [RAPEX database](#) lists products that the European Union has rejected at the border, or withdrawn from the market. Check the database for similar products for an idea of what issues may arise.

Packaging legislation

Europe has specific [packaging and packaging waste legislation](#). Among other things, it restricts the use of certain heavy metals. Europe also has [requirements for wood packaging materials](#) (WPM) used for transport, such as packing cases, boxes, crates, drums, (box) pallets and dunnage.

Tip:

Read more in the [overview of EU rules on wood packaging material](#).

Restricted chemicals: REACH

The [REACH](#) regulation lists restricted chemicals in products that are marketed in Europe. For example, REACH restricts the use of arsenic and creosotes as wood preservatives.

Tip:

The European Chemical Agency provides useful information and tips on REACH. See for instance [REACH Annex XVII](#) for a list of all restricted chemicals. Also check out the [information on REACH for companies established outside Europe](#) and the [Questions & Answers on REACH](#).

Wildlife Trade Regulations and the Timber Regulation

The [Wildlife Trade Regulations](#) restrict the international trade in specimens of wild animals, plants and derived wildlife products. This is the European Union's strict implementation of the [Convention on International Trade in Endangered Species](#) (CITES). According to the [Timber Regulation](#), you must prove any timber used was harvested legally. This also applies to wooden nativity sets. Products with a [FLEGT](#) or [CITES](#) license comply with the Timber Regulation.

Tips:

For more information, see the [Reference Guide to the Wildlife Trade Regulations](#) and the [Frequently Asked Questions about the Timber Regulation](#).

For more information on CITES permits, you can contact your [National CITES Management Authority](#).

For more information about [FLEGT licensing](#), see the [FLEGT licence information point](#).

What additional requirements do buyers often have?

Sustainability

Social and environmental sustainability make your products stand out on the European market. Think of sustainable raw materials and production processes. European buyers increasingly demand the following certification schemes:

- [Business Social Compliance Initiative \(BSCI\)](#): European retailers developed this initiative to improve social conditions in sourcing countries. They expect their suppliers to comply with the BSCI Code of Conduct. To prove compliance, the importer can request an audit of your production process. Once a company has been audited, it is included in a database for all BSCI participants.
- [Ethical Trading Initiative \(ETI\)](#): This initiative is an alliance of companies, trade unions and voluntary organisations. It aims to improve the working lives of people across the globe that make or grow consumer goods.

You can use standards such as [ISO 14001](#) and [SA 8000](#) to read up on sustainable options. However, only niche market buyers demand compliance with such standards.

Tips:

Optimise your sustainability performance. Reading up on the issues included in the initiatives will give you an idea of what to focus on.

Buyers appreciate a good story. If you can show that you value your company's environmental and/or social performance, this may be a competitive advantage. You can do this, for instance, with a self-assessment like the [BSCI Self-Assessment for Producers](#), or a code of conduct such as the [BSCI Code of Conduct](#) and the [ETI base code](#).

For more information, see our special study on [sustainability in the home sector](#).

What are the requirements for niche markets?

Fair trade

The concept of fair trade supports fair pricing and improved social conditions for producers and their communities. Especially when the production of your nativity sets is labour-intensive, fair trade certification can give you a competitive advantage.

Common fair trade certifications are from:

- [World Fair Trade Organisation \(WFTO\)](#)
- [Fairtrade International](#)
- [Fair For Life](#)

Tips:

Ask buyers what they are looking for. Especially in the fair trade sector, you can use the story behind your product for marketing purposes.

Check the [ITC Standards Map database](#) for more information on voluntary standards and their requirements, including fair production.

FSC certification

FSC (Forest Stewardship Council) certification is the most common label for sustainable wooden products, including wooden nativity sets. The FSC label guarantees that a product's source material comes from responsibly managed forests. These products are especially popular on Western European markets.

Tip:

For more information, see the [three steps towards FSC certification](#).

For more information, see our study about [buyer requirements for Home Decoration & Home Textiles](#).

5. What competition do you face on the European nativity sets market?

The competition for nativity sets does not differ significantly from the sector in general. Refer to our [10 tips for doing business with European buyers](#).

6. Through what channels can you put nativity sets on the European market?

The market channels and segments for nativity sets do not differ significantly from the sector in general.

Market channels

Nativity sets are carried by a variety of retailers, mostly independent shops, department stores and gift shops. All of these shops carry a broad range of home items, but have a special seasonal campaign in the run-up

towards Christmas to stimulate sales of Christmas decorations. Fair trade or world shops always stock nativity sets. Seasonal street markets are also a safe bet.

E-commerce

E-commerce in home decoration is increasing and can help you reach a broader range of customers. Retailers often combine online and offline channels. Consumers research and purchase products online, shopping around and comparing prices on home decoration items. Small (gift) items like nativity sets are especially suitable for this. To supply e-commerce you must be able to work with individual packing and labelling, as well as limited minimum orders.

Tips:

See our special study about [e-commerce in Home Decoration & Home Textiles](#) for more information.

Target online business-to-consumer retailers if you can meet the additional requirements.

Trade associations and fairs

These trade associations and fairs are useful sources for finding trading partners in Europe.

- [Ambiente](#), Frankfurt, February
- [Christmasworld](#), Frankfurt, January
- [Maison et Objet](#), Paris, January (main) and September
- [Tendance](#), Frankfurt, August

Market segments

Nativity sets are a mid-market product. They have a mass appeal, with designs conforming to accepted norms for Christmas atmosphere and generally not being highly innovative. Prices are accessible and related to the general norms for gifts. Distribution is through seasonal offline and online retail offers, especially in fair trade.

Lower and higher segments are barely commercially available, as Christmas is generally for the bulk of the mid-market consumer. The previously discussed collectors market forms a niche that takes the nativity set to mid-high.

To appeal to mid-market consumers, nativity sets should fit into the accepted Christmas imagery and atmosphere. Craftsmanship is important, but atmosphere more so. You should add context to your figurines (preferably a manger) and add some warmth and natural touches to the set. Showcasing your production or origin story adds value to the set. Prices are less of an issue for nativity sets if the emotional values of gifting, atmosphere and story are added.

7. What are the end-market prices for nativity sets?

Table 2 gives an overview of the indicative prices in the low, middle and high market segments.

Table 2: Indicative consumer prices of nativity sets

	Low-end	Mid-mid	Mid-high	High-end
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Nativity sets	n/a	€15-€75	€75-€150	n/a
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Consumer prices depend on the value perception by the consumer in a particular segment. This is influenced by your marketing mix: product benefits, promotion (brand or not, communication of product benefits), points of sale (reseller positioning), and a matching price.

Shipping, import and handling add 25% to the price of your nativity sets. Wholesalers account for a further 100% mark-up. Finally, retailers may add another 100-150% to the price.

Tips:

The value perception of your product in the chosen segment determines its price. The quality and price of your nativity sets must match what is expected in your chosen target segment. To determine your price, study consumer prices in your target segment and adjust your price accordingly.

Understand your segment. Offer a correct marketing mix to meet consumer expectations. Adapt your business model to your position on the market.

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