

The European market potential for christmas tree decoration

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European imports of Christmas articles are growing. Most of these imports are sourced from developing countries, making Europe an interesting market for you. However, you should be aware that the market is dominated by low-cost, high-volume production. Adding value by tapping into the trend of sustainability can give you a competitive edge. Other trends include the extension of the Christmas theme into more product categories and an increasing interest in collecting matching decorations.

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1. Product description

At retail level, Christmas tree decorations are often classified under seasonal. These items are used to decorate Christmas trees during Christmas season. Christmas tree decorations include baubles, tree toppers, figurines and other decorations, and can even extend beyond the tree. Because the types of decorations vary greatly, production methods and materials also differ.

This study focuses on low-tech, handmade products and those with a natural character. It uses the following codes to indicate trade in Christmas tree decorations:

Table 1: Product codes for Christmas tree decorations

Harmonised System (HS)	Prodcom	Description
9505 10 10	32 99 51 30	Christmas articles, of glass (excluding electric lighting sets)
9505 10 90		Christmas articles (excluding glass, candles and electric lighting sets, natural Christmas trees and Christmas tree stands)

The Christmas holiday season is an important shopping moment for European consumers. Sales in home decorations reach their annual peak between August and December. Christmas shopping can be quite

impulsive, as consumers tend to be less price-sensitive during this time.

Decorating both the inside and the outside of the home is an important buying motive at this time of year. Accessories express the sentiment of the season, ranging from sheer joy to a sense of spirituality. For many, Christmas is also related to giving, as friends and family exchange presents and have Christmas dinners together.

Tips:

- Lighting is of vital importance to express the joy of Christmas, including candlelight, Christmas tree lights and decorative outdoor lighting. These product groups are outside the scope of this report. For more information about candles, see our studies about [candles](#) and [candleholders](#).
- Dinnerware is also a prime product group for Christmas, as consumers use this occasion to elaborately decorate the table. For more information about these products, see our studies about [dinnerware](#) and [cutlery](#).
- Nativity sets are another popular type of Christmas decoration. For more information, see our study about [nativity sets](#).

Themes

Consumers use Christmas tree decorations because they need to create an ambience, a feeling of cosiness in the home. They are looking for a warm and inviting atmosphere, including a touch of spirituality for many people.

Several influences and themes add to this ambience:

- religion and spiritual (angels, bells, nativities)
- Santa Claus and Father Christmas (reindeers, sleigh, stockings)
- winter season (snowflakes, snowy trees, starry nights)
- references to childhood memories or to peace and tranquillity in general (Dickens stories, for example)
- romance (hearts and other love tokens, to represent huddling up with close ones)

Tip:

- Stay within these themes, but also add to them. Consumers want to see familiar themes in new products every Christmas. This allows them to shop, give and decorate again.

Functionality

Because of the emphasis on atmosphere in the home, the product quality of individual Christmas tree articles is less important than how they fit into the theme. They need to hang properly because if they fall from the tree, they are usually beyond repair.

Durability

Christmas items are seasonal and trendy. Because consumers often want to update the look of their Christmas tree every year, they regularly replace their Christmas accessories. This makes durability a less prominent quality norm than for most home decoration.

Material

Materials range from, for example, glass to wood, to ceramics, to fabric.

Design

As an important consumer event, Christmas is a mass market, and essentially a mid-market in terms of its consumer values. This means that prices and designs need to be accessible to the majority of consumers.

Christmas tree decorations come in different sizes, shapes, colours, and materials, to provide consumers with plenty of choice. However, the simple round bauble (with a diameter of around 7 cm) still dominates. The items can be sold in convenient collections and sets, to reduce consumers' choice anxiety. In the more premium niches, product and aesthetic quality are key.

The COVID-19 pandemic and the measures taken to try to control it worldwide are having a large impact on international trade and the European market for many products and services, including HDHT. Please note that the below analysis is based on the statistics that are currently available (2015–2019). Therefore, the expected impact of the COVID-19 pandemic on the European market and global supply chains has not been taken into account in this report. For the latest news in your sector, please check [CBI News](#).

The pandemic is expected to affect demand for HDHT products. The current crisis results in very low consumer confidence globally. Besides worrying about their health, consumers also worry about whether they will have work, and to what extent their livelihood will be under pressure. This obviously does not stimulate sales in HDHT. In addition, large parts of the brick-and-mortar retail in HDHT has closed (being non-essential) temporarily or permanently, and some will not survive the crisis financially. So, the distribution chain in the HDHT sector has been also severely affected.

Between 2015 and 2019, European imports of Christmas articles increased from €1.1 billion to €1.2 billion, at an average annual growth of 2.3%. This accounts for approximately a quarter of the total worldwide Christmas tree decoration imports.

Between 2015 and 2019, approximately 71% of the total European import value was sourced from developing countries. With some fluctuations, they increased from €762 million to €863 million. This makes Europe an interesting market for you, as an exporter from a developing country.

Market growth is driven by consumers' desire to enhance the atmosphere in their homes, as part of the wellness trend. The increasing interest in collecting and expanding sets of Christmas tree decorations can also stimulate the market. For more drivers of demand, see 'Which trends offer opportunities?' below.

Tip:

For more information on the short and long-term impacts of the pandemic on the sector, see our study on [how to respond to COVID-19 in the HDHT sector](#).

3. Which European countries offer most opportunities for Christmas tree decoration?

The larger Western European economies are the main importers of Christmas tree decoration. However, importers in these countries generally sell their products across Europe. Your best strategy therefore is to focus on a particular segment, rather than a specific country.

On average, [European holiday spending for 2019 is estimated at €460 per consumer](#). This is an increase of 3.3% compared to 2018. Of this €460, 42% (€193) is spent on gifts, and a further 29% (€132) on food. These categories are especially relevant for the sales of home decoration products. Consumers from the United Kingdom and Spain are expected to be the top Christmas spenders, both in total and on gifts and food.

In 2019, the United Kingdom remained Europe's leading importer of Christmas articles with 22% of imports, followed by the Netherlands (13%), Germany (12%), and France (10%). Together, they accounted for more than half of the European total. Smaller markets with a share of less than 10%, but still in the top-six leading importing countries, are Italy (8.7%) and Poland (4.8%).

However, you should be aware different countries have different roles in the European market. You can make a rough distinction between countries that are mainly importers and countries that are mainly manufacturers. Most Western European importers do not just sell their products in their own country, but across Europe. This explains why in HDHT, small countries like Denmark and the Netherlands often import much more than the demand in their own domestic markets.

In terms of marketing, you need to understand that countries are not the markets per se. In HDHT, there are different market segments, ranging from low to high (also see the chapter for Christmas tree decoration). Every European country has these segments, although their size may vary per country. Therefore, it makes much more sense for you to identify a particular segment in your product group and connect to the importers and distributors in that segment, instead of a specific country. These distributors will then sell in that segment across Europe.

Real private consumption expenditure

An important indicator for growth in demand is real private consumption expenditure. The HDHT sector, which includes the Christmas tree decoration market is sensitive to economic cycles. When economic circumstances and prospects are dim, consumers postpone buying non-essential items. The other way around, when economic conditions are favourable, private consumption expenditure and purchases of non-essential HDHT products surge.

In recent years the leading European markets showed an annual growth in real private consumption expenditure of approximately 1%–3%. Forecasts for the coming year showed a continuation of this positive trend up until the COVID-19 pandemic. Now, the predictions are uncertain. Because the HDHT market responds to economic cycles, demand is expected to reflect any potential economic fluctuations.

The United Kingdom is the largest European importer

The British are traditionally the top Christmas spenders in Europe. Perhaps unsurprisingly therefore, the United Kingdom is Europe's leading importer of Christmas tree articles by far, although its imports decreased from €276 million in 2015 to €250 million in 2019. The country sources almost all (€233 million in 2019) of this from developing countries, the highest value of any European country.

Most of the United Kingdom's Christmas tree decoration imports come from China. These are likely to be mainly low-cost, mass-produced items. Indonesia and India follow at a distance, with Indonesia performing particularly well. Indonesian supplies have increased by more than 10% per year between 2015 and 2019, illustrating that there are opportunities in this market despite China's dominance.

[The United Kingdom's withdrawal from the European Union \(Brexit\)](#) may have a major impact on consumer confidence. The uncertainties related to Brexit, the COVID-19 pandemic and the resulting economic slowdown are expected to affect the consumption of HDHT products, including Christmas tree decoration. As such, although the Christmas tree decoration import share of developing countries is high, your prospects for the next few years may be modest.

The Netherlands is an important European trade hub

With a strong average annual growth of 7.5%, Dutch imports of Christmas articles increased from €113 million in 2015 to €152 million in 2019. Similarly, imports from developing countries increased from €99 million in 2015 to €128 million in 2019 (84% of total imports). This performance reflects a long period of consecutive economic growth for the Netherlands.

China is by far the leading supplier also to the Netherlands. Germany and Thailand follow at a considerable distance, but they are clearly outperforming China in terms of growth. Thailand increased its supplies at an average annual rate of 12% between 2015 and 2019, which is much higher than China's 6% rate.

Brexit, the COVID-19 pandemic, the international trade disputes between the United States and China, and between the United States and Europe, may have a big impact on the Dutch economy. Because the Netherlands heavily depends on international trade, negative developments in global trade strongly affect its economic performance, which in turn, affects Christmas tree decoration consumption.

Since the Netherlands is a big re-exporter of goods, the impact on HDHT imports goes beyond the country itself. As such, developments in other European countries will also play a role. Given the economic slowdown in Europe as a whole, an increase in imports is not expected for the coming year. However, its strong performance in recent years does continue to make the Netherlands a relatively interesting market for you.

Germany overtaken by the Netherlands

German imports increased from €128 million in 2015 to €140 million in 2019, with an average yearly increase of 2.2%. Because this growth rate was somewhat lower than the impressive 7.5% of the Netherlands, Germany was overtaken as the second-largest importer of Christmas tree decoration in 2019.

Germany sources about two-thirds of its import value from developing countries. These imports increased from €89 million in 2015 to €91 million in 2019, at an average annual rate of 0.6%. However, this relatively low growth is caused by a slight decrease of imports of the dominating supplier, China. Germany's imports from other developing countries, such as Vietnam and India, actually increased by 12% per year in total. This suggests there could be opportunities for you.

Germany is the largest economy in Europe. It is home to 19% of the European Union's population. The German economy is widely considered the stabilising force within the European Union, historically showing a higher growth rate than other member states. In the current uncertain circumstances, Germany continues to be an interesting market for you due to its strong market for developing countries and relatively stable economy.

France's growth is slowing down

French Christmas tree decoration imports increased from €109 million in 2015 to €117 million in 2019, at an average annual rate of 1.7%. The imports from developing countries show a similar pattern, increasing from €54 million in 2015 to €59 million in 2018 and 2019 at an average rate of 2.3% per year. This adds up to a 50% share in 2019, which is considerably lower than the European average.

France sources 48% of its Christmas tree decorations from China, 23% from the Netherlands and a further 8% each from Belgium and Germany. This indicates that France actually may import considerably more from developing countries, but does so via European trade hubs rather than directly.

France's recent economic growth has slowed down after a gradual recovery. Global uncertainties and the effects of domestic social protests weighed on consumer confidence and the consumption of non-essential products. This is expected to be reflected in the country's imports of Christmas articles in the coming years.

Italy focuses on China

Italian imports of Christmas tree decorations increased from €93 million in 2015 to €102 million in 2019, at an

average annual rate of 2.2%. Imports from developing countries increased at an average annual rate of 4.2%, from €75 million in 2015 to €89 million in 2019. With this, Italy's developing country share has become 88%, the highest among the leading importers. However almost all of Italy's Christmas tree decoration imports come from China, followed at a distance by the well-known European trade hubs: the Netherlands, Germany, and Belgium.

The economic growth in Italy is likely to slow down as the country has been particularly affected by the current pandemic. This is expected to affect consumer confidence and the consumption of luxury products in 2020.

Poland is a quickly emerging import market

Although Poland is by far the smallest importer of the top-six, the country is catching up quickly. Its imports grew from €26 million in 2015 to €56 million in 2019, at an average annual growth rate of 21%. Although the share of imports from developing countries is below average at 47%, they are growing at 16% per year as well. In 2019, they reached €26 million.

Germany is Poland's leading supplier of Christmas tree decorations, accounting for almost half of Polish imports. As Germany is an important European trade hub, this suggests that supplying to German traders may be a good way for you to reach the Polish market.

Tip:

- Do not just focus on specific European countries. Instead, identify the appropriate segment and let your buyers distribute your products across Europe within this segment.

4. Which trends offer opportunities on the European Christmas tree decoration market?

Christmas tree decorations play a strong role in some major consumer trends that dominate the HDHT sector, particularly home sweet home, wellness and sustainability. For more information, see our study about [trends for home decoration and home textiles](#). We will outline each trend below.

Home sweet home: cosying up around the Christmas tree

Christmas is a key event that is central to the home sweet home trend. In this trend, the home functions as a shelter for the consumer, especially older consumers. This consumer makes the home a retreat with a comfortable, quite luxurious interior — a world in itself. However, this trend is also about families or groups of friends enjoying each other's company, entertaining each other, cooking and dining, or just relaxing. These two aspects of inside living have been strengthened by the COVID-19 pandemic.

During Christmas time, family units come together to enjoy each other and the festive season. The tree and the entire home, often including the garden, is decorated to add to the atmosphere of cosiness.

Keeping or replacing?

Every year consumers are faced with the decision whether to reuse or replace their Christmas tree baubles. On the one hand, consumers can be quite conservative in their choice of themes (such as winter or religious imagery) and colours (mainly red, green, silver, and gold), meaning Christmas baubles can last longer than one season. On the other hand, consumers want to be trendy and follow the latest colours in decoration. In addition, Christmas decorations make nice gifts. Those two considerations are tempting enough to deck out the tree with new buys.

A small additional temptation is the fact that consumers are offered themes that run on throughout the years, with new items added every year. This stimulates the consumer's need to collect, buy the latest addition, and acquire the complete set.

Picture 1: Collection of matching baubles within the traditional colour scheme



One-stop shopping

Consumers value the Christmas atmosphere during their Christmas shopping. Open-air Christmas markets, department stores, and garden centres often make sure that consumers can walk around in a true Christmas world, including food and drinks. This atmosphere stimulates the consumer to complete their shopping for Christmas decorations in one go.

Tips:

- Make sure your assortment includes the accepted themes and colours for Christmas tree decoration, but be aware that true differentiation comes from using your own materials, techniques, and colour ideas. Themes and imagery from your own culture will find acceptance, as consumers are generally quite open to new stories in Christmas tree decoration.
- Offer opportunities for one-stop shopping with a broad set of categories, materials, techniques, and flexibility in product development. If you can also contribute to your buyer's non-festive collections, your position may be even stronger. So, if you are already in Christmas tree decoration, add more general home categories to your assortment. And if you come from home decoration, for example, add Christmas as a category.
- Be aware that the timing of marketing Christmas tree decorations matters. If you launch early in the year and have the capacity to supply for the Christmas of that same calendar year, you do not have to pre-stock. If you launch later in the year or have limited production capacity, pre-stocking may be necessary. Alternatively, you can present your range as a collection for Christmas in the next calendar year.

Wellness: Christmas as a positive state of mind

Wellness drives the megatrend of consumers interested in improving their physical and mental health in how they live and how they consume. During Christmas, consumers take time to reflect on their contribution to a better world, often motivated by religion.

In an increasingly secular Europe, traditional religions may gradually lose their function as a mental companion to the consumer. However, this does not seem to make the consumer less spiritual or contemplative, especially during the festive season. The reflection appears to become more inward and personal, or more aimed at the broader issues involving climate change and inclusivity. This moving away from traditional religion has also made Christmas tree baubles less strictly religious, broader in theme, and their storytelling.

Christmas is also a time of families coming together, making sure nobody is lonely, and of gifting. The decorated tree is central to creating that positive mental state. This will gather greater force due to the global health crisis. Creating a pleasant atmosphere in the home is a good way for consumers to improve their sense of well-being.

The ambience consumers try to create at Christmas time is underpinned by a number of psychological needs that influence their 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 Christmas atmosphere, being more emotional than spiritual. However, this varies for every person, with some putting more emphasis on the religious aspect. If the Christian element does get reduced, the religious story itself may survive in a more worldly sense.
- Nostalgia – At Christmas time, the consumer is deeply influenced by childhood memories, as well as peace and tranquillity in general.
- Escapism – Christmas allows consumers to retreat into the comfort of a good story, away from their busy daily lives, naturally involving Santa Claus or Father Christmas, the birth of Jesus, winter stories, fairy tales, and nostalgia.
- Sharing and socialising – At Christmas also, 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 traditionally make great gifts.

Picture 2: Baubles with a wintry forest theme



Strategic marketing of Christmas tree decorations can consist of three main strands:

- Further penetrate the religiously motivated Western European market for Christmas decorations with the help of active sales and price strategies. As this segment seems to decline, you may need alternative strategies.
- Develop new markets in Eastern Europe, where Christianity, especially Catholicism, is still strong and disposable income for decoration is increasing. Marketing will predominantly take pace through Western-European distributors, especially German and Dutch, that already have a strong position in the Christmas market, including in Eastern Europe.
- Develop more 'generalised' Christmas imagery for the Western European consumer. This approach is more challenging.

Sustainability: people and planet

Millennials soon will be the dominant consumer group. They list climate change as their main concern and are used to expressing their preferences through consumption. In addition, this generation strongly advocates diversity in terms of race, gender, and lifestyle. As such, people and environmental friendliness is rapidly becoming a more central consumer need, also in HDHT.

Christmas can be quite a wasteful event, with lots of non-renewable materials in the decoration and a high degree of single-use, fast-rotating baubles and trends. Gradually, consumers are looking for Christmas tree decorations that are renewable, recyclable, and reusable. While this is still a niche segment, smaller suppliers are well placed to create the necessary changes. Offering environmentally and socially responsible Christmas tree decorations are less price-sensitive and by and large still untouched by the mass players in the sector.

Fair trade concepts traditionally offer religious and Christmas-related collections. This segment is particularly suitable for styles that reflect your local culture and background story. If done well, these designs can offer the ideal mix of aesthetic and social value to a consumer open to such new, meaningful stories. With the added value of fair-trade certification, these types of products appeal to the high-end segments.

Opting for a more considerate lifestyle

Trend forecaster [Lidewij Edelkoort](#) makes the point that the COVID-19 pandemic paradoxically makes people feel less stressed, less under constant pressure, and less in need of the latest trend item. Enjoying a bit more calm and reflection, people appreciate what they have, which may be an indication of life post-pandemic. The reduction in global travel, industrial production, and overcrowding, makes people feel healthier, sense cleaner air, and experience less of the usual guilt about their excessive consumption patterns. In short, Ms Edelkoort

believes many people may opt for or at least hope for more considerate lifestyles. For HDHT, this may translate as consumers less interested in the latest trends, but instead embracing more timeless design. She also advocates that consumer patterns will lead to a reduction in the pressure on natural resources by recycling, reducing, re-using, as well as refusing (meaning buying less and more essentially).

Tips:

- If your importer is interested, consider certification options such as fair trade. For more information on this, see our study about [buyer requirements](#).
- Benefit from the cultural heritage you may have as a fairtrader and use it as a positive design force.
- For more information on this trend, see our special study about [sustainability](#).

[Made51](#) was created by the United Nations Refugee Agency ([UNHCR](#)) to provide meaningful work and income to refugee artisans across the globe. Based on the insight that refugees have amazing skills and cultural stories that global consumers can appreciate, Made51 also offers an annual collection of baubles, made from sustainable materials and under fair-trade circumstances.

As UN Deputy High Commissioner for Refugees Kelly Clements puts it: 'Rather than viewing millions of refugees across the globe as a burden, Made 51 sees untapped talent and potential that, if unlocked, can directly benefit displaced women, men and children, as well as host communities and local businesses'.

This study was carried out on behalf of CBI by [Globally Cool B.V.](#) in collaboration with GO! GoodOpportunity.

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