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## Management Report **Our everyday companions**



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## Management Report

# Our everyday companions

Study: the market for jewellery, watches and accessories in Germany



# Executive Summary

***The market for jewellery, watches and personal accessories is continuing to grow***  
*Whether it's a birthday, wedding or anniversary – there are plenty of reasons for buying and giving jewellery, watches and personal accessories. Gender, income and age play a major role in attitudes to buying and giving. Consumers find suggestions about things to buy when they are window shopping, or at the jeweller's, or from advertising brochures. It is evident, however, that the source of inspiration varies between men and women. Further growth in the online market is also foreseeable in the three sectors. Internet pure players are driving this development, more strongly than the online shops of the bricks-and-mortar retailers.*

## **Future popularity assured**

People will continue to enjoy buying personal everyday companions in future and giving them as gifts. Whereas in 2014 consumers spent EUR 9.6 billion on jewellery, watches and personal accessories in Germany, an increase in market volume is forecast to EUR 10.7 billion by 2019. That corresponds to average annual growth of 2.2 percent across all three product groups.

## **Online trend continuing**

The next few years will also see online growth in sales of jewellery, watches and personal accessories. Distribution will shift further towards non-bricks-and-mortar retailing. Internet pure players will play the decisive role in this development, in the lead over online shops of bricks-and-mortar retailers.

## **Bricks-and-mortar retailers the first source of inspiration for consumers**

When German consumers seek inspiration or suggestions for jewellery, watches or personal accessories, bricks-and-mortar retailers continue to play the dominant role. More than 50 percent of consumers get their ideas when window shopping.

## **Men or women – who buys, who gives?**

For women, jewellery and personal accessories are often a fashionable addition, selected to fit their outfit perfectly. That is why they like to buy their fine everyday companions themselves. Watches, however, are given more often by women than by men. With men it is the other way round: they like giving jewellery and personal accessories as presents, but they prefer to buy watches for themselves.

## **Personal accessories bought irrespective of income**

Consumers with higher incomes buy and give more jewellery and watches than households with medium and low incomes. When it comes to personal accessories, despite differing income levels, purchasing behaviour is more or less the same.

## **Single people the great impulse buyers**

No matter the age group – single people are the most frequent impulse buyers in all three product categories. More than 50 percent of single people buys accessories most frequently as impulse purchases. When it comes to jewellery and watches, too, it is single people who like to give themselves a treat or want to pep up their outfit.

# The market for jewellery, watches and personal accessories in figures

*In all, EUR 118.82 (2014) is spent per head per year in Germany on jewellery, watches and accessories, and the market forecasts are good. This market is expected to grow on average by 2.2 percent per year until 2019. This means it will increase from EUR 9.6 billion at present to EUR 10.7 billion. Thus in 2019 each German would be spending an average of EUR 133.66.*

## Jewellery market to exceed sales record

Surveys by the Cologne Institute of Retail Research (Institut für Handelsforschung Köln) show that the jewellery market, following a significant fall in 2013, has stabilised again. Per capita expenditure on jewellery products currently stands at EUR 47.31 (2014). The forecast suggests that by 2019 the jewellery market will actually exceed its 2012 record, attaining a market volume of EUR 4.2 billion.

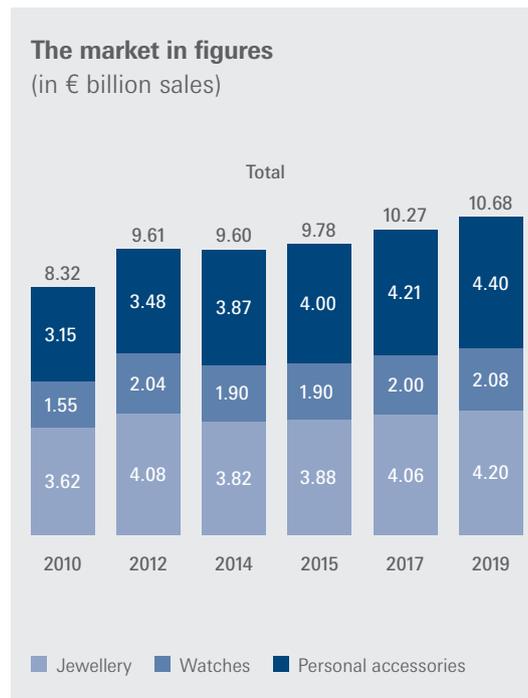
## Above-average market trend in personal accessories

The market for personal accessories (women's handbags, scarves and shawls, suitcases, briefcases, travel and shopping bags, purses, belts, gloves, ties, hats and caps) has increased in volume by a total of 22.8 percent since 2010, thus showing the most dynamic overall growth of the three markets under review. That is an average annual growth of 5.3 percent. In 2014 alone, people spent EUR 47.94 per head on personal accessories. A further above-average rise in the market is anticipated.

## Watch market leaves crisis behind

The watch market is different: it initially saw the downward trend of 2013 continue. The drop in wrist watches without precious-metal cases could no longer be counterbalanced by authentic watches. The situation in the sector is therefore somewhat fraught. But changes in market structure, in which precious-metal watches and

other watches now show a similar weighting, are leading to stable sales figures, currently standing at EUR 23.57 per head (2014). No prolonged crisis period is forecast for the watch market. From 2016-17 growth rates of some two and a half percent a year are anticipated.



# Results of study

## Online retailing of increasing importance for jewellery, watches and accessories market

Given the ever stronger growth seen in the online retail sector, the upward trend in all three markets is hardly surprising: in all, online retailing is forecast to rise from 16.4 percent (2014) to 21.7 percent in 2019, while bricks-and-mortar retailing – currently well ahead in sales – will drop from 83.6 percent to 78.3 percent. In this process the internet pure players are the market drivers, ahead of the online shops of bricks-and-mortar retailers.

In 2014 the share of online business in the jewellery market, standing at 11 percent, is currently still relatively modest. However the trend to 2019 is upward and the online share is set to grow to 17.3 percent.

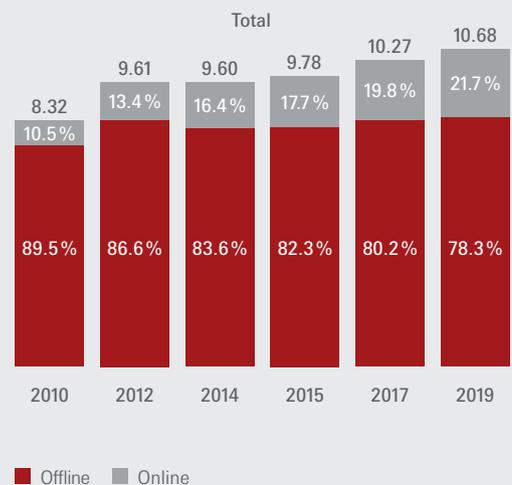
The online watch market is also expected to grow from 12.4 percent in 2014 to 17.7 percent in 2019.

The dominance of specialist retailers and retail chains offering both watches and jewellery, however, will remain essentially untouched.

Retailers will lose market share to online trade, but the chain stores have so far been able to counterbalance this. This is due in particular to the strong presence of chain retailers offering luxury watches in the best shopping locations, which benefit disproportionately from tourist purchases. More and more leather goods and accessories are being sold on the internet. Online retailing will also gain market share in future. The fashion trade, in particular, is opting increasingly for online distribution. The online market is forecast

to rise from 23.8 percent in 2014 to 27.7 percent in 2019. In department stores accessories form part of the core range and, due to these shops' central addresses, have suffered no fall in sales, despite increasing online competition. Compared with other markets, online retailing of jewellery, watches and accessories is still little developed. In 2013 the markets for books, women's clothing and audio/video media were already recording a significantly higher share, standing between 23.7 and 51.3 percent.

**Overall market:**  
**online retail versus offline retail**  
(in € billion sales)



## The study

The present study has been commissioned by Messe Frankfurt and drawn up by IFH Retail Consultants of Cologne and GfK Nuremberg. It considers buying and gift-giving patterns for jewellery, watches and accessories in Germany. The study presents the latest market data and forecasts the trends in the market for the next four years. It also provides an insight into the reasons why consumers buy jewellery, watches and accessories, to whom they give them as gifts, what their sources of inspiration are, and the importance which they attach to such purchases. Along with recording basic statistical data, a more probing representative survey using face-to-face interviews was carried out with 970 people from Germany.

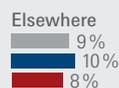
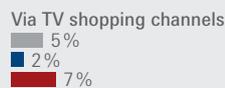
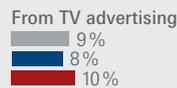
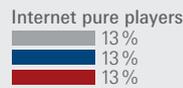
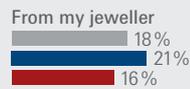
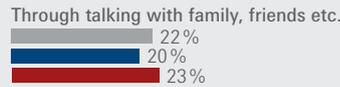
**Bricks-and-mortar retailing is and will stay the number one source of inspiration for men and women**

When German consumers go in search of inspiration or suggestions for jewellery, watches and accessories, bricks-and-mortar retailers continue to play the dominant role. More than one in two (56.1 percent) get their ideas from window shopping. Among women it is actually two out of three. Comparing notes with friends and family (21.8 percent) is also important for both sexes. But, in getting their ideas, men and women don't always take the same route: thus men (21.1 percent) get their suggestions more frequently from the jeweller than do women (15.8 percent), opting more for personal advice. Instead, women prefer to gain their inspiration from magazines (23.0 percent) and from advertising in brochures and newspaper supplements (22.1 percent).



**Where do you get your inspiration or suggestions for jewellery (real or fashion jewellery), watches and personal accessories?**

(in %)



■ Total ■ Men ■ Women

Basis: men and women aged 14+

# Results of study

## **Women prefer to buy for themselves**

Jewellery is an expression of individuality (72.2 percent) and has a high emotional value (63.8 percent). This description was given particularly by women, who attribute a much higher significance to jewellery than do men. 83.3 percent of women wear jewellery as a fashionable addition to their clothing. Among men the figure is only 54.3 percent. But it is not only in the importance of jewellery that there are differences between men and women: 40.2 percent of men buy no jewellery at all. If they do buy jewellery, it is frequently for their wife (41.5 percent). Women, by contrast, buy jewellery mainly for themselves (70.2 percent). Only 1.4 percent of women buy jewellery for their partner. Rather than jewellery, women more often give watches as presents to their husbands (20.2 percent), though both men (67.0 percent) and women (52.5 percent) prefer to buy watches for themselves. A wristwatch is a fashion accessory and is viewed as an expression of individuality. When it comes to personal accessories, too, clear differences show up between men and women. 89.7 percent of women buy personal accessories, and only 57.4 percent of men. Of these, 71.8 percent of women buy accessories for themselves, but 3.0 percent give them as gifts to their partner. Though men tend to buy them for themselves – the figure is 31.4 percent – still 16.4 percent of men give personal accessories as gifts. 43 percent of men have never bought personal accessories.

## **People buy personal accessories irrespective of income**

As expected, level of income plays a major role when buying jewellery and watches: the greater the income, the greater the readiness to buy jewellery and watches. High-income households are more likely to buy jewellery (81.1 percent) than low-income households (62.8 percent). It is similar when it comes to giving jewellery as gifts: 59.1 percent of people on high incomes give jewellery, while only 40.4 percent on lower incomes give such presents. EUR 47.31 is spent per head (2014) on jewellery products.

When buying watches it can be seen that high-income households also choose these as gifts (43.3 percent), while only 30.5 percent of low-income households do so. The difference when it comes to buying is less pronounced than for giving watches: 83.4 percent of people on high net incomes bought a watch on at least one occasion. Among persons on lower incomes, 76.4 percent bought a watch once. Per capita spending stands at EUR 23.57 (2014). Despite different income levels, buying patterns for personal accessories are very similar across different types of household.

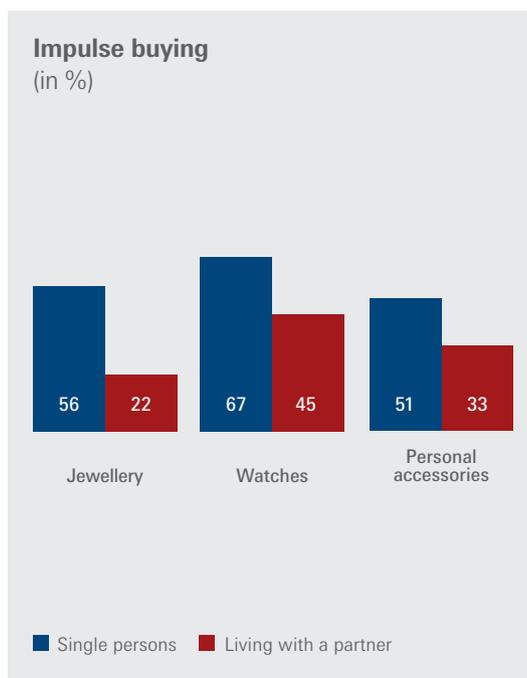
Here it can be seen that low-income households (68.6 percent) are just as keen on buying accessories as high-income households (78.1 percent). When it comes to making gifts of personal accessories, too, the difference is minor: 30.8 percent of people on high incomes give personal accessories as presents, while 23.5 percent of low-income households do the same. EUR 47.94 per head (2014) is spent on personal accessories.

### Impulse buyers: singles buy more frequently for themselves

Single people, in particular, are more likely to buy jewellery, watches and accessories on impulse and without advance planning. More than one in two single people buys jewellery most frequently on impulse (55.7 percent), while for those living with a partner the figure is only one in five (21.6 percent).

It is the same with watches: here, too, single people are the main force. More than two thirds of single people buy watches most frequently on impulse (67.2 percent), while among those living with a partner it is less than one in two (44.6 percent).

51.3 percent of single people buy accessories most frequently on impulse. Evidence shows that personal accessories, too, are bought less ad hoc by people living in a relationship (32.9 percent).



## Background information on Messe Frankfurt

Messe Frankfurt is one of the world's leading trade fair organisers, generating around €554 million in sales and employing 2,130 people. The Messe Frankfurt Group has a global network of 29 subsidiaries and 57 international Sales Partners, allowing it to serve its customers on location in more than 160 countries. Messe Frankfurt events take place at more than 30 locations around the globe. In 2014, Messe Frankfurt organised a total of 121 trade fairs, of which more than half took place outside Germany. Comprising an area of 592,127 square metres, Messe Frankfurt's exhibition grounds are home to ten exhibition halls. The company also operates two congress centres. The historic Festhalle, one of the most popular venues in Germany, plays host to events of all kinds. Messe Frankfurt is publicly owned, with the City of Frankfurt holding 60 percent and the State of Hesse 40 percent.

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