

Crafts, Gifts & Novelties



May 2010 US\$395



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China manufacturer profiles

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Product & price trends

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CRAFTS, GIFTS & NOVELTIES

Supplier capability in China

EXECUTIVE SUMMARY

China's crafts, gifts and novelties industry is well on the road to recovery. Current manufacturing upgrades, upbeat growth forecasts and stronger government support all point to a healthier business climate through the rest of 2010.

On the back of improving US and Europe economies, many suppliers in the country project overseas revenue to increase more than 20 percent in the next 12 months.

In preparation for a demand upturn, companies across different product sectors are expanding their capacity. This is done by automating key processes at their factories or opening additional plants in inland provinces, where labor, land and operating costs are lower.

Moreover, using computerized equipment not only raises efficiency but also softens the impact of the worker shortage, which several manufacturing industries currently face.

The following are some of the trends we see in China's crafts, gifts and novelties segment:

- To widen revenue streams further, more makers are responding to the "green" movement by adopting environment-friendly practices. An example is the increased utilization of LNG in lieu of LPG in glass and crystal craft production, and of sustainable timber among wooden craft specialists.

- Many suppliers will be focusing their design development efforts on raising visual appeal via incorporating novelty shapes and styles. Night lights in cartoon themes and photo frames with mosaic embellishments, for instance, will be popular.

- To raise their value, simple crafts and novelties are integrated with functional components, such as polyresin designs that work as clocks, water fountains or lamps.

- At many companies, prices have increased, albeit modestly. This is to

cover fluctuating raw material costs and stay afloat amid the cutthroat competition.

- While many makers are going back to traditional export markets such as the US and Europe, some continue to explore opportunities in the Middle East, India and Africa to shore up overseas revenue.

The product scope of this updated report comprises crafts in various materials such as ceramic and porcelain, glass and crystal, polyresin, wood and metal. Gift packaging, novelties, photo frames and scale models are covered as well.

For each category, the latest design trends, surface treatments and features are provided. The report also highlights key factors that differentiate the price and characteristics of low-end, midrange and high-end releases.

Projections for the next six to 12 months on overseas sales, capacity expansion plans and R&D focus are detailed in the Supplier Survey.

The Industry Overview section elaborates on the manufacturing updates and export forecasts during the economic recovery stage. The line's demographics and primary hubs are likewise discussed.

Reflecting the industry structure, the majority of companies interviewed for this report are manufacturers with direct rights to ship overseas. Most are located in Guangdong and Fujian provinces, the line's top production centers. There are also a handful based in Jiangsu and Zhejiang provinces, and Shanghai.

Further, more than 80 percent of featured suppliers are mainland China-owned. The rest have financial backing from Taiwan and Hong Kong enterprises.

Many of the companies in this report have been in the manufacturing and export industry for more than a decade.

In this report

- 32 in-depth company profiles
- 21 additional suppliers
- 141 top-selling export products
- Supplier demographics
- Supplier survey
- Industry statistics & charts

METHODOLOGY

To produce this report, Global Sources surveyed a wide range of suppliers. Rather than focus simply on high-profile makers, we compiled a representative sample of large, midsize and emerging manufacturers. All profiled companies are export-oriented professional suppliers that may or may not be clients of Global Sources.

The selection of suppliers is designed to reflect the composition of the industry in China in terms of geographic spread, business type and company ownership.

For in-depth company profiles, our research teams interviewed senior executives and export managers who discussed their recent performance and provided price, R&D, production and export forecasts for the next 12 months. The interviews were done in person, by phone or e-mail.

In each case, companies were required to answer specific questions designed to verify their manufacturing and export credentials, including their production and export statistics, and a breakdown of exports by product type and market. Our production checklist details the product-specific manufacturing capability of each supplier.

All profiled suppliers participated in a survey designed to provide insight into product and price trends, and challenges facing the industry in the next 12 months. All survey questions are single choice. Results were calculated based on the actual number of valid responses to each question.

INDUSTRY OVERVIEW

To keep pace with recovering export demand while alleviating the impact of the current labor shortage, suppliers of crafts, gifts and novelties in China are putting manufacturing upgrades to the fore.

This trend is apparent across the line's key segments.

A number of gift packaging companies, for example, are investing in automatic sampling machines that can produce one piece per day. This is three times faster than working by hand, and slashes sampling outlay by 80 percent.

Many paper gift box suppliers are now also using self-operating equipment such as die-cutting and fold-line marking machines to minimize their dependence on manual labor.

Better printing equipment, meanwhile, is the priority of gift tin specialists.

Some suppliers are installing alcohol dampening and Computer To Plate systems. The first inhibits ink emulsification, printing echoes and color bleeding.

CTP, meanwhile, enables higher efficiency and output quality than earlier methods, which relied on image transfer to film.

The technology allows remote video draft confirmation with clients, cutting sampling expenditure and time. The required period for an A4 print, for example, was reduced from three or four days to just several minutes.

Photo frame suppliers are likewise boosting production capability and efficiency to slash turnaround time.

A number of companies have developed sample-making machines that can create a mold within five days. Traditional equipment requires at least 10 days for one photo frame prototype.

Moreover, manufacturers in certain categories are carrying out sizeable capacity expansions.

Some gift tin specialists are establishing additional factories inland to bolster capacity. Dongguan City Yiguan, for example, constructed a new plant in Jiangxi province to augment the output of its existing facility in Guangdong province. The structure is to be finished this year.

Leading supplier CPMC's new factory in Wuhan, Hubei province, will be operational by September 2010. The company currently has production arms in Zhejiang, Jiangsu, Hebei, Guangdong and Sichuan provinces, and Tianjin.

"Green" manufacturing

Recent enhancements in production processes are tied to advancing user safety and environmental protection as well.

More companies in the glass and crystal crafts industry, for instance, are incorporating cleaner energy into manufacturing.

One way of doing so is through the use of LNG in the heating and forming processes. Compared with LPG, coal and electricity, LNG is the cleanest and safest energy source. It is also 30 percent less expensive than LPG.

If all the crafts suppliers in Xiaoguanzhuang, Baoying, Jiangsu

Supplier summary

Suppliers surveyed	32
Export sales	\$167.7mn
Export ratio	60%
OEM business	58%
Capacity utilized	64%
Annual R&D spending	\$9.0mn
Full-time employees	16,348

Data: All surveyed suppliers

province, for example, shift from LPG to LNG, the local industry can save up to \$2.6 million annually.

Xiaoguanzhuang is home to more than 90 glass and crystal crafts makers, most of which currently run LPG ovens. To encourage the use of LNG, the local government laid down a natural gas pipeline there in November 2008.

Some companies, however, are not quick to follow suit due to the high cost required in building pipelines in their plants.

Instead, many midsize and large businesses focus on R&D and postprocessing, and subcontract the heating process to manufacturing facilities that use LNG.

Still on the green trend, a number of wooden craft specialists are now working with local inspection and quarantine administrations. Spot-checking wood for compliance and

Major customers

Company	
Dongguan City Yiguan	Lipton (UK), Disney (US)
Dongguan Jian	Disney, McDonalds, Universal Studios (US)
Dragon Max	Mattel, Hasbro, Tommy (HK)
Gather Sun	Tesco (UK); Auchan (France); Rusta (Sweden); IDC, LTD, Wal-Mart (US)
Oriental	Johnnie Walker, Ballantine's (Singapore); Harrods (UK)
SG	OWI, Wal-Mart, TSC, CBS (US)
Shenzhen Cailang	Wal-Mart, CSS (US); L'Oreal (France)
Shenzhen Zicai	Meri Meri (US); HABA (Germany)

Cover Industrial Co. Ltd

Guangdong province-based Cover exports its entire output of 1.2 million pieces in the line, comprising 40 percent crafts, 25 percent novelties and 20 percent scale models. The balance is made up of gift packaging products and photo frames.

Sixty percent of shipments are OEM orders, while 10 percent bear the in-house brand. ODM contracts constitute the rest.

Currently, the majority of Cover's overseas shipments go to Eastern Europe, which will continue to be the main export target.

About 5 percent of the company's \$1.8 million total annual sales are allocated for product development. The 12-member R&D team will focus on multifunction designs in the next six months.

The ISO 9001:2000-certified manufacturer boasts mold making and surface treatment facilities in its 1,500sqm factory.

Increasing capital expenditure by more than 50 percent and improving capability by reducing product defects are among the supplier's plans for the next 12 months.

Company facts

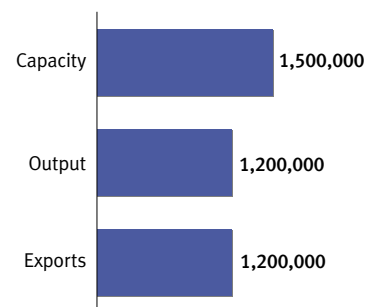
Year established	1996
Business type	Manufacturer
Company ownership	Mainland China-owned
Head office location	Shenzhen (Guangdong)
Number of factories	1
Factory location(s)	Shenzhen (Guangdong)
Total factory area	1,500sqm
No. of full-time employees	80
No. of R&D/design staff	12
No. of QC staff	4
Annual sales (all products)	\$1.8mn
Annual R&D spending	\$100,000
ISO certification	Yes

Sales & output: Crafts, gifts & novelties

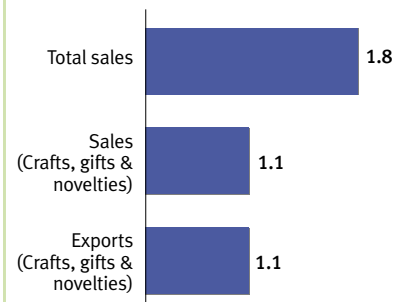
Annual sales	\$1.1mn
Share of total sales	61%
Annual export sales	\$1.1mn
Total monthly capacity	1,500,000 pieces
Average monthly output	1,200,000 pieces
Capacity utilized	80%
Average monthly exports	1,200,000 pieces
Export ratio	100%
OEM % of exports	60%
ODM % of exports	30%
OBM % of exports	10%
Other products made	Flashing products, recording greeting cards

Profile

Production pieces/mth



Sales \$mn/yr



Contact details

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Capability

Production checklist

Plastic-injection machines	5
Spray-painting guns	20
Laser-engraving machines	1
Weaving machines	—
Offset-printing machines	—
Die-casting machines	—
In-house surface treatment	Yes
Makes molds in-house	Yes

Exports by product

Crafts	40%
Gift packaging	5%
Photo frames	10%
Novelties	25%
Scale models	20%

Exports by market

North America	30%
European Union	22%
Europe (non-EU)	34%
Asia-Pacific	6%
Middle East	5%
Other	3%

Survey

- **Export prices**
Increased
- **Export price increase**
5-10%
- **Export sales**
Increase more than 20%
- **Target market**
Europe (non-EU)
- **Capital expenditure**
Increase more than 50%
- **Major challenge**
Price competition
- **Export capability**
Decrease product defects
- **R&D focus**
Multifunction models

Popular export models



Novelty

Model	CO-VO007
MOQ	1,000 pieces
Packaging	OPP bag
Delivery	10 days
Price	•

Description: Recordable door hanger; 6 or 10s duration; light will be on while recording; in customized designs; two AAA batteries; 21.5x8mm



Novelty

Model	CO-VH025
MOQ	1,000 pieces
Packaging	OPP bag
Delivery	10 days
Price	•

Description: Music paper bag; plays music when opened; customizable audio and design; 22x6x32cm; three AG10 batteries; CE, RoHS



Novelty

Model	CO-VB047
MOQ	1,000 pieces
Packaging	OPP bag
Delivery	10 days
Price	•

Description: ABS music box; message can be prerecorded; push button to play audio; duration can be customizable; 89x89x40mm; two AAA batteries; RoHS

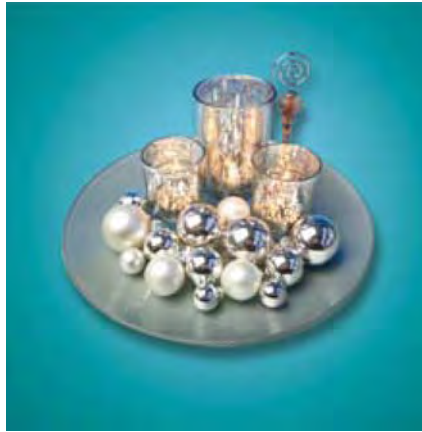
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PRODUCT GALLERY

Crafts



Dongguan Jian
(profile page 42)
Model: Mini Metal Craft
MOQ: 100 pieces per design
Packaging: Polybag
Delivery: 15 days
Price: •
Description: Mini metal craft; zinc alloy or pewter; polishing and electroplating; gold-, silver- or copper-plated; in various sizes



Jiangsu Vigorous
(profile page 52)
Model: VG61621
MOQ: 1,000 sets
Packaging: Colored box
Delivery: 25 days
Price: •
Description: Glass candle holders; electroplating; 1.35kg; glass plate, cup with metal hook and Christmas balls; 26x13cm



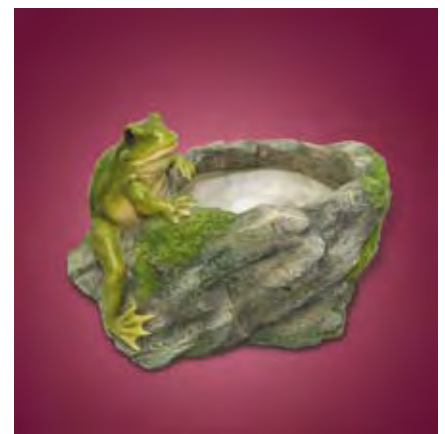
Jiangsu Vigorous
(profile page 52)
Model: VG61758
MOQ: 1,000 pieces
Packaging: Gift box
Delivery: 25 days
Price: •
Description: Dome-shaped clear paperweight; in various designs; 7.8x3.7cm



Jiangsu Vigorous
(profile page 52)
Model: VG-61506
MOQ: 1,000 pieces
Packaging: Gift box
Delivery: 25 days
Price: •
Description: Paperweight; glass; clear; in various designs; 7x1.5cm



Quanzhou Yilong
(profile page 62)
Model: HA07604
MOQ: 480 pieces
Packaging: Colored box
Delivery: 45 days
Price: \$8.15
Description: Polyresin squirrel with solar light; 2V 60mA solar panel; one amber LED; AA rechargeable NiCd battery; 28x16x27cm; 1.4kg; CE, RoHS



Quanzhou Yilong
(profile page 62)
Model: HA07030
MOQ: 480 pieces
Packaging: White inner box
Delivery: 45 days
Price: \$4.42
Description: Natural stone with frog planter; polyresin; 25x16x18cm; 1,200g

• Information not disclosed

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