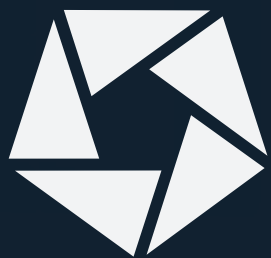




British Allied Trades Federation



University of
Strathclyde
Glasgow



Fraser of Allander Institute

The economic contribution of
British Allied Trades Federation
industries

July 2026

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Disclaimer

The analysis in this report has been conducted by the Fraser of Allander Institute (FAI) at the University of Strathclyde. The FAI is a leading academic research centre focused on the Scottish economy.

The report was commissioned in September 2025 by the British Allied Trades Federation.

The analysis and writing-up of the results was undertaken independently by the FAI. The FAI is committed to providing the highest quality analytical advice and analysis. We are therefore happy to respond to requests for technical advice and analysis. Any technical errors or omissions are those of the FAI.

Executive Summary

This report assesses the economic contribution of the industries represented by the [British Allied Trades Federation \(BATF\)](#). It was commissioned by BATF, representing the [National Association of Jewellers \(NAJ\)](#), the [Surface Engineering Association \(SEA\)](#), and the [Home and Gift Association \(HGA\)](#), and conducted independently by the Fraser of Allander Institute at the University of Strathclyde.

Using a detailed model of the UK economy, the report estimates the contribution these industries make to UK gross value added and employment. The analysis combines Standard Industrial Classification (SIC) code analysis with Input-Output modelling techniques to estimate both the direct contribution of these sectors and the wider spillover effects they support.

The findings demonstrate that the industries represented by BATF make a substantial contribution to the UK economy, supporting economic activity across manufacturing, retail, wholesale, design, and related professional services.

Once wider spillover effects are included, we estimate that:

- The **jewellery production, trade, and repair sector** contributes around £9.8 billion in gross value added (GVA) to the UK, supporting over 130,000 full-time equivalent (FTE) jobs.
- The **surface engineering industry** contributes £2.9 billion in GVA to the UK economy, supporting a total of 36,500 FTE jobs.
- **Gift economy** expenditure supports around £58.2 billion in GVA and around 844,500 FTE jobs.

Collectively:

- The **industries supported by the British Allied Trades Federation** contribute £70.2 billion in GVA to the UK economy and support over 1 million FTE jobs.

Alongside highlighting the significant contribution of BATF-represented industries to the UK economy and the diversity of economic activity within these broad areas, this report provides a transparent and replicable framework for tracking these sectors over time.

Each modelling exercise requires a bespoke approach, with its own strengths and limitations. Many activities span multiple sectors, are embedded within wider supply chains, or are defined by consumer behaviour rather than by the characteristics of the goods themselves. This is particularly evident in surface engineering, which supports strategically important industries despite often sitting outside dedicated SIC classifications, and in the gift economy, which cuts across a wide range of retail activities.

To address these challenges, the report combines economic modelling with case studies that illustrate the diversity of firms and business models represented across BATF member associations, from independent craft producers to nationally recognised retailers and advanced manufacturing businesses.

Some overlap exists between the sectors analysed, particularly between the gift economy and the retail component of the jewellery sector. As a result, the combined BATF-wide estimate should be interpreted as broad rather than strictly additive. Overall, the findings highlight the important role played by the industries represented by BATF in supporting economic activity, innovation, employment, and consumer demand across the UK economy.

Introduction

Commissioning bodies

British Allied Trade Federation

The British Allied Trades Federation (BATF) is a non-profit federation of trade associations representing businesses across a diverse range of “allied trades”, including jewellery, surface engineering, and giftware. By bringing multiple trade bodies together within a single organisational structure, BATF enables its member associations to benefit from shared services, strategic coordination, and collective representation.

The organisation’s origins date back to 1887, reflecting a long history of representing specialist UK industries and crafts. In 2011, the British Jewellery, Giftware and Finishing Federation adopted the name British Allied Trades Federation, marking a broader strategic focus across a wider range of industries and member associations. Today, BATF represents organisations including the [National Association of Jewellers \(NAJ\)](#), the [Surface Engineering Association \(SEA\)](#), and the [Home and Gift Association \(HGA\)](#). These associations support businesses operating across manufacturing, retail, design, engineering, and related professional services.

National Association of Jewellers

The NAJ was formed in 2015 through the unification of the British Jewellers' Association - founded in 1887 as the Birmingham Silversmiths and Jewellers Association - and the National Association of Goldsmiths (NAG), founded in 1894. The organisation provides support to around 1,700 members within the jewellery sector with a focus on four core pillars: representation, professional standards, education and training, and membership benefits and services.

Surface Engineering Association

The SEA supports around 250 member companies operating across the surface engineering industry by providing guidance, training, advocacy, and networking opportunities aimed at improving performance, compliance, and innovation across the sector. Representing firms involved in activities such as metal finishing, coatings, surface treatment, and advanced materials technologies, the SEA plays an important role in promoting technical excellence and supporting the adoption of new processes and standards within UK industries. Since its foundation in 1887, the SEA has supported businesses across the UK in navigating changing industrial, regulatory, and technological environments. It has also acted as a collective voice for the industry, engaging with policymakers, regulators, and wider industry stakeholders to highlight the economic and strategic importance of surface engineering to the broader manufacturing economy.

Home and Gift Association

Originally founded as the Fancy Goods Association in 1947 and renamed the Giftware Association in 1969, the organisation rebranded as the Home and Gift Association in July 2026, reflecting its broader focus on the home and gift sectors. The association provides support to its members through a range of services, including legal, human resources, marketing and e-commerce, shipping, logistics, and import-export guidance. The association’s charter sets out its commitment to elevating the industry, championing creativity, trading fairly, respecting intellectual property, and engaging in continuous learning.

The challenge

This report aims to estimate the economic contribution of the industries represented by the trade associations within the BATF. A central challenge in undertaking this type of analysis lies in defining the industries themselves. Economic data and industrial classifications do not always align neatly with how industries are understood by businesses, trade associations, or policymakers, particularly where activities span multiple sectors, supply chains, or business functions.

For the purposes of this report, the industries analysed include the jewellery production, trade, and repair sector; the surface engineering industry; and the wider gift economy. While these sectors each represent distinct forms of economic activity, they also share common measurement challenges. These challenges include broad industrial classifications, embedded supply-chain activities, and business models that extend beyond conventional sectoral boundaries.

Alongside the economic modelling, the report incorporates a series of case studies designed to illustrate aspects of these industries that are more difficult to quantify through standard economic statistics alone. These examples highlight the diversity of business models, specialisms, and economic functions represented across BATF member associations, while also providing additional insight into the wider role these industries play within the UK economy.

Our approach

To estimate the economic contribution of these industries, we undertake Standard Industrial Classification (SIC) code analysis to identify the classifications that most closely represent the principal economic activities within each sector. Using these definitions, we model GVA and employment impacts associated with each industry through a hypothetical extraction model (HEM) extension of a standard Input-Output (IO) framework, based on the 2023 UK Industry-by-Industry Input-Output tables.

This report is structured as follows:

- Section 1 provides economic indicators, case studies, modelling strategy, and economic modelling results for the **jewellery production, trade, and repair sector**;
- Section 2 provides the content detailed above for the **surface engineering industry**;
- Section 3 covers the **gift economy** - providing economic indicators for the retail sector, modelling strategy, and economic modelling results;
- The final chapter concludes this report.



The National
Association
of Jewellers



Jewellery production, trade, and repair sector

In addition to housing some of the world’s most renowned jewels, the UK also has a rich and economically significant jewellery sector. Through both its heritage and modern retail offer, the sector contributes to the UK’s appeal as a destination for visitors. Domestically, the jewellery sector supports employment across a wide range of activities, with many individuals employed in small and medium-sized enterprises designing, producing, selling, and repairing bespoke or handcrafted pieces alongside larger-scale operations.

These core activities of the jewellery sector - manufacturing, trade, design, and repair - are reflected, to varying degrees of detail, within the UK’s official economic statistics and industrial classification system known as the [UK Standard Industrial Classification of Economic Activities 2026 \(SIC 2026\)](#).

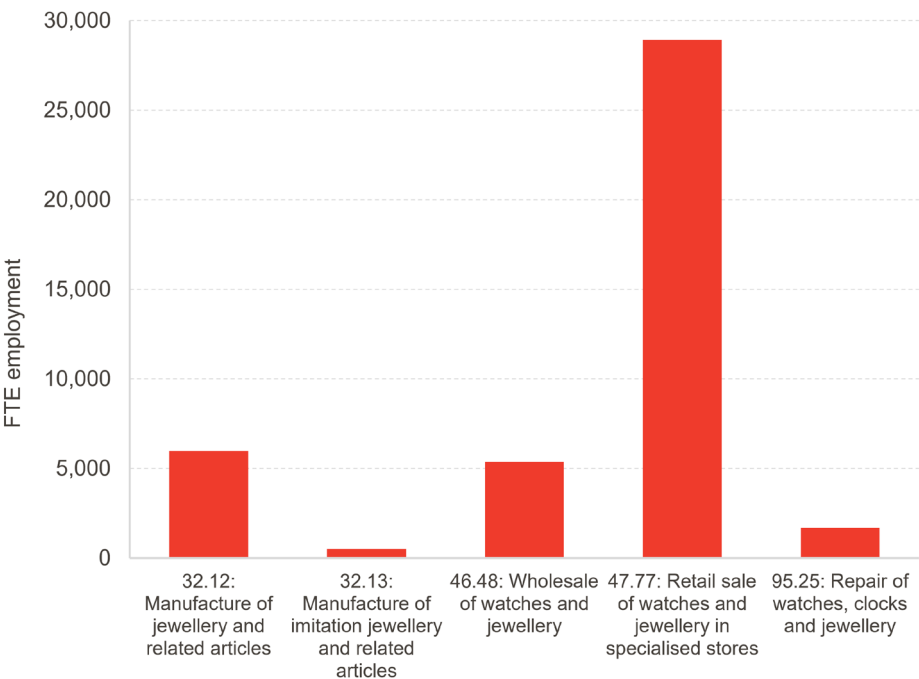
In this section, we present key indicators for these activities, including employment, GVA, turnover, and business counts across the relevant jewellery-related subsectors. We set out our modelling definition of the jewellery sector, outlining the range of activities included and excluded. Finally, we present estimates of the sector’s economic contribution, covering direct, indirect, induced, and total impacts.

Economic indicators for the jewellery-related subsectors

Employment

The *Business Register and Employment Survey (BRES)* provides detailed employment estimates for a range of jewellery-related subsectors. These include the *Manufacture of jewellery and related articles (32.12)*, *Manufacture of imitation jewellery (32.13)*, *Wholesale of watches and jewellery (46.48)*, *Retail sale of watches and jewellery in specialised stores (47.77)*, *Specialised design activities (74.10)*, and the *Repair of watches, clocks and jewellery (95.25)*.

Chart 1: Employment by jewellery-related subsector, 2024



Source: NOMIS-BRES, Fraser of Allander Institute

Chart 1 shows direct FTE employment across jewellery-related subsectors.

Across Great Britain, the manufacture of jewellery subsector employs just under 6,000 FTE workers. While manufacturing could be considered the most visible and easily associated component of the sector, it is supported by a broader set of activities, including wholesale, retail, and repair.

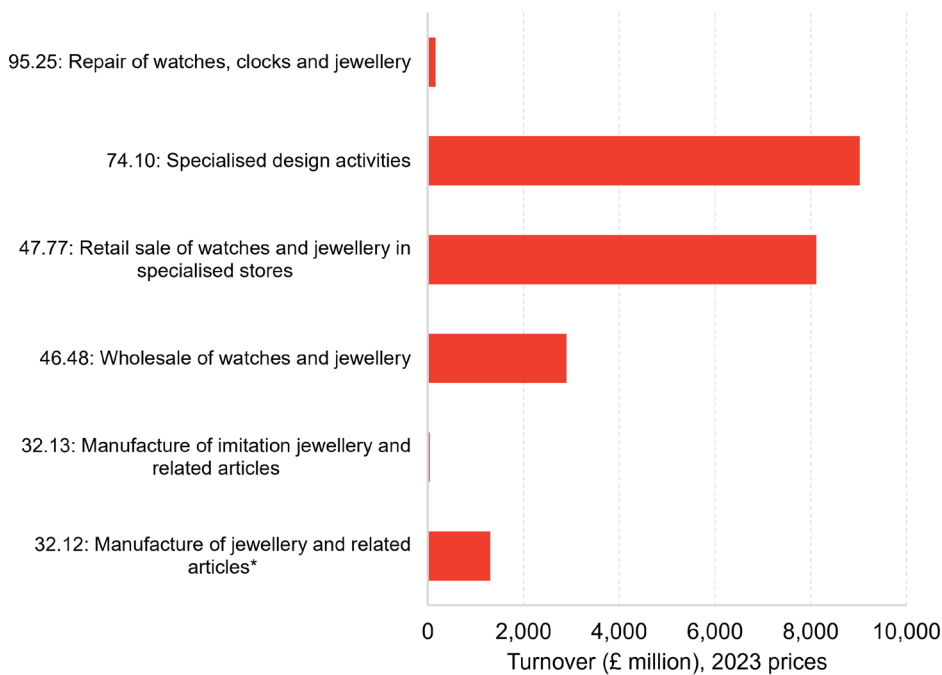
Retail, specifically the sale of watches and jewellery in specialised stores, accounts for a much larger share of employment, with nearly 29,000 FTE workers, around five times the level of employment in jewellery manufacturing. These retail estimates do not capture employees involved in the sale of jewellery in non-specialised stores, such as department stores. Estimates of these employees are not available within national accounts, and such a calculation is outside the scope of this report.

Not shown in **Chart 1** is employment in the specialised design activities subsector, which employs almost 53,000 FTE workers across Great Britain. This subsector covers a wide range of design activities, including, to some extent, the specialised design of jewellery.

Turnover

Turnover across jewellery-related subsectors provides a complementary perspective to the employment data. **Chart 2** presents turnover across jewellery-related subsectors and shows some interesting differences in comparison to employment estimates.

Chart 2: Turnover by jewellery-related subsector (£ million), 2023 prices



Note: ABS Section A–S turnover for SIC 32.12 in 2023 is suppressed for disclosure purposes; the value presented is 2022 turnover.

Source: Fraser of Allander Institute, ONS Annual Business Survey (2024)

Retail, specifically the sale of watches and jewellery in specialised stores, accounts for a large share of turnover, at just over £8.1 billion in 2023 prices. This reinforces its central role within the sector, not only as the largest employer but also as the primary point at which value is realised through final consumer transactions.

Specialised design activities (SIC 74.10) also represent a significant component of turnover, generating approximately £9 billion. This reflects the broad range of activities captured within this SIC classification, which extends well beyond jewellery-specific design.

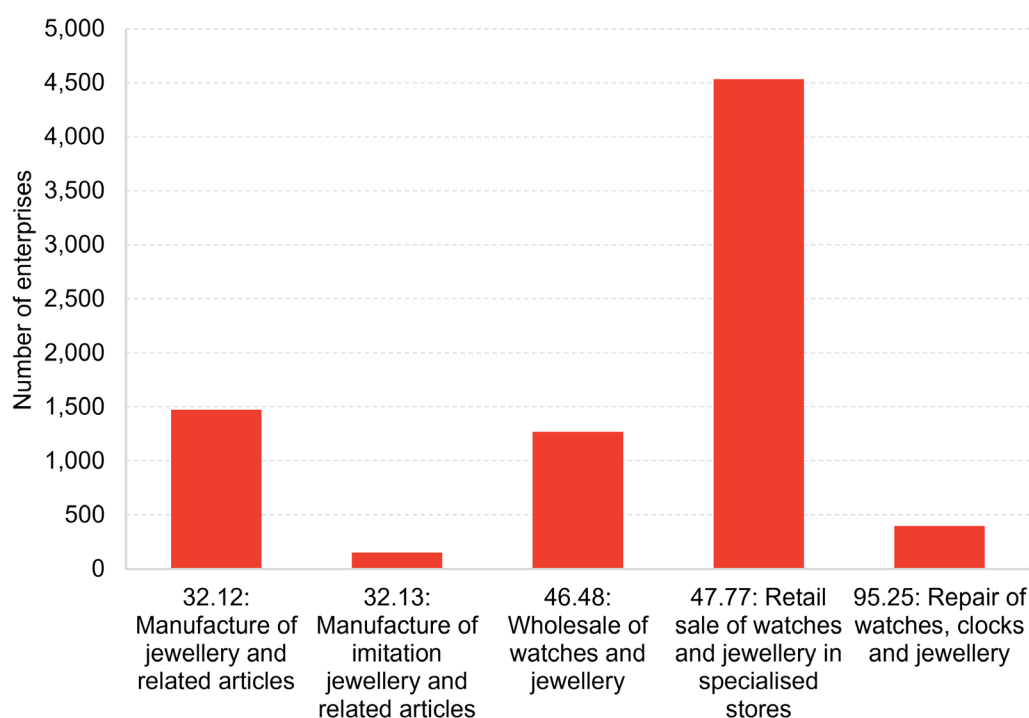
As such, while design services form an important part of the wider jewellery ecosystem, only a relatively small proportion of the turnover associated with specialised design activities is likely to be directly attributable to jewellery-related activity. This further illustrates the challenges involved in accurately delineating and measuring the jewellery sector using standard industrial classifications alone.

Chart 2 also shows that turnover in *Wholesale of watches and jewellery (SIC 46.48)* exceeds that recorded in *Manufacture of jewellery and related articles (SIC 32.12)*. This contrasts with the employment estimates presented in **Chart 1**, where manufacturing accounts for a larger workforce than wholesale activities. The reversal suggests substantially higher turnover per worker within wholesale; however, this should not be interpreted straightforwardly as evidence of higher productivity. Differences in turnover across these subsectors may instead reflect a range of factors, including intangible brand value, the high value of traded goods, material input costs, and differing commercial margins across the jewellery value chain.

Business count

The number of enterprises across jewellery-related subsectors is shown below in **Chart 3**.

Chart 3: Number of enterprises in jewellery-related subsectors, 2023



Source: NOMIS-BRES, Fraser of Allander Institute

Chart 3 shows the number of enterprises across jewellery-related subsectors in the UK. The *Retail sale of watches and jewellery in specialised stores (47.77)* accounts for by far the largest number of enterprises, with around 4,500 in total.

Overall, the number of businesses across jewellery-related subsectors closely follows the pattern seen in the employment data in **Chart 1**. In particular, the figures highlight the important role of specialised retail in the jewellery sector. This is particularly significant given ongoing structural pressures on UK high streets, and reflects the continued presence of jewellery retailers in town and city centres.

CASE STUDY

The Breadth and Diversity of Economic Activity in the Jewellery Sector

The jewellery sector includes a wide range of businesses that vary in size and type of activity. As well as the SIC codes discussed above, the examples of National Association of Jewellers (NAJ) members below show the breadth of variation across the sector, including manufacturing, retail, cooperative business models, and specialist design.

Whispers in Time

[Whispers in Time](#), based in the outskirts of Glasgow, specialises in bespoke memorial jewellery and keepsakes. This family-run business creates pieces that incorporate the ashes, hair, or fur of loved ones and pets. Its products include rings, necklaces, bracelets, and charms, with each item hand-finished to reflect the personal nature of the commission. Classified under *SIC 32.12 (Manufacture of jewellery and related articles)*, the business illustrates the wide range of activity captured within jewellery manufacturing. Its work shows that the sector extends beyond traditional luxury and decorative goods to include highly specialised and personalised products.

Alongside this, [Harkness Premier Jewellers](#) highlights some of the challenges of industrial classification. Although classified under *SIC 32.12*, the business mainly specialises in jewellery repair, remodelling, and restoration-activities more closely associated with *SIC 95.25 (Repair of watches, clocks and jewellery)*. This shows how jewellery businesses often span multiple activities that are not clearly separated within official statistics. The company employs around 23 people, with most of its jewellers having started as apprentices, highlighting the sector's role in supporting specialist skills and training.

Sammantha Maclachlan FGA Limited

[Sammantha Maclachlan FGA Ltd](#) represents another part of the jewellery sector: independent valuation and gemmological services. Based in Glasgow city centre, the business specialises in valuing jewellery and luxury watches for insurance, probate, family division, and asset appraisal purposes. Led by Sammantha Maclachlan, Chair of the National Association of Jewellers Institute of Registered Valuers and a Fellow of the Gemmological Association of Great Britain, the company combines gemmological expertise with specialist market knowledge.

Unlike manufacturers or retailers, the business focuses on professional valuation and authentication services, highlighting the range of activities supported by the jewellery sector beyond the production and sale of jewellery. However, the company is classified under *SIC 94.12 (Activities of professional membership organisations)*. This further illustrates the challenges of capturing jewellery-related activity through standard industrial classifications, with some specialist firms recorded under SIC codes that do not clearly reflect their role within the sector.

Laings

[Laings](#) represents a larger-scale and more established part of the jewellery sector. Founded in 1840, it is one of the UK's oldest family-run jewellers and remains under sixth-generation family ownership. Headquartered in Glasgow, with a flagship showroom on Buchanan Street and a long-standing presence in the Argyll Arcade, the business has expanded to multiple showrooms across the UK.

Unlike Whispers in Time, Laings operates at the consumer-facing end of the value chain and is classified under *SIC 47.77 (Retail sale of watches and jewellery in specialised stores)*. Its scale and national footprint highlight the economic importance of jewellery retail, which, as shown in the analysis above, is one of the largest components of the sector.

Siop Iard

Siop Iard, based in Caernarfon, North Wales, represents a markedly different business model from the previous examples. Unlike conventional manufacturers or retailers, Siop Iard is a women-led cooperative of four independent jewellery designers, supported by a wider operational team. The cooperative provides a shared retail and workshop space through which members design, produce and sell contemporary handmade jewellery, while also offering jewellery-making courses and professional training through its dedicated workshops.

Because Siop Iard operates as a collaboration of independent designers rather than a single incorporated business, it does not have an associated Companies House record or SIC classification. This is particularly notable in the context of economic measurement, as it highlights how some jewellery-related activity may sit outside standard business registers entirely.

Taken together, these case studies illustrate the breadth and complexity of the jewellery sector. From highly specialised manufacturing and large-scale retail to cooperative craft-based enterprises, the sector spans a diverse range of business models and economic activities. This diversity reinforces the importance of adopting a broad and nuanced approach when seeking to measure the sector's economic contribution.

Economic impact modelling of the jewellery production, trade, and repair sector

Modelling definition

In this section, we define the jewellery industry as the jewellery production, trade, and repair sector. This definition captures many of the expected jewellery-related activities (see **Table 1**). However, there are some limitations. These include activities that are excluded but remain important to the sector, such as upstream supply chain activities like precious metal production, and downstream activities such as valuation and insurance. It also includes some activities that would ideally be excluded, such as the repair of clocks, if more granular data were available. Further detail on the methodological choices used to define our modelling definition of the sector can be found in **Appendix A**.

Table 1: Modelling definition of the jewellery production, trade, and repair sector

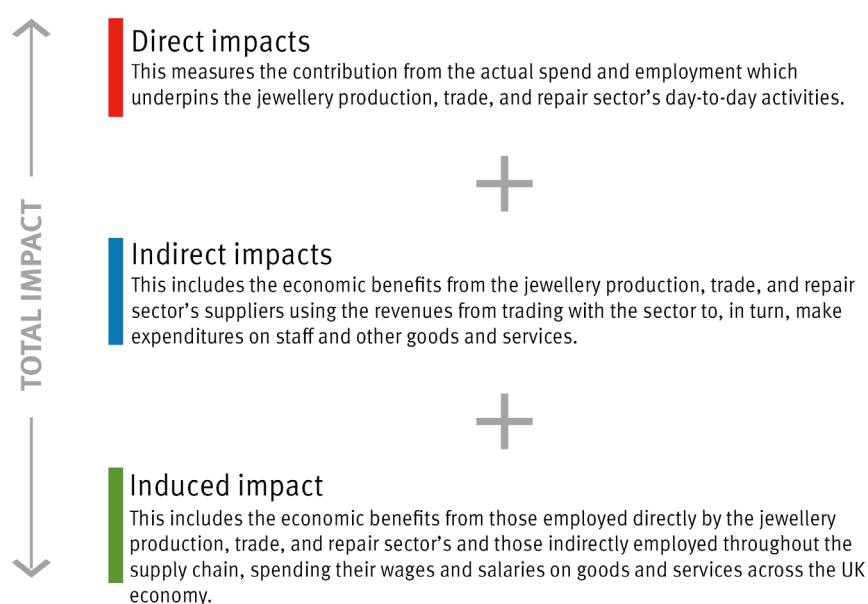
SIC code	Subsector name	HEM SIC	Share of HEM SIC defined as sector
32.12	Manufacture of jewellery and related articles		
32.13	Manufacture of imitation jewellery and related articles	32	9.3%
46.48	Wholesale of watches and jewellery	46	0.7%
47.77	Retail sale of watches and jewellery in specialised stores	47	1.9%
74.10	Specialised design activities	74	0.9%
95.25	Repair of watches, clocks and jewellery	95	1.6%

Source: Fraser of Allander Institute & NAJ

Interpreting economic modelling results

An economic impact study aims to answer questions by examining three channels of activity: direct, indirect and induced impacts. Definitions of these impacts are shown in **Diagram 1**.

Diagram 1: Direct, indirect and induced impacts explained



Source: Fraser of Allander Institute

Results

In this section, we present the results from hypothetically extracting the jewellery production, trade, and repair sector. Results are presented in terms of GVA and FTE employment; definitions of these concepts are provided in the **Glossary**.

Table 2 outlines the direct, indirect, and induced impacts of the jewellery production, trade and repair sector.

Table 2: Economic impact of the jewellery production, trade, and repair sector (2023 prices)

	Output (£m)	Employment (FTE)	GVA (£m)
Direct	6,450	60,530	3,505
Indirect	4,350	28,135	2,040
Induced	7,650	45,260	4,230
Total	18,450	133,925	9,775

*Totals may not sum due to rounding

Source: Fraser of Allander Institute calculations

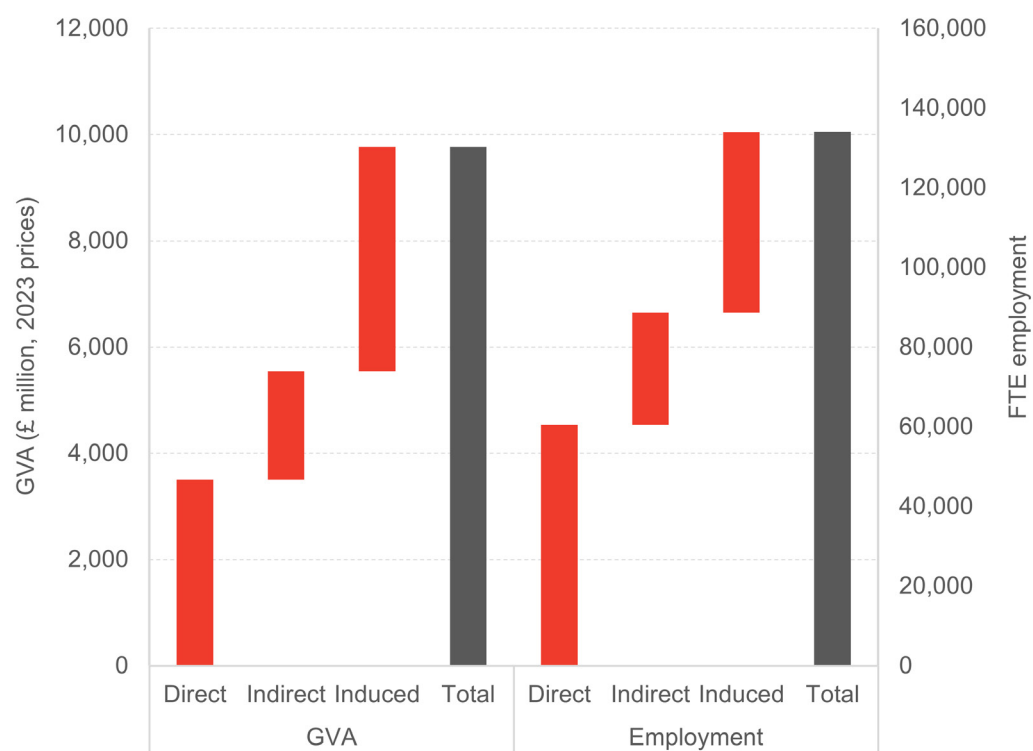
We estimate that the jewellery production, trade, and repair sector directly employs 60,530 workers (FTE) and contributes £3.5 billion in GVA to the UK economy.

Once spillover effects are accounted for, the sector supports 133,925 FTE jobs and contributes nearly £9.8 billion in GVA across the UK economy.

This implies that for every job created directly within the sector, a further 1.2 jobs are supported elsewhere in the economy.

Chart 4 shows the distribution of the economic contribution across direct, indirect and induced impacts.

Chart 4: Economic impact of the jewellery production, trade, and repair sector (2023 prices)



Source: Fraser of Allander Institute

Surface engineering industry

Surface engineering is the modification of a material's surface to deliver properties - such as durability, corrosion resistance, thermal performance, or safety - that the material itself cannot provide. It includes processes such as electroplating, thermal spraying, anodising, heat treatment, and vapour deposition.

Together, these technologies play a critical role in UK supply chains and are particularly important to industries such as aerospace. While the industry itself may not be as well known as the downstream industries that depend on it, surface engineering is central to advanced manufacturing - a core priority in the UK Government's [Modern Industrial Strategy](#).

Economic indicators for the surface engineering-related subsectors

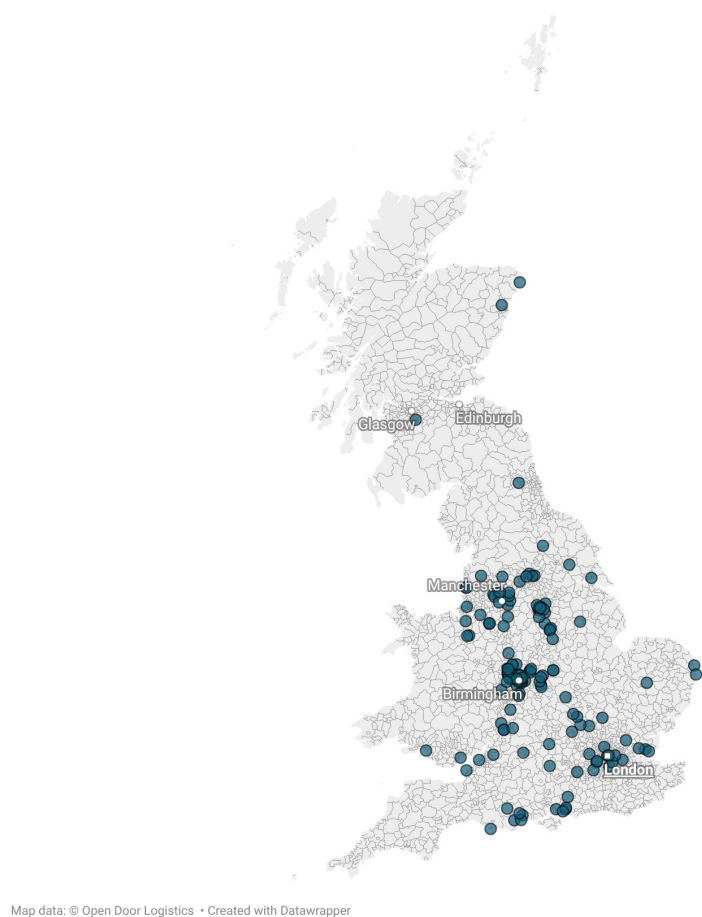
Identifying related subsectors

The process of surface engineering is not fully captured in national accounting, with the closest industrial definition being the *Treatment and coating of metals (25.61)* subclass within the SIC hierarchy.

While this definition captures many activities commonly understood as surface engineering, it does not fully reflect the breadth of the sector. A range of surface engineering activities fall outside this narrow scope, including non-metallic surface treatments and processes undertaken in-house within other manufacturing sectors. Nevertheless, it provides a practical basis from which to begin modelling the industry's economic contribution.

Discussions with the Surface Engineering Association highlighted that many of their members engaged in surface engineering activities were not classified under SIC 25.61. To identify other relevant SIC codes, we carried out a SIC code analysis of the SEA's membership directory using Companies House. We reviewed 176 firms, the majority of which are located around the North West of England and the West Midlands, with a smaller cohort around London (see **Diagram 2**).

Diagram 2: Location of Surface Engineering Association members



Source: Surface Engineering Association, Fraser of Allander Institute, Datawrapper

Table 3 shows the results of our SIC code mapping. As expected, SIC 25.61 accounts for the largest share (39%) of classifications, with eight other codes accounting for a further 30%, and more than 90 additional codes making up the remaining 32%.

Table 3: SEA membership SIC code counts

SIC code	Subsector name	Count of SIC code(s)	% of SEA members
25.61	Treatment and coating of metals	68	39%
25.99	Manufacture of other fabricated metal products n.e.c.*	14	8%
32.99	Other manufacturing n.e.c.	14	8%
46.75	Wholesale of chemical products	7	4%
28.99	Manufacture of other special-purpose machinery n.e.c.	4	2%
74.909	Other professional, scientific and technical activities n.e.c.	4	2%
22.29	Manufacture of other plastic products	3	2%
26.11	Manufacture of electronic components	3	2%
43.999	Other specialised construction activities n.e.c.	3	2%
Other	Other SIC codes	90+	32%

Note: Totals may not sum due to rounding, * n.e.c. = not elsewhere classified.

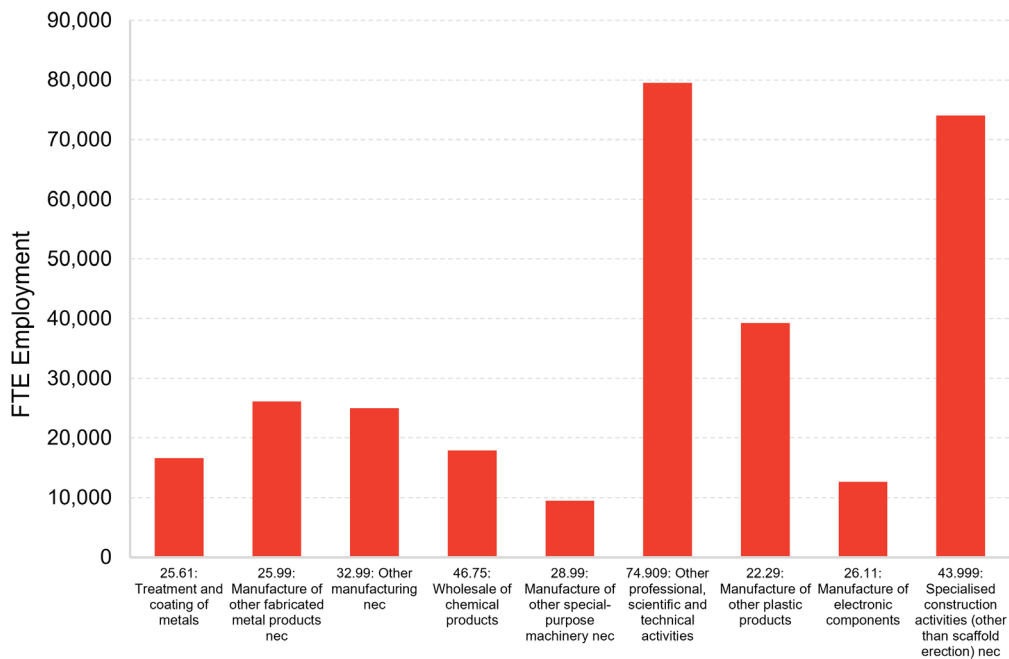
Source: Fraser of Allander, SEA, Companies House

Our analysis indicates that a share of economic activity within these additional SIC codes is generated through surface engineering activities. We present key indicators, FTE employment, turnover, and business counts, for these SIC codes to provide broader context.

Employment

Business Register and Employment Survey data for nine surface engineering-related subsectors, identified through the SEA membership analysis, are presented in **Chart 5**.

Chart 5: Employment by surface engineering-related subsector, 2024



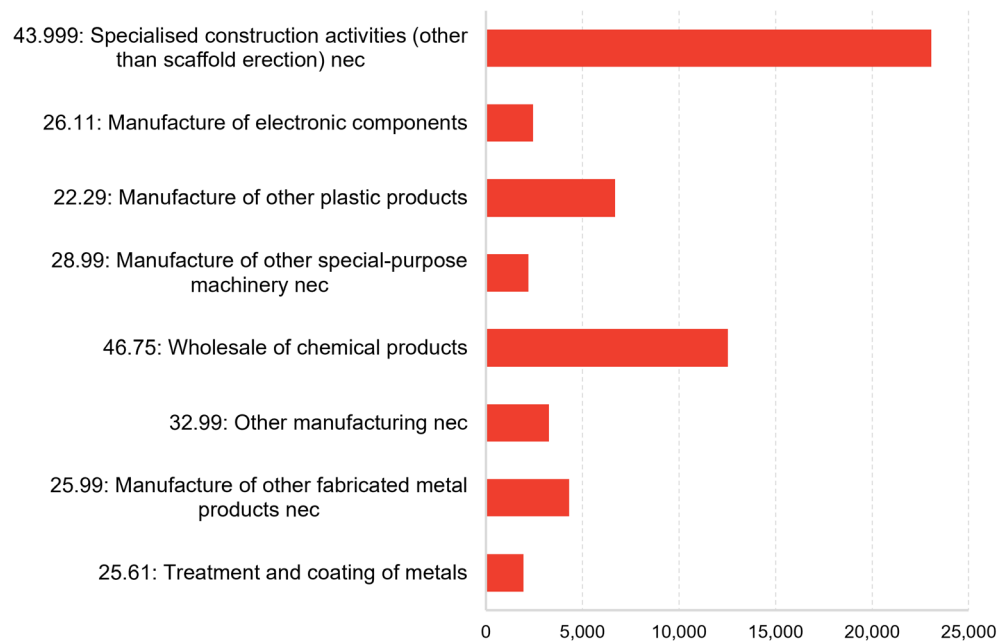
Source: NOMIS-BRES, Fraser of Allander Institute

From the chart, the treatment and coating of metals subsector directly employs around 16,500 FTE workers. The largest subsector by FTE employment is *Other professional, scientific and technical activities* (74.909) with 79,500, followed by *Specialised construction activities (other than scaffold erection), not elsewhere classified* (43.999) with 74,000, each accounting for approximately 2% of SEA members.

Turnover

Turnover across surface engineering-related subsectors is shown below in **Chart 6**.

Chart 6: Turnover by surface engineering-related subsector (£ million), 2023 prices



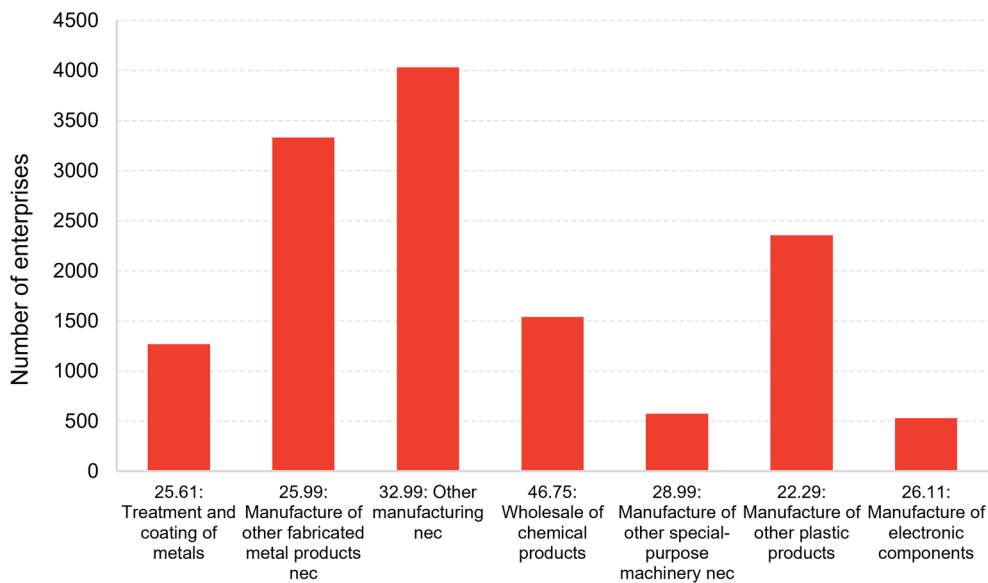
Note: ABS estimates do not cover SIC 74.909 at the 5-digit level.

Source: Fraser of Allander Institute, ONS Annual Business Survey (2024)

In 2023, turnover across firms in the *Treatment and coating of metals* subsector was £1.95 billion according to Annual Business Survey data from the ONS. A comparison between **Charts 5 and 6** suggests that SIC 25.61 is relatively labour-intensive, requiring more FTE employment to generate turnover than similarly sized subsectors such as *Manufacture of other special-purpose machinery n.e.c.* and *Manufacture of electronic components*, both of which achieve higher turnover with fewer employees.

Business count

Chart 7: Number of enterprises in surface engineering-related subsectors, 2023



Source: Fraser of Allander Institute, ONS Annual Business Survey (2024)

Complementing employment and turnover data, **Chart 7** presents ABS estimates for the number of enterprises operating in the UK for the surface engineering-related subsectors. According to the most recent data for 2023, *Treatment and coating of metals (25.61)* subclass has approximately 1,250 firms operating across the UK.

While smaller in scale than many of the other related subsectors for employment, turnover, and business count, this should not be interpreted as suggesting that the *Treatment and coating of metals (25.61)* subclass has limited industrial and economic relevance. As the core economic classification of the surface engineering industry, SIC 25.61 plays a critical role in the supply chains of higher-value industries such as aerospace, as highlighted in previous industry analyses. Additionally, a share of the employment, turnover, and business activity recorded in related subsectors is likely to involve surface engineering functions embedded within broader production processes. As a result, SIC 25.61 alone does not fully capture the scale or economic significance of surface engineering across the wider economy.

CASE STUDY

Indestructible Paint Limited: SIC code limitations in defining the surface engineering industry

Indestructible Paint Limited is a manufacturer of high-performance coatings and specialist surface treatments, supporting sectors such as energy generation, aerospace, defence, and advanced engineering. Such coatings are designed to protect critical components operating in ‘demanding environments’, with resistance to high temperatures, corrosion, oxidation, and abrasion, among other conditions which could compromise the integrity of regular surfaces.

In its work within the aerospace sector, Indestructible Paint Limited develops advanced coating technologies and specialist surface treatments for aero engine components. These highly engineered solutions are essential for protecting critical parts operating under extreme conditions, thereby ensuring the safety, reliability, and longevity of aircraft. Beyond their immediate technical function, such activities also support the efficient operation of the wider economy. By enhancing component performance, reducing maintenance requirements, and minimising downtime, these coatings contribute to more reliable air transport networks, improved fuel efficiency, and lower operating costs - factors that are fundamental to productivity and connectivity across high-value industries. More broadly, Indestructible Paint illustrates the often underappreciated economic significance of firms embedded within downstream supply chains.

Despite its clear alignment with surface engineering activities, Indestructible Paint Ltd is classified under SIC code 46.90 – *Non-specialised wholesale trade* – according to Companies House, rather than SIC 25.61 – *Treatment and coating of metals* – which more closely reflects its technical function. While this classification may correspond to the firm’s commercial model, it obscures the nature of its underlying activity. This misalignment illustrates a broader issue: standard industrial classifications can be limited when considering the economic role of firms operating within complex, embedded supply chains. As a result, the contribution of surface engineering to high-value UK sectors risks being systematically underestimated, with implications for measurement, policy recognition, and sectoral support.

As such, while our analysis primarily uses SIC 25.61 to demonstrate the economic importance of companies represented by the Surface Engineering Association, this should be recognised as an imperfect proxy. A significant number of companies engaged in surface engineering activities are likely captured under alternative SIC codes, meaning the sector’s true scale and contribution may be understated.

Economic impact modelling of the surface engineering industry

Modelling definition

In this section, we define the surface engineering industry for the purpose of economic modelling.

As shown in **Table 4**, our definition of the surface engineering industry maps directly to the *Treatment and coating of metals (SIC 25.61)* sub-sector.

Table 4: Modelling definition of the surface engineering industry

SIC code	Subsector name	HEM SIC	Share of HEM SIC defined as industry
25.61	Treatment and coating of metals	25	5%

Source: Fraser of Allander Institute

While SIC 25.61 is undoubtedly the most relevant industrial classification for the surface engineering industry, we acknowledge the limits of this narrow definition. However, this definition allows a starting point for modelling the industry. SEA membership highlights this limitation: the remaining 61% of SEA members are classified under one of more than 90 other SIC codes. Including shares of these other SIC codes in the modelling definition is not currently feasible, given data availability. Despite these limitations, this definition does provide a valuable starting point for establishing a baseline lower bound estimate of the economic contribution of the surface engineering industry.

Results

In this section, we provide the results from hypothetically extracting the surface engineering industry from the UK economy.

Table 5 outlines the direct, indirect, and induced impacts of the surface engineering industry. See **Diagram 1** on **page 8** for an explanation of these effects.

Table 5: Economic impact of the surface engineering industry (2023 prices)

	Output (£m)	Employment (FTE)	GVA (£m)
Direct	2,245	15,050	1,025
Indirect	1,305	7,600	595
Induced	2,340	13,875	1,295
Total	5,895	36,525	2,915

*Totals may not sum due to rounding

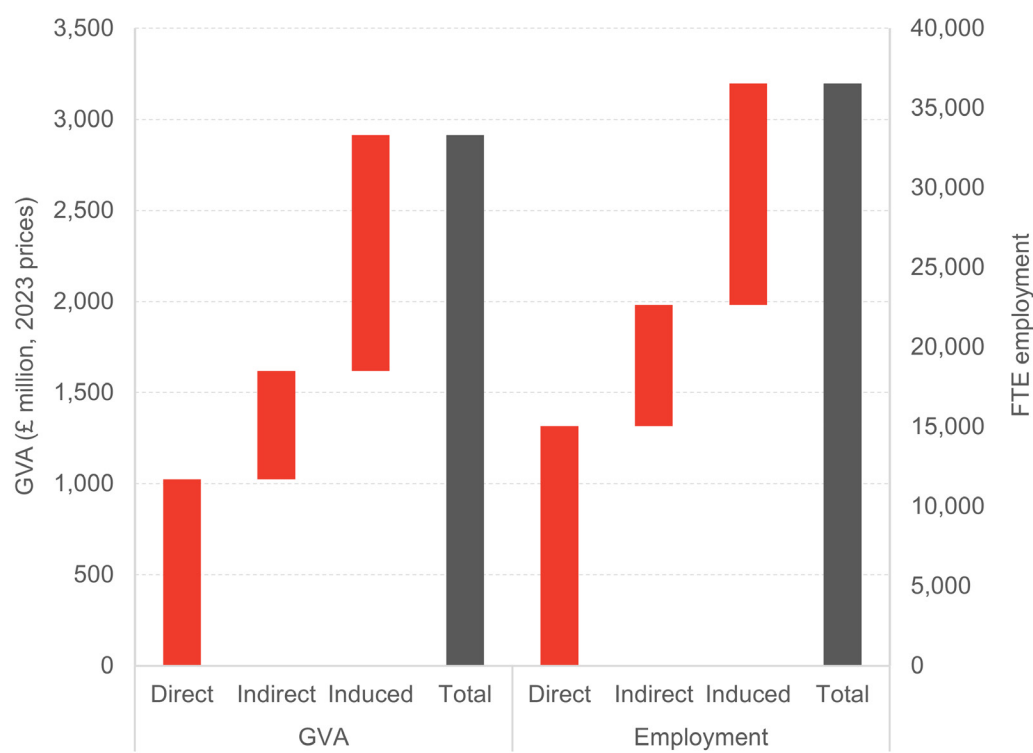
Source: Fraser of Allander Institute calculations

We estimate that the surface engineering industry directly employs 15,050 workers (FTE) and contributes just over £1 billion in GVA to the UK economy.

Accounting for spillover effects, the sector supports 36,525 FTE jobs and contributes nearly £3 billion in GVA across the UK economy.

The economic contribution of the surface engineering industry is displayed in terms of direct, indirect and induced effects in **Chart 8**, below.

Chart 8: Economic impact of the surface engineering industry (2023 prices)



Source: Fraser of Allander Institute

Gift economy

The [Home and Gift Association \(HGA\)](#) is the UK's leading trade association for the homeware and giftware sectors, representing a diverse membership that includes retailers, suppliers, designers, and independent craftspeople, from established high street brands to emerging businesses. The HGA supports the sector through member services, industry events, buyer engagement activities, and representation of industry interests.

This section of the report focusses on estimating the economic contribution of the gift economy. Of the three sections of this report, the gift economy – as represented by the HGA – is the most challenging from an economic modelling perspective. While the jewellery and surface engineering industries – modelled in the preceding sections of this report – are to some extent reflected in national accounts – gifting presents a different challenge.

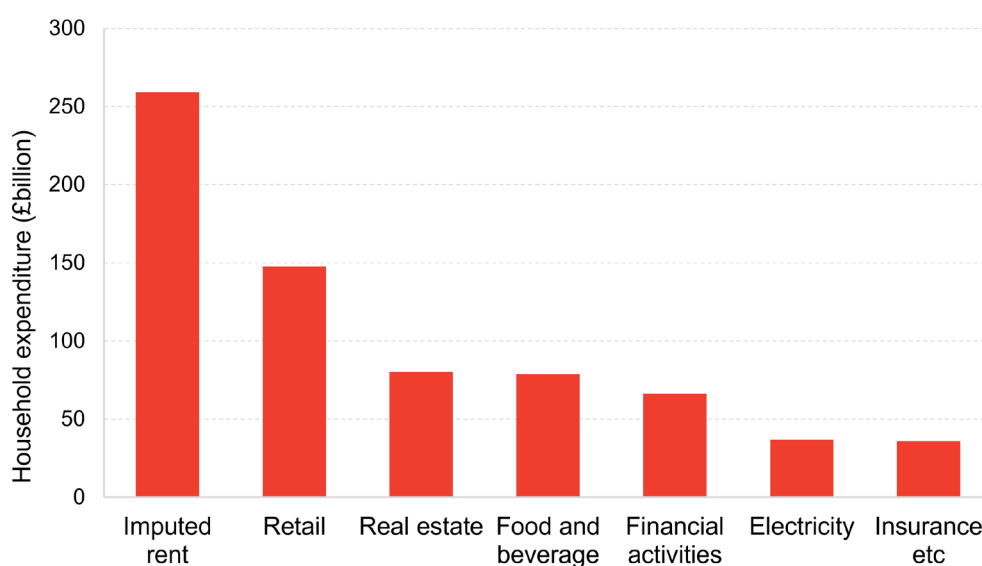
There is lively discussion in the academic literature surrounding the definition, history, purpose and value of gift-giving. We thank Vicki Thomas from [Vicki Thomas Associates](#) for providing us with an in-depth brief on these complex debates. For our purposes, as a data focussed exercise, we consider a 'gift' as a good or service purchased with the consumer's intent to give rather than a product's intrinsic characteristics. As such, gift-related expenditure spans many different product categories produced across several sectors.

For this reason, the analysis that follows adopts a demand-side definition of gifting, viewing gifts through the lens of consumer behaviour rather than product classification. It draws on informed estimates of household expenditure on retail goods and services attributable to gifting to assess the economic contribution of gift-giving. As such, we move away from referring to a "gift sector" – which has no basis in standard industrial classifications – and instead use the term gift economy to capture the breadth of this demand-driven activity.

Economic indicators for gift related sectors

Chart 9 shows the top sectors by households expenditure in the UK. Retail is the second-largest category of household expenditure, after imputed rent (the estimated rental value that owner-occupiers would pay if they rented their own home).

Chart 9: Household final consumption expenditure by sector, 2023



Source: Fraser of Allander Institute, ONS 2023 UK IOAT

The broad SIC definition for the retail sector is *Retail trade, except of motor vehicles and motorcycles (SIC 47)*. This sector is also the third largest by FTE employment, following healthcare and education, employing around 1.8 million people across the UK.

Economic impact modelling of the gift economy

In this section, we detail our approach to modelling the gift economy. Our approach is based on estimating annual household gift expenditure and analysing the impact of this level of household spending in the retail sector. The previous sections of this report utilise the hypothetical extraction extension to IO modelling, whereas this section uses a standard IO modelling approach, modelling how the economy responds to a change in final demand for a sector.

Overview

Beyond the challenges of capturing economic activity spread across multiple SIC codes, estimating the economic significance of gifting presents a distinct measurement challenge. Unlike conventional industries, whether a product is a ‘gift’ depends on consumer intent rather than the characteristics of the good itself. This makes gift-related expenditure difficult to identify using standard industrial data alone.

Similar challenges arise in the measurement of tourism expenditure, where the key distinction is less about what is purchased and more about who is making the purchase and why. In response, tourism studies have often adopted demand-side approaches, combining expenditure data with behavioural assumptions and survey evidence to estimate tourism-related activity.

While conducting a dedicated gifting survey was beyond the scope of this report, the approach adopted here is conceptually similar. Using the best publicly available data on gifting behaviour and expenditure patterns, the analysis estimates the share of household retail expenditure attributable to gifting.

Modelling strategy

Annual UK gift expenditure was estimated using a bottom-up, demand-side modelling framework based primarily on [YouGov survey data](#), supplemented by Office for National Statistics (ONS) demographic data and other publicly available sources. The model estimates expenditure across common gifting occasions, including Christmas, birthdays, weddings, and other life events. It does this by combining participation rates, average expenditure estimates, and annual exposure rates for each occasion.

For each gifting category, annual expenditure was estimated as the product of the UK adult population, the share of adults participating in the relevant gifting occasion, the estimated average spend per event, and the expected annual frequency with which individuals encounter that occasion. Exposure rates varied depending on the nature of the occasion. Recurring annual events such as Christmas and birthdays were assumed to occur once per year. Aggregate spending on all birthdays throughout the year has been treated as one singular event. This singular birthday event has a spending roughly equal to Christmas but with a higher participation rate. Less frequent life events, such as weddings, graduations, or births, were modelled using event incidence data and assumed gifting networks.

Where direct expenditure data were unavailable, conservative proxy assumptions were used based on similar gifting occasions to preserve consistency across the framework. Estimated expenditure across all gifting categories was then aggregated to produce an indicative estimate of the annual economic value of gifting in the UK economy.

As shown in **Table 6**, annual household gift expenditure in the UK was estimated at approximately £38.2 billion.

Given the conceptual and data limitations associated with measuring gifting behaviour, this figure should be interpreted as an indicative estimate rather than a precise measure of gift-related expenditure.

This expenditure was modelled within the Input-Output framework as a final demand shock to the *Retail trade, except of motor vehicles and motorcycles (SIC 47)* sector in order to estimate the wider economic contribution associated with gifting behaviour across the UK economy.

Table 6: Final demand shock associated with gift expenditure

Sector name	IO model SIC	Final demand shock (£ million)
Retail trade, except of motor vehicles and motorcycles	47	38,200

Source: Fraser of Allander Institute

A more detailed explanation of the methodology used to estimate annual UK gift expenditure is provided in **Appendix B**.

Results

In this section, we present the results from a final demand shock associated with household expenditure on gifts. We model a shock to household final demand in the retail sector, reflecting spending on gift purchases. The results illustrate the scale of economic activity supported directly in retail and across the wider economy through supply chain linkages and household spending effects.

Table 7 outlines the direct, indirect, and induced impacts of gift-related expenditure. See **Diagram 1** on **page 8** for an explanation of these effects.

Table 7: Economic impact of the gift economy (2023 prices)

	Output (£m)	Employment (FTE)	GVA (£m)
Direct	38,210	421,030	21,770
Indirect	24,440	150,585	11,260
Induced	46,055	272,925	25,175
Total	108,705	844,545	58,205

**Totals may not sum due to rounding*

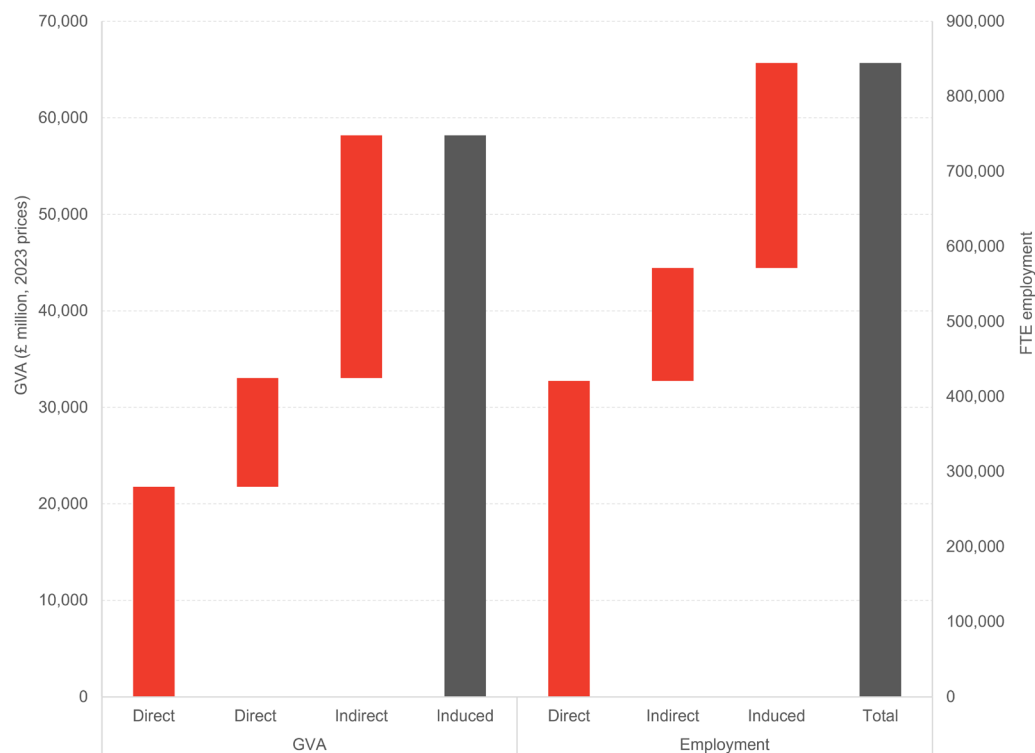
Source: Fraser of Allander Institute calculations

The direct impact reflects economic activity within the retail sector itself, where gift-related expenditure supports over 420,000 FTE jobs, and the contribution of nearly £21.8 billion in GVA.

These numbers increase when we incorporate wider spillover effects (indirect and induced impacts) to 844,545 FTE jobs and £58.2 billion in GVA.

Displayed in terms of direct, indirect and induced effects, the economic contribution of the gift economy is shown below in **Chart 10**.

Chart 10: Economic impact of the gift economy (2023 prices)



Source: Fraser of Allander Institute

Conclusions

The industries represented by the British Allied Trades Federation make a significant contribution to the UK economy, supporting economic growth and employment across key sectors including manufacturing, wholesale, and retail.

Supported by the [National Association of Jewellers](#), the jewellery production, trade, and repair sector plays an important role within the wider UK craft sector. The report sets out a replicable framework for defining and modelling key components of the jewellery sector. Jewellery forms one part of the broader UK craft economy, which also includes activities such as precious metal production, silversmithing, and other allied crafts that are not explicitly captured in this analysis. Future analysis could incorporate these related sectors to provide a more comprehensive assessment, although this may come at the cost of a clear and consistent sectoral definition. These estimates provide a valuable starting point for discussions on how best the UK Government can support the jewellery sector, recognising its contribution to culture, heritage, specialist skills, and the vitality of the UK's high street.

Surface engineering plays a critical role in the advanced manufacturing sector and supports progress towards achieving the UK's modern industrial strategy. As set out in this report, surface engineering is not defined by a single SIC code or industry. Instead, it is typically embedded within the production processes of high-value components across automotive, aerospace, space, and other advanced manufacturing industries. This makes measuring its contribution to the UK economy particularly challenging. Rather than attempting to attribute, for example, a share of the economic value of an aero engine to surface engineering, our approach has focused on developing a transparent and replicable baseline definition of the industry based on the closest available industrial classifications. The resulting estimates do not capture the full extent of downstream activity described above. However, they do reflect the high concentration of [Surface Engineering Association](#) member firms within the *Treatment and coating of metals* subsector.

This report sets out a demand-side approach to estimating the economic impacts associated with household expenditure on gifts in the UK economy. Supported by the [Home and Gift Association](#), the gift economy accounts for a significant share of household retail expenditure. Owing to the broad range of gifting occasions, the estimates indicate a substantial contribution to GVA and employment arising from this spending. Due to the scarcity of official statistics capturing household behaviour in relation to non-cash gifting, this report adopts a bespoke modelling framework, combining survey data with official statistics. This approach necessarily relies on a range of proxy estimates and probability-based assumptions, which are detailed within the report. Future research could build on this work by undertaking a dedicated survey to capture changes in gift-giving behaviour, potentially in partnership with industry stakeholders to ensure a representative sample of the UK population. Additionally, we highlight the potential for future research to consider the impact of gift-giving beyond the retail sector, including in areas such as accommodation and food and beverage services. We consider this analysis to provide a useful starting point for further research on the economic contribution of the UK gift economy.

The economic contribution of BATF industries, as detailed in this report, arises from a diverse range of subsectors. We caution that, when reporting the combined economic contribution of these industries, a degree of double counting may arise from the inclusion of the retail aspects of jewellery within the gift economy. As such, the aggregate estimates presented in this report should be interpreted as indicative rather than definitive measures of economic contribution. However, the findings highlight the important role played by the industries represented by BATF in supporting economic activity, innovation, employment, and consumer demand across the UK economy.

Glossary

Gross value added (GVA) is the value of all final goods and services produced and is a measure of the contribution to an economy. GVA is a preferred measure to output as a firm could buy £1m of goods and sell these on for a further £1m – clearly, no additional value has been created. GVA can be expressed generally as the difference between revenue from sales and the cost of inputs.

Full-time equivalent (FTE) employment considers the importance of full-time and part-time employees. One FTE job equates to one full-time employee working for one year, or, alternatively, two part-time employees.

Output refers to the value of sales of all goods and services produced in an economy. This is most easily thought of as similar to the turnover of firms. However, output is chosen over turnover because a large amount of activity is not undertaken by just firms (e.g., public sector spending). The key difference between output and GVA is that the value of intermediate goods is included in the calculation of output whereas they are not included in the calculation of GVA.

Appendix A - sector definitions for model

Modelling methodology for the Jewellery production, trade, and repair sector

Table 8 shows the various subsectors captured in our definition of the jewellery production, trade, and repair sector. For all but one, the entire economic activity of the subsector was determined to be fully attributable. For specialised design activities, we relied on NAJ research to allocate approximately 3% of economic activity

Table 8: Share of subsector activity defined as jewellery

SIC code	Subsector name	Share of subsector defined as jewellery
32.12	Manufacture of jewellery and related articles	100%
32.13	Manufacture of imitation jewellery and related articles	100%
46.48	Wholesale of watches and jewellery	100%
47.77	Retail sale of watches and jewellery in specialised stores	100%
74.10	Specialised design activities	3%*
95.25	Repair of watches, clocks and jewellery	100%

Source: Fraser of Allander Institute calculations, NAJ

Modelling methodology for the surface engineering industry

Table 9 shows the share of subsectors captured in our definition of the surface engineering industry.

Table 9: Share of subsector activity defined as surface engineering

SIC code	Subsector name	Share of subsector defined as surface engineering
25.61	Treatment and coating of metals	100%

Source: Fraser of Allander Institute calculations

Appendix B - gift economy methodology

Overview

In this section, we detail the methods used to estimate annual household expenditure on gifts in the UK. These estimates are derived using a bottom-up modelling framework based primarily on survey evidence from YouGov, supplemented by other online evidence, as well as Office for National Statistics (ONS) demographic data and a series of transparent behavioural assumptions.

The objective was to estimate the aggregate annual expenditure associated with gift-giving across a range of common social and seasonal occasions, including Christmas, birthdays, weddings, and other life events.

The final estimate was constructed by combining the following across a set of gifting categories:

- participation rates,
- estimated expenditure per occasion,
- and annual exposure rates

General modelling framework

Annual expenditure for each gifting occasion was estimated using the following structure:

$$\text{Annual Expenditure}_i = \text{Adult Population} \times \text{Participation}_i \times \text{Average Spend}_i \times \text{Exposure}_i$$

Where:

Table 10: Components of the gift expenditure modelling framework

Component	Definition
Population	UK adult population aged 18+
Participation	Share of adults reporting participation in a given gifting occasion
Average spend	Estimated average spend per gifting event
Exposure	Estimated annual frequency with which an average adult encounters a gifting opportunity

Source: Fraser of Allander Institute, ONS (more listed below)

The UK adult population estimate was obtained from the latest available [ONS mid-year population estimates](#).

Expenditure estimates were then combined across all gifting occasions to produce an estimate of total annual spending on gifts in the UK.

Data sources

The primary data source for participation rates and spending patterns was YouGov survey data covering:

- [gifting participation rates](#);
- occasion-specific spending;
- and seasonal gift expenditure.

Additional demographic and administrative data were obtained from the ONS and other sources, including:

- UK adult population estimates;
- [annual marriage counts](#);
- and [annual live births](#).

Graduation estimates were informed using annual [higher education qualification counts](#).

Estimating average spend

Where direct expenditure distributions were available, weighted average spending values were calculated using grouped spending bands. For open-ended categories (e.g., “more than £200”), conservative midpoint values were imputed to enable estimation of average spend.

Where direct expenditure data were not available, proxy values were used based on similar gifting occasions.

Exposure rates

Exposure rates were used to annualise gifting opportunities, representing the expected number of gifting occasions experienced by an average adult per year. Different approaches were used depending on the type of occasion.

Universal annual occasions

For recurring annual occasions such as Christmas, birthdays, Easter, Valentine’s Day, Mother’s Day, and Father’s Day, exposure was set to 1, reflecting a single occurrence per year.

Exposure was set to 1, reflecting a single occurrence per year for recurring annual occasions such as:

- Christmas;
- birthdays;
- Easter;
- Valentine’s Day;
- Mother’s Day;
- and Father’s Day;

Event-based life occasions

For less common life events, such as:

- weddings;
- births;
- graduations;
- engagements;
- christenings;
- and housewarming gifts.

Exposure rates were estimated using annual event incidence data combined with assumed gifting-network sizes.

For example:

$$\text{Wedding Exposure} = \frac{\text{Annual No. Weddings} \times \text{Average No. Wedding Guests}}{\text{Adult Population}}$$

Equivalent approaches were used for births and graduations, with assumed network sizes applied where empirical estimates were not available. These exposure rates therefore represent the estimated annual probability that an average adult encounters a gifting opportunity associated with the relevant life event.

Diffuse social occasions

Direct incidence data were unavailable for more diffuse and informal social occasions, such as:

- thank-you gifts;
- apology gifts;
- goodbye gifts;
- and get-well-soon gifts.

Exposure rates for these occasions were therefore estimated conservatively using annualised probability assumptions that reflect the relatively infrequent nature of these gifting interactions.

Proxy and imputed estimates

Several gifting occasions required the use of proxy assumptions due to limited publicly available expenditure data.

These assumptions were chosen to preserve internal consistency across the model and were anchored, where possible, to empirically observed gifting occasions.

For example:

- wedding anniversary spending was proxied using [Valentine's Day expenditure](#),
- engagement gift spending was estimated as a proportion of [wedding gift expenditure](#),
- and diffuse social gifting occasions were scaled relative to observed medium-intensity social gifting events (such as [Mother's Day](#) or [Father's Day](#)).

Table 11 below summarises the principal modelling choices.

Table 11: Summary of modelling assumptions by gifting occasion

Occasion	Occasion Type	Spend Estimate Basis	Exposure Estimate Basis
Christmas	Universal annual	Direct survey estimate	Annual occurrence (=1)
Birthday	Universal annual	Christmas expenditure proxy	Annual occurrence (=1)
Valentine's Day	Universal annual	Normalised direct survey estimate	Annual occurrence (=1)
Mother's/Father's Day	Universal annual	Normalised direct survey estimate	Annual occurrence (=1)
Easter	Universal annual	Normalised direct survey estimate	Annual occurrence (=1)

Occasion	Occasion Type	Spend Estimate Basis	Exposure Estimate Basis
Wedding anniversary	Annual life-event	Valentine's Day expenditure proxy	Annual occurrence (=1)
Wedding	Life-event	<u>Normalised direct survey estimate</u>	(Annual weddings × average guests) ÷ adult population
Birth of new baby	Life-event	<u>Normalised direct survey estimate;</u> assumed gifting network of 10	(Annual births × gifting network) ÷ adult population
Graduation	Life-event	Imputed at 50% of wedding gifting; assumed close gifting network of 5	(Annual qualification counts × gifting network) ÷ adult population
Engagement	Life-event	Imputed at 50% of wedding gifting	Scaled from wedding exposure (50%)
New home	Life-event	Imputed relative to engagement gifting (70%)	Assumed close-relationship exposure anchored to engagement gifting
Christening	Life-event	Anchored to birth gifting	Birth-related exposure adjustment (50%)
Thank you	Diffuse social	Anchored to lower-intensity gifting occasions and weighted by participation rates	Conservative annual probability assumption
Get well soon	Diffuse social	Anchored to lower-intensity gifting occasions and weighted by participation rates	Conservative annual probability assumption
Apology	Diffuse social	Anchored to lower-intensity gifting occasions and weighted by participation rates	Conservative annual probability assumption
Goodbye	Diffuse social	Anchored to lower-intensity gifting occasions and weighted by participation rates	Conservative annual probability assumption

Source: Fraser of Allander Institute calculations, ONS, YouGov, HESA

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