

INTRODUCTION

OBJECTIVES OF THE RESEARCH STUDY

Marketers can discover new marketing strategies and opportunities through this study of the seasonal decorations consumer market.

This report summarizes the results of an in-depth research initiative conducted for a select group of forward-thinking seasonal decorations marketers. Under the guidance and direction of these companies, this research study explores the consumer market for seasonal decorations, including indoor and outdoor decorations for Christmas and other holidays throughout the year.

The research study places a special focus on the needs, desires and passions of the decorating consumers, specifically those who bought any seasonal decorations in the past year. Companies that design and develop seasonal decorations products, as well as retailers that sell these products, including internet and direct marketers, will benefit from the new insights presented in this report into the seasonal decoration customers' purchase behavior and mindset.



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Through this study of the results of a quantitative surveys conducted among 1,049 consumers who recently bought any seasonal decorations, this report helps marketers and retailers tap into the psychology of people who buy these goods. The findings and insights presented in the report will help marketers and retailers understand the consumers' drives, motivations and passions in making their purchase and shopping decisions. This report will help marketers and retailers understand their consumers better. In this way, they can discover new marketing strategies and opportunities that will help them reach their target consumers more effectively and more productively.

This study brings a special emphasis not just on what seasonal decorations consumers buy, but also on how they decorate their homes for various holiday celebrations. It also provides insights into why they buy and where they shop for these goods. These insights translate directly into actionable strategies and tactics that marketers can use to build their businesses. Understanding the mindset of the seasonal decorations consumer, their desires and needs, is critical for companies to forge a path to market growth in this time of economic challenges.

With a focus on consumers and their buying behavior, needs, desires and preferences, this research study will include research data and statistics about:

- **Seasonal Decorations Market Size and Growth:** What is the size of the seasonal decorations market, including the key product segments in the market, including indoor and outdoor decorations? How is the market segmented by type of product and channels of distribution? How rapidly is it growing? What are future growth trends in the seasonal decorations market?
- **Demographics of the Seasonal Market:** What are the demographic characteristics that distinguish the prime target market for seasonal decorations marketers? What are the key demographic differences found among and between buyers of the different products and service segments (e.g., gender, age, generation, HHI, size, composition, ethnicity/race, education, etc.)?

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- **Buying and Shopping Behavior of Seasonal Decorations Consumers:** What are the primary characteristics of the consumers' buying behavior related to seasonal decorations? Where do consumers shop for the different types of products and services? What kind of shopping experiences do consumers crave and what kind do they disdain? What motivates them to buy seasonal decorations and how can marketers tap these motivators through branding and marketing communications initiatives? What factors influence their decision making in product purchase? How much do they spend buying each of the products and across the entire category? What are the popular price points for key products within the seasonal decorations market? What is the role of brand in product and services selection and shopping choices? How do different demographic segments differ in their shopping and buying behavior?
- **Favorite Seasonal Decorations Brands, Licenses & Stores:** A major thrust of the research is to understand the brand preferences of seasonal decorations customers in both their product selections and retail shopping choices. What are the top product brands based upon usage and brand awareness in this category? How do these competing brands rank in terms of consumer awareness and usage? What retailers do consumers favor for seasonal decorations purchases? And what licensed properties are most popular with decorations consumers?
- **Psychographic Profile and Segmentation of the Seasonal Decorations Markets:** A psychographic profile of the seasonal decoration consumers is presented in this study. The profiles identify different types or personalities of consumers of these goods. These profiles identify each personality's drives and motivations in purchasing decorating products. By understanding the psychology of different types of shoppers, marketers will discover what factors are more or less important in driving each personality's purchasing decisions and how consumers' different attitudes and motivations influence what they buy and how much they spend. These insights will help seasonal decorations marketers and retailers better understand the hearts and minds of their consumers.

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CONSUMER SURVEY DELVES DEEPLY INTO PURCHASE BEHAVIOR AND MOTIVATION

The seasonal decorations survey was fielded January 15-20, 2009 by an online service bureau using their survey panel. Survey respondents were qualified by income (\$35,000 or more of household income) and age (24-64 years) and as well as whether they had purchased any seasonal decorations product in the past 12 months. Respondents were further qualified by the level of involvement and/or responsibility for decorating decisions with only those who were either primarily or jointly responsible for holiday decorating or purchasing responding to the survey. A total of 1,833 respondents were queried to identify those 1,049 consumers that met the survey qualifications and completed the survey. This represents a 57 percent total purchase incidence. The average age in the seasonal decorations survey sample was 44.2 years; household income was \$87,100 with 50 percent of the sample falling in the low-or-middle-income range of \$35,000-\$74,999 and 51 percent falling in the upper-middle-to-affluent income range over \$75,000. The gender split of the general survey sample was 71 percent female and 29 percent male.

Results of the 2009 survey will be compared with the previous seasonal decorations surveys to provide trend analysis

This report will also compare the current survey findings with those gathered in previous Unity Marketing surveys among seasonal decorations consumers. In 2004 an in-depth survey was conducted among 1,000 decorations buyers and included detailed questions not just about decorations purchases, but also seasonal decorating traditions. Throughout the 2005 and 2006 calendar years, Unity Marketing conducted a quarterly Gift Tracker Survey which included the results of 600-700 consumer surveys each quarter. In addition to surveying consumers about their gift buying patterns, the Gift Tracker survey also included questions about holiday and seasonal decorations purchases each quarter. A total of 2,024 consumers were surveyed in 2005 and 2,954 were surveyed in 2006. Total purchase incidence of seasonal and holiday decorations varied by quarter, with approximately 25 percent or so of respondents in the first, second and third quarter reporting decorations purchases and about 50 percent of respondents in the fourth quarter reporting new decorations purchases.

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In addition, an in-depth quantitative survey among 1,000 households was conducted in 2004. As compared with the seasonal decorations questions included in the Gift Tracker study in 2005 and 2006, this survey was a more in-depth investigation into the consumer market for seasonal decorations.

Qualitative Research

In July 2004 two focus groups were conducted in the Columbus, Ohio market among active holiday decorators to provide their unique perspective on why they decorate, what they look for in the decorations they buy and what really excites them when it comes to decorating. These individuals were screened for having decorated both the inside and outside of their home for four of the past seven major decorating holidays (e.g. Christmas 2003; Halloween 2003; Thanksgiving 2003; Easter 2004; Fourth July 2004; Valentines Day 2004 or any party or special event); having purchased new inside and outside decorations for four of the seven major holidays; and having spent over \$100 on new decorations in the past year. The respondent's comments from the focus groups are summarized in Appendix A.

SPECIFIC PRODUCTS, BRANDS AND DATA POINTS PRESENTED IN THIS STUDY

The survey conducted among recent decorations buyers was divided into the following sections and which provides an outline for this report:

Demographics

The demographic data contained in this report helps marketers identify the key descriptive characteristics of their primary target market.

Marketers can use the demographic data contained in this report to identify the key descriptive characteristics of their primary target market. The demographic composition of the seasonal decorations market gathered in this survey describe the consumers' gender;

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age; income; marital status; home ownership; children and number of people living in the home; occupation; educational attainment; and ethnicity.

How They Decorate for Each Holiday and Trends in Decorating Traditions

In order to understand the opportunities for seasonal decorations marketers to sell into their target market, basic information was gathered about their holiday decorations practices.

In order to understand the opportunities for seasonal decorations marketers to sell into their target market, basic information was gathered about the respondent's current decorating practices, specifically whether they decorate either inside, outside or both inside and outside for the 11 major holidays celebrated by Americans, specifically:

- New Year's Day
- Valentine's Day
- St. Patrick's Day
- Easter/Passover
- Memorial Day
- Fourth of July
- Halloween
- Thanksgiving
- Christmas
- Hanukah or Kwanzaa

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Special Investigation: Christmas Decorating Traditions and Purchases

As the most popular decorating holiday, this study places a special emphasis on Christmas decorating traditions in 2008 and tracks trends from previous surveys.

This enables marketers to anticipate decorating trends for Christmas 2009 celebrations and beyond.

In addition, the survey placed special emphasis on respondents' Christmas decorating traditions. Information was gathered about how many trees, both full-sized and tabletop, were displayed in the home and in which rooms those trees were shown. For the 2008 year, consumers were asked whether their decorations were more or less extensive than in past years, or about the same.

In terms of outdoor decorating, respondents shared what types of decorations were used, with detail gathered about types of lights, from incandescent to LED, net and rope lights. Further, respondents shared where they displayed those lights, such as on the eaves, door, walkway and in the garden. Additional information was gathered as to when the respondent set up their outdoor Christmas decorations and whether they used a decorator or decorating service in the past year.

Data on decorating styles, themes and colors enables product designers to know what types of products to develop that will attract the widest possible audience

Data was collected about the colors they used for their Christmas 2008 displays and the style of decorations they favored, such as traditional, fashion-forward, country/rustic, formal, retro/nostalgic or cute/whimsical. Consumer's favorite decorating themes for Christmas 2008 were also gathered, such as whether they used such themes as snowmen, Santa, angels, animal/wildlife and 11 more. Data on both indoor and outdoor colors, themes and styles were gathered.

What Christmas decorations were purchased for Christmas 2008 celebrations guides marketers and retailers on popular products for Christmas 2009 and beyond

In addition to the detail data about their Christmas 2008 decorating traditions, respondents also shared details about what new decorations – both indoor and outdoor – they bought for the previous year's celebrations and how much they spent on those decorations. This provides guidance to marketers about future purchases for Christmas 2009 and beyond.

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Christmas Decorations Products Purchased

For those who made any Christmas decorations purchases in 2008, data was collected about how much they spent and the specific items bought. Purchases of the following list of indoor and outdoor Christmas decorations were tracked:

Christmas Tree Decorations

- Indoor Christmas tree lights used to light on Christmas tree
- Glass-blown Christmas tree ornaments sold in boxes/sets of 4 or more
- Glass-blown Christmas tree ornaments sold individually
- Fabric or soft-sculpture Christmas tree ornaments, sold in boxes/sets or individually
- Porcelain or china Christmas tree ornaments, sold in boxes/sets or individually
- Resin or plastic Christmas tree ornaments, sold in boxes/sets or individually
- Wood, metal, paper or other Christmas tree ornaments, sold in boxes/sets or individually
- Garlands, roping, swags, ribbons or bows to drape on tree
- Musical Christmas tree ornaments or other musically-enhanced Christmas tree decorations (if decoration combines movement and music, also check moving ornaments below)
- Moving Christmas tree ornaments or other movement-enhanced Christmas tree decorations
- Christmas tree skirts
- Natural or artificial flowers, plants, etc. to decorate Christmas tree

Other Indoor Christmas Decorations

- Paper and party decorations (such as paper plates, cups, napkins, tablecovers, die-cut decorations, crepe paper, banners, balloons, piñatas, confetti, centerpieces, etc.)

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- Other (not-Christmas tree) indoor lights, such as night lights, window lights, battery or electric candles, etc.
- Fiber optics
- Garlands, roping, swags, ribbons or bows to drape on mantels, hearths, stairs, window, doors, etc.
- Figurines and/or sculptures
- Animated figures and/or plush, including animated figures enhanced with sound, music etc.
- Nativities and/or Biblical Scenes
- Plush toys or soft-sculptured dolls
- Lighted Christmas villages, houses, or sculptures
- Other lighted Christmas decorations, such as miniature ceramic trees, etc.
- Nutcrackers
- Snow Globes
- Candles and/or candle accessories, including bayberry-scented candles
- Live Poinsettia plants and/or other flowers, plants, dried flowers, wreaths or other indoor floral accessories, including mistletoe
- Floor décor (such as large decorations, life-sized sculpture)
- Tableware, serving ware (such as holiday dinnerware, dessert plates, trays, coffee mugs, etc.)
- Tabletop and home linens (such as table cloths, table runners, placemats, napkins, or other tabletop linen and fabric accessories)
- Fabric Christmas stockings

Outdoor Decorations

- Lights

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- Lighted metal yard sculptures, including stationary and/or animated metal sculptures
- Spotlights, including spotlights that project pictures and images
- Outdoor musical and/or light show
- Flags, banners, swags, bows, ribbons and/or signs
- Potted trees, plants, planters, wreaths or other outdoor floral accessories
- Inflatables, Airblowns or Blowup lighted displays
- Animated outdoor decorations (e.g. ferris wheel, carousel, teeter totters, etc.)
- Other plastic or vinyl outdoor displays

Specific Types of Outdoor Lights

- Regular Incandescent Miniature string lights
- Regular Incandescent Full-sized string lights
- LED lights, including C7 or C9 lights
- Incandescent Icicle lights
- Incandescent Net lights
- LED Icicle lights
- LED lights
- Rope lights
- Color-changing lights

Regarding outdoor purchases, additional questions were asked about factors that influenced purchase, such as energy efficiency, ease of set up and storage, etc.

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Special Investigation: How the Current Economic Crisis is Impacting the Decorations Shopper and the Trends on Future Spending on Decorations

The results of these questions will help decorations marketers understand the impact of the 2008 recession on the mindset of their customers and how this economic situation will effect their spending in the coming year.

Respondents were also asked specific changes they have made in their Christmas celebrations and decorating including gift purchases in response to the current economic crisis. They were also asked about how this year's economic crisis impacted their overall enjoyment of their Christmas celebrations. Further they were asked about their expected spending on decorations in the coming year in light of the new economic reality. This information is critical for marketers to assess their future financial status and to plan new marketing programs that may help them manage their business for the immediate future.

Other Holiday Decorations Purchased and Amount Spent by Holiday

Study provides detail about indoor and outdoor decorations purchases for 11 other major holidays, in addition to Christmas, and spending for decorations for each holiday.

Detail data by holiday allows marketers to develop products that are in demand for each special holiday celebration.

For each of the other holidays and other celebrations, respondents shared what decorations they bought, either indoor or outdoor, for that holiday, specifying the items bought for that holiday and how much spent for decorations for that holiday. The types of decorations included for non-Christmas purchases were:

Other Holiday Indoor Decorations

- Paper and party decorations (such as paper plates, cups, napkins, tablecovers, die-cut decorations, crepe paper, banners, balloons, piñatas, confetti, centerpieces, etc.)
- Holiday-themed indoor lights, such as night lights, window lights, battery or electric candles, etc.
- Fiber optics

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- Holiday-themed Figurines and/or sculptures
- Holiday-themed animated figures and/or plush, including animated figures enhanced with sound, music etc.
- Holiday-themed Plush toys or soft-sculptured dolls
- Holiday-themed villages, houses, or sculptures
- Candles and/or candle accessories, including bayberry-scented candles
- Live plants or flowers, plants, dried flowers, wreaths or other indoor floral accessories
- Floor décor (such as large decorations, lifesized sculpture)
- Tableware, serving ware (such as holiday dinnerware, dessert plates, trays, coffee mugs, etc.)
- Tabletop and home linens (such as table cloths, table runners, placemats, napkins, or other tabletop linen and fabric accessories)

Other Holiday Outdoor Decorations

- Lights
- Lighted metal yard sculptures
- Flags, banners, swags, bows, ribbons and/or signs
- Flowers, plants, planters, wreaths or other outdoor floral accessories
- Inflatables, Airblowns or Blowup lighted displays
- Other plastic or vinyl outdoor displays

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Where Holiday Decorations Were Bought

Information was gathered about the type of stores where decorations customers made their purchases.

This supports marketers and retailers in understanding the shopping habits of their customers to make sure that the right products are available in the right types of stores.

Decorations buyers reported where they made their holiday decorations purchases in the past year, thus allowing marketers and retailers to understand the channels of distribution for each major product category. The types of stores included in the survey were:

- Furniture and home furnishings stores (such as Pier 1, Linens 'n Things, Bed Bath & Beyond, Pottery Barn, Williams Sonoma, Restoration Hardware, Bombay Company, Crate and Barrel, Ethan Allen or local furniture stores)
- Food and beverage stores (such as Kroger, Albertson, Safeway, etc.)
- Home Improvement retailers and/or hardware stores (such as Home Depot, Lowes, Ace Hardware, Menards)
- Local garden centers and/or pool supply stores
- Health and personal care stores, drug stores, cosmetics stores (*such as CVS, Rite Aid, Walgreens, local cosmetic stores*)
- Traditional department stores (such as JC Penneys, Macys, Sears, Dillards, Bloomingdales, etc.)
- Discount department stores/Mass retailers (such as Wal-Mart, Kmart, Target, Sam's Club, Kohls, other discount department stores)
- Warehouse clubs (such as Costco, Sam's Club)
- Deep discounters/Close-out retailers (such as Big Lots, TJ Maxx, Marshall's)
- Dollar stores (such as Family Dollar, Dollar General)
- Craft & hobby stores (such as Michaels, Hobby Lobby, JoAnns)
- Book and music stores (such as Barnes & Noble, Borders, etc.)
- Year-round Christmas specialty store (such as Bronners, Christmas Tree Hill, Christmas Loft,, etc.)

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- Specialty gift and card stores and/or party goods stores (such as Hallmark, Carlton Cards, Factory Card and Party Outlet, Party City, Paper Warehouse, Factory Card Outlet, etc.)
- Florists shops
- Pet specialty stores (such as Pet Smart, Petco)
- Office Supply Stores (such as Staples, Office Depot, Office Max)
- Internet or Online websites (such as Amazon.com, eBay.com, etc.)
- Direct mail catalogs (such as Frontgate, Grandin Road, Skymall, etc.)
- TV Shopping (QVC, HSN, Shop NBC)
- Sporting goods stores (such as Cabelas, Dicks, Academy)

For each type of store, shoppers rated the relative importance of each store for their decorations shopping, specifically whether the store was a regular shopping destination, an occasional one, rarely or never used source for decorations shopping.

What Shopping Experiences Decorations Shoppers Valued

By analyzing the factors that most influence the consumers to buy, marketers can gauge the relative effectiveness of their marketing efforts and allocate resources according to those factors that are most influential in getting the consumer to shop.

The results of these questions support retailers in better positioning their store to capture the loyalty of the best decorations shoppers.

Decorations shoppers shared the relative importance of various factors in influencing their choice of store for their purchases, such as customer service, sales, discounts, return policy, etc. They also rated the relative importance of different types of shopping experiences, such as discounting new decorating ideas, service personal who can help find specific items, regular communications about sales, and others.

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Special Investigation: Where They Get Decorating Inspiration

The results of this investigation will help decorations marketers better understand how to communicate with their best potential customers.

This research study also included information about where the decorators get decorating inspiration, such as from cable television shows, women service magazines, etc. These data points will help marketers identify opportunities to communicate more effectively with their primary target market: the enthusiastic and passionate holiday decorators.

Attitudes about Holiday Decorating and Purchasing

This study identified five different types of consumer personalities that make up the overall decorations marketplace.

The analysis of these five personalities enables marketers to understand the mindset and psychology that distinguished the best from the worst target for their marketing promotions.

The survey concluded with a series of 12 attitude questions that respondents were asked to rate in terms of how strongly they agreed or disagreed with each statement. The result of this battery of attitude questions is used to segment or cluster the consumers surveyed into different personality types distinguished by different motivations in holiday decorating motivation and shopping behaviors. An analysis of the attitude statements helps marketers understand the mindset of different types of consumer personalities that make up the overall holiday decorations marketplace.

By understanding the different personalities that make up the decorations market, marketers and retailers can more effectively tailor their marketing and advertising messages to each type of personality. It enables them to understand the mindset and psychology that distinguished the best from the worst target for their marketing promotions.

HOLIDAY DECORATIONS AND LICENSED BRANDS AS WELL AS STORE BRANDS INCLUDED IN THE SURVEY

Marketers and retailers will learn how their brands stack up in the competition for the decorations customer.

Decorations consumers were presented with an extensive list of both retailer, product and licensed brands to record purchases in the past year. In addition to reporting purchases, purchasers were also asked about their awareness of specific product brands as a source for holiday decorations. In this way marketers can learn not just which brands they have purchased, but which ones would be in their consideration set for a new purchase.

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The product brands measured for both purchase and brand awareness were:

- American Greetings/Carlton Cards
- Annalee Dolls
- Avon
- Baccarat
- Boyd's Bears
- Bradford Collection
- Byers Choice
- CBK
- Cherished Teddies
- Christopher Radko
- Danbury Mint
- Department 56
- Disney and/or Disney Classics
- Franklin Mint
- Gemmy
- Goebel
- Hallmark

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- Jim Shore's Heartwood Creek
- Kurt S. Adler
- Lalique
- Lenox
- Lladro
- M.I. Hummel
- Martha Stewart Everyday
- Midwest Cannon Falls
- Old World Christmas
- Possible Dreams
- Precious Moments
- Roman
- Russ Berrie
- Sandra Magsamen Messages from the Heart
- Seasons of Cannon Falls/Midwest of Cannon Falls
- Silvestri
- Snowbabies by Department 56
- Swarovski
- Things Remembered
- Tiffany
- Vera Bradley
- Waterford
- Williraye
- Willow Tree

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The licensed properties included in the survey were:

- Coca Cola
- Disney Princesses (Cinderella, Tinkerbell, etc.)
- Elvis
- Frosty the Snowman
- Hannah Montana
- John Deere
- M&Ms
- Mickey Mouse and Friends
- Nascar
- NFL
- Peanuts characters (Snoopy, Charlie Brown, etc.)
- Rudolph the Red Nosed Reindeer
- The Grinch
- Winnie the Pooh and Friends