

CHAPTER 1— INTRODUCTION

THE ULTIMATE GUIDE TO THE GIFTS AND HOME DECORATIVE ACCENTS MARKET

Unity Marketing's *Gifts and Decorative Accents Report 2008* is the ultimate guide to the giftware consumer market. It studies consumers' buying and spending habits related to giftware and home decorative accessories and is prepared by Unity Marketing and its founder Pam Danziger, the nation's leading expert on the gifts market. This study is based upon the kind of in-depth consumer research for which Pam Danziger and Unity Marketing are known.

This report provides vital market size, growth and demographics for anyone and everyone that sells giftware and home accents, from marketers, advertisers, and retailers, to service providers. *The Gifts & Decorative Accents Report 2008* is the ultimate guide to today's giftware and home accessories market. It is an essential tool to understand the dynamics of this market, today and into the future.

This important new study of the gifts and home decorative accents market provides the results of a series of focus groups among highly active recent purchasers of various giftware and

home accent products. The focus group respondents were also people who enjoyed shopping for these items in specialty gift and home stores.

This report compiles detailed statistics collected in a survey among 1,644 recent buyers of one or more of the 26 giftware and home accent products included in the survey. The average income of survey respondents was \$75,100; average age 42.4 years; and 68 percent female/32 percent male. Also included in the survey was a special investigation into the shopping preferences for consumers of these goods.

CONSUMER INSIGHTS INCLUDED IN THIS REPORT

With a focus on giftware consumers, their buying behavior, needs, desires and preferences, this research study includes research data and statistics about the following topics:

Demographics

The demographic data contained in this report helps marketers identify the types of consumers who are the primary target for their goods

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 giftware and home decorative accents buyers gathered in this survey describe the consumers' gender; age; income; marital status; home ownership; children and number of people living in the home; occupation; educational attainment; and ethnicity.

Giftware and Home Decorative Accent Purchased, Amount Spent and Where Bought

Information was gathered about what types of giftware and home decorative accents were bought, how much was spent and in what type of store or shopping venue those purchases were made.

Survey respondents were queried about the following products divided into home decorative accents, i.e. items that are purchased primarily to decorate the consumers' home; and giftware, i.e. items that purchased as gifts, mementos or keepsakes:

Home Decorative Accents

- Art & Wall Décor, specifically,
 - Original Painting, Pastel, Charcoal, or other Artwork for hanging on the wall
 - Custom-Framed Print, Lithograph, Canvas Reproduction, Photograph or other art reproduction for hanging on the wall
 - Already-Framed Print, Lithograph, Canvas Reproduction, Photograph Purchased Ready-to-Hang
 - Unframed Art, Prints, Reproductions, Posters or other
 - Wall Mirrors
 - Wall Sconces
 - Wall Shelves
 - Signs or Plaques
 - Other art & wall decor
- Boxes, Tins & Music Boxes

- Candles & Accessories, specifically
 - Glass jar or container candles
 - Floating candles
 - Gel candles
 - Pillars, including multiple wick pillar candles
 - Tapers
 - Tea lights
 - Votives
 - Tarts or Wax Chips
 - Soy Candles (of any shape or design)
 - Essential Oil Candles (of any shape or design)
 - Candles of any kind in a pre-packaged gift sets, such as candle and potpourri; candle with holder; candle with personal care items
 - Candle Accessories and/or holders, such as candlesticks, votive holders, plates and trays for pillar candles, tart burners and warmers, etc.
 - Other candles and/or candle accessories
- Clocks
- Crystal Figurines and Art Glass/Decorative Accessories, specifically
 - Art Glass or Crystal Art Objets
 - Crystal Figurines
 - Crystal Bowls, Vases, Boxes
 - Crystal Centerpieces
 - Crystal Lamps, Chandeliers, etc.
 - Other Crystal Decorative Accessories
- Desk Accessories
- Dinnerware & Tabletop Items, specifically,
 - Five piece place settings
 - Boxed set of four or more place settings
 - Individual plates, bowls, mugs, etc.
 - Other dinnerware items
 - Any Serving Pieces and Tabletop Decorative Accessories, such as bowls, platters, vases, candlesticks, centerpieces, etc.

- Figurines & Sculpture (Decorative/Not Collectible)
- Garden Decoratives, specifically
 - Garden Statues and/or decorative statuary
 - Flags, signs, wreaths, mats, wind chimes, mail boxes and other porch and patio decorative accents
 - Outdoor lighting accents, such as candles, torches, walkway or patio lights, etc.
 - Water gardens, fountains, waterfalls, other water features
 - Decorative pots, window boxes, planters
 - Other garden, lawn, patio decorations
- Home Textiles & Decorative Linens, specifically
 - Table linens for the dining room, such as table cloths, placemats, napkins, etc.
 - Kitchen linens, including hot pads, towels, tea cozies, other decorative linens for the kitchen
 - Decorative Bed linens, including duvets, bedspreads, shams, curtains and drapes etc. for decorating the bedroom
 - Decorative Bath linens, including specialty towels, rugs, curtains and drapes, shower curtains, etc. for decorating the bath
 - Throws
 - Pillows
 - Tapestries
 - Area rugs
 - Other home textiles and decorative linens
- Italian-Imported Home Furnishings
- Kitchen Gadgets & Cooks Tools, specifically
 - Baking tools and gadgets
 - Tools and gadgets for the bar
 - Cooking/Stovetop tools and gadgets
 - Serving and entertaining tools and gadgets
 - Wine tasting and enjoyment tools and gadgets

- Storage and organization tools and gadgets
- Other kitchenware tools and gadgets
- Lamps & Lighting
- Picture Frames, specifically
 - Table top frames
 - Wall frames
 - Electronic frames
 - Other picture frames
- Seasonal Decorations, specifically
 - Christmas tree balls, ornaments and other decorations
 - Collectible Christmas tree ornaments
 - Lighted villages and houses, including collectible-type villages
 - Christmas table top and mantel decorations
 - Halloween decorations, any type
 - Thanksgiving decorations, any type
 - Easter decorations, any type
- Valentine's Day decorations, any type
- St. Patrick's Day decorations, any type
- Fourth of July decorations, any type
- Winter seasonal decorations, any type
- Spring seasonal decorations, any type
- Summer seasonal decorations, any type
- Fall seasonal decorations, any type
- Other holiday and/or seasonal decorations
- Stemware, Barware, Wine & Beer Accessories, specifically
 - Stemware
 - Barware including martini glasses
 - Beer steins and glasses
 - Wine tasting accessories, such as bottle openers, bottle stopper, wine glass charms, wine coasters, coolers, etc.
 - Bar accessories, such as cocktail shakers, ice buckets, ice tongs, mixer sets, etc.

- Other stemware, barware, wine and beer accessories

- Vases & Urns

Giftware

- Baby & Infant Giftware
- Character/Licensed Merchandise
- Collectible Figurines
- Collegiate Licensed Merchandise
- Inspirational/Religious-Themed Gifts
- Occasion-Specific Gifts
- Personalized Gifts
- Pet Gifts
- Souvenirs & Novelties

Within each major product category, the amount of money spent in the past year was gathered, thus allowing the reporting of spending within category and total across all categories.

Also included in the purchase detail is whether or not the most recent purchase was made to give as a gift or for personal use.

Product-Specific Details, including Pricing

Specific data gathered about products, such as influence of place of origin and price on purchase, provides guidance on marketing strategies

Included in the report is data about the typical price paid for giftware and home decorative accents products, which gives guidance to marketers about where the 'sweet-spot' in price is for their products. In addition the role of the country of origin is also examined, giving marketers direction on when to use place of origin in their marketing and advertising efforts.

Special Investigation: Consumers' Shopping Preferences for Gifts and Home Decorative Accents

The results of this special investigation support retailers in better positioning their store to capture the loyalty of the best home furnishings shoppers.

The value of this report is enhanced for product marketers and retailers through its special investigation into the shoppers' preference and attitudes related to specific types of stores where gifts and home accents can be found. Stores included in this special investigation are:

- Specialty card and gift stores, such as Hallmark, Carlton Cards, and local specialty card and gift shops, etc.

- Craft and hobby shops, such as Michaels, Hobby Lobby, JoAnns, etc.
- Christian and/or Religious specialty shops
- Jewelry stores and/or Luxury Boutiques, such as Swarovski store, Lladro store, Bailey Banks & Biddle, etc.
- Discount department stores, mass merchants, discounters, dollar stores, and/or warehouse and membership discount clubs, such as Wal-Mart, Kmart, Target, Marshalls, TJ Maxx, Steinmart, Dollar Tree, Costco, Sam's Club, etc.
- Specialty home furnishings stores and/or furniture stores, such as Bed Bath & Beyond, Linens & Things, Pier 1, Kirkland's, IKEA, Pottery Barn, HomeGoods, World Market, Ethan Allen, etc.
- Specialty kitchen and dinnerware stores, such as Williams-Sonoma, Crate & Barrel, Sur la Table, etc.
- Department stores, such as Macy's, Dillards, Sears, JC Penneys
- Grocery and/or drug stores, such as Acme, Albertsons, Giant, CVS, Walgreens, Rite Aid, etc.
- Home Improvement Stores, such as Lowes, Home Depot, Menards, etc.
- Mail order catalogs or direct mail brochures, such as Lillian Vernon, Lenox Direct, Franklin Mint, Danbury Mint, Bradford Exchange etc.
- Internet websites such as Amazon.com, Overstock.com, Redenvelope.com, gocollect.com, eBay, collectibles.com, etc.
- Television Shopping Channels, such as QVC, HSN, Shop NBC, etc.
- Direct Selling and/or Party Plans, such as Avon, Home Interiors, Southern Living at HOME, Longaberger, etc.
- Specialty Christmas shops, including Year-Round Christmas store
- Garden Centers, Florist, Plant Stores and/or Nurseries

More about Shopping for Giftware and Home Decorative Accessories

In addition to gathering detail data about where people made their most recent giftware and home decorative accents purchases, an additional series of questions were asked pertaining to home furnishings shopping in general.

Respondents rated the importance of each type of store depending upon whether they turn to that store regularly as a shopping source, occasionally, rarely or never.

Further, respondents were asked to rate store and service features that most powerfully motivate them to shop for home furnishings.

Finally, the report shares comments from giftware shoppers about the last time they shopped for giftware; the importance of the Internet in the gift shopping experience; and the special features of gift stores as a destination for gift shoppers. The results of this information supports retailers in better positioning their store to capture the loyalty of the best home furnishings shoppers.

Giftware Market Size and Growth

Trends in the size and growth in the giftware market gives guidance for investment decisions

The report analyzes the overall size of the giftware and home decorative accents market, including the major product segments and sales by channel of distribution. It tracks historical data from 2002 to the present. This information helps marketers find future growth trends in the segments in the market.

Favorite Giftware Brands, Stores & Designers

Marketers can learn about which brands have the strongest appeal to their target consumers

Part of the research is devoted to understanding the brand preferences, if any, of giftware customers in both their product selections and retail shopping choices. What designers, product brands and retailers do they think of for their purchases? How do these competing brands rank in terms of consumer awareness and usage?

- Avon
- Baccarat
- Boyd's Bears

- Bradford Collection
- CBK
- Cherished Teddies
- Children of the Inner Light
- Country Artists
- Danbury Mint
- Department 56
- Disney and/or Disney Classics
- Foundations Angels by Karen Hahn
- Franklin Mint
- Goebel
- Growing Up Girls
- Hallmark
- Jim Shore's Heartwood Creek
- Lalique
- Lenox
- Lladro
- M.I. Hummel
- Midwest Cannon Falls
- My Little Kitchen Fairies
- Our Name Is Mud
- Possible Dreams
- Precious Moments
- Roman
- Russ Berrie
- Sandra Magsamen Messages from the Heart
- Snowbabies by Department 56
- Swarovski
- Things Remembered
- Thomas Blackshear's Ebony Visions
- Tiffany
- Vera Bradley
- Waterford
- Williraye

- Willow Tree

Character Licenses

- Betty Boop
- Beatles
- Disney characters, including Mickey Mouse, Winnie the Pooh, etc.
- Elvis
- Harley Davidson
- I Love Lucy
- M&M's
- Peanuts characters, such as Snoopy, Charlie Brown, Lucy, etc.
- Rudolf the Red Nosed Reindeer
- Wizard of Oz

Attitudes about Giftware and Home Decorative Accessories Buyers

Analysis of the attitude statements helps marketers understand the mindset of different types of consumer personalities that make up the overall giftware and home decorative accents marketplace.

It enables them to understand the mindset and psychology that distinguishes the best from the worst target for their marketing promotions.

The survey concluded with a series of 26 attitude statements about giftware shopping 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 giftware shopping and distinct shopping behaviors. An analysis of the attitude statements helps marketers understand the mindset of different types of consumer personalities that make up the overall home furnishings marketplace.

By understanding the different personalities that make up the giftware 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.

RESEARCH METHODOLOGY

This report summarizes the results of two research methodologies: a series of four focus groups among highly active giftware shoppers and a quantitative survey among recent giftware consumers.

Focus Group Methodology & Respondent's Profile

An important aspect of this research investigation into the gifts and home decorative accents market was a series of four focus group discussions held among highly active women shoppers of these products. The focus groups were held in Schaumburg, IL, and Atlanta, GA, in November 2007. This insights gathered in these groups supported the development of a quantitative survey questionnaire and provided insights into the mindset and motivation of these

shoppers. A total of 52 women were recruited for these focus groups. Respondents were qualified by having purchased giftware items in three or more categories in the past six months.

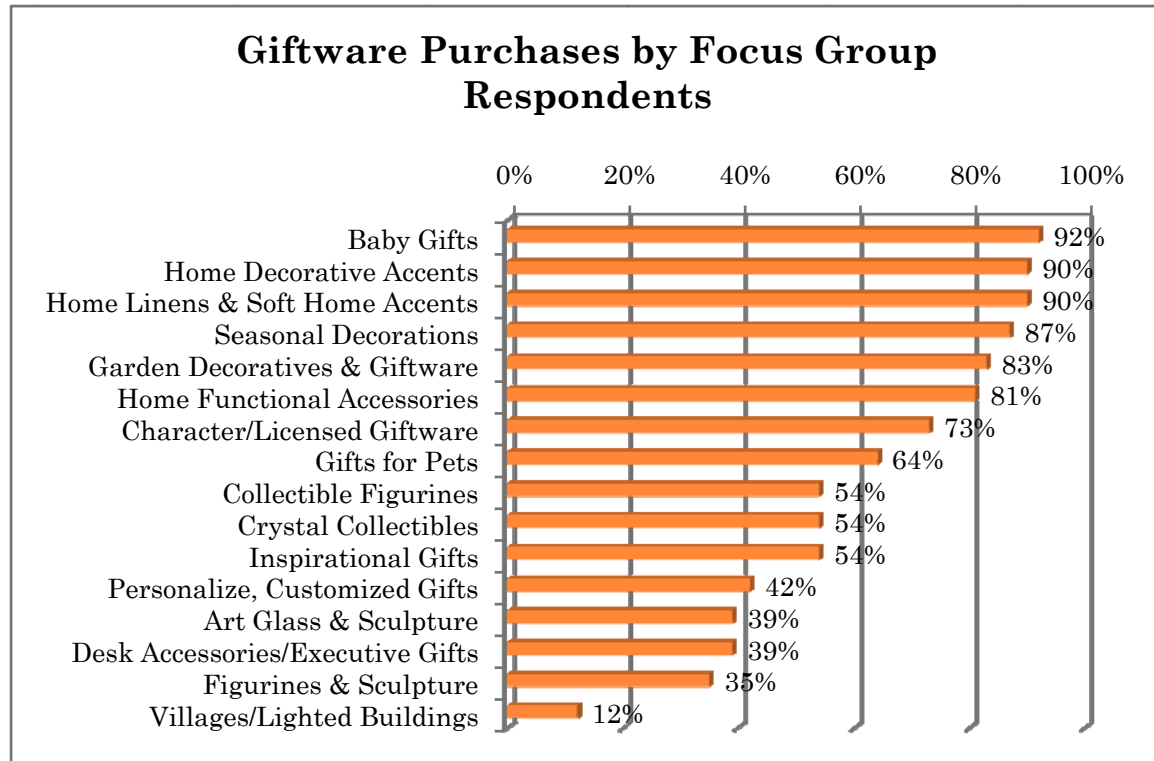


Figure 1: Focus Group Respondent's Recent Giftware Purchases

Baby gifts were the most widely purchased giftware item among the focus group respondents, reportedly bought by 92 percent of respondents within the past six months. Following baby gifts in popularity were home decorative accents and home linens and soft home accents (both bought by 90 percent); seasonal decorations (87 percent); garden decoratives and giftware (83 percent) and home functional accessories (81 percent). (Note: In the focus groups home functional accessories were distinguished from home decorative accents based upon their utility. A home functional accessory was defined as an item that was purchased primarily for use in the home, such as barware, stemware, toasting flutes, platters, cheese trays, etc. A home decorative accent, on the other hand, was purchased primarily for decorative purposes, such as vases, bowls, trays, candlesticks, etc.)

Giftware purchased by a majority of focus group respondents included character/licensed giftware (73 percent); gifts for pets (64 percent); and collectible figurines, crystal collectibles and inspirational gifts (all 54 percent). The other giftware bought by fewer than half of the focus group respondents included personalized/customized gifts (42 percent); art glass and sculpture and desk accessories/executive gifts (both 39 percent); figurines and sculpture (35 percent) and villages/lighted buildings (12 percent).

Few differences were found between the purchase of giftware between Schaumburg and Atlanta respondents with the exception of collectible figurines, which were more purchased by Schaumburg participants. On the other hand, gifts for pets and inspirational gifts were more purchased by respondents in Atlanta.

Age of focus group respondents

The average age of the focus group respondents was 45.9 years, with virtually no difference between the ages of respondents from Atlanta or Schaumburg. The majority of focus group respondents (49 percent) ranged in age from 35 to 44 years. Those 50 years and older also represented a large segment of the respondents, 39 percent.

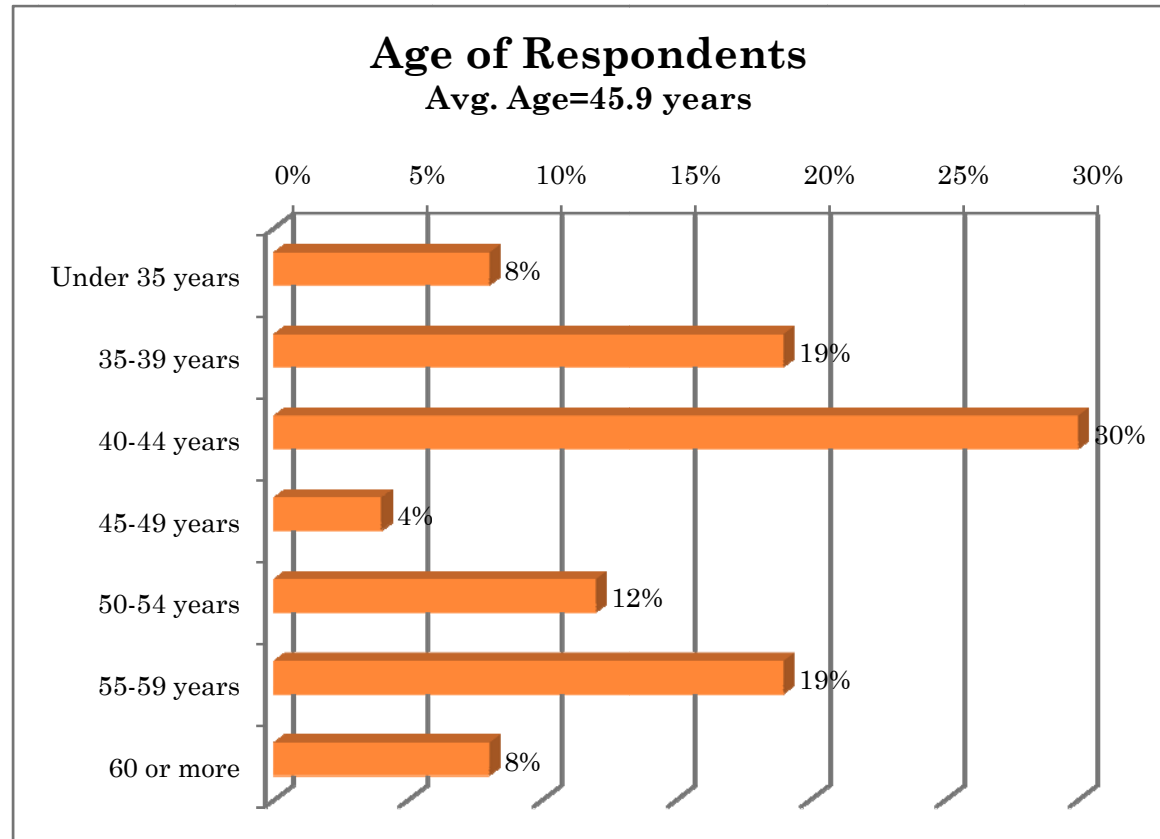


Figure 2: Age of Focus Group Respondents

Incomes of focus group respondents

The focus group respondents were screened to have a household income of \$50,000 or more. The average income of all respondents was \$91,600, with the distribution about evenly distributed across the three income levels. However, the respondents in Atlanta had a slightly higher average income, \$115,100, than those from Schaumburg, Il, \$83,300.

<i>Income</i>	<i>Overall</i>	<i>Schaumburg</i>	<i>Atlanta</i>
\$50,000-\$74,999	33%	42%	25%
\$75,000-\$99,999	35%	42%	29%
\$100,000 or more	33%	17%	47%
Average	\$91.6k	\$83.3k	\$115.1k

Figure 3: Incomes of Focus Group Respondents

Amount spent buying giftware by focus group respondents

Focus group respondents were also qualified by spending \$100 or more on giftware in the past six months. The average amount spent reported by the respondents was \$910, with Schaumburg respondents reporting slightly higher levels of spending (\$948) than Atlanta respondents (\$877).

While the average amount spent was influenced by outliers, the typical giftware consumer in the focus groups spent between \$251 and \$500 in the category during the study period.

Where focus group respondents shopped for giftware

When it comes to shopping for giftware, the focus group respondents shopped most often at mass merchants and discounters, an average of 20 shopping trips in the past six months. Grocery and drug stores were the second most used shopping destination (average 8 times), followed by department stores (6 times), craft and hobby stores (5.5 times), and specialty home furnishings stores and book stores (both 5 times).

Gift stores were visited on average 4 times in the past six months by focus group respondents, with those living in Schaumburg, IL visiting gift stores far more frequently on average, 5.5 times, as compared with those living in Atlanta, 2.5 times. This difference in number of trips visiting gift stores may reflect differences in the availability of gift stores in each local market. i.e. there are more gift

stores close to where Schaumburg participants live as compared with Atlanta respondents; or it may signal meaningful differences in shopping preferences among residents in each region. In other words, it may be that Schaumburg residents are more passionate about and enjoy shopping in gift stores more than people living in Atlanta.

<i>Number of Giftware Shopping Trips Past Six Months</i>	<i>Total</i>	<i>Schaumburg, IL</i>	<i>Atlanta, GA</i>
Mass Merchant/Discounter	20.0	20.0	20.0
Grocery Store/Drug Store	8.0	10.0	6.0
Department Store	6.0	6.0	5.5
Craft & Hobby Stores	5.5	5.5	5.5
Specialty Home Furnishings Stores	5.0	6.0	4.0
Book Stores	5.0	4.0	5.0
Gift Stores	4.0	5.5	2.5
Dollar Store	4.0	3.0	4.0
Warehouse/Membership Club	4.0	4.0	3.5
Paper & Party Goods Store	3.0	3.0	3.0
Internet Websites	3.0	2.5	3.5
Garden Center/Nursery	3.0	3.5	2.5
Mail Order Catalogs	2.0	2.0	2.0
Jewelry Store/Luxury Boutique	1.0	0.0	2.0
Christian/Religious Specialty	1.0	0.5	1.0
Direct Selling Establishments	1.0	1.0	1.0
Tourist Shops/Souvenir Shops	1.0	1.0	1.5
Museum Gift Shops	0.0	0.0	0.0
Christmas/Holiday Specialty	0.0	0.0	0.0

Figure 4: Focus Group Respondent's Shopping History

About the Quantitative Survey

Following the focus groups a survey among 1,642 recent buyers of any of the 26 giftware and home decorative accents products was conducted. The survey was fielded in early January 2008 using an online polling service. A copy of the survey may be downloaded from Unity Marketing's website at:

http://www.unitymarketingonline.com/cms_gifting/uploads/giftware_survey_final_in_word_97_mode_for_website.pdf

The survey was limited to adult respondents 24 to 65 years of age. Further low income respondents (household incomes of less than \$25,000) were restricted to less than 10 percent of the overall sample. The survey was conducted among U.S. residents only.

Gender of survey respondents

The gender of respondents was 68 percent female and 32 percent male. This gender split was not unexpected as this category of goods tends to skew toward a female shopper. However, there were meaningful differences in ages found among the genders.

Male gift buyers tend to be younger, while women comprise a greater share of the older giftware buyers

Male gift buyers tended to be among the youngest age group, 24-to-34 years, while women gift buyers tended to be more prevalent among the more mature shoppers 45-to-54 years. For example, men represented 35 percent of gift consumers in the 24-to-34 year age range and women made up 73 percent of the shoppers in the 45-to-54 year age group.

Age of survey respondents

The average age of the survey respondents was 42.4 years. The largest share of respondents were aged 24-to-34 (32 percent) with those aged 35-to-44 years making up the second largest age range (28 percent).

Those aged 55-to-65 years represented the smallest share of the survey sample, or 16 percent. Those respondents in the oldest age group also tended to have lower household incomes.

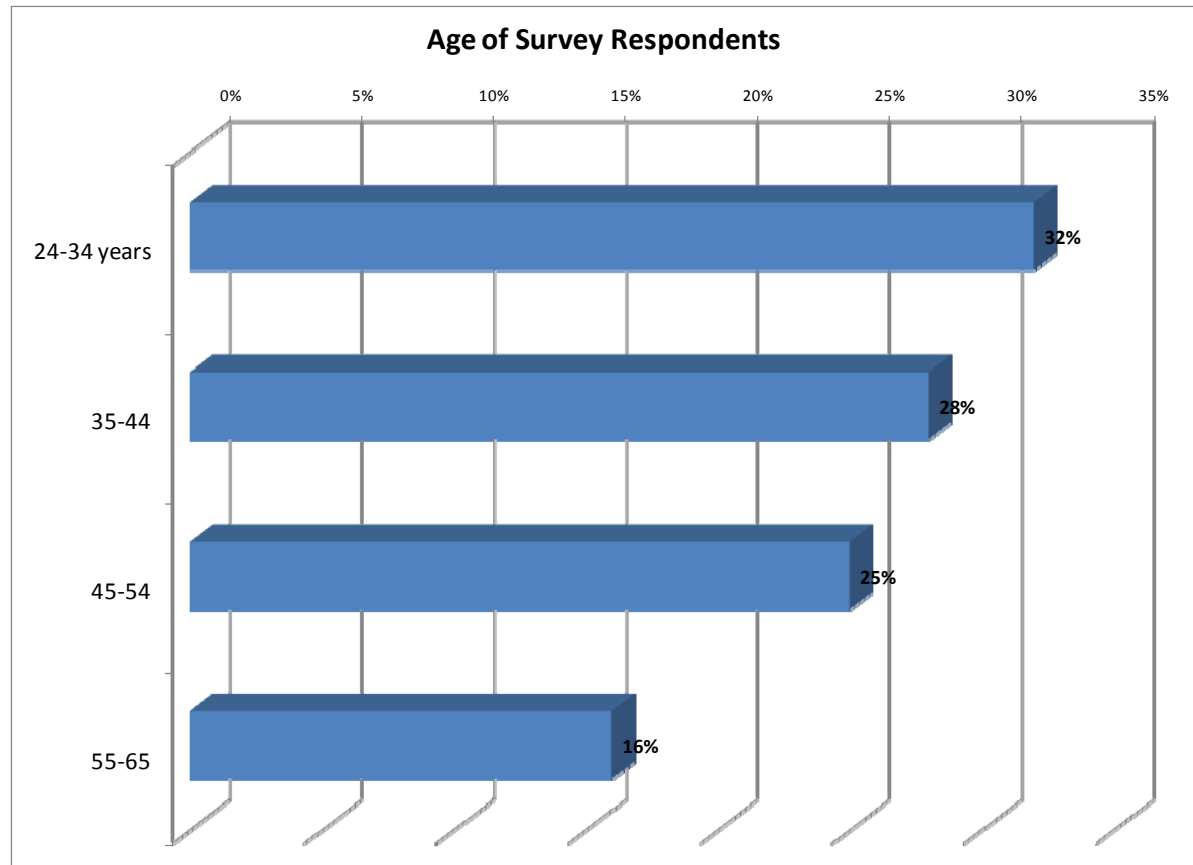


Figure 5: Age of Survey Respondents

Incomes of survey respondents

The giftware buyers tended to skew toward a higher household income, with the average income of all respondents \$75,100, somewhat higher than the average income of all U.S. households. In fact the largest share of respondents, 38 percent, had a household income of \$75,000 or higher.

Income was linked to age with those aged 35-to-54 years having the highest average income

Income was linked to age in this survey of giftware buyers. The age groups with the highest average income were those 35-to-44 years (avg. \$78,700) and those 45-to-54 years (avg. \$78,400). The lowest average income was found among the oldest age group 55-to-65 years (avg. \$69,400).

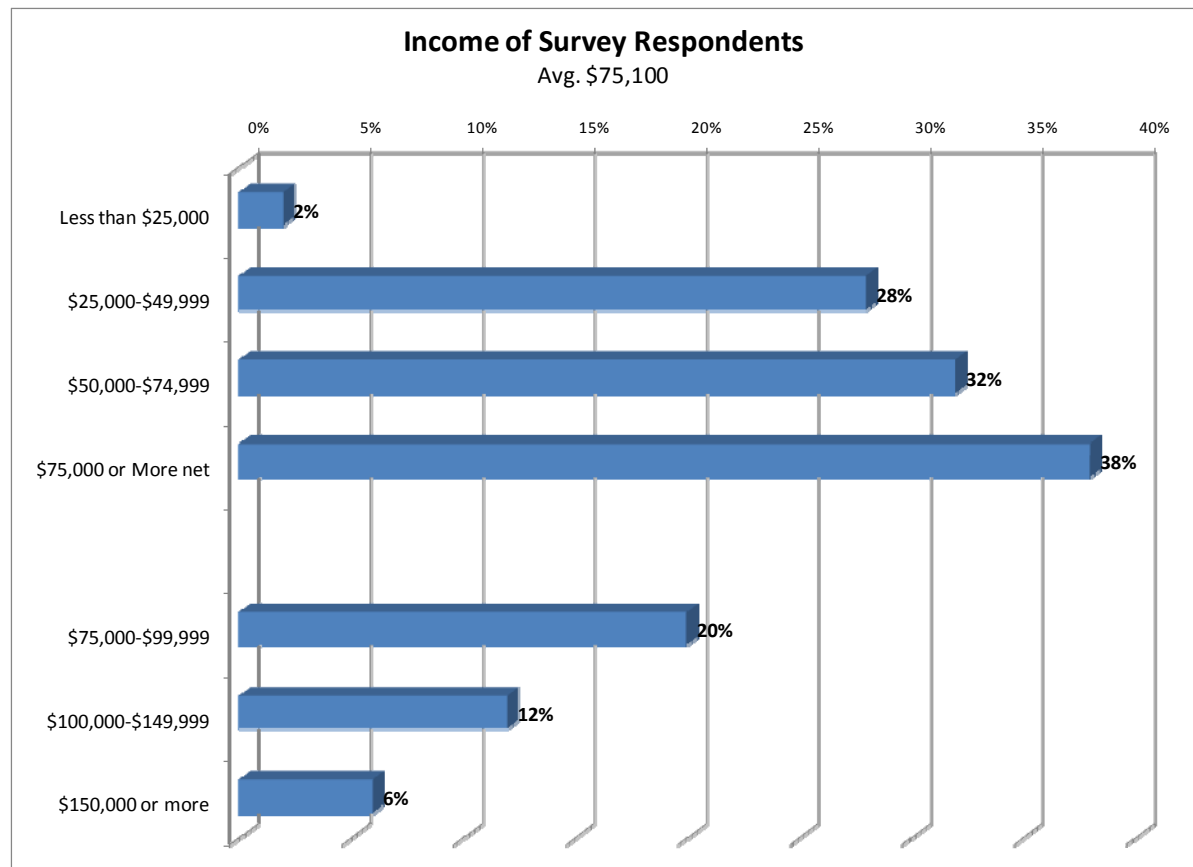


Figure 6: Income Distribution of Survey

Respondents

Other Demographic Characteristics

Educational attainment is high

As expected among a survey sample of higher income individuals, the level of educational attainment among giftware buyers was high. Some 76 percent of the survey sample had achieved an educational level of some college or more, with 27 percent having a four-year degree and 21 percent having some post graduate education. Higher levels of educational attainment were also associated with age, as the younger respondents (under 35 years) tended to have achieved more educational experience.

White/Caucasian respondents dominate

Some 89 percent of the survey respondents reported themselves to be White/Caucasian ethnicity. Some 5 percent were Black/African-Americans; 5 percent Hispanic/Spanish/Latino; 4 percent Asian/Pacific Islander; 2 percent American Indian; and 2 percent other. Respondents can claim multiple ethnicities, so the totals do not add up to 100 percent.

Interestingly, there was more ethnic diversity found among males and younger giftware buyers. Male respondents tended to be less likely to be White/Caucasian (86 percent in total) and younger people, those 34 and younger, also have a lower

incidence of being White/Caucasian (84 percent). In other words, men and the youngest giftware buyers were more diverse ethnically.

More married respondents

The giftware buyers were likely to be married, with 68 percent being married. Married status also was associated with higher average incomes of \$50,000 and above.

Some 15 percent of consumers were single; 9 percent living as a couple and 8 percent either divorced, widowed or separated. The youngest respondents (under 35 years of age) were more likely to be unmarried (only 55 percent were married). These youngest respondents also reported the lower levels of income.

Three people live in gift consumers' homes

The typical gift consumers' home has three residents. However, there are some differences. Gift consumers aged 35-to-44 have an average of 4 people living in the home. The oldest gift consumers in the survey, 55-to-65 years, have fewer members in the home with an average of 2 people only.

Men are slightly more likely to live in one or two person households, as are those gift consumers aged 24-to-34 years.

Finally lower income households, under \$50,000, have an average of only 2 members.

Majority own their own home

Among giftware consumers the majority, 75 percent, own their own homes. Only 23 percent rent their primary residence. As

home ownership increases with age, the older consumers, aged 35-to-65, have the highest incidence of home ownership and the younger gift consumers are more likely to rent their home.

RESEARCH STUDY SPONSORS

Unity Marketing thanks these companies for guiding the research effort and sponsoring this research study:

