

# Chapter 1 – Giftng Market Research Study

## Who Was Studied: Methodology & Research Summary

### Overview

In 2006, the consumer retail market reached \$3.0 trillion, according to the U.S. Census Bureau (excluding automobiles and auto parts and food service). Consumers spent an estimated \$300 billion of that total, or roughly 10 percent overall, buying gifts to give to their family and friends. (See Figure 20 for breakdown of total giftng market by product type.) Unlike other consumer marketing efforts which target the self-purchaser or individual consumer – in other words, a marketplace of one -- the giftng market is a unique opportunity for businesses to achieve exponential marketing. Through giftng, marketers touch two target markets personally and directly at once: the person who buys the gift and the person who receives it. For marketers, giftng has all the advantages and the promotional marketing power of sampling and word-of-mouth, but giftng magnifies and intensifies that power through the unique emotional connection between the giver and the recipient. Because it is ‘two times two,’ giftng is exponential marketing.

Consumer research that focuses on giftng (i.e. “verb”), not the gift (i.e. “noun”)

Gift shopping is the ultimate in ‘emotional consumerism,’ since gift giving is all about emotionally connecting gift givers and gift recipients. Whenever consumer shopping behavior is driven by emotion, the overall goal of the shopping experience is for the customer to buy a thing in order to achieve a special feeling, enhance an experience or to deepen an emotional reaction. In other words, the gift itself (i.e. “noun”) is the means to an end, and that end is to strengthen the emotional connection between individuals. The challenge for gift retailers and gift marketers, then, is how to enhance the “giftng”

experience (i.e. “verb”). As a result, gifting is the topic under investigation in this research study.

## Research Objectives

With a focus on the gift giver and their gifting behavior, rather than the gift, Unity Marketing conducted a two-year tracking study of the gifting consumers' gift purchases. The only gift research tracking study of its kind, this report presents findings from qualitative and quantitative research among gift buyers and givers. The purpose of the research study is to investigate the following:

- **Gifting behavior by holiday and occasion:** A quarterly national tracking study to discover key characteristics of the gifting market, such as on what holidays and occasions consumers buy gifts, how many people they buy gifts for and how much they spend? Also, what range of products they choose for gifts, what drives their selection of particular gifts and what drives their selection of stores to shop for gifts?
- **Demographics of the gifting market:** How many households buy gifts? What types of gifts do they buy? How much do they spend? Where do they shop for gifts? What are the different demographic segments within the gifts market (e.g. HHI, size, composition, ethnicity/race, education, etc.)?
- **Gifts market buying behavior:** What are the primary characteristics of the consumers' buying behavior related to different gifts? What makes a good gift? What attributes and qualities make gifters want to buy an item as a gift? Where do they shop for these items and how do they decide to purchase one item over another? What is the role of brand in gifting buying behavior? What is the purchase incidence and spending on key categories of gifts?
- **Psychographic profile and segmentation of the gifting market:** The psychographic profile of gift consumers will reveal their different drives

and motivations in purchasing gifts. What factors are more or less important in driving gift purchasing decisions? How can gifts marketers and retailers better understand the hearts and minds of their consumers and use that insight to capture a greater share of the consumers' gifting budget? In essence we will discover "why people buy gifts."

- **Product specific research:** Because there is an industry that classifies itself as the 'gifts industry,' specific research about consumers' purchases of 15 major gift categories, such as candles, baskets, boxes and tins, personalized gifts, licensed merchandise, tabletop and dinnerware, and collectibles and figurines, are also researched.

## Research Methodology

Unity Marketing's research methodology for this gifting report included two different types of research with different methodologies. First was a qualitative research phase conducted using focus groups. The results and findings from the focus groups were used to develop hypotheses and concepts about the gifts market that were tested and validated in the second phase of the research project encompassing quantitative research. An initial annual survey of the gift buyer market was conducted in the fall of 2003, followed by an updated Christmas gifting survey in 2004.

In 2005 Unity Marketing launched its quarterly Gift Tracker service, which records detailed data about gift consumers' purchases and gift buying behavior. The Gift Tracker study was conducted at the end of each quarter in order to provide more accurate and detailed data than is possible through a single annual study. That is because a quarterly study is conducted closer to the actual purchase event and so is more accurately recalled by the research subject. This report provides an annual report of the 2005 and 2006 Gift Tracker study and where appropriate it compares data from the previous year's surveys.

One important caveat about comparing the 2003 and 2004 annual surveys with the results of the quarterly tracking studies is that the surveys were conducted in different ways (i.e. two were annual and four were quarterly) and among different sample populations (i.e.

the first annual survey in 2003 was conducted just among 'serious gifters,' or people who spent \$250 or more buying gifts in the past year. The 2004 annual and the 2005 and 2006 quarterly gift tracker surveys were conducted among people who bought gifts, with no 'serious gifter' qualification imposed upon the respondents.)

#### Phase 1: Qualitative Focus Groups

A total of four focus groups were conducted to provide perspective on the motivations and drives of gift consumers. Respondents were recruited based upon high involvement with gift giving and recent purchase history buying products in the major giftware product categories (description of respondents follows). Two groups were held July 15, 2003, in Columbus, OH (one group women only and the other a mixed group). Two groups were also held August 21, 2003, in Orange County/Los Angeles area (both groups mixed gender).

Among the focus group respondents, their total gift spending since January 2003 averaged \$776. (Note: One respondent bought a \$20,000 car as graduation gift. This outlier value is excluded from these averages.) According to their screeners, the respondents were most active since January 2003 buying birthday gifts (97 percent); gifts for Mother's Day (94 percent); Valentine's gifts (91 percent); Father's Day (80 percent); wedding gifts (77 percent); graduation gifts (67 percent); Easter/Passover (67 percent); other gift occasions (65 percent); and hostess/housewarming gifts (34 percent).

Among the four focus groups, a total of 35 consumers were interviewed (18 in Columbus and 17 in LA/Orange County). The respondents were mixed gender, roughly 70 percent female and 30 percent male. Respondents aged 45-to-54 years were the most widely represented age range in the focus groups (37 percent), with the next most widely represented age range those 35-to-44 years (34 percent). About 17 percent of focus group respondents were 55-to-64 years and 11 percent were 25-to 34 years, with no one under 25 years of age included in the groups. All respondents had household income in excess of \$50,000. Coinciding with their high income level, the focus group respondents were highly educated with about 70 percent or more being college graduates.

In addition to active gift buying, the respondents were recruited for their purchase of specific giftware products as gifts since January 2003. More than 50 percent of the respondents reported purchasing the following as gifts: personal care gifts; novelties and souvenirs; kitchen accents; candles and candle accessories; garden and outdoor decorative accents; frames; stuffed animals, dolls or other collectible-type toys; holiday decorations; and tableware gifts or accessories.

A final criterion in the screening was to identify people who were passionate about gift giving. The following percentage of focus group respondents strongly agreed to each of these attitudinal statements:

- When shopping for a gift, I spend lots of time thinking about picking the right gift for the recipient — 83 percent
- I enjoy shopping for gifts — 60 percent
- I spend more money buying gifts for my friends and family than other people do — 51 percent
- I am more involved in gift giving than are most of the other people I know — 37 percent (additional 26 percent agreed with statement)

Phase 2: Quantitative Online Survey Research

2003 Annual Survey

Based upon the findings from the qualitative focus groups, an in-depth survey questionnaire was developed to provide projectable data about the gift consumer market. The survey was conducted online using a highly reliable Internet survey polling firm. Rather than being a representative survey of all gift givers, this survey consisted of a sample of 950 “heavy” gift givers (i.e. shoppers who spent \$250 or more buying gifts in the past year). Because the goal of this research was to help marketers and retailers increase their understanding and sales potential among the gifting market, this research focused on those individuals who are prime targets for gift marketers and retailers' efforts: the ‘serious’ gifter. The survey sample was comprised of 475 men and 475 women and was fielded between October 20-28, 2003.

This research study was sponsored in part by the gift industry's most forward-thinking companies, including Department 56, Glass Baron, Lenox, Longaberger and Walt Disney.

2005 and 2006 Gift Tracker Survey

Unlike the two previous annual surveys conducted once to record all gift purchases for the year, Unity Marketing's Gift Tracker study, because it was conducted quarterly, allowed us to get closer to the consumer and their actual gift purchase, which means their memory and recall was significantly improved. Surveys were fielded at the end of each quarter among 600 or so gift buyers. In the surveys the respondents recorded details about their gift and seasonal decorations purchases for the previous quarter (i.e. January-March; April-June; July-September; October-December). In each survey wave, the holidays were rotated to include those that occurred in the quarter along with a wide range of gift occasions, such as birthdays, anniversaries, weddings, new babies, etc. In addition questions were included about plans to buy gifts for the next quarter's holidays and gift occasions.

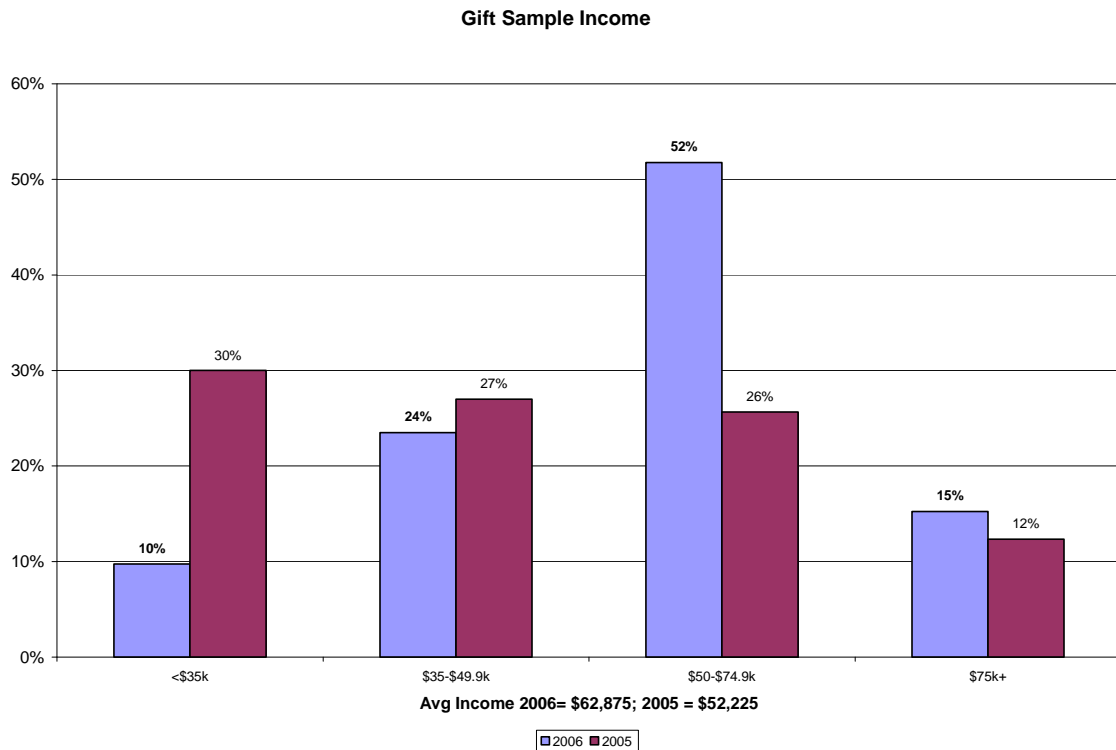
At the end of the third quarter extra questions were added to the survey about the gifters' plans for holiday gift giving, and at the end of the fourth quarter additional questions were asked specifically about recent holiday gift purchases. This allowed comparison of consumer gift plans with actual gift purchases. (Note: For the 2005 year, the first year of gift tracking, the 1Q and 2Q waves were combined.)

The total gift tracker sample for 2005 was just over 1,200 gift consumers. In 2006 over 2,800 gift buyers were surveyed about their most recent gift purchases. The demographics of the gift trackers surveyed were as follows:

#### **Gender Distribution**

Throughout the 2005 and 2006 survey years, the male/female distribution was roughly 50/50. At the end of 2005, men gifters represented 51 percent of the total sample, while women gifters represented 49 percent and at year end 2006, men were 49 percent of the sample, women 51 percent.

**Income Distribution**

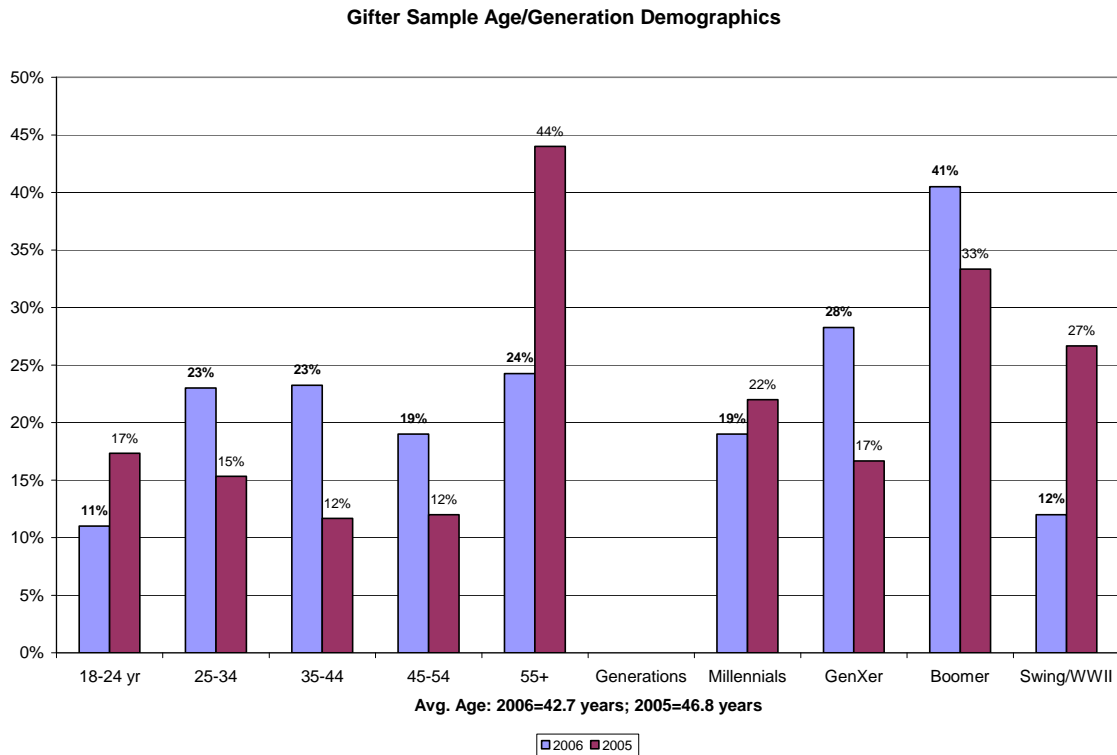


*Figure 1: Survey Sample Income Distribution*

The average income of the gift tracker sample was \$62,875 in 2006 and \$52,225 in 2005. The distribution of incomes in the 2006 was more focused on middle-income consumers, while the distribution of incomes in 2005 was more evenly divided among a range of income segments. The sample in 2006 more accurately reflects the average household income in the U.S. population as a whole.

Due to the 20.4 percent difference in average income between the 2005 survey sample and the 2006, all 2005 spending averages have been adjusted to achieve parity with the 2006 income average. (see Figure 4 and other)

**Age Distribution**



*Figure 2: Gifter Sample Age and Generation Distribution*

Throughout the 2005 gift tracker surveys, the age distribution of respondents was permitted to fall out naturally, meaning no quotas were set on respondents in terms of age. That resulted in an average age of gift-giving respondents of 47 years. The most widely represented generation in the 2005 gift tracker study was the Baby Boomers.

In 2006 the age of respondents was controlled to allow for a more equal distribution of respondents across the age ranges. This produced a sample with an average age of 42.7 years. The distribution of ages and generations are shown in the chart above.

Other Demographic Variables

In both survey years, some 60 percent of the sample was married with between 20-to-25 percent being single. The remainder were married living as couple, divorced, widowed,

etc. An average of 2.9 people lived in the typical respondents' household in both survey years.

Educational attainment in 2006 was higher than in the 2005 sample. In 2006 some 35 percent of those surveyed had completed four years of college or more, as compared to only one-fourth having completed four years of college in 2005. In 2006 some 45 percent of the sample had some college experience, as compared with 40 percent in 2005.

Ethnically, White/Caucasian consumers represented 89 percent of those surveyed in both years, with approximately 5 percent being Black/African-American, 5 percent Hispanic/Spanish/Latino, 4 percent being Asian/Pacific Islanders. (Note: consistent with Census Bureau practice, consumers can select multiple ethnic origins).

Because of the religious nature of many giftgng holidays, the respondents were asked their religious affiliation. About one-third of both years' respondents defined themselves as Protestant; 26 percent as Catholics; 3 percent as Jewish; and 20 percent as other. The remaining 18 percent reported no religious affiliation.

Home owners dominated the sample both years with some 65 percent owning a home, 9 percent owning an apartment or condo and 21 percent renting, and 5 percent other.

Examples of the survey questionnaires used in the Gift Tracker study are available at <http://www.unitymarketingonline.com/reports2/giftgng/gifttracker.html>