Chapter 1

# Gifting Market Research Study

## Who Was Studied: Methodology & Research Summary

### Overview

In 2005 the consumer retail market reached $2.8 trillion, according to the U.S. Census Bureau. Consumers spent an estimated $282 billion of that total, or roughly 10 percent overall, buying gifts to give to their family and friends. Unlike other consumer marketing efforts which target the self-purchaser/consumer or a marketplace of one, the gifting market is a unique opportunity for businesses to achieve exponential marketing. Through gifting, marketers touch two target markets personally and directly: the person who buys the gift and the person who receives it. For marketers, gifting has all the advantages and the promotional marketing power of sampling and word-of-mouth, but gifting magnifies and intensifies that power through the unique emotional connection between the giver and the recipient. Because it is ‘two times two,’ gifting is exponential marketing.

**Consumer research that focuses on gifting (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 goal of the shopping experience is 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 “gifting” experience (i.e. “verb”). As a result, gifting is the topic under investigation in this research study.

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## Research Objectives

With a focus on the gift giver and their gifting behavior, rather than the gift, Unity Marketing has conducted a major tracking study of the gifting consumer. The first 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 and 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? Where do they shop for these items; 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."

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- **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 entailed two different types of research with different methodologies. First was a qualitative research phase conducted using focus groups that was utilized to develop hypotheses and concepts about the gifts market. These hypotheses were then 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 Gift Tracker service, which records detailed data about gift consumers' purchases and gift buying behavior. The Gift Tracker study is conducted at the end of each quarter and provides more accurate and detailed data than an annual study because it is conducted closer to the actual purchase event. This report provides an annual report of the 2005 Gift Tracker study and where appropriate it compares data from the previous year's surveys. One important caveat about comparing the previous year's annual data with compiled quarterly tracking results 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 quarterly gift tracker surveys were conducted among people who bought gifts, with no 'serious gifter' qualification imposed upon the respondents.)

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### Phase 1: Qualitative Focus Groups

A total of four focus groups were conducted. 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 $20k 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. The most widely represented age distribution was 45-to-54 years (37 percent), with the next age group 35-to-44 years (34 percent). About 17 percent 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 grads.

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.

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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 the projectable, quantitative research

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 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 got closer to the actual gift purchase

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occurrence. Surveys were fielded at the end of each quarter among 600 or so gift buyers where their gift and seasonal decorations purchases for the previous quarter were recorded (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. The demographics of the gift trackers surveyed were as follows:

**Gender Distribution**

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

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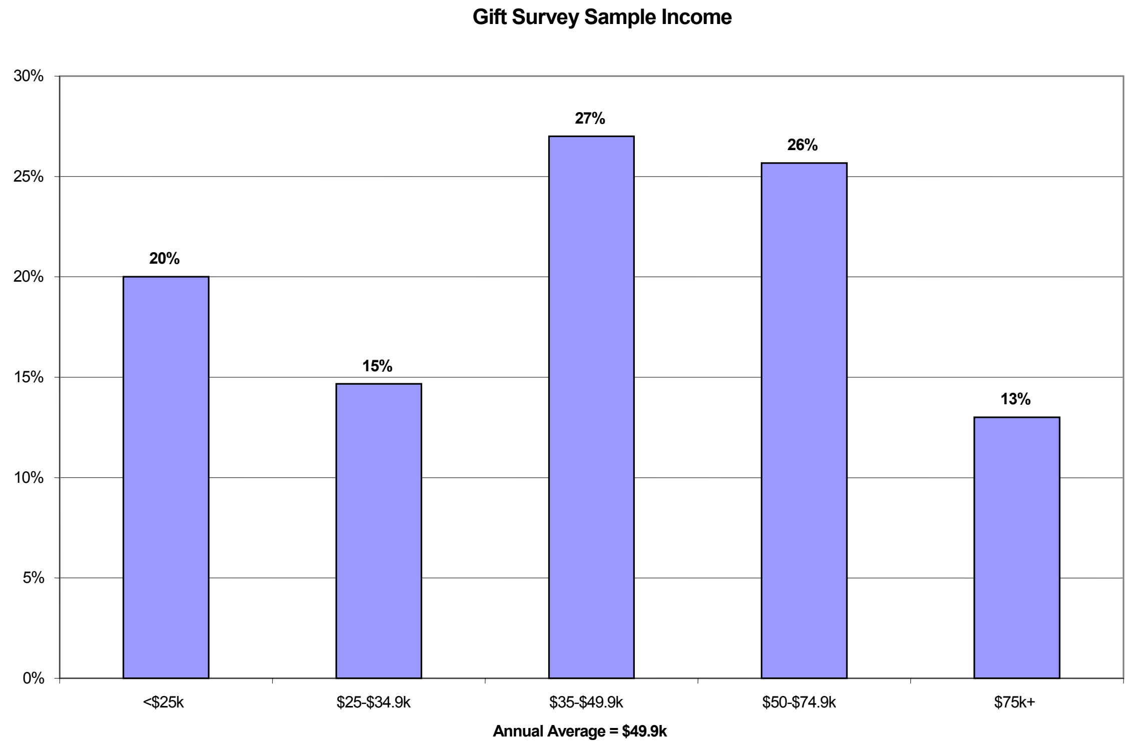
## Income Distribution




• *Figure 1: Gift Survey Sample Income Distribution*

The average income of gifters included in the 2005 survey was $49.9k, with the largest percentage of respondents in the middle-income ranges of $35,000 to $74,999.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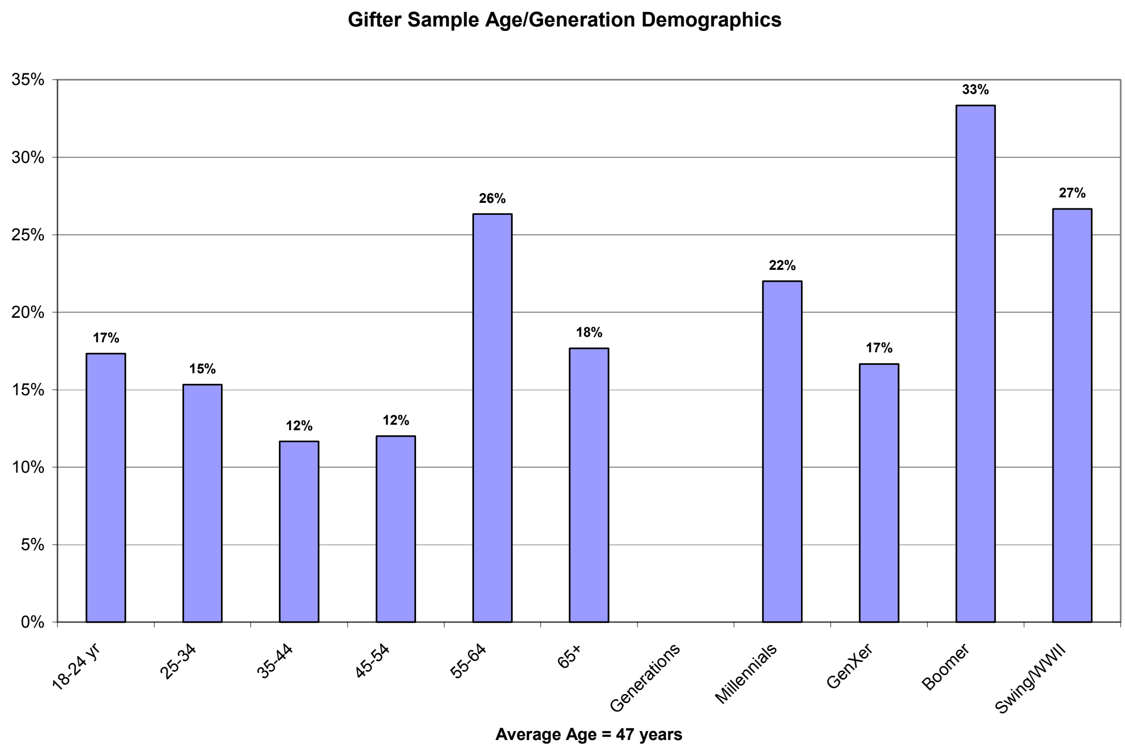
## Age Distribution




• *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. The distribution of ages and generations are shown in the chart above.

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

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