

The Gifts & Decorative Accents Report, 2003

The Market, The Competitors, The Future Trends

Copyright © 2003 by Unity Marketing
It is unlawful to photocopy, produce, translate or reproduce to any
electronic medium or machine-readable form, in whole or in part,
without prior written consent of Unity Marketing, Inc.

Chapter 1: Introduction

- This is the sixth annual report of the gift and decorative accents market, which includes the categories of general gifts and novelties, home decorative accents and accessories, collectibles, seasonal decorations, and greeting cards and stationery products. It is based upon the results of primary research surveys conducted among gift and decorative accents manufacturers and gift consumers. It seeks to answer the following questions about the gift and decorative accents market:
 - ▶ What is the overall size of the gift and decorative accents market? What is its growth? From where has it grown and to where is it expected to grow?
 - ▶ What are the leading channels of distribution of gifts and decorative accents? What are the challenges and opportunities within each channel? What are the sales trends in each?
 - ▶ Who is the target consumer for gifts and decorative accents? What are the demographics of those consumers, what are their motivations and purchasing patterns?
 - ▶ What are the trends in where consumers shop for gifts and decorative accents? How can gift and decorative accents companies and marketers maximize their sales to consumer?
 - ▶ What are the trends that are changing the market for gifts and decorative accents? What trends will have the most effect on the future of the industry?

Chapter 1: Study Methodology

- **Methodology:** To prepare this in-depth study of the gifts and decorative accents market, comprehensive primary market research surveys were conducted and the results analyzed by Unity Marketing, a marketing research and consulting firm that specializes in insights for luxury marketers. The results from the following surveys were analyzed.
 - ▶ **2002 sales year:**
 - **Manufacturer's survey:** 134 giftware companies completed an in-depth survey, approximately two-thirds completed a telephone survey and the remaining third completed a mailed survey reporting sales results of the 2002 sales year and projected 2003 year.
 - **Retailer survey not included in this year's report:** Due to the shift in gift retailing away from the small specialty "Mom-and-Pop" type of gift store toward national specialty chains, such as Pier 1, Bed, Bath & Beyond, and mass merchant department stores, such as Wal-Mart, Target and Kmart, Unity determined that another survey of small giftware retailers would provide little meaningful data for giftware manufacturer. Unity's consumer research determined that consumers are turning away from the specialty gift retail channel, and therefore a survey of these retailers would provide an inaccurate picture of the present state of giftware retailing in America. Currently Unity is conducting a major new integrated qualitative and quantitative research study of the gifting consumer. An important component of that research will be to determine where consumers buy gifts. Following the results of that survey, Unity will evaluate new methods of gathering retailer-specific data based upon consumers' shopping pattern for gifts. In the meantime, *Gifts & Decorative Accessories* magazine publishes an annual specialty gift retailer survey which is recommended as a source for data on the smaller gift retailers. Last year's Unity Marketing retailer survey results, which included surveys of two retailer segments, "gift stores" and "home accent stores," is included as Appendix A of this report.
 - **Consumer purchase incidence of "home" gifts included:** Included in this year's report is overall consumer purchase incidence, spending and data about stores where consumer purchase a range of "home" related gifts. This survey was conducted among a representative sample of 1,000 U.S. households in September 2003. The findings of this consumer research is directly comparable to similar surveys conducted in February 2000 and August 2001, the results of which are included in this report for trend analysis.
 - **Definition of retailers used in consumer survey:** The types of retailers included in the consumer survey match those used by the Dept. of Commerce in their retail census. The definition of the retailers used are as follows:
 - Furniture and home furnishing stores, such as Pier 1, Linens 'n Things, Ethan Allen or local furniture stores
 - Electronics and appliance stores including computer, TV or camera stores, such as Best Buy, Circuit City or local electronics or appliance retailers
 - Home improvement, hardware and garden centers, such as Lowe's, Home Depot or local hardware or garden centers
 - Food and beverage stores, such as Acme, Albertson, Safeway or local grocery stores
 - Health and personal care stores, drugstores and pharmacies, such as CVS, RiteAid or local pharmacies or personal care stores
 - Clothing and clothing accessories stores including shoe and jewelry stores, such as Gap, The Limited, Zales or other local clothing, shoe or jewelry stores

Chapter 1: Study Methodology (*continued*)

- Sporting goods, hobby, book and music stores, such as Sports Authority, Barnes & Noble, Sam Goody's, Michaels, Hobby Lobby or local sports, hobby, book or music stores
 - Traditional department stores, such as JC Penney, Sears, Dillard's, Marshall Fields or other local department stores
 - Discount department stores including warehouse clubs, dollar stores and discount mass merchants, such as Wal-Mart, Kmart, Target, Sam's Club or other local discount stores
 - Other specialty stores including gift stores, florists, pet specialty stores, office supply stores and stationers, such as Hallmark, PetSmart, Staples or other types of specialty stores not classified in previous categories
 - Non-store retailers including Internet sites, mail order catalogs, direct home sales or TV shopping channels, such as HSN or QVC
- ▶ **New consumer research study on 'gifting' is underway:** As of this writing (September 2003) Unity Marketing is conducting a major new consumer research study combining qualitative and quantitative research. Unlike previous year's consumers surveys where the focus has been on the gift item itself, this year's consumer study focuses on consumers' 'gifting' behaviors and choices. By expanding the scope of research, this new research will identify key drivers and motivators for gift purchases, how people choose among different classes of gift items, how they set their budgets, what gift occasions they buy for and who they purchase gifts for, where they shop for gifts and how much they spend. While the purchase incidence of specific giftware products will be included in this new study, the focus of the research is much broader in order to give insight into gifting behavior for a wide range of companies, marketers, manufacturers and retailers that compete in offering gifts to the consuming public. The results of this new research study will be released at the January GLM shows and a separate report will be published in early 2004.
- ▶ **2001 sales year:**
- **Manufacturers:** 8-page mail survey among approximately 100 gifts and decorative accents manufacturers, conducted in 2Q2002, covering the 2001 and projected 2002 sales years.
 - **Retailers:** 7-page mail survey among 67 specialty gift buyers and retailers nationwide, conducted in 2Q2002, covering the 2001 and projected 2002 sales years; and 6-page mail and telephone survey among 163 home retailers nationwide selling home decorative accents, conducted in 2Q2002, covering the 2001 and projected 2002 sales years
 - **Consumers:** Unity Marketing conducted two surveys, one in February 2000 addressing the gift market, and the other in August 2001, which focused on consumers' discretionary spending. Surveys included a national probability sample of approximately 1,000 adults (February 2000) and 2,000 adults (August 2001), living in private households in the continental US. Only one interview was conducted per household. These interviews were weighted by age, sex, race, and geodemographic region to provide accurate representation of the total population.
- Survey results were complemented by data from various secondary sources, such as data provided by the US Department of Labor Statistics, and the Department of Commerce, Bureau of Economic Analysis, publicly-available annual reports and financial data, as well as information sourced from various industry associations, to project total industry sales and growth trends.