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# **Challenges for Tabletop Marketers & Retailers**

- **Mature industry**
- **Flat bridal market**
- **Shopping patterns shifting**

# **What Do We Sell?**

## **What Do Consumer Buy?**

- **Retailers sell things (i.e. Noun)**
- **Consumers buy experience, feeling, ideas, happiness (i.e. Verb)**

**"In the factory we  
make cosmetics, but  
in my stores we sell  
hope."**

**Charles Revson, founder of  
Revlon**

# **Missing 5th P of Marketing**

- **Traditional 4 P's Marketing — Product, Price, Promotion, Placement**
- **Missing 5th P — People**

# **Connecting with Consumer:**

## **Ultimate Brand Challenge**

**Big Opportunity #1:  
Selling Tools,  
Equipment,  
Accessories to  
Enhance  
Consumer's  
Experiences**

**Big Opportunity #2:  
Retail Environments  
Need to Be  
Reconfigured to  
Enhance Experience**

**"Marketing is the whole business seen from the point of view of its final result, that is, from the customer's point of view."**

**by Peter F. Drucker**

# **Bridal Market: 2.3 Million Strong & Ready to Grow**

- **Prime age for marriage is 26-27 years old**
- **Newly marrieds account for significant home spending during first year of marriage**

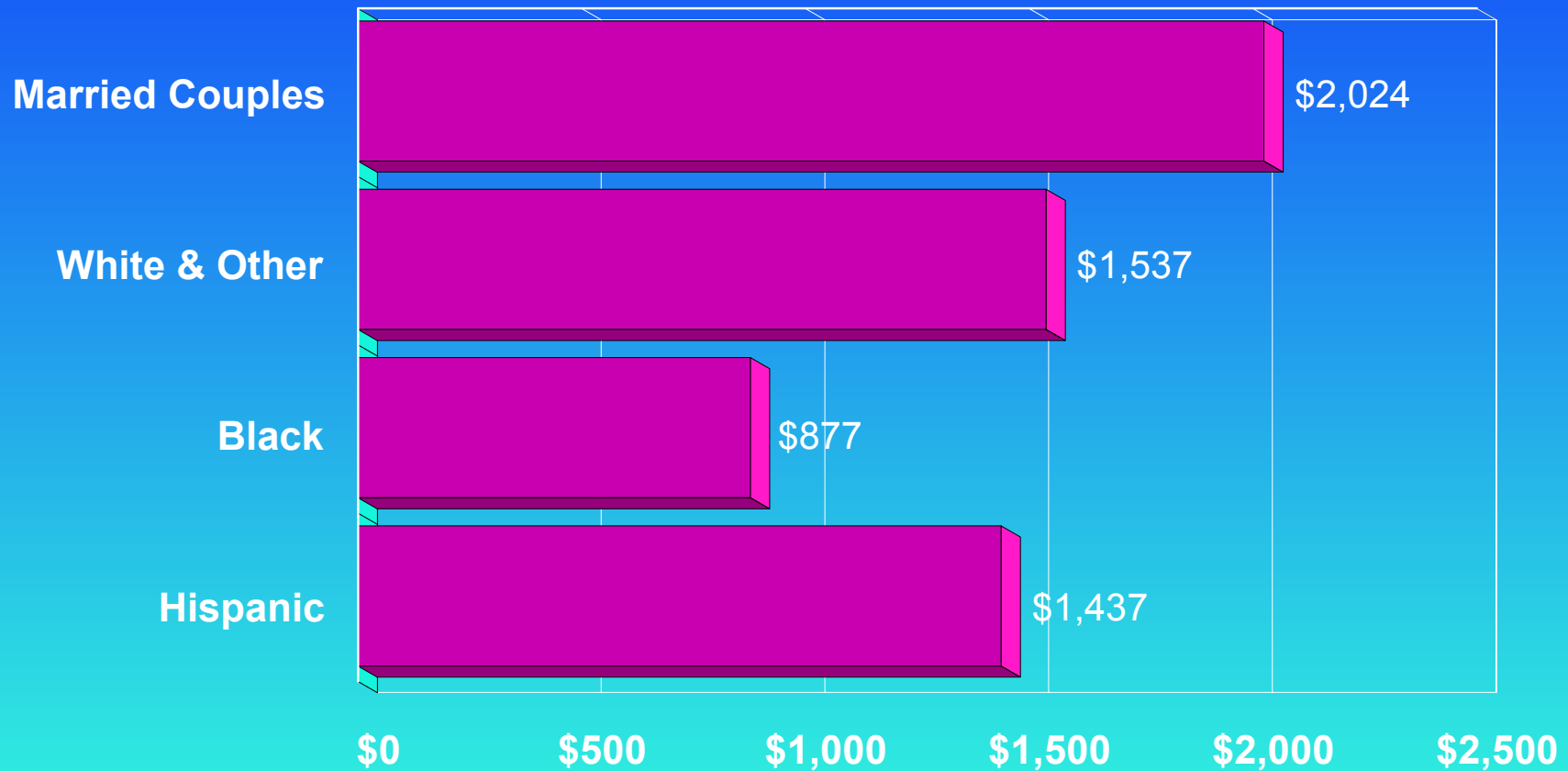
# Prime Age Group for Marriage Is Increasingly Diverse

25-to-29 year olds in thousands  
2000 to 2020

	<u>2000</u>	<u>%</u>	<u>2005</u>	<u>%</u>	<u>2010</u>	<u>%</u>	<u>2015</u>	<u>%</u>	<u>2020</u>	<u>%</u>
<b>White</b>	11,769	65.9%	11,737	64.0%	12,546	63.2%	12,762	61.5%	12,508	58.5%
<b>Black</b>	2,454	13.7%	2,551	13.9%	2,735	13.8%	2,991	14.4%	3,030	14.2%
<b>Hispanic</b>	2,624	14.7%	3,011	16.4%	3,336	16.8%	3,656	17.6%	4,289	20.1%
<b>Asian</b>	856	4.8%	885	4.8%	1,040	5.2%	1,149	5.5%	1,365	6.4%
<b>Other</b>	158	0.9%	166	0.9%	192	1.0%	206	1.0%	192	0.9%
<b>Total</b>	17,861	100.0%	18,351	100.0%	19,849	100.0%	20,765	100.0%	21,384	100.0%

Source: U.S. Census Bureau

## Married Couples Spend More Household Furnishings & Equipment Average Annual Spending



Source: BLS Consumer Expenditure Survey

# Married Couples Spend More

- Married couples are most affluent and spend the most
  - 51% of households
  - Average income: \$64,383
  - Number persons: 3.2
  - % White and other: 92%
  - Spending on Home Furnishings & Equipment: \$2,024
  - Spending on Food: \$5,463
- White & Other
  - 88% of pop; \$49,334 income; 2.5 people; \$1,537 home; \$5,463 food
- Black households negatively impacted by lower marriage incidence
  - 12% of households
  - Average income: \$33,739
  - Number of persons: 2.7
  - Spending on Home Furnishings & Equipment: \$877
  - Spending on Food: \$4,271
- Hispanic households are growing as percentage of population
  - 9% of households
  - Average income: \$35,886
  - Number of persons: 3.4
  - Spending on Home Furnishings & Equipment: \$1,437
  - Spending on Food: \$5,648

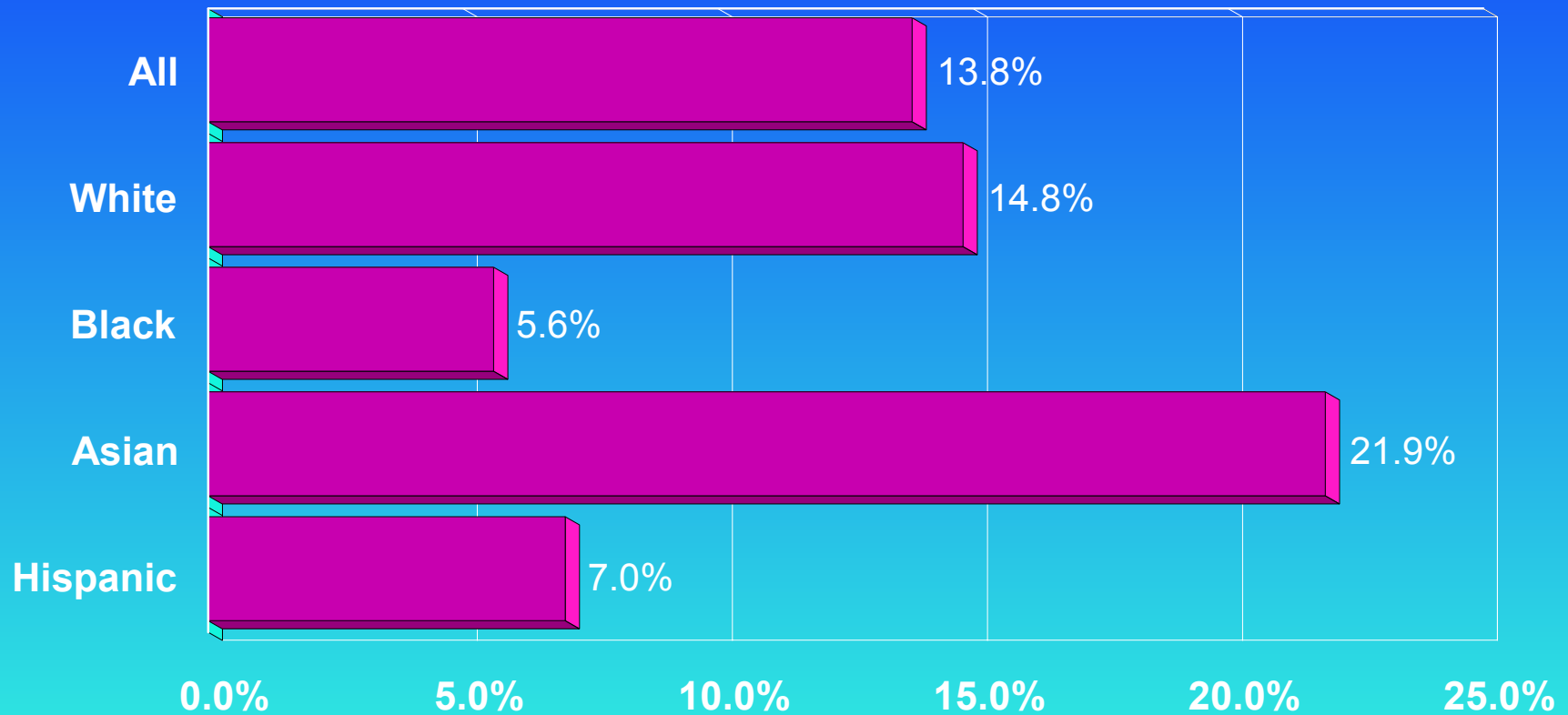
**First the rich do it,  
then everybody else!**

**Affluent market is  
bellwether of trends that  
will occur in the mass  
market**

# Affluent Market Is Becoming Increasingly Diverse

## Percent Households Income of \$100K or more

2001

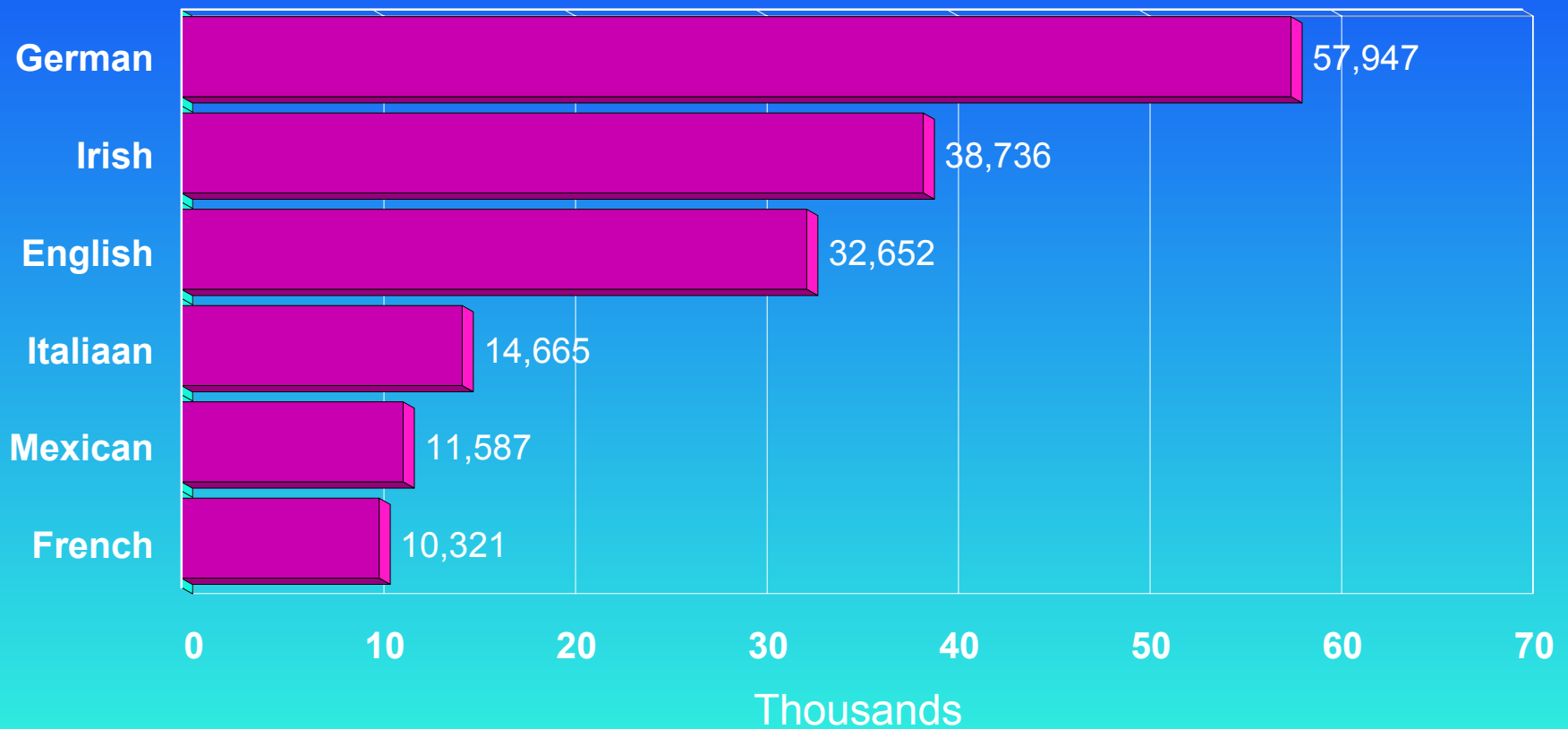


Source: Census

# **Affluent Market Is Becoming Increasingly Diverse**

- Asian households, although they make up a small percentage of the total population, are much more likely to be affluent. One-fifth of every Asian household!
- All trends point to increased participation of all ethnicities to be affluent.
- Regional variations more important when targeting rich ethnic groups:
  - Asian households are major factor on the west coast
  - Blacks more likely to be found in the south
  - Rich Hispanics are more likely to live in the south and west
- Affluent households are married households, regardless of ethnicities
  - White 83%; Black 74%; Hispanic 75%
- Affluent households regardless of ethnicity are working households, usually with 2 or more incomes
- Affluent households are educated households, though affluent whites are more likely to complete a college degree while black and Hispanics are more likely to make do with lesser educational attainment.

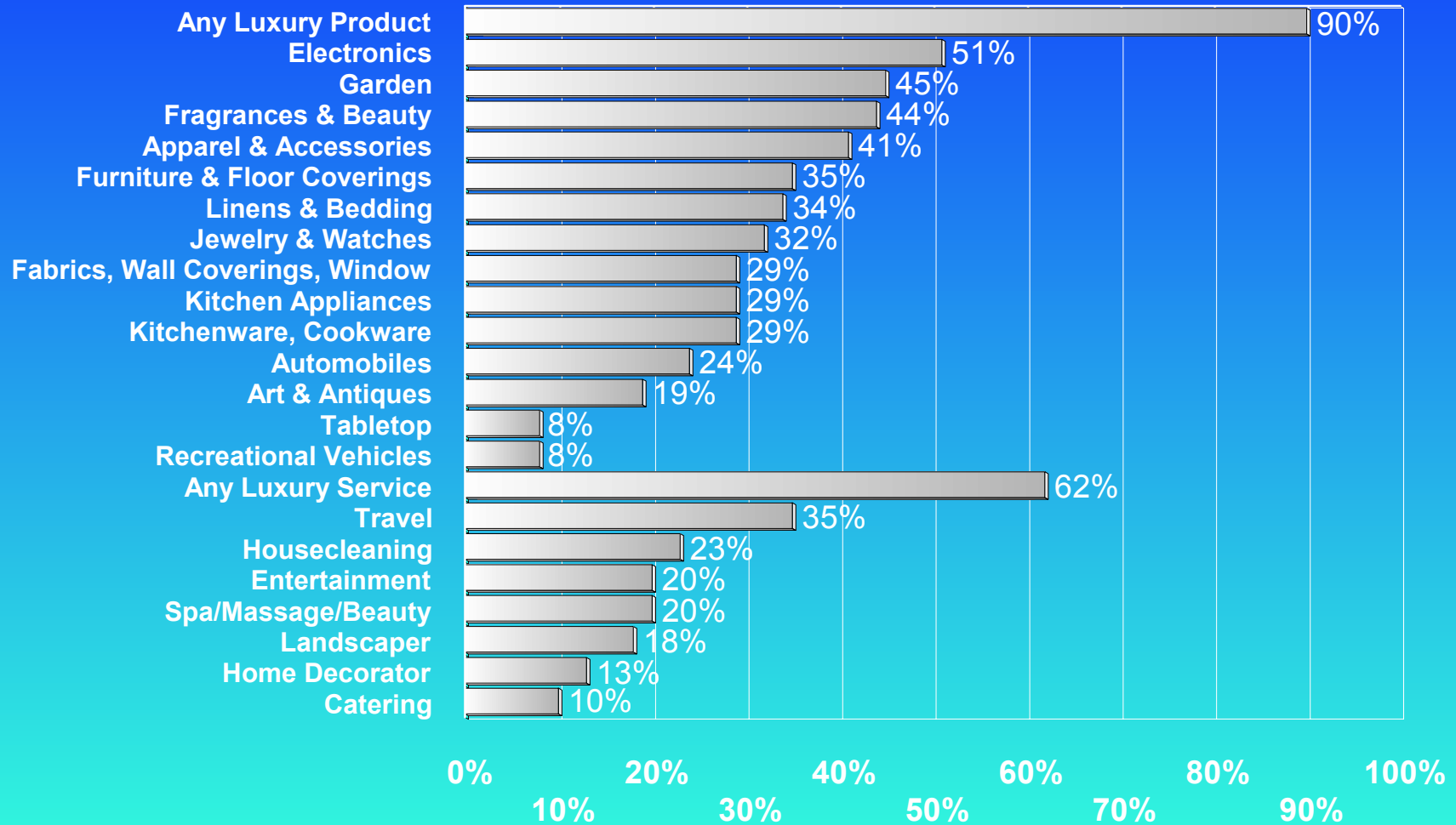
## As Population Becomes More Diverse, our Cultural Fulcrum Will Change Leading Ancestry of Americans



Source: Census

# Luxury Purchase Incidence

In past year, did you purchase or influence the purchase of any of these luxury products?



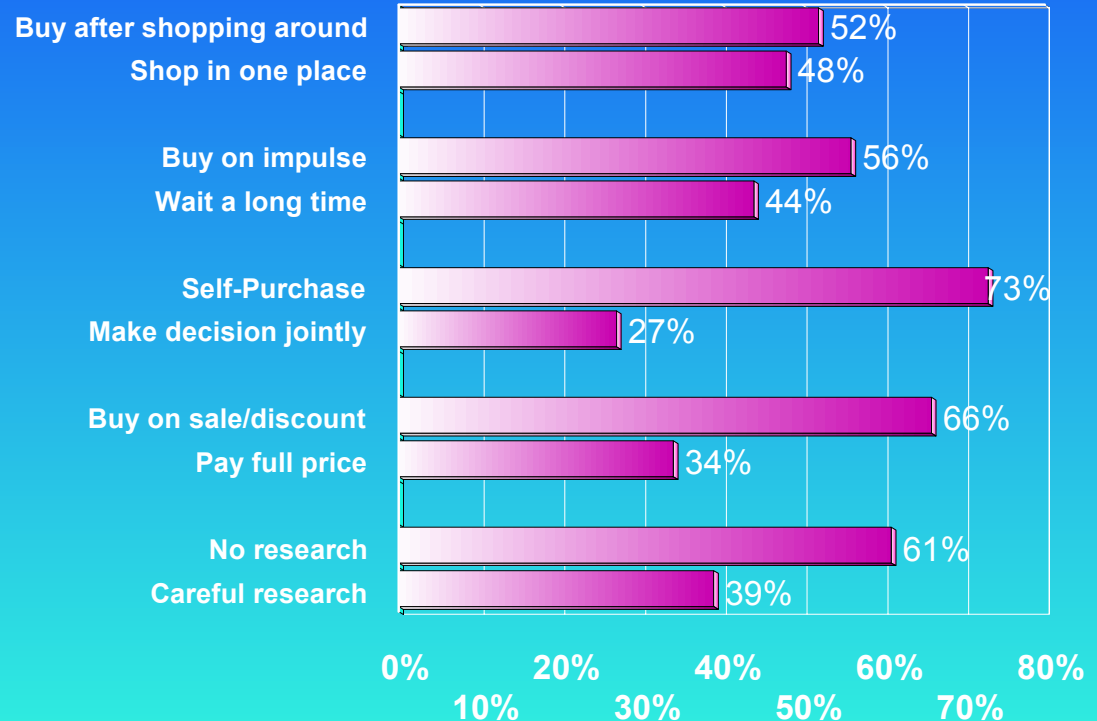
Base: Households over \$50k

# Tabletop Purchase Behavior

- Purchase Incidence 8%
- Annual Spending Levels: \$500 (Per item spending: \$200)

## Purchase Behavior Luxury Tabletop

About your last tabletop purchase, did you....



Base: Respondents bought luxury tabletop

# **Tabletop Purchase Motivations**

- **Tabletop is polarizing category**
- **A minority of luxury consumers expressed considerable enthusiasm.**
- **For most it is viewed as only a daily necessity and nothing more.**
  - **Purchased once then forgotten in china cabinet until holidays**

# Tabletop Purchase Motivations

- *You get married and you pick what you want. Then you put it away and use it once a year. It is nice to have for holidays or special occasions, but it is something you do once and then it fades. I was all excited when I got it, but after the first year, it's no big deal anymore.*
- *We have holiday china that I bring out on Thanksgiving till the end of January. I love it and my kids love it. It's a tradition. I have three sets of china, one is very fine china that I've never used, then I have a set of Lenox that I use for every holiday but Christmas.*
- *I have three different sets of china. I use them all a lot, but I don't mix them together. I have the special china for Christmas and I have different things for different occasions. It makes me feel that I am showing my guests that they are special.*
- *I also have Christmas dishes. When I unpack them at Christmas, my kids go crazy. It is a tradition to have the special Christmas china for the holidays.*
- *I always wanted really nice dining room china. It is nice to have when you have company for dinner.*
- *Your everyday dishes get replaced a lot, but your dining room needs really well made china. The brand wears better. I want something that will go in the dishwasher and the microwave.*
- *Luxury is more of a feeling. It makes you feel different like you are special. Sitting down to a meal with fine china and glassware...you are transported to a luxurious state. It is the way it looks with a brand name you recognize. I have Dior, Royal Doulton and Waterford glasses. It makes an occasion very special. I don't use it everyday, but when I set a table for a holiday or special occasion, I really set it out.*
- *I don't want my guests to feel responsible for a \$1,000 place setting. We went to an outlet and I bought 16 place settings of Mikasa. It eats good, tastes good, but it doesn't have to be the best.*

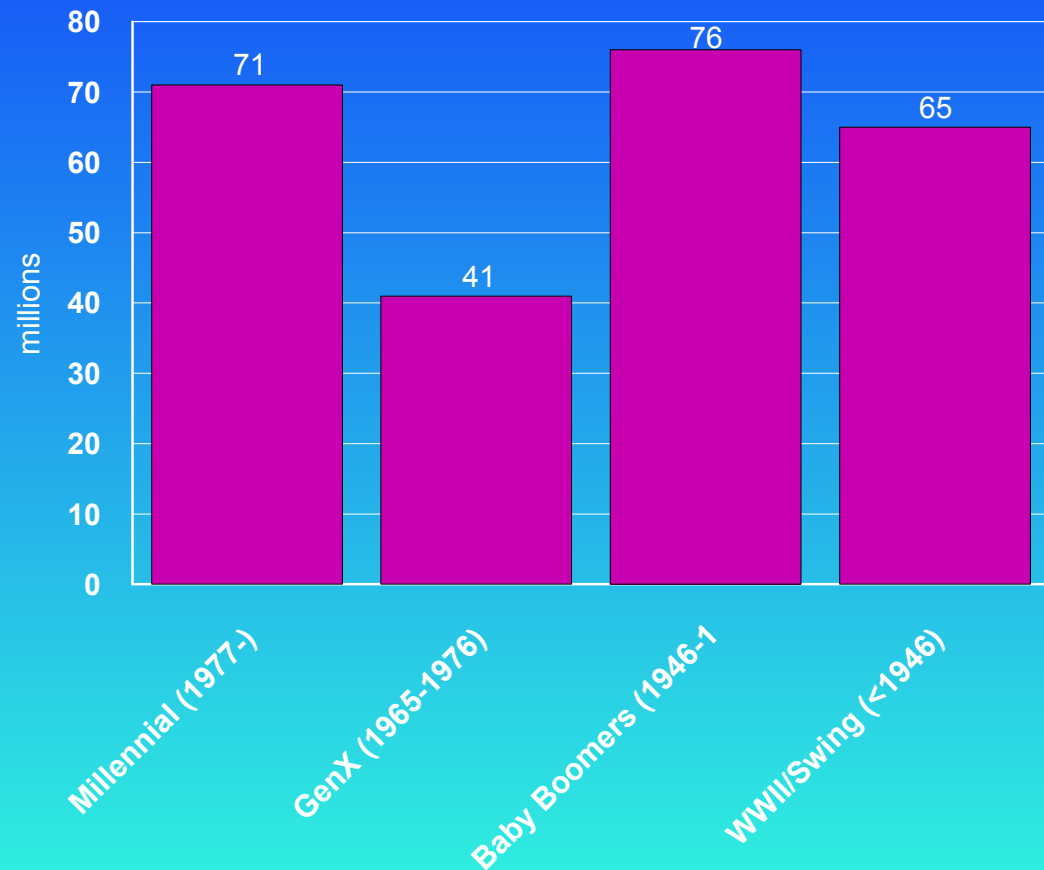
# **Tabletop Market Shift**

- **Not about casual, it's about live-ability**
- **Consumers bring things into their home to work for them, not so that they have to work for those things.**

# Future of Consumer Market

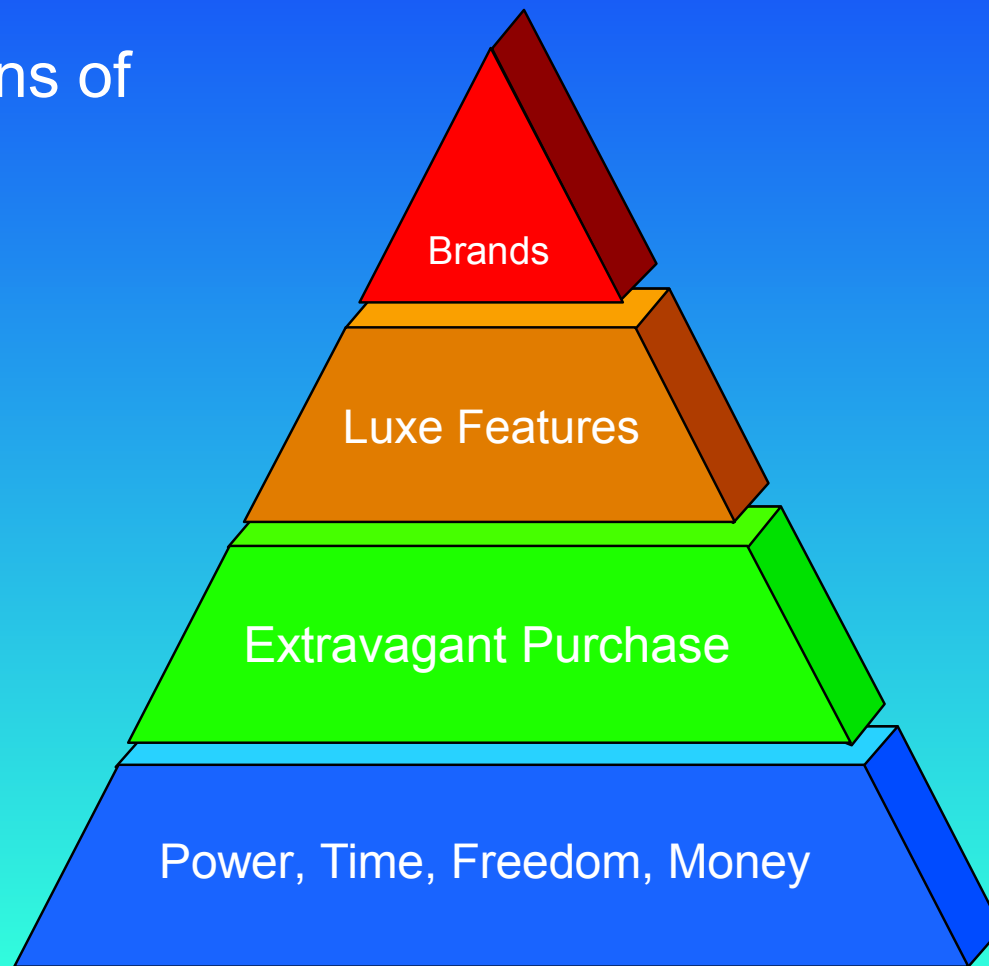
- Diverging with Biggest Opportunities at the High-End and Low-End of Market

Consumer Generations



# Luxury Is Power to Pursue Your Passions

Dimensions of  
Luxury



# **Luxury Is Ultimately Unattainable**

- **Luxury is ultimately about the unattainable**
- **The luxury consumer is in a state of perpetual motion, always moving away from the ordinary toward the extraordinary**

# **Big Opportunity: Be Best of Class in Any Class**

- **No matter where you are in price-continuum, you can enhance luxury value of what you are selling**
- **Marketers influence two key dimensions of luxury:**
  - **Imparting luxury features into one's products**
  - **Building a luxury brand that resonates with the consumers**

# **Key: Infuse marketing communications with emotional values**

- **Hopes, wishes and dreams of the consumers when they envision a luxury lifestyle.**

**"In the affluent society no useful distinction can be made between luxuries and necessities."**

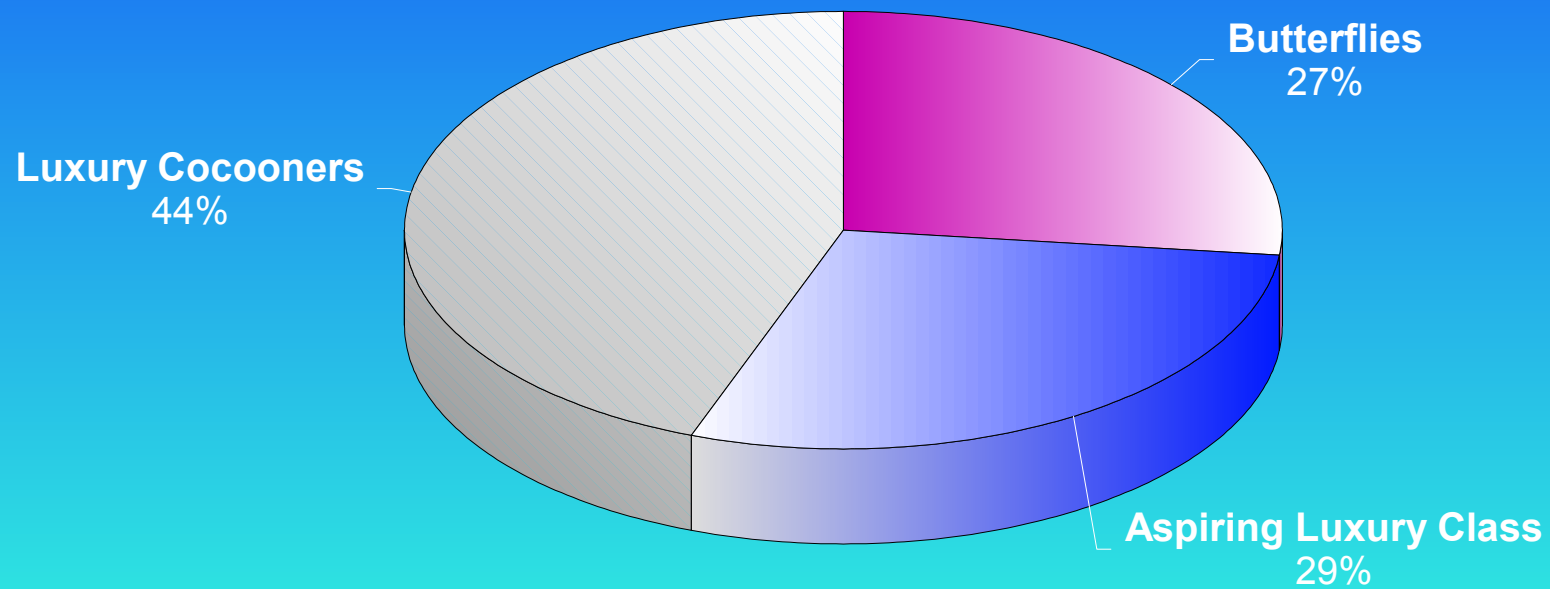
**by John Kenneth Galbraith**

# **Introducing the New Luxury Market**

## **Meet the Butterflies**



# Luxury Market Segments



# Butterflies Have Emerged from their Luxurious Cocoon

<b>Market Penetration</b>	27%
<b>Consumer Psychology</b>	Butterflies have emerged from their luxurious cocoons and are reconnecting with outside world. Connecting, rather than cocooning, is primary driver for the butterflies. They are less materialistic than other segments and know things won't buy happiness.
<b>Demographics</b>	<ul style="list-style-type: none"> <li>• Most successful in world's terms</li> <li>• Highest incomes (\$172.4k)</li> <li>• Boomer generation</li> <li>• Highest household value (\$280k)</li> <li>• More likely to be female</li> </ul>
<b>Purchase Incidence</b>	Most active buyers of both luxury products & services (95% products; 68% services)
<b>Luxury Product Spending</b>	Spends the most annually on luxury products (\$14,675), but only 34% of spending is for luxury home (\$5,050), while majority is for personal luxuries
<b>Luxury Services Spending</b>	Spends most on luxury services, \$8,200

# Luxury Cocooners Still Wrapped in the Cocoon

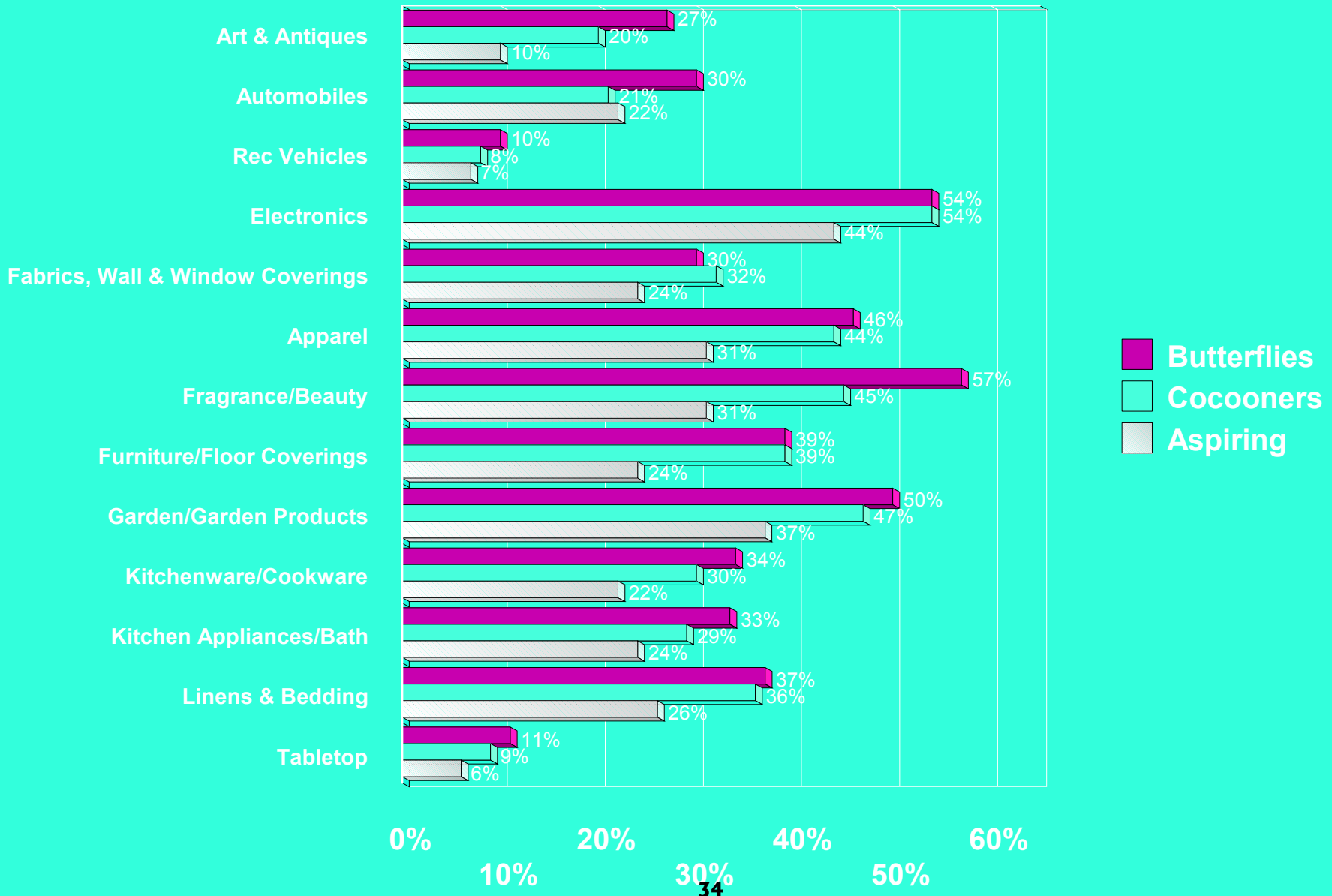
<b>Market Penetration</b>	44%
<b>Consumer Psychology</b>	They are still wrapped up in their luxury cocoons, devoting their time and attention to making their 'nests' more luxurious. They express their identity through luxury purchases and participate fully in their luxury lifestyles.
<b>Demographics</b>	<ul style="list-style-type: none"> <li>• Income below butterflies, above aspiring luxury class (\$151k)</li> <li>• Middle-aged</li> <li>• Household value below butterflies (\$256k)</li> <li>• More likely to be female</li> </ul>
<b>Purchase Incidence</b>	Active buyers of both luxury products & services (93% products; 65% services)
<b>Luxury Product Spending</b>	Total spending only 65% that of butterflies, \$8,900 Majority of luxury spending, 55% or \$4,900, is for home-related luxuries
<b>Luxury Services Spending</b>	Spending on luxury services about 20% less than butterflies, \$7,000 per year

# Luxury Aspirers Still Haven't Reach Their Desired Level of Luxury

<b>Market Penetration</b>	29%
<b>Consumer Psychology</b>	Have not yet achieved the level of luxury to which they aspire. They view luxury as an expression of what they have and what they own. For these consumers, luxury is best expressed in the things they buy and display.
<b>Demographics</b>	<ul style="list-style-type: none"> <li>• Lowest income (\$135k)</li> <li>• Middle-aged or younger</li> <li>• Household value about the same as luxury cocooners (\$250k), meaning less discretionary budgets</li> <li>• Higher representation of men as compared with butterflies or cocooners</li> </ul>
<b>Purchase Incidence</b>	Active buyers of luxury products (94% purchase incidence); significantly lower levels of buying luxury services (51%)
<b>Luxury Product Spending</b>	Lowest spending levels, \$6,500 in total. About 54% of total spending is for home luxuries (\$3,500)
<b>Luxury Services Spending</b>	Lowest levels of spending on services, \$5,200

# Luxury Products Purchased by Luxury Segments

In the past year, did you or someone in household purchase any luxury product?



# Luxury Consumers Are Emerging from Their Cocoon and Reconnecting with the World Outside

Consumers' Spending on Home  
Total Housing Expenditures & Total Household Furnishings  
Average for Typical US Household

	<u>Total Spend</u>	<u>Total Housing</u>	<u>% Housing</u>	<u>Tot Home Furnishi</u>	<u>% Home Spend</u>
<b>1985</b>	\$23,490	\$7,087	30.2%	\$936	13.2%
<b>1990</b>	\$28,381	\$8,703	30.7%	\$1,125	12.9%
<b>1995</b>	\$32,264	\$10,458	32.4%	\$1,401	13.4%
<b>1996</b>	\$33,797	\$10,747	31.8%	\$1,350	12.6%
<b>1997</b>	\$34,819	\$11,272	32.4%	\$1,512	13.4%
<b>1998</b>	\$35,535	\$11,713	33.0%	\$1,601	13.7%
<b>1999</b>	\$36,995	\$12,057	32.6%	\$1,499	12.4%
<b>2000</b>	\$38,045	\$12,319	32.4%	\$1,549	12.6%
<b>2001</b>	\$39,518	\$13,011	32.9%	\$1,458	11.2%

Source: BLS, Consumer Expenditure Survey

# **Luxury Marketers Must Connect with Consumers**

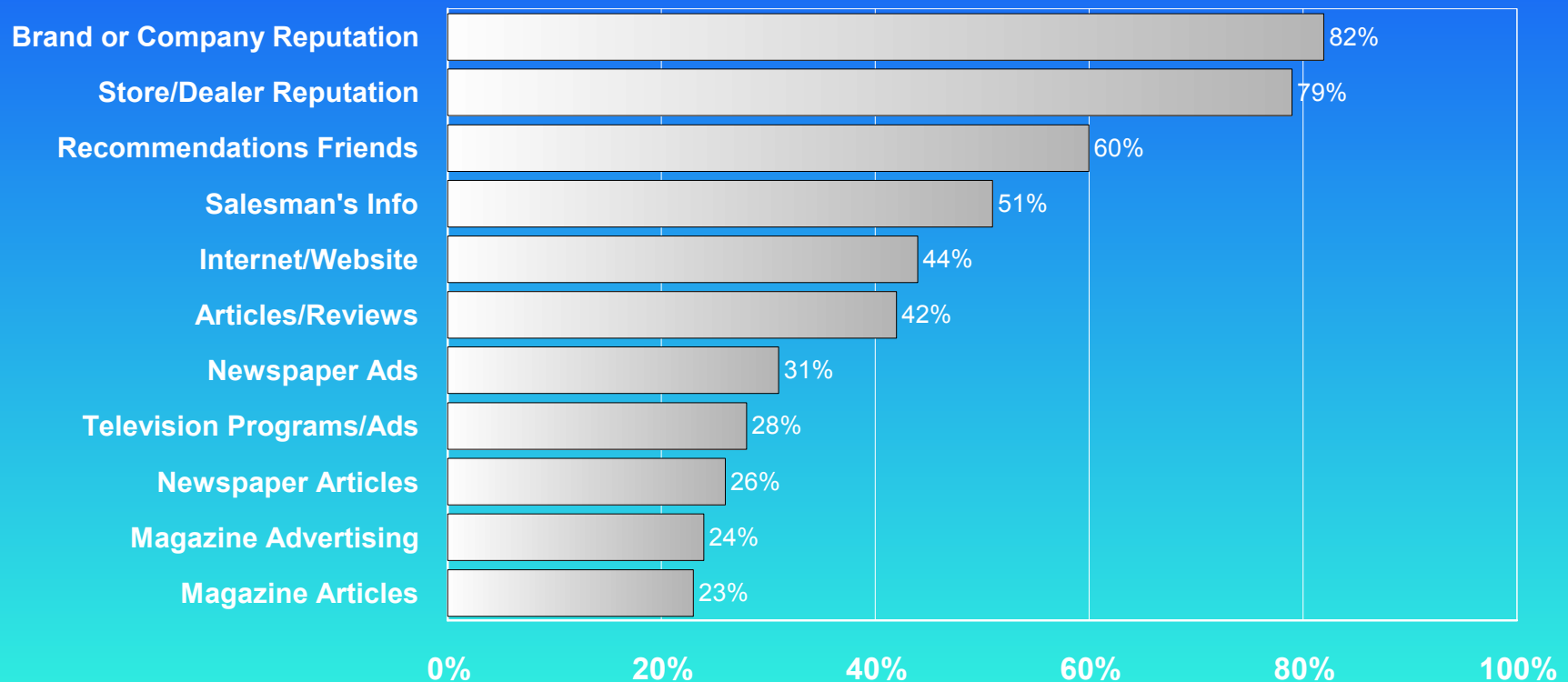
- **We must develop ongoing, meaningful, two-way dialogues with our customers**
- **Company website becomes the central hub for two-way communication with the customer.**
- **Every point of contact between the luxury brand and the consumer must be reconfigured for two-way interconnectedness.**

**The challenge becomes connecting why the consumer buys with how to reach them and where to reach them, while providing means and opportunity for the consumer to connect back to the brand.**

# Brands Are Point of Connection

## Influencers on Last Luxury Purchase Very Important/Somewhat Important

Thinking about your most recent purchase, how important were each of these influences?



Base: Households over \$50k

**Branding, building a brand, communicating its values, and using the brand as a conduit to connect with customers will continue to grow as the pivotal axis on which effective marketing is based**

# **Product Brand and Store Brands Are Connected**

- **The brands you sell define your store...the store defines the brand**

# **Luxury Marketers Must Infuse Luxury in All Points of Contact**

- **Control every point of customer contact throughout that cycle and make sure to flavor all contact with luxurious messages**
- **Internet is primary media luxury consumers use**
  - **Website design becomes critical**
  - **Needs to be reconfigured for customer connection**

# **Ultimate Brand Challenge: Connect with Consumers**

- **How to connect?**
  - About less talking and more listening
  - About giving more value rather than taking more money
  - About being involved with the customer rather than waiting for customer to get involved with you
  - About connecting with the community
  - About creating your business for your customers' needs