

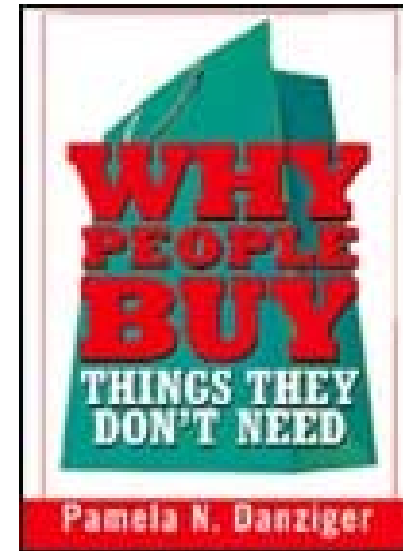
Gifts —

**It's no longer a noun, but a verb
(i.e. gifting)**

Pam Danziger

Unity Marketing

Author of "Why People Buy
Things They Don't Need"



- www.whypeoplebuy.com
- www.unitymarketingonline.com

There's Good News & Bad News

- In-depth consumer study of gifting behavior
- Focus groups & quantitative survey
 - ▶ 950 'serious' gifters

First for the Bad News

- Age of cocooning is passed
- Gift stores don't connect with consumers

Cocooning Is Dead — New Age of Connecting

Personal Consumption Expenditures Home Furnishings in millions 2001 to Proj. 2003

	<u>2001</u>	<u>Prelim 2002</u>	<u>Proj 2003</u>	<u>% Chg '01-'03</u>
Furniture	\$64,002	\$66,652	\$67,202	5.0%
Kitchen Appliances	\$36,119	\$37,356	\$37,959	5.1%
China, Glass, Tabletop	\$34,059	\$35,465	\$35,304	3.7%
Otr Household Durables	\$66,355	\$68,983	\$70,352	6.0%
Semi-Durables	\$38,669	\$39,861	\$39,875	3.1%
Total	\$239,204	\$248,317	\$250,692	4.8%

Source: BEA, NIPA tables

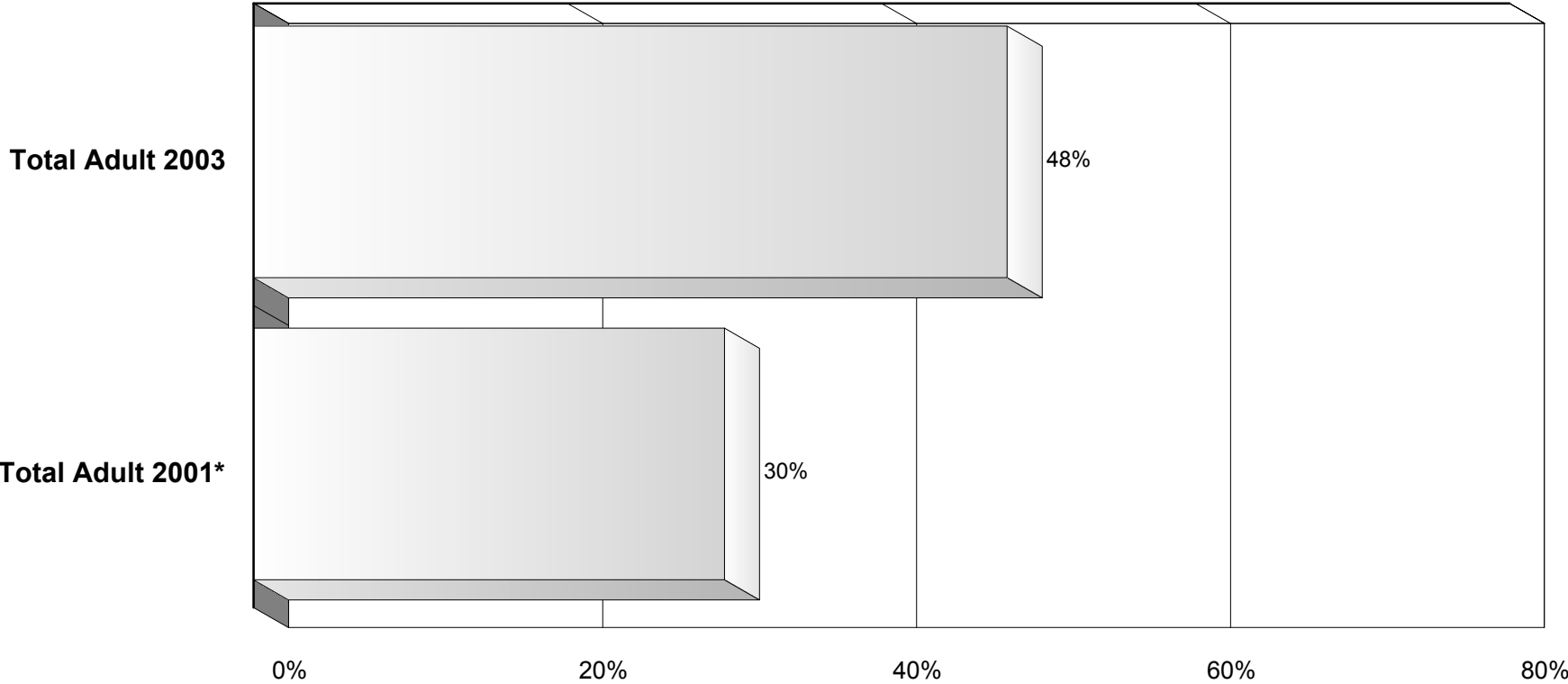
Real Simple magazine

New Less Is More
Point-of-View



End to Household Clutter Takes Hold as Consumers Become More Discriminating About Things They Buy

Baskets, Boxes, Vases, Pots and Other Decorative Holders
Self or Household Bought in Past Year
Demographic Summary



Source: Telephone Survey
* 2001 comparative includes only Vases, Urns & Pots

Hold Everything connects with consumer' mood



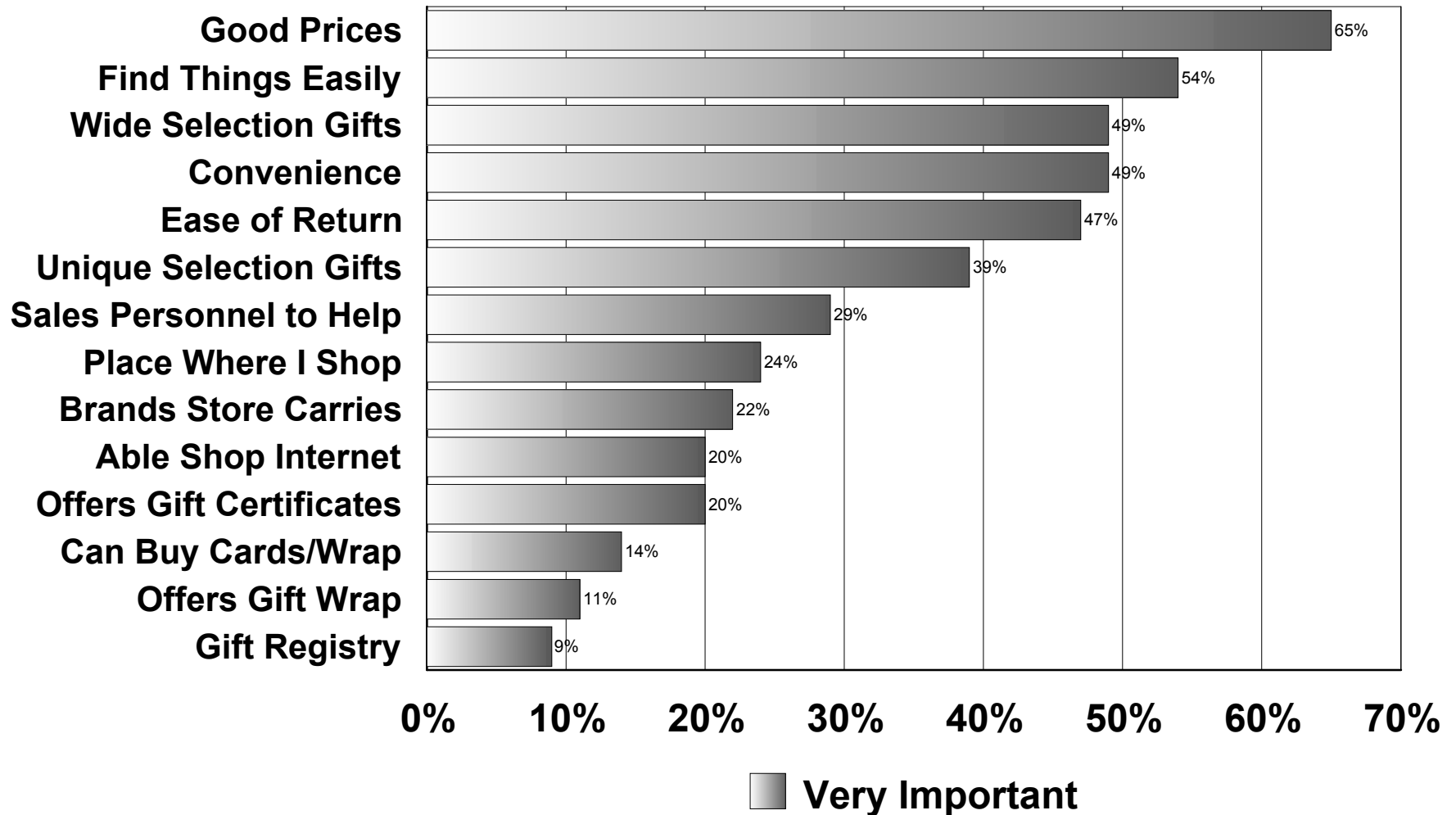
Connecting Becomes Next Dominant Cultural Trend

- Consumers are emerging from their cocoons
- Turning away from overt materialism
- Connecting trend is about establishing connections with others through all forms and methods of personal communications
- Connecting is anti-materialistic, life-affirming and active

Most Gift Shoppers Shop Most often at Discount Department Stores



Gift Shopping Is about the Experience — Price, Convenience, Wide Product Selection



From Things to Experience

- Companies & Retailers sell things (i.e. Noun) like gifts
- Consumers buy experience, feeling, ideas, happiness (i.e. Verb) like gifting

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

Charles Revson, founder of Revlon

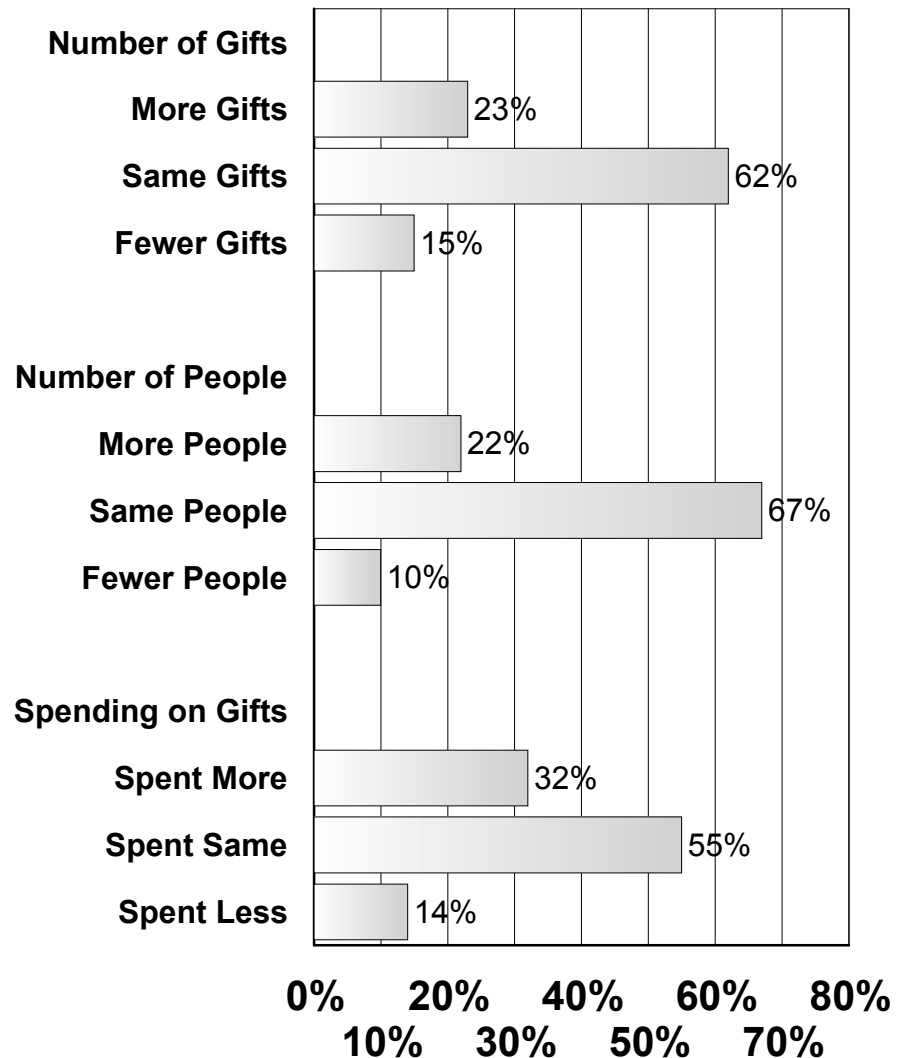
Retail Gifting Strategy:

Attract more shoppers to buy more gifts for more people more often for more money

Lots of Good News

- More shoppers buying more gifts than are buying fewer gifts
- More shoppers buying more people gifts than are buying fewer people gifts
- More shoppers are spending more on gifts than are spending less

Giftng Trends



Learn as Much as You Can about the Gift Shopper & the Gifting Experience

**Make Informed Business
Decisions**

Strategy #1:

Focus on Enhancing the Gifting Experience

Gifts Is Exponential Marketing

- More powerful than word-of-mouth
- More potential to change shopping behavior than sampling

Gifts Are Ultimate in Emotional Consumerism

- Gift connects the gift giver and recipient
- Based upon emotion
- Good gift is something the person would like, but not something they are likely to buy

Gifts is 365 day opportunity

- Christmas only 40% of annual gifting budget
- Birthdays #2 most important gifting occasion
- Other gifting occasions (baby, wedding, thank you, work, etc.) more important than all other gifting holidays combined

	Avg. Spending	% Share
Total Holidays	\$1,089	53%
Christmas	\$843	41%
Other Holidays	\$246	12%
Total Events	\$973	47%
Birthdays	\$349	17%
Other Occasions	\$624	30%
Total Gifting	\$2,062	100%

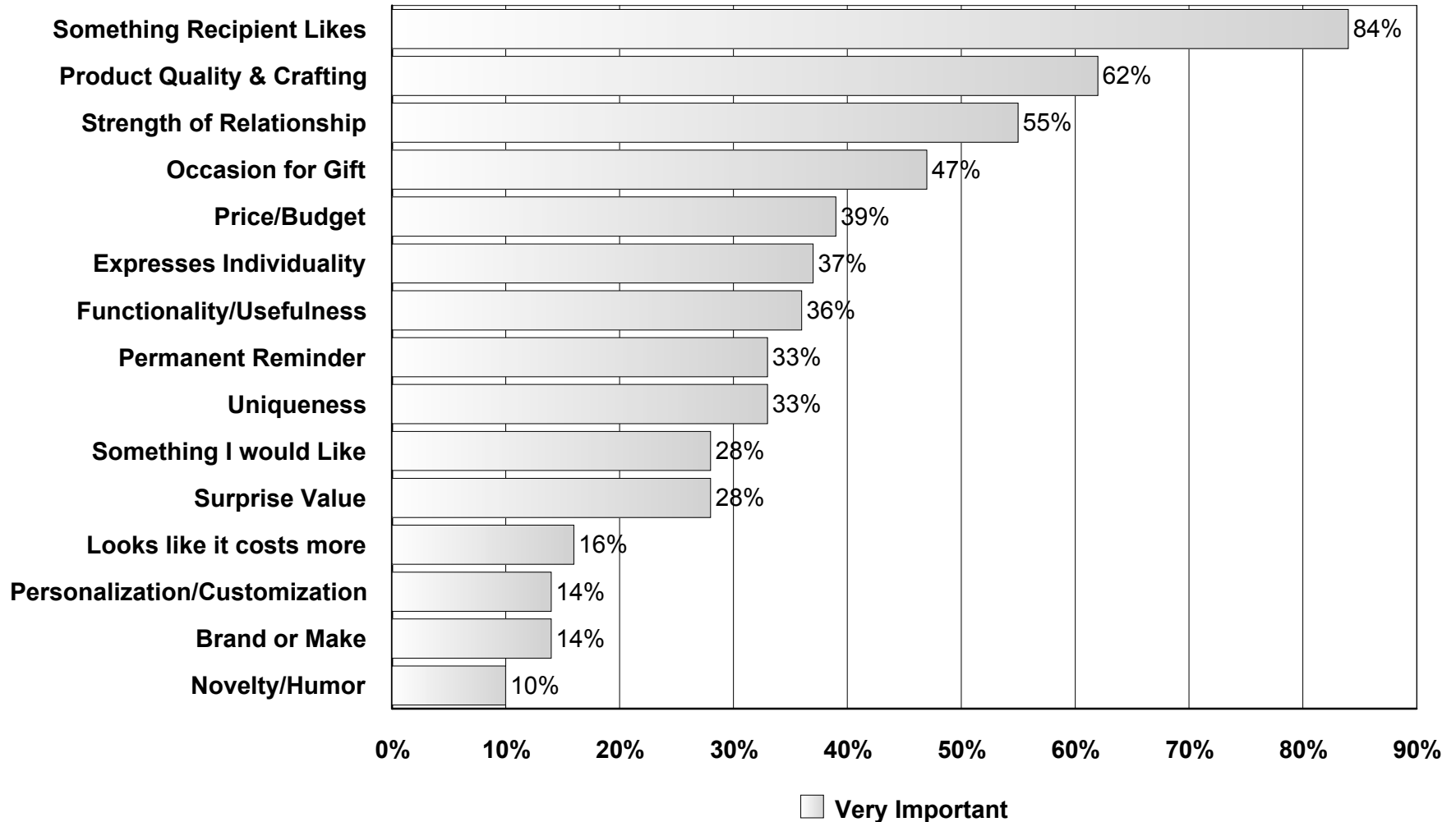
Many Gifters Buy & Stash Gifts

- Gifters are opportunistic
- Nearly two-thirds of those surveyed (61 percent) agreed:
 - ▶ "I am always on the lookout to find a good gift and will frequently buy a gift for someone or an occasion if I see something that is right, then save it until it is time to give it."

Baby boomers and affluent are prime target market for gifts

- Men outspend women (\$2,159 vs. \$1,843)
- Boomers spend more (\$2,276 vs \$2,062 avg)
- Affluents, \$75k and above, spend more (\$2,568)
- Women are likely to be primary family gift giver

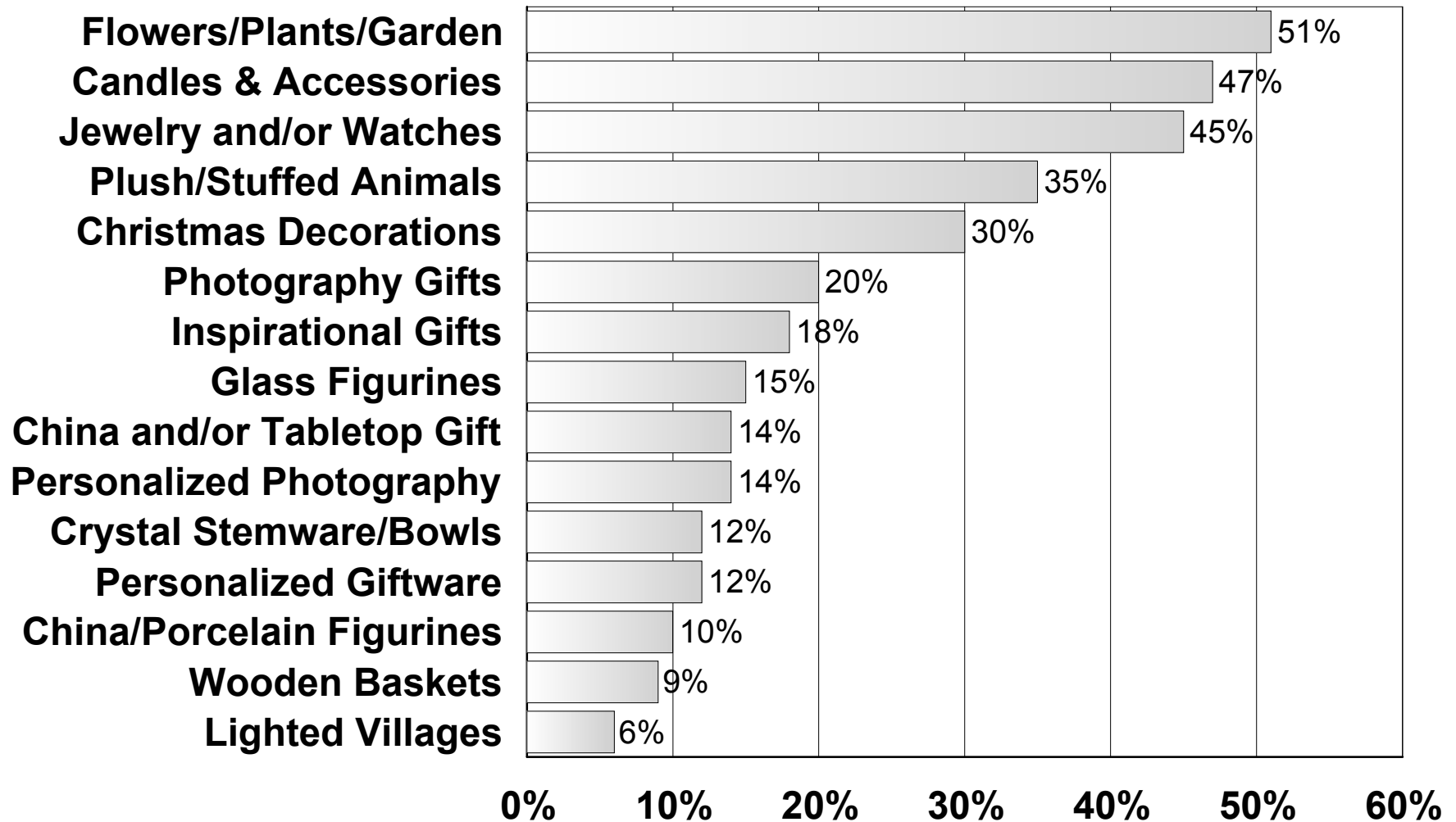
Emotional Values & Practical Considerations Make Good Gift



Entertainment & Recreation Gifts Are Favorite Choice

	Pct.	Avg. Spend	% Share
Entertainment & Recreation	75%	\$371	18%
Clothing & Accessories	66%	\$382	19%
Consumables	55%	\$374	18%
Store Gift Certificates	53%	\$148	7%
Gifts of Cash	52%	\$212	10%
Personal Care	49%	\$118	6%
Home Furnishings	48%	\$312	15%
Gifts of Experience	33%	\$144	7%
Total		\$2,062	100%

Popular Giftware Items Bought as Gifts



Giftg Decision Tree

- 1) What would the recipient like?
- 2) What would I like to give them?
- 3) What occasion is the gift for?
- 4) How much do I want to spend?

Strategy #2:

**Look at your Store through
Customers Eyes**

Customer-Eye View

- What is wrong/right with your store?
- What don't they like?
- Is your store interesting? Draw curious shopper?
- What do you do really well? What do you stink at?
- Are you attracting the RIGHT kind of customer?

Connecting with Shoppers

- **Gift retailers must truly connect with their consumers**
- **Point of connection: Enhancing Gifting Experience**
- **Connecting why the consumer buys with how to reach them and where to reach them takes on new meaning**

Giftng: Target Marketing Amplified

- Touch Two Target Customers: Gifter & Recipient
- Gift certificates are key gifting strategy
- Gifting goes on all year long
- Put people back into your store
- Target the gifters' decision process

Giftng: Target Marketing Amplified (*continued*)

- ▶ Have brands and products people want NOW, not tomorrow or yesterday
- ▶ Gift presentation matters
- ▶ Position your store as a brand where gifters like to shop

Trending Categories in Gifts

- **Stationery purchase is up, as consumers buy more paper products**
- **Scrapbooking big opportunity**
- **Seasonal decorations are key focus for consumers**
- **Consumers interest in scent growing, but not candles**

Trending Categories in Gifts

- **Decorating turns from the tabletop and mantle to the walls**
- **New emphasis on storage alternatives as consumers want decorative objects that solve one's clutter problem**
- **Pets & Garden on the rise**
- **Connecting gifts**

Gift Turn Offs

- **Getting harder to justify bringing purely decorative, nonfunctional items into the home**
- **New stigma of collectibles — Dustibles**
- **Things that are perceived as too expensive**

Don't Be Afraid to Reinvent Yourself

- From Country Goose (thing) to The Gathering (connecting verb)
 - ▶ Opened: 1984 White Bear Lake, MN
 - ▶ Location: Downtown shopping area
 - ▶ Selling Space: 4,500 square feet
 - ▶ Merchandise Mix: gifts, home decor, personal care, card-making, and scrapbooking
 - ▶ Annual Sales: Approximately \$1 million

Can't Be All Things To All People

- Reduce options to increase sales and profits
- Eliminate low selling options, bring in more high selling ones
- Be the best at what you are best at!

Big Opportunity #1:

**Selling Tools, Equipment,
Accessories to Enhance
Consumer's Experiences**

RedEnvelope.com Stresses Experience of Gifting



Need more than Wine to have a Wine Experience

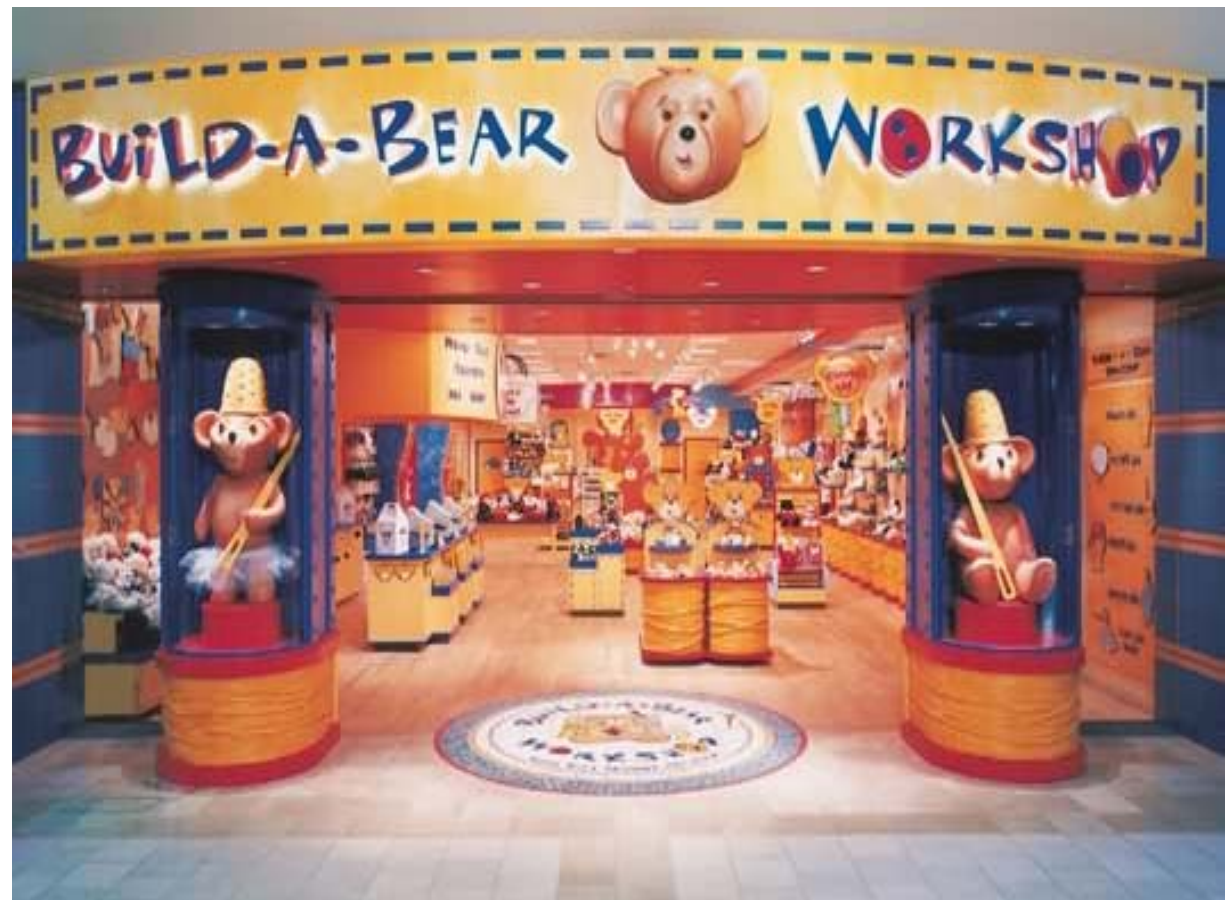


Big Opportunity #2:

**Retail Environments Need to Be
Reconfigured to Enhance
Experience**

Build-a-Bear Workshop Experiential Retailing

"The bears are free; you only pay for the fun of creating them"



It's All About Connecting with Consumers

- 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