

GIFT RETAILING IN 21ST CENTURY STYLE

The challenges and opportunities for gift retailing in
2015 and beyond





The new study reveals:

- Who are retailers' best gifting customer?
- What kind of gift shopping experiences are most important to gift buyers?
- What will be the top gift choices for 2015?
- What holidays and occasions will simulate the most gift purchases this year?
- Where will gift customers shop?
- How can you position your brand to capture the greatest share of gifting purchases in 2015 & 2016?

METHODOLOGY FOR NEW 21ST CENTURY GIFTING STUDY

The 2015 survey was conducted among a sample of n=1,649 middle-income and affluent gifting consumers according to these income specifications:

- Household incomes \$35,000-\$49,999 – 12%
- Middle-income \$50k-\$74,999 – 27%
- Upper-middle \$75k-\$99,999 – 27%
- Affluent top 20%, incomes \$100k and above – 33%

The results of this survey are compared with surveys conducted in 2012 and 2010, providing a five-year trend perspective.



- Shopping for a gift is a particularly important motivation for all shoppers, but especially among affluents with high incomes and discretion to spend.
- About 10 percent or so of shopping experiences are motivated by the need to find a gift, according to Unity Marketing's latest study.
- For affluents gift shopping is even more important!
 - Gift shopping accounts for 15% of shopping experiences among the affluent (top 20% of U.S. households with HHI \$100k or more), based on surveys conducted in April & October 2014, a statistically-significant difference.

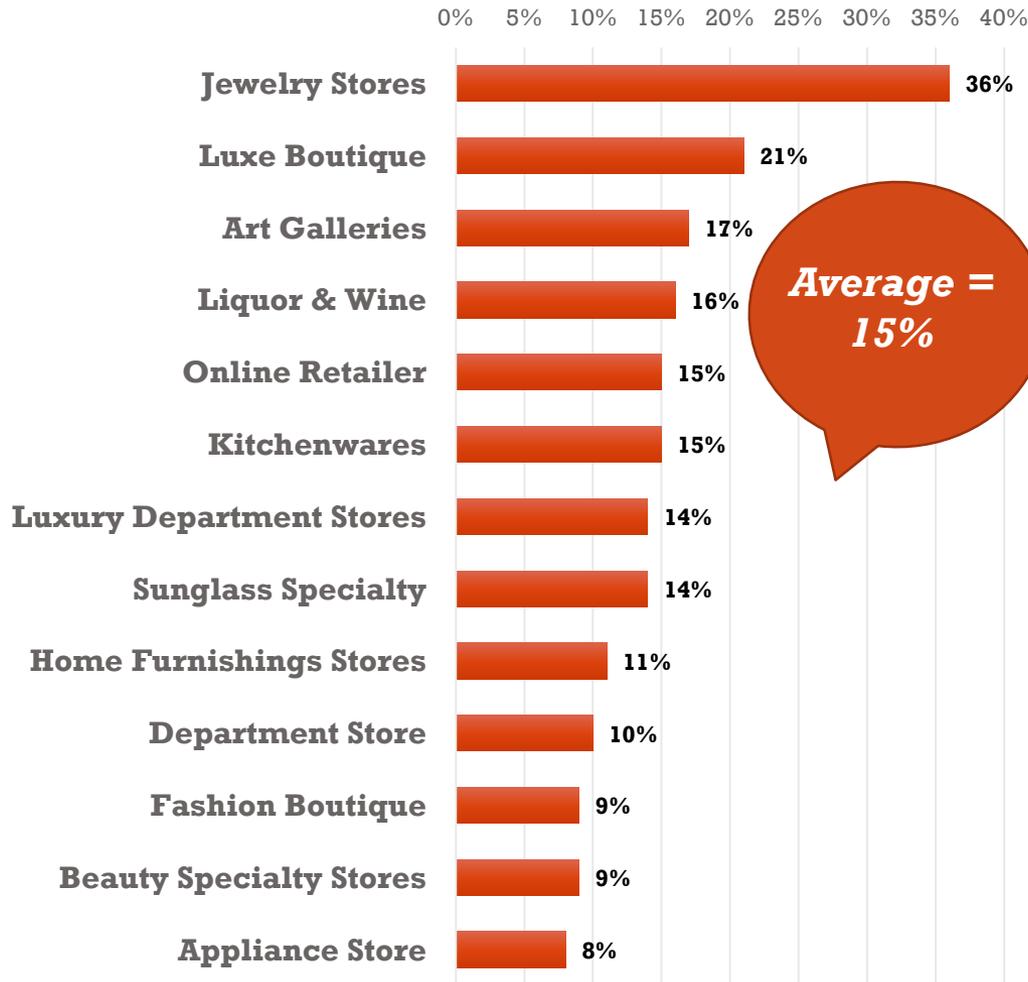
GIFTING REPRESENTS SIGNIFICANT OPPORTUNITY FOR RETAILERS

On average 10% of typical shoppers and 15% of affluents' (HHI \$100k + above) last shopping trip was motivated by need to buy a gift.

Online is a particularly important resource for gift shoppers.

Reasons for Affluents to Shop: To Buy a Gift

Source: Unity Marketing 2014 ACTS Shopper Track (n=2,736)



JEWELRY STORES & LUXURY BOUTIQUES LEAD IN GIFTING

Affluents with high levels of income & who have discretion to spend make gift shopping a priority – accounting for 15% on their most recent shopping experiences on average.

Gift shopping is significantly more important for some types of retailers than other – more than 1 out of every 3 jewelry shopping experiences & 2 out of every 10 visits to a luxury boutique.



GIFTING MARKET SETTLES INTO 'NEW NORMAL'



Key finding from a five-year perspective in the gifting market

FOURTH QUARTER'S DECLINING CONTRIBUTION TO ANNUAL RETAIL SALES



- Conventional wisdom in retail is that on 'Black Friday,' the day after Thanksgiving, the bottom line of retailers' account books goes from red ink to black as annual losses turn to profits. It might have been true once, but not anymore.
- Retailers can't wait until the fourth quarter any longer to make their money, as shoppers behavior has changed.
- Back in 1995, nearly one-third of revenues of the typical retailer selling gifts was generated in the last three months of the year. In 2014 it had dropped to 29.4%. The fourth quarter is not the money maker it once was for retailers.

GIFT MARKET'S NEW NORMAL —

'BLACK FRIDAY' BLEEDS RED

The incredible build up retailers make around the Christmas holiday shopping season is no longer paying off.

Yearly retail sales quarter-to-quarter are flattening out and retailers' chance to sell to the gift giver isn't an end of the year opportunity any longer, but one that extends throughout the entire year.

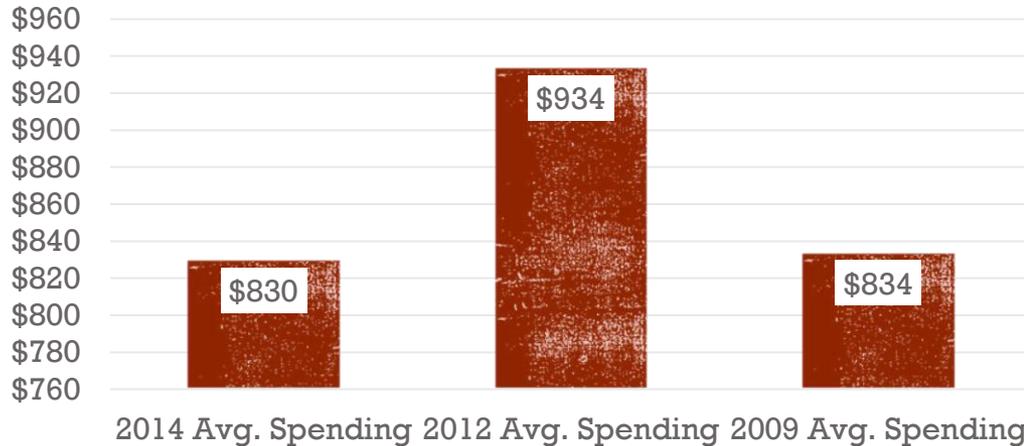


- **Unity Marketing estimates that the gifting market totals \$131.3 billion, and represents about \$1 out of every \$10 spent in the type of stores that fill America's malls and shopping centers, the 'big boxes' that line the streets and highways and the shops along main streets across the country.**
- **And increasingly, more of those gifting dollars are not going to those stores at all, but being spent online, as gifters turn to the internet to select, research and buy gifts.**

GIFTING MARKET = \$131.3 BILLION

Approximately 10% of total sales in GAFO-type stores (defined as general merchandise, apparel, home furnishings and other types of stores by the Census department) is attributed to purchases of gifts.

Christmas Gifters' Average Spending



Source: Unity Marketing's Gifting Report 2015

- Gifters spent an average of \$1,851 on gifts and gift wrap, cards and other gifting accessories in the most recent year.
- Approximately 45% of that spending went toward buying Christmas gifts, down from 48% in 2009. Further spending on Christmas gifting, after rising in 2012, settled back to 2009 levels last year.
- For Christmas 2015, we don't expect to see much change. Some 70% of gift shoppers expect to spend the same on gifts in 2015 as they did in 2014, which doesn't bode well for 4Q2015.

CHRISTMAS GIFTING SETTLES INTO 'NEW NORMAL'

Christmas 2015 will be challenging for retailers and marketers.

Note: Throughout this report, the data will be referenced by the year in which gifters were surveyed (i.e. 2010, 2012 and 2015), not the years when the purchases were made, as in the graph to the left.



MORE GIFT SPENDING HAPPENS ALL YEAR

While Christmas gift spending was flat over the five-year study period, overall spending on gifting increased 6.4% from 2010 to 2015, meaning the opportunity for retailers to grow their share of the gifting market largely rests on attracting gift shoppers throughout the rest of the year, for other holidays and gifting occasions like birthdays, anniversaries, weddings, and so on.

<i>Gift Spending Overview</i>	<i>2015</i> <i>(n=1,649)</i>	<i>2012</i> <i>(n=1,511)</i>	<i>2010</i> <i>(n=1,680)</i>	<i>% Chg '12-</i> <i>'15</i>	<i>% Chg '10-</i> <i>'15</i>
Total Holidays	\$1,029	\$1,087	\$950	-5.3%	8.3%
Total Occasions	\$802	\$899	\$756	-10.8%	6.1%
Total Gifts	\$1,830	\$1,987	\$1,706	-7.9%	7.3%
Gift Accessories (cards, wrap, bags, etc.)	\$21	\$33	\$33	-36.4%	-36.4%
Total Gifting Spending	\$1,851	\$2,020	\$1,739	-8.4%	6.4%

Typical Gifter Spent \$1,851 for their Gift Purchases

n= 1,649 gifters



- While the annual year-end holiday gifting season receives the lion's share of marketer and retailer attention when it comes to the gifting market, the reality is that gifting represents a significant marketing opportunity throughout the whole year.
- Out of the typical gifters' annual gifting budget, Christmas accounts for slightly less than half of the total. The majority of gift purchases are made the rest of the year.
- Marketers and retailers need to understand the gift buying and shopping behavior of customers in order to attract them and meet their needs with suitable gift ideas and gift shopping experiences.
- This report details an important trends and statistics for retailers and marketers to use to plan a year-round gifting strategy.

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GIFTING: A YEAR-ROUND OPPORTUNITY

This report will get you started in maximizing sales for people's year-round gifting needs.

You will learn:

- What gift categories and gift selections are in most demand in 2015
- Where gifters plan to shop and why
- The motivations and attitudes that make up the prime gifter market

Share of Gifters Making Any Online Gift Purchases & Amount of Total Annual Gift Spending They Spent Online



- Over one-fourth of all gifters made any gift purchases online.
- Among those who made online gift purchases, they estimate a total of 65% of their annual gifting budgets were spent in the online channel.

ONLINE GIFTING DISRUPTS TRADITIONAL RETAIL

Amazon.com surges ahead of Target and Walmart to be the number one destination for gift shoppers in 2015.

Internet shopping for gifts is a real game changer that is disrupting the gifting market, having replaced discount department stores and mass merchants, including the websites of stores like Target, Walmart, Kohl's and others, as their preferred gift shopping destination.

- **Unity Marketing's new report provide data, insights and a five-year perspective of trends:**
 - **What gifts people are shopping for by holiday and occasion including five-year trends**
 - **Destinations they favor for gift shopping and how they have shifted in the past five years**
 - **What they look for when considering gift selections and places to shop with a five-year retrospective**
 - **In addition, a new section of the study was devoted to how gifters use the internet in planning their gift purchases, researching where to buy and prices, and ordering online.**

GIFTING REPORT

This report contains a wealth of actionable data and statistics tracking consumers gifting behavior.

Plus it includes a deep dive into how they use the internet for:

- **Planning what gifts to give**
- **Researching places to buy gifts and the prices for those gifts**
- **Making purchases online.**

LET UNITY MARKETING BE YOUR RESEARCH PARTNER

Today's consumer marketers face an increasingly competitive environment with many business and marketing challenges.

Unity Marketing leads with research to help businesses gain insights into their core customers and their best target customers – the affluent who have discretionary income to spend.

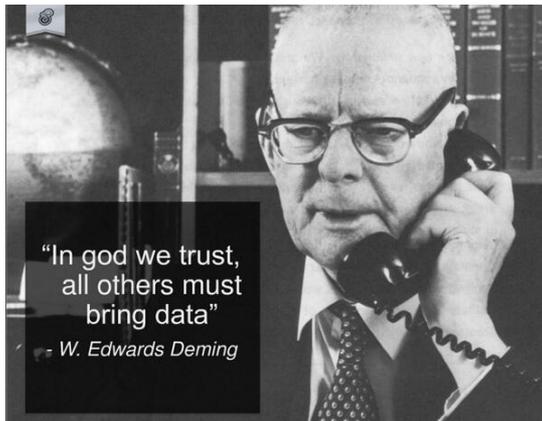


- **Affluent Consumer Tracking Study**
 - Two waves
 - Spring Shopper Track
 - Fall Product & Services Track
- **Consumer Gifting Study**
 - In-depth investigation into gift choices and shopping behavior among middle-income to upper-income consumers.
 - Special investigation into how consumers use the internet for their gift research, planning and buying needs.
 - Survey completed April 2015 (n=1,649 consumers HHI \$97,900)
- **Millionaire Market Monitor**
 - Partnership with American Affluence Research Center, a study of millionaires (net worth of \$1 million or more) about their consumer attitudes and motivations
 - Fills a gap in millionaire consumer insights
 - Wealth & affluence are different
- **Millennials on the Road to Affluence**
 - New study with important implications for every brand that wants to continue to do business after 2020

UNITY MARKETING'S 2015 RESEARCH INITIATIVES

To deliver more actionable insights to marketers about the best potential customers in the U.S. consumer market today – the affluent top 20%.

- Greater access to new **AFFLUENT** consumer **SAMPLES**
- In-depth data about **HIGH-END & LUXURY** customers
- Understanding of **BRAND USAGE & AWARENESS**
- Key **COMPETITOR BRAND** usage & awareness
- Purchase & usage **TRACKING STUDIES**
- **CUSTOMER SURVEYS** and studies to identify new opportunities



DOES YOUR COMPANY NEED MORE DATA?

Unity Marketing can provide more data about the affluent consumers, combining both qualitative and quantitative research strategies.



- **UNDERSTAND** your best prospective **CUSTOMERS'** needs and desires
- **Get the COMPETITIVE EDGE**
- **Develop more effective MARKETING STRATEGIES**
- **RESEARCH** your market
- **SHARE** customer **KNOWLEDGE & INSIGHTS**
- **Evaluate NEW PRODUCTS**
- **Find best CHANNELS OF DISTRIBUTION**
- **Track TRENDS** in the market

The challenge:

Provide insight that integrates demographics, attitudes and behavior and turn raw data (numbers or statements) into meaningful, actionable information

DO YOU NEED HELP TO USE DATA MORE EFFECTIVELY?

Unity Marketing can help you use the research data you have on hand to greater effect to drive growth for your business.

We consult with companies of all sizes, from small to mid-sized to large multi-nationals.

We support retailers, manufacturers and marketers in both B2C and B2B marketing strategies.





In addition to this trend report, Pam Danziger and the Unity Marketing team offer a range of tools and resources to help marketers and retailers identify their best customers and channel partners and how to reach them most effectively with targeted marketing strategies and tactics.

UNITY MARKETING CAN HELP YOU FIND YOUR BEST TARGET CUSTOMERS & MARKET MORE SUCCESSFULLY TO THEM

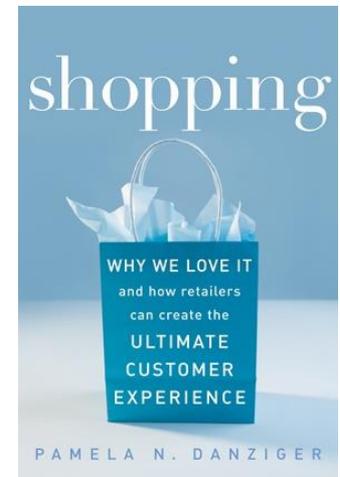
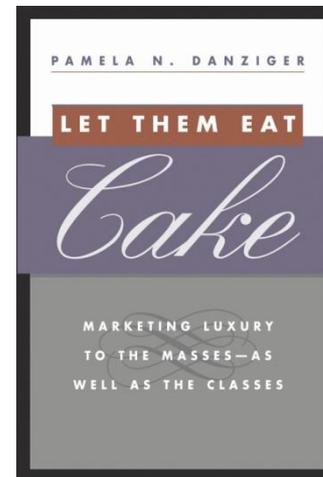
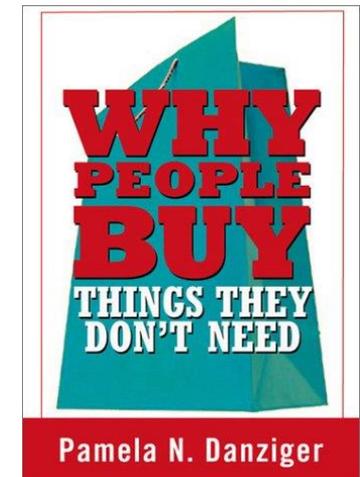
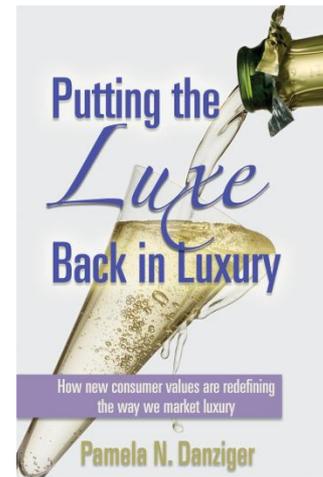
Unity's research-based approach can help marketers and retailers find new opportunities for growth in their businesses.

Email Pam188@ptd.net or call 717.336.1600 to discuss your marketing challenges.



MORE ABOUT PAM DANZIGER & UNITY MARKETING

- Internationally recognized expert in business insights for marketers targeting the upper-middle and affluent consumer segment. Pam is president of Unity Marketing, a boutique marketing consulting firm founded in 1992.
- Leadership in luxury marketing recognized through Global Luxury Award presented by Harper's Bazaar, London May 2007.
- She was named to *Luxury Daily's* **Luxury Women to Watch in 2013**. She is a member of **Jim Blasingame: The Small Business Advocate's Brain Trust** and a contributing columnist to *The Robin Report*.
- Currently Pam is working on two new books: *Shops that Pop!* and *Millennials on the Road to Affluence*
- Most recent book, *Putting the Luxe Back in Luxury: How New Consumer Values Are Redefining the Way We Market Luxury*.
- Previous books, *Shopping: Why We Love It, Let Them Eat Cake: Marketing Luxury to the Masses as well as the Classes & Why People Buy Things They Don't Need*



5/26/2015

SOME CLIENTS UNITY MARKETING HAS SUPPORTED...

