

RESEARCH

Year-round gifting strategy essential for retailers' bottom lines: report

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Lancôme gifting

By JEN KING

Due to changes in consumer behavior, retailers can no longer wait for holiday shopping in the fourth quarter to turn a profit, according to a new report by Unity Marketing.

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In the past, retailers have relied on shopping holidays such as "Black Friday," the day after Thanksgiving, to convert annual losses into profits as consumers flock to stores for holiday gifting. With the fourth quarter no longer as profitable as it once was, and retail sales per quarter flattening, retailers must begin to extend gift giving opportunities throughout the year.

"Recognizing the opportunity is the first step, but then retailers need to take action," said Pam Danziger, president of [Unity Marketing](#), Stephens, PA. "One trend that we found from 2012 to 2015 is that gifters cut back the number of gift recipients by about one person for both Christmas, the most important gifting holiday by far, and birthday gifts, the biggest occasional gift need, but kept their level of spending about even with the previous year.

"It would seem that cutting one person off their lists is a strategy to save money," she said. "Retailers should help their customers identify good gift choices, again not just for Christmas but for all kinds of events and occasions throughout the year, but grouping them

together, offering gift wrap 365 days a year, not just at Christmas, merchandise a selection of gifting accessories, like gift cards, wrap, bows and ribbons, around the gifting area, and look at the merchandise carried through the lens of a gift shopper."

Unity Marketing's **Gifting Report** is a five-year study of the trends in consumer gifting market. The full report gives insights into what gifts consumers purchase by holiday and occasion, the destinations favored for gift shopping and what is looked for when considering gift selections and retailers. Unity Marketing also took into account gift givers' use of the Internet while shopping for others.

Dollars and bows

The gifting market is significant to retailer and brand bottom lines, with an estimated \$131.3 billion spent. Broken down, gifting represents about a dollar of every \$10 spent at retailers.

In the past, retailers have depended on the holiday build-up the Christmas shopping season provided, but this is no longer paying off. Unity Marketing found that in 1995, approximately one-third of sales by retailers were generated in the last three months of the year.

The same period in 2014 showed only 29.4 percent of sales. The decrease has been caused, in part, by gifting dollars being allocated away from bricks-and-mortar stores and spent online as consumers resort to researching and buying gift items via ecommerce.



Infographic from Unity Marketing's Gifting Report

Retailers must accept that this is the "new normal" of holiday shopping and embrace the gift purchases made for occasions outside the fourth quarter such as birthdays, anniversaries, weddings and so on.

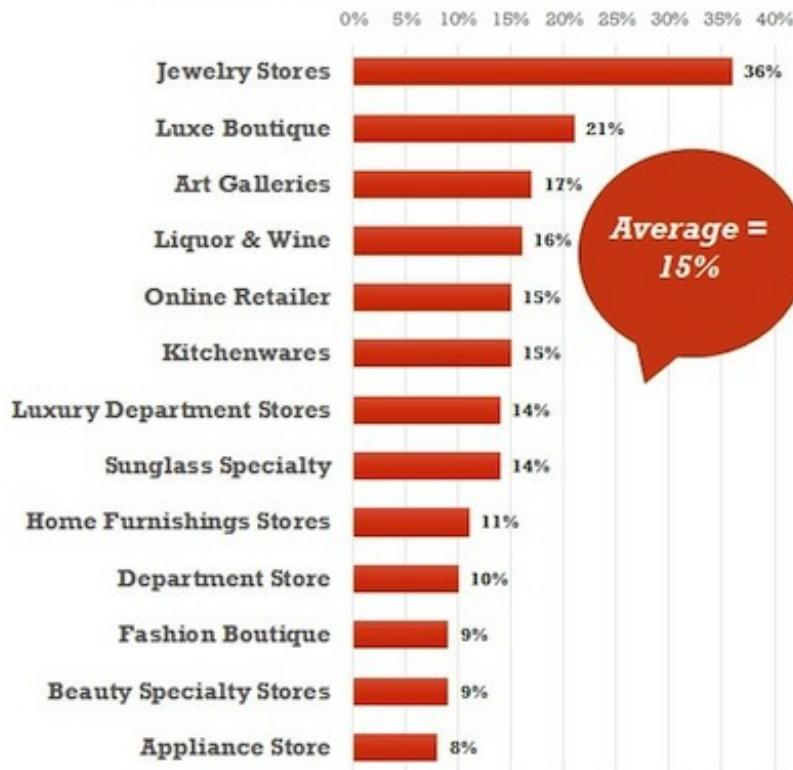
For example, leading up to Mother's Day May 10, luxury brands looked to help consumers show their maternal appreciation through thoughtful gifts.

Efforts tugged at consumers' heartstrings, reminding them of fond memories, or focused on making a difference for mothers globally with products tied to a cause. Using an emotional angle for this holiday will appeal to consumers who want to get it right for the

mothers in their own lives ([see story](#)).

Reasons for Affluents to Shop: To Buy a Gift

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

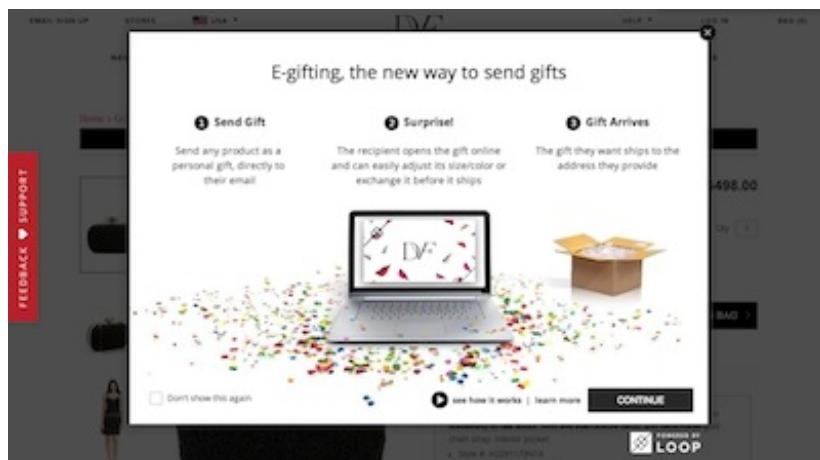


Infographic from Unity Marketing's Gifting Report

Beyond smaller holidays, brands have strengthened gifting options through ecommerce partnerships.

For instance, Diane von Furstenberg and Lancôme are among the retailers using Loop Commerce's egifting tool this holiday season to let consumers send a thoughtful gift without worrying about specifics like size or color.

Through the SaaS solution, which uses a turnkey, consumers can "egift" an item from the product page, sending the gift to the recipient's email, allowing them to make the final selection or any adjustments. For luxury brands, this offers a more personal gifting option than gift cards while still ensuring that giftees get what they want ([see story](#)).



DVF Loop egifting

The report found that overall spending on gifts increased 6.4 percent, showing that retailers have ample opportunities to attract consumers throughout the year to make up for flattening holiday sales

Unity Marketing found that approximately 45 percent of spending was purposed for holiday gifts, a decrease from 49 percent in 2009. Holiday spending rose in 2012 before returning to 2009 levels in 2014.

Due to the decrease in consumers' holiday spend, Unity Marketing predicts that the 2015 season will not bring about much change. Seventy percent of consumers expect to spend the same amount of money on gifts in 2015 as they did in 2014, a quarter that did not yield positive results.

Unwrapped behavior

Ecommerce shopping has been disruptive for traditional retail. Online shopping, led by Amazon, has become the preferred method of shopping and has altered consumer behavior, with many preferring the ease and availability of ecommerce over bricks-and-mortar storefronts.

Unity Marketing's Gifting Report found that 28 percent of all gifters made an online gift purchase. Also, purchasers estimated that a total of 65 percent of their annual gifting budgets were spent through an online channel.

The behavior of wealthy consumers has also been reformed in terms of what type of items are appropriate for gifting.

While overall spending in China is back up to where it was in 2013, spending on gifts has decreased 30 percent over the past two years, according to a report by Hurun.

Chinese consumers' preferences when gifting have shifted, and Apple has displaced traditional luxury brands such as Hermès and Louis Vuitton as the top choice of brand for presents ([see story](#)).

Market research suggests that the affluent's attitude toward purchasing has changed to highlight a stronger importance of the experiential. These activities can make for an ideal gift for the consumer who may seemingly have everything.

"Experiential marketers (i.e. travel, dining, spas, museums, wineries, etc) are largely missing the boat when it comes to positioning their services as gifts," Ms. Danziger said. "Rewards await experiential marketers if they can position their experiences as good gift ideas."

"For example, we found that there is a relatively high perception of gifts of experience as a favorite category, but its relative low purchase incidence when compared with other categories of gifts," she said. "Further gifts of experiences are rarely or ever thought of as a gift among 46 percent of those surveyed, the highest rated rarely or never gifted

category.

"These findings suggest that those who gift experiences are also more likely to see this category as a 'go-to' gift. That means experiential gift providers need to do more work in changing people's perception of experiences as a good gift idea. When they do, they are likely to garner much more activity in the gift market as a reward."

Final Take

Jen King, lead reporter on Luxury Daily, New York

Embedded Video: <https://www.youtube.com/embed/WAgN-TQ28jg>

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