

## **MSI Webinar: Why Good Gifting is Good Business: Perspectives from Academic and Industry Leaders**

**October 12, 2023 | Virtual | 12:00 pm – 1:00 pm EDT**

### **Speaker:**

Jeff Galak – *Associate Professor of Marketing, Carnegie Mellon University's Tepper School of Business and Social and Decision Sciences (by courtesy) at CMU's Dietrich College of Humanities.*

Julian Givi – *Assistant Professor of Marketing, West Virginia University's John Chambers College of Business and Economics.*

Nivi Chakravorty – *VP of Growth Marketing, MyRegistry.com*

### **Overview:**

Jeff Galak (Carnegie Mellon University) moderated a discussion with Julian Givi (West Virginia University) and Nivi Chakravorty (MyRegistry.com) on the benefits of consumer gift-giving in business as a vital part of a retailer's portfolio of sales. Beginning the discussion, Galak noted that some estimates indicate nearly a trillion dollars is spent each year on gifts during the holiday season alone, and in the United States, that number grows substantially when including year-round gift-giving for events such as birthdays and anniversaries. Galak remarked that "gift giving is its own enterprise that needs significant attention from retailers and consumers alike to increase gift quality, resulting in lower [product] returns for firms and greater gift-recipient satisfaction for consumers." The discussion included a variety of consumer behavior and retailer considerations ranging from traditional gift-giving moments (e.g., Valentine's Day, Wedding Season, Mother's Day, etc.) to nonritual gift-giving occasions and experiential gifts vs. material gifts. The panel debated the element of surprise in gift-giving vs. personalization, where timing becomes the surprise (e.g., gift-giving registries). Overall, the panel agreed that gift-giving has drastically evolved since the first papers on this topic were written with new challenges and opportunities fueled by the emergence of digital retail.

### **Takeaways:**

- Jeff Galak indicated that **Nearly a trillion dollars is spent each year on gifts**, and that's just during the holiday season. **In the United States, that number grows substantially** if we include **year-round gift-giving for events** such as birthdays and anniversaries.
- Galak noted that some estimates put **returns on gifts** at 20% to 35%. **Approximately 1 in 3 gifts are ultimately returned**, resulting in not just lost revenue but increased financial costs from restocking expenses and increased

environmental costs stemming from unnecessary shipping and waste from returned products.

- Nivi Chakravorty noted that **retail sales and gifting are very highly connected**. She remarked that **6 of the 10 peak sales moments are actually gifting moments**. Chakravorty indicated that **retailers do feel that gift-giving periods are important** (e.g. Valentine's Day, Wedding Season, Mother's Day, etc.), but she questioned if resources were appropriately addressing the desired impact on the shopper.
- Chakravorty suggested that the **attention and the focus retailers tend to give are from the perspective of the giver or the shopper**. It's the person shopping for gifts that focuses on the recipient, although this "paradigm" has begun to shift in gift-giving moments such as weddings and the birth of a child where it is expected that the gift recipient will articulate what they want.
- Appearing first in the marketing academic literature in the late seventies/early eighties, Julian Givi noted that **gift-giving wasn't given very much attention until the 2010** mark when the topic became more well-represented. Givi points to a recent [literature review](#) on gift-giving within the marketing discipline bringing attention to **five aspects of gift-giving**:
  - **What drives gift-givers to give** in the first place? What drives them to select particular gifts after they've been motivated to give?
  - What is the **importance of giver input** towards a gift (e.g., time, money, and thoughtfulness)?
  - What are the **errors that givers make** whenever they're shopping for gifts?
  - What are the **outcomes of gift giving** both from an economic perspective as well as a social perspective? Is gift-giving economically efficient or inefficient? Does gift-giving improve relationships in the way we think it does?
  - What are the various **contextual factors** that impact gift-giving (e.g., cultural differences, individual differences, nature of the occasion, etc.)?
- Givi noted that **gift-givers are thinking about the recipients**, but they are **also thinking about a variety of other things** such as pleasing the recipient, making themselves happy, or the benefit to a relationship, in addition to factoring in societal norms.
- In terms of **errors and mistakes on the part of the gift-giver**, Chakravorty remarked that this can stem from interpersonal issues, noting that gifting is very much a human exchange, and whenever there are people involved, there's not always perfect information. The better the communication and signals of communication between the recipient and the giver, the better the outcome. **Gifting is a lot about communication, and the retailer is the facilitator**.
- In response to the issue of high return rates of gifts Chakravorty pointed to the rapid transition of retail as a whole and the **emergence and demand for personalization**. She noted that, in qualitative research she took part in

conducting, 30 executives expressed the idea of **personal expression as a driver of consumer choice.**

- Feedback from the executives suggested that brands and retailers enable their shoppers to express their values. **For personalization to be effective, the perspective needs to represent the recipient and their values and wants.**
- Chakravorty suggested that the trend of **personalization can help to address "the negative externalities"** mentioned by Galak (unnecessary shipping and waste from returned products).
- On the topic of personalization, Givi remarked **"It's important to make sure that they're not violating gift-giving norms"** pointing to gift-giving registries **"violating this norm of surprising the recipient."** He noted that the literature suggests that gift-givers may not be as excited about gift-giving registries and personalization as once thought, but over time this may be normalized.
  - Chakravorty remarked that the "surprise" in the case of personalization and gift registries comes from the "timing" and the element of surprise may be more important to the giver.
- [Research](#) conducted by Givi showed that, with nonritual gift-giving occasions, it is much easier to make the recipient happy.
- Pointing to a trend in brick-and-mortar retail, Chakravorty indicated that because **retailers are relying so heavily on price promotions** to get a share of the holidays, they are making the return process more difficult for consumers (e.g., restocking fees, no return policies), creating a business cycle leading to economic consequences with unhappy customers.
- Given the trend towards minimalism there is an **increased interest with consumers for experiential gifts**, though Givi noted that the literature suggests that **most gifts are still material** in nature.

#### Sources:

#### **An integrative review of gift-giving research in consumer behavior and marketing.**

Source: Givi, J., Birg, L., Lowrey, T. M., & Galak, J. (2023). [Journal of Consumer Psychology](#), 33(3), 529–545.

In recent decades, scholars across all areas of marketing have studied consumer gift-giving behavior. Despite the growing popularity of this research topic, no extensive review of the gift-giving literature exists. To that end, this paper offers an expansive review of research on consumer gift-giving, focusing primarily on work coming from within the marketing discipline, but also drawing on foundational pieces from other fields. We review extant scholarship on five of gift-giving's most important aspects—givers' motivations, givers' inputs, giver-recipient mismatches, value creation/reduction, and the greater gift-giving

context. In doing so, we illuminate the literature's key agreements and disagreements, shed light on themes that traverse ostensibly disparate gift-giving findings, and develop deeper conceptualizations of gifting constructs. Moreover, we identify opportunities for improvement in the gift-giving literature and use them to create key agendas for future gift-giving research. In sum, this paper offers a single point of reference for gift-giving scholars, improves academia's current understanding of gift-giving, offers several theoretical contributions, and generates multiple paths for future research. [Abstract from the authors].

**Gift recipients' beliefs about occasion-based and nonoccasion-based gifts: The importance of signaling care and meeting expectations in gift giving.**

Source: Givi, J., & Galak, J. (2022). [\*Journal of Consumer Psychology\*](#), 32(3), 445–465.

Most gifts are occasion-based as opposed to nonoccasion-based. That is, most gifts are given in the presence of a special occasion, rather than in the absence of one. Across a series of scenario-based studies, the present research demonstrates that, despite occasion-based gifts being much more common, recipients anticipate that their happiness levels will be quite high when receiving nonoccasion-based gifts, varying little with gift quality. In contrast, they anticipate that their happiness levels will not always be high when receiving occasion-based gifts, varying greatly with gift quality. These diverging outcomes arise because the caliber of gift that is required to signal care and thus meet a recipient's expectation is much lower for nonoccasion-based gifts than for occasion-based ones. Critically, givers misforecast recipients' anticipated positive reactions to nonoccasion-based gifts, helping to explain why these gifts are, unfortunately, rather rare. [Abstract from the authors].

**Subject Tags:**

consumer attitudes, consumer behavior, retail & restaurants, promotions, ecommerce