



Fisher Funds

Investor Education Centre

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Roses are red but money is green

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The fact that I didn't get a Valentine's Day present doesn't bother me. I've long said that if somebody wants to express their affection they should do so when they feel like it, not just on a day that someone designates as a day for romance.

But I am clearly alone in this sentiment. I was surprised to read that the average American couple was planning on spending three times as much on Valentine's Day as they would on an average date night. Rather than staying at home for a night in, given the challenging economic environment, more consumers planned to dine out this year and spend \$US111 on average on a romantic dinner. They also came bearing gifts, planning to spend an additional \$US70 on a special little something. Young professionals were the most enthusiastic, planning to spend an average \$US255 on this very special of days.

I was also surprised to hear about the spending preferences of Kiwi romantics. The fact that a dozen roses cost \$70 or more on Valentine's Day, four times the usual price, was bad enough. Then to learn that a large proportion of these roses were having to be imported from India and could be up to a week old just really took the cake (heart-shaped of course).

Why should the spending habits of the romantically-inclined be of interest to an investor?

Because those spending habits could make or break the fortunes of the companies supplying goods and services on Valentine's Day and other such special occasions.

I learned a long time ago that to be a successful investor, you need to remember who the target customer is, and realise that they might think differently to you. Just because you don't particularly like a product or service does not mean it's a bad product or service. There are some products that I just don't get excited about, and some spending habits that I just don't understand, but if there are enough customers who do, a company can be profitable and successful in their field.

So rather than shaking my head at frivolous, spontaneous Valentine's Day spending, I should be pleased being a Michael Hill shareholder – jewellery is the second most popular gift behind flowers. And if I owned shares in The Warehouse or Briscoes, I would probably also feel chuffed, because if New Zealand shoppers are anything like Americans, 37% of romantics will choose to buy their gifts in discount rather than specialty stores.

But here's another thought for the romantics. Why not do something different in future years, and give a gift that keeps on giving? Rather than showing her how much you care one day a year, why not arrange a monthly gift – say a little investment account or a KiwiSaver membership?

Roses will wither, chocolates will make you fat. But investments can grow in value over time, and in the case of KiwiSaver, the government will even contribute towards your gift.

You can't get more romantic than that.

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