

Economic Effects of Bridal Ceremonies on Small Business Enterprises in USA: An exploratory Study

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Abstract

The wedding industry plays a significant role in the U.S. society and economy. The internal and external treats of the wedding industry remain one of the major issues the industry is encountering. The current intense competition and declining marriage rates remain vital challenges and must be well managed to stimulate the industry growth. This research is investigating the motives behind the industry challenges to propose the most efficient solutions and overcome these underperformances. Our research data reveals that the rapid development and utilization of technology have increased wedding costs, inspired labor market changes and raised moral laxity in society. Hence, the collaboration between small business enterprises and the US government is imperative to instigate the industry expansion.

Keywords: wedding, bridal ceremonies, small business, vertical integration, instigate

1. Introduction

The wedding industry plays a substantial role in the U.S. economy even if its share is relatively less significant than other sectors of the economy. Often, demand for goods and services occur where weddings are celebrated. Thus, a wedding is defined as a ceremony in which two people pledge to spend their lives together in marriage. It is a celebration of love and partnership and may also have legal and/or religious significance such as asking for God's blessings upon a marriage before him. Following the bridal ceremony is a reception which may include music, dancing and food.

A wedding is also a way for family members to show their social and financial status and express their values, morals, personalities and characters. There is no minimum amount of money that a couple must spend – the basic promises and agreements are free – but some couples have spent millions of dollars. Hence, wedding ceremonies are viewed as a mean for families to compete for prestige and respect by displaying wealth and inspiring small businesses enterprise to prosper. The bridal industry directly includes the business of attire and accessories, ceremony and reception venues, coordinators, flowers, food and drink services, and photography (Cohen, 2018). Its revenue was over \$77 billion (Cohen, 2017), or 0.4 percent of the GDP in 2017 (The World Bank, 2018). The industry revenue is expected to reach about \$79 billion in 2018 and this will be an increase of 15.51 percent from a decade ago (Cohen, 2018). The employment from the wedding industry has increased by 10.28 percent from 1.07 million in 2009 to 1.18 million in 2018 (Cohen, 2018). If we can consider both the direct and indirect impact of a typical wedding, more than 100 industries ranging from gold mining to travel agencies will be impacted (Horn, 2011). Therefore, the growth of the wedding industry can positively stimulate the U.S. economy. The expansion referred to in this paper results from better economic conditions. As disposable income is expected to increase, couples will be encouraged to get married and spend more money on services that are related to wedding activities. The bridal industry growth is estimated to accelerate in the next five years if the economy keeps on getting stronger (Cohen, 2018). The purpose of the study is to show the impact of the wedding industry in US economy.

2. Literature Review

As observed, the business of wedding celebrations in America has been transformed into a prosperous investment. Its ceremonies have been converted into an important opportunity involving entire families and community enterprises. The wedding ceremonies are directly related to expensive costs, as the industry is expanding. Thus, the wedding ceremony business, like any market economy, involves more than the concept of production and consumption; it involves the law of supply and demand. People buy goods and services to shape their wedding ceremonies, and to present a positive image and success in their lives. This is associated with preeminence buying behavior, making way to the prestige marketing concept (Appadurai 1996, Miller 1995). The celebration of the prestige based Bridal ceremonies is to demonstrate wealth and/or higher social status which inspires the innovation of small business enterprises and shapes the marketing of personalized goods and services in the communities. The introduction of the information superhighway in the early 1990s has changed the business model of weddings dramatically through the popularization of the internet. The structure of the industry has evolved. In the past, wedding businesses were regional and family-owned. The value chain of the vendors depended on wedding planners' recommendations and reputations for obtaining business. The connections among vendors were scattered. This situation not only limited the opportunities of the vendors, but

also increased customers' costs for seeking more options. The social media has revolutionized information sharing and the nature of the internet. As a consequence, companies with information integration platforms, such as The Knot and Junebug Weddings, emerged. Other than providing wedding plan services, these platforms also collect, integrate local vendor resources and sort out the information by states or regions. This approach of conducting the wedding business has absolutely improved the industry structure. For instance, customers' burden has been eased because they can receive ready-made information and their personalized needs maybe satisfied by obtaining multiple choices.

The platforms also made destination wedding possible, so that the regional vendors can obtain business from outside of the local community. Thus, the platforms have changed the marketing pattern of the wedding industry. Nevertheless, the pertinence and seasonal periodicity qualify the weddings as low traffic ceremonies. In the past, bridal events mainly relied on conventional marketing, such as running ads on paper media, local radio and TV channels and billboards. The low advertising effectiveness and low customer traffic led to the high cost of customer acquisition. However, with the development of information technologies, especially the progress of search engine algorithm and big data analytics, vendors from the wedding industry can have their advertising campaign delivered to their target audience more precisely with lower costs. The technological advances have significantly changed the wedding ceremonies' cost structure within the industry. Observing the data from 2013 to 2018, one can say that the industry marketing cost in term of percentage has declined from 4.7 percent to 2.4 percent, respectively (Kaczanowska, 2013).

3. Methodology

Data was gathered from secondary sources to perform the analysis of the study. The main sources of data were the National Bureau of Economic Research, the Bureau of Labor Statistics, wedding industry reports, the Child Trends Data Bank, *IBISWorld*, *BRIDES*, The Knot, the United States Census Bureau, the Gallup Poll Social Series website and other valuable and reliable information found on different related websites.

4. Discussion and Results

The emergence of the information superhighway in the 1990s has altered the business model of the wedding industry dramatically by promoting the effective utilization of the internet. As a result, the structure of the industry has evolved because in the past wedding ceremony planning was regional business and family-owned. The vendors from the industrial value chain were dependent on wedding planners' recommendations and reputations to obtain business. The connections among vendors were scattered. This situation not only limited the cooperation among vendors, but also increased customers' time and money spent in seeking more options. Information sharing on a large scale due to the nature of the internet has given rise to new companies. These companies have developed information integration platforms such as The Knot and Junebug Weddings. Other than providing wedding planning services, these platforms also collect and integrate local vendor resources and sort the information out by regions. This practice confirms once again the innovation of the industry's structure. Finally, one can state that the internet has definitely changed the marketing pattern of the wedding industry. In the past, this industry mainly relied on conventional marketing, such as running ads in print media, local radio and TV channels, and billboards. The low advertising effectiveness and low customer traffic led to a high cost of customer acquisition. While the technology development benefits the industry, it also brings more competition among the small business enterprises. The technologies not only lowered the cost of customer acquisition, but also lowered barriers to entry. Low barriers to entry drive up the number of enterprises in the wedding industry. The number of operators in industry has increased by 11.86 percent since 2009 (Cohen, 2018).

Our study results reveal that the industry is facing variation and the market is changing as well. The most notable change is that the age of marriage has been rising. Thus, the average marrying age of grooms and brides were 27.6 and 25.9, but increase slightly to 29.5 and 27.4 in 2017 (United States Census Bureau, 2017). Finance remains the vital reason and the labor market fluctuations in United States made men less marriageable (Myers, 2016). For instance, the decline in manufacturing caused by international trade pressure has reduced the employment rate of young adult males by 3.9 percent. As a consequence, the prevalence of marriage among young adult women has been reduced by 2.4 percent (Autor, et al., 2017). Thus, the changes of social concepts are challenging the traditional concepts of marriage.

5. Conclusion and Recommendations

The integration of an industrial value chain may be better fitted to deal with the internal challenges of the wedding industry. Hence, multiple small enterprises within the shared market will cooperatively plan, implement and manage the flow of goods and services to increase customer-perceived value and optimize the efficiency of the chain. Consequently, a competitive advantage will be created for all stakeholders in the model (Poirier, et al., 2009). In this situation, it is recommended that vertical integration be implemented to improve the wedding industry's internal problems. Moderate vertical integration will be necessary for the sound development of the

wedding industry (Buzzell, 1983). For instance, wedding video and photography services may acquire bridal makeup businesses, hairstyling businesses, and dress selection businesses. The caterers may be integrated to provide not only the food services but also wedding cakes and post-wedding party services. The reception venue providers may integrate the band, transportation, and flower service, etc. This will be an approach that raises the entry barriers and discourages potential new entrants and helps solve the problem of excessive competition and increases the average revenue of the wedding industry.

Issues in the labor market may be addressed at the government level. For example, the government may promote the large scale development of engineering and scientific academic programs in major universities because scientists and engineers are the creators of jobs and give tax incentive to encourage multinationals to produce their products locally to inspire job creation.

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