



USAID
DEL PUEBLO DE LOS ESTADOS
UNIDOS DE AMÉRICA

EXPRO El Salvador
Programa de Promoción de Exportaciones
para las Micro, Pequeñas y Medianas Empresas

U.S. STATIONERY MARKET

NOTA: San Salvador 7 de Julio de 2005. Este documento es propietario únicamente de quien lo organiza. Este documento es propietario únicamente de quien lo organiza. Este documento es propietario únicamente de quien lo organiza. Este documento es propietario únicamente de quien lo organiza.

Export Promotion for Micro, Small and Medium Enterprises El Salvador (USAID/EXPRO)

Contract No.: PCE-I-00-98-00016-00 T/O 833

Project Period: July 2003 – March 2006

USAID Mission: USAID El Salvador Office of Economic Growth

Project Contractor: Nathan Associates Inc.

Project Summary: USAID/EXPRO aims to reactivate the economy of El Salvador by increasing income generated from exports of micro, small, and medium enterprises (MSMEs). Project objectives include (1) strengthening the Ministry of Economy's institutional export and trade policy capacity; (2) improving access to trade and export information; (3) increasing the competitiveness of Salvadoran businesses; (4) expanding business contracts and sales; (5) strengthening the Salvadoran export services sector; and (6) establishing strategic business alliances. Nathan Associates, in collaboration with AG International, DAI, and JE Austin, is providing technical, commercial assistance, and training to support government and private sector export promotion efforts; improving the productive capacities of MSMEs striving to access international markets; and assisting Salvadoran companies in developing and increasing export sales by at least \$20 million at project completion on March 31, 2006. USAID/EXPRO is also providing technical assistance and training to make export promotion initiatives more effective and to improve product development, operational efficiency, business development services, and the production scale of Salvadoran MSMEs so they can enter international markets, enjoy market continuity, maximize profitability, and face less risk of failure.

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U.S. Market Study: Stationery

Author: Maria Elena Gonzales

Executive Summary

Definition of Greeting Card Industry

The U.S. Stationery and Office Supplies Wholesaling industry distributes a wide range of mostly stationery products (such as envelopes, computer printing and photocopying paper) as well as pens and pencils to retailers- these include supermarkets, resellers, office supplies and stationery retailers, general merchandise stores etc. Unlike the Printing and Writing Paper Wholesaling industry (NAICS 42211), this industry does not distribute bulk supplies of paper for making books, magazines etc. Rather, it sells a final product to be directly used by consumers. This industry comprises establishments primarily engaged in wholesaling stationery, office supplies and/or gift-wrap.

Background

El Salvador has many resources for those who want to go into the greeting card industry. There aren't that many places to find paper, just two art stores and they don't have much of a variety. The printing presses would probably have a better variety but it would have to be looked into by calling. **Creativa S.A. de C.V.** is one of the printing companies of El Salvador that does cards and envelopes. The prices depend of the type of paper, design of the card, and the ink used. The minimum to print in cards is 100. Another printing company is **Imprenta Artycolor**, which doesn't have much variety of papers but they could order any kind the client wants. They have the basic plain white colors. Artycolor also has a minimum of 100. **Impresos Multiples** doesn't have a variety of papers and their minimum of cards printed is 100 and envelopes 500.

General Characteristics of Market

1. Market Size

The U.S. greeting cards industry remains a mature and stable market with sales growth of 8.7% between 1999 and 2004. The market in 2004 was valued at \$7.5 billion, based

on total unit sales of 7 billion greeting cards for the year. ¹ Today, the industry generates more than \$7.5 billion in retail sales from consumer purchases of more than 7 billion cards, according to the Greeting Card Association (GCA), the trade group for the industry. Industry estimates show that over 7.4 billion cards were sold to Americans last year, 1/3 of these cards were created by freelancers/artists. There are two ways to get into the greeting card industry: to freelance to the greeting card industry, or to create a line of greeting cards. Freelancing to the greeting card companies is the easiest and cheapest way to go. The freelancer submits their work to these companies. The advantage of being a freelance artist is that you focus on the creation and design of the cards. The disadvantage is that the companies might want to buy the copyright and that they might accept or reject the design. Freelancers looking for companies that look for artists can find them in the annual publication Artists' Market. It contains listings of companies along with a brief description of their requirements and submission procedures. Freelancers can choose to submit their works to the "big" companies where there is fierce competition, but it would be best to begin submitting designs to mid-size and smaller companies.

2. Consumption Patterns

There are two types of categories for cards: seasonal and everyday. Total card sales are approximately 50/50 between the two categories.

Most popular seasonal (holidays)

- Christmas 60 %
- Valentine's Day 25%
- Mother's Day 4%
- Easter 3%
- Father's Day 3%
- Other 4%

Most popular everyday

- Birthdays 60%
- Anniversary 8%

¹ Research and Markets: U.S. Greeting Cards Industry, Business Wire Sept 1, 2005
www.findarticles.com Business and Finance

- Get Well 7%
- Friendship 6%
- Sympathy 6%

These five card-sending holidays account for 96 percent of individual seasonal card sales. Cards range in price from \$.38 to \$10.00, with the average card selling for \$2.00 - \$4.00. Cards with special features, intricate designs, and new technologies (music cards) are at the top of the price scale. There are cards for more than 20 holidays and any relationship available. Today's \$7.5 billion industry translates to about 30 cards (at about \$1.50 each) for every American man, woman, and child. Men and children don't buy many cards. Women buy 85 to 90 percent of all cards. People 55 and older spend 27 percent more than the average household on cards, according to A.C. Nielsen. Most of these people have children and grandchildren who live elsewhere, which is why they are in the market for a lot of cards. Middle aged consumers (45+) were the mainstay of the greeting card and stationery industry, but not anymore. Today consumers 44 years and younger take the lead as the most active buyers of all things stationery. For example, consumers aged 25- to-34 years spent the most on average in the stationery category in the past year, or \$118, as compared to only \$90 spent by shoppers aged 45-to-55 years.² The GCA says that 9 out of 10 people like to receive personal letters and greeting cards rather than emails. The average person receives 20 cards a year and 1/3 are birthday cards. Greeting cards allow people to keep in touch with friends and family and they make them feel that they are important to someone else. Most people prefer the old fashioned way of handwritten cards or letters than emails. Mostly people on the go and teenagers are using the e card market.

Demographics

Women purchase more than 85 -90% of all greeting cards and the average card purchaser is a woman in her middle years, although the historically steady demographic picture may be changing. Men are an increasing percentage of consumers for love and relationship cards. They often have difficulty expressing their feelings and now they can find a huge selection of cards to help them. Men generally spend more on a single card

² Greeting Card Market Is Experiencing a Generational Shift, Unity Marketing reports. [Business Wire](#), Oct 18, 2005

than women. The reason being is that since they don't buy 10 at a time they don't add up as for a women consumer. Market research and expertise is skewed toward the female consumer, but card manufactures have begun targeting men with smart, appealing and well- researched products. Men don't want flowery, frilly cards but at the same time they are more attracted to cards with embellishments. They don't seem to spend a long time reading cards so the shorter the verse the better. At the same time, men want cards that reflect their lifestyle and express their feelings, but not in a "girlie" way. People of all ages and types exchange greeting cards.

3. Distribution

Hallmark remains the market leader followed by American Greetings, with both companies sharing over 85% of the market between them. Apart from being the domestic market-share leader in card shops, department stores, drug stores, food stores, and discount retailers, Hallmark makes products in more than 30 languages and distributes them in more than 100 countries. American Greetings supplies more than 15,000 greeting card designs to retail outlets in nearly every English-speaking country. Located in Cleveland, Ohio, it employs more than 21,000 associates around the world and drives more than \$ 2.1 billion in annual sales. There are two types of greeting card publishers, the difference being in the distribution method they use and the types of retailers they supply.

4. Market Segmentation

The greeting card industry could be segmented by (1) size (long 8 x 4 in" or basic 5 x 7 in"), (2) homemade look with elaborate designs, which are more expensive (glitter, embellishments, wire, unusual paper), (3) holidays (see Consumption Patterns).

5. Distribution and Mark-ups

Freelancers/artists/producers can make money by submitting their card to individual greeting card companies/distributors. Most companies' range of pay is from \$3 per line of poetry, which is considered low, to \$150 per verse for a humorous caption. Some freelancers earn an average of up to \$60 per card. Larger companies pay an average of \$ 100 to \$150 per card. This is for both design and text. There are many websites that can answer questions and give tips on how to break into the greeting card market.

Calculating the profit of one card

Cards sell for \$1.50-\$2.50 each

Out of a \$2.00 card	\$
Store owner keeps 33%	.66
Designer keeps 67%	1.34
Cards cost only 25% or more	.50
Designer makes 42% or more	.84

Cards Sold A Day	(time s) Profit	(times) 365 Days	(plus) Seasonal s	(equals) for 10 Stores	(equals) for 25 Stores	(equals) for 50 Stores
5	.84	\$1,533	\$766	\$22,990	\$57,475	\$114,950
10	.84	\$3,066	\$1,533	\$45,990	\$114,975	\$229,950
15	.84	\$4,599	\$2,299	\$68,980	\$172,450	\$344,900
20	.84	\$6,132	\$3,066	\$91,980	\$229,950	\$459,900

Overall Market Trends

6. Leading Brands

There are three companies that command 85% of the market share. These companies are Hallmark, American Greetings, and Gibson Greetings.

7. Demands

Americans are now focusing outward, seeking to connect, enhance and nurture relationships with others. Friendship cards, encouragement and other non-occasion cards are proving popular in meeting this need. People seem to like receiving personal handwritten cards rather than emails so more people are buying greeting cards. These days there is a card for every occasion. There are also inspirational, motivational, religious themes and novelty cards that allow the consumer to convey their message much easier than writing it themselves.

8. Product Packaging

Envelopes come in many different types of papers and sizes. Examples of papers range from vellum to homemade. Some have different linings inside with patterns or just plain color. The envelopes also come in a variety of different colors. There are sets of cards, which come in packs of 10 or 15.

9. Advertising and Promotions

Most big greeting card companies use commercials to sell their product. Progressive Greetings Worldwide is the leading trade magazine for the greeting card industry and the official magazine of the GCA. It provides the latest news and insight to industry issues.

10. Fads

Some cards have a high style look, inventive designs, unusual paper, and eye-catching embellishments. These seem to be the ones consumers are buying when looking for that extra something special in their card giving. Artists are incorporating ribbons, feathers, beads, glitter, wire, feathers, etc. This has led to creation of more handcrafted cards. These cards do have a higher cost, but the designer flare and artistic uniqueness of these cards continues to be the choice of many consumers. This makes it easier for freelancers to break into the greeting card industry. Most artists write, design, and sell their own cards at specialty stores throughout the U.S. The most popular cards in the market are the ones with embellishments and the music cards. One of the most popular music cards out now is "Wild Thing," which came out right on time for Valentine's Day. According to the Greetings Magazine article in the January/February issue there are many new trends in the greeting card industry. The new color is brown especially when paired with pink. Colors will be warmer, clearer and brighter for 2006. "Reddened oranges will replace coppery hues; yellows will gain importance; blues will dramatically recede; and complex neutrals will add sophistication and luxury to the consumer color palette," adds Megan Kuntze, Sr. Consumer Marketing Manager for Crane & Co., Inc. Texture will continue to be a strong design element but expressed in a more sophisticated manner, for example, linen paper. Depth is expressed through the use of textured papers and through printing methods such as scans of wallpaper-like floral patterns and metallic inks.

Regional Market Analysis

11. New York, Miami, Houston, Chicago and Los Angeles

These four cities have many greeting card stores and are the home of many greeting card companies. Hallmark launched a brand of Spanish cards called **Sinceramente** in February of 2003. This brand is designed to help consumers from the broad range of Hispanic cultures in the U.S. find greeting cards. These cities are in the top five metropolitan cities where they sell the most. Miami and New York are two places where consumers can find a variety of specialty stores that carry thousands of different kinds of papers and supplies. This is more important for freelancers/artists looking for unusual papers for their handcrafted cards. There are also a lot of stores such as Papyrus, which carry a wide range of beautiful homemade type greeting cards. Many

bookstores and coffee shops sell a wide variety of cards mostly prints of famous artists and out of the ordinary cards.

Conclusions and Recommendations

There are many intensive market reports written every year on the greeting card industry. **Stationery and Greeting Card Report, 2005: The Market, The Competitors, The Future Trends** is the most recent one written last year. It is found in www.unitymarketing.ecnext.com and has a cost of \$2,500. It gives details of why and who buy greetings cards, trends, and sales and growth. Another one is Greeting Cards: Market Report Plus 2002 from www.mindbranch.com. This one focuses on the UK market and its competitors like Hallmark Cards and American Greetings. It has a ton of important information of the industry. The best one is The U.S. Greeting Card Market. It sells for \$2,750, but it is the one that has all the information one needs to get into the market. It can be found on www.marketresearch.com. It seems really difficult to get into an industry so gigantic, but the truth is it is not. Nowadays more and more people would rather receive personally written letters and cards than emails. It goes back to the old tradition of communication that made everyone feel special to someone else.

List of potential Trade Shows

www.amber-market.com (Around the world)

www.infomat.com (Around the world)

www.expoua.com (European)

National Stationery Show

George Little Management, LLC

10 Bank Street

White Plains, New York 10606-1954

Phone: (914) 421-3200

Fax: (914) 948-6180

Toll free phone: 800-272-SHOW (74 69)

Email: info@glmshows.com

Contact List of Importers and/or Distributors

Hipster Cards

137 North Larchmont Blvd

Suite 231

Los Angeles, California 90004

WWW.designs@hipster.com

Majestic Greeting Card Company Inc.

6600 High Ridge Road

Boynton Beach, Florida 33426

Toll free: (800) 351-3515

Tel: (561) 588-8833

Fax: (561) 588-8725

Email: majesticgreeting@bellsouth.net

Blue Mountain Arts, Inc.

Dept. SL, P.O. Box 1007

Boulder, CO 80306-1007

ATTN: Editorial

Duck & Cover Productions

P.O. Box 21640 Oakland, CA 94620

ATTN: Jim Buser

Leanin' Tree Publishing Co.

6055 Longbow, Box 9500

West Boulder, CO 80301

Laura Leiden Calligraphy Inc.

P.O. Box 141

Watkinsville, GA 30677

Oatmeal Studios
P.O. Box 138, Dept. SML
Rochester, VT 05767
ATTN: Dawn Abraham

Renaissance Greeting Cards, Inc.
P.O. Box 845
Springvale, ME 04083-084
ATTN: Verse Editor

American Card Products, Inc.
235 N. Greenwood Rd.
Fort Smith, Arizona 72901
Toll free: 800-818-0866
Email: acpinfo@cox-internat.com

Contact List of Retail Outlets

Department Stores

Supermarkets

Discounter

Stationery Stores

Other Outlets

Wal Mart

Party City

Papyrus

Factory Card & Paper Outlet

Paper Warehouse

Executive Greetings

Coffee Shops

Florists

Record Stores

Pharmacies

Art Supplies Store

Framing Shops

Book Stores

Companies Active in Greeting Card & Stationery Industry

American Greetings Corporation

A.T. Cross Company

CSS Industries

Eos International

Hallmark

Successories, Inc.

Websites for several greeting card companies:

[Amberley Greeting Card Company](http://www.amberleygreeting.com): <http://www.amberleygreeting.com>

[Blue Mountain Arts, Inc.](http://www.bluemountain.com/cards/box): <http://www.bluemountain.com/cards/box>

[Cardmakers](http://www.cardmakers.com): <http://www.cardmakers.com>

[Card\\$mart](http://www.cardsmart.com): <http://www.cardsmart.com>

[G.C.A. \(Greeting Card Association\)](http://www.greetingcard.org): <http://www.greetingcard.org>

[C-ya](http://www.c-ya.com): <http://www.c-ya.com>

[Gallant Greetings](http://gallant-greetings.com): <http://gallant-greetings.com>

[Gardening Greetings](http://www.GardeningGreetings.com): <http://www.GardeningGreetings.com>

[Gibson Greetings](http://www.gibsongreetings.com): <http://www.gibsongreetings.com>

[Kogle Cards](http://www.koglecards.com): <http://www.koglecards.com>

[Milliday Greetings](http://www.milliday.com): <http://www.milliday.com>

[Mixed Blessing](http://www.mixedblessing.com): <http://www.mixedblessing.com>

[Palm Press](http://www.palmpressinc.com): <http://www.palmpressinc.com>

[Paper Lantern](http://www.paperlantern-gifts.com): <http://www.paperlantern-gifts.com>

[Peaceable Kingdom Press](http://www.pkpress.com): <http://www.pkpress.com>

[Sports Spectrum](http://www.sportsgreetingcards.com): <http://www.sportsgreetingcards.com>

[Sunrise](http://www.interart.com): <http://www.interart.com>

[West Graphics](http://www.westgraphics.com): <http://www.westgraphics.com>