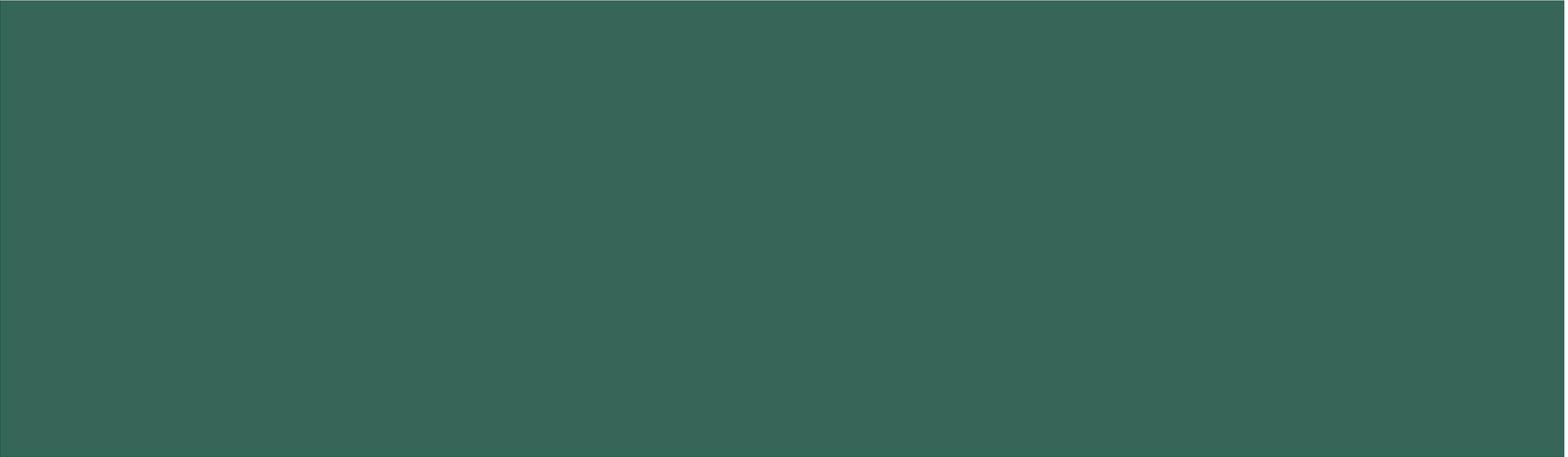




Greeting Card Market in US & Canada

Market Research Report



KEY FINDINGS

Targeted Customers

- Female millennials, who view cards as keepsakes and are open to spend a little more to purchase cards, featuring quality materials, sophisticated design and a handcrafted feel to differentiate themselves and make a connection in a meaningful way. And they are more technology savvy so that they are currently the ones most engaged in buying paper greeting cards online

Competitiveness

- Targeting the premium card market, the key success factors and key messages to be delivered are **handmade premium quality, sophisticated design and social value.**

Collaborators

- B2C sales seem to be uncompetitive since the **price is higher than the average price of the greeting card (\$2-\$4).** Thereby, we should focus on the B2B sales channel, including company CSR programs, museums, art galleries, universities, NGO and institutions, etc

Assuming we successfully gain the market share in US and Canada as 1%, our segment potential is able to reach 146 million

GREETING CARD INDUSTRY OVERVIEW

US

Over the next 5-year period, expect the industry to see an average decline of around 5%. By 2023, industry revenues will likely drop to around the \$5 billion mark in the United States

Americans purchase approximately 6.5 billion greeting cards each year; Women purchase an estimated 80% of all greeting cards

Annual retail sales of greeting cards are estimated between \$7 and \$8 billion

Greeting card prices can vary from 50 cents to \$10; the vast majority are between \$2 and \$4

Canada

Canadians purchase an estimated 600 million greeting cards each year. Women purchase an estimated 85% of all greeting cards

The simple cards start from \$.99 to \$10 but the average cards price are \$3.50-\$5.99



5C ANALYSIS

US & CANADA GREETING CARD MARKET





CUSTOMERS

WHAT NEEDS DO WE SEEK TO SATISFY?



WHO ARE OUR MOST IMPORTANT CUSTOMERS? WHAT NEEDS DO WE SEEK TO SATISFY?

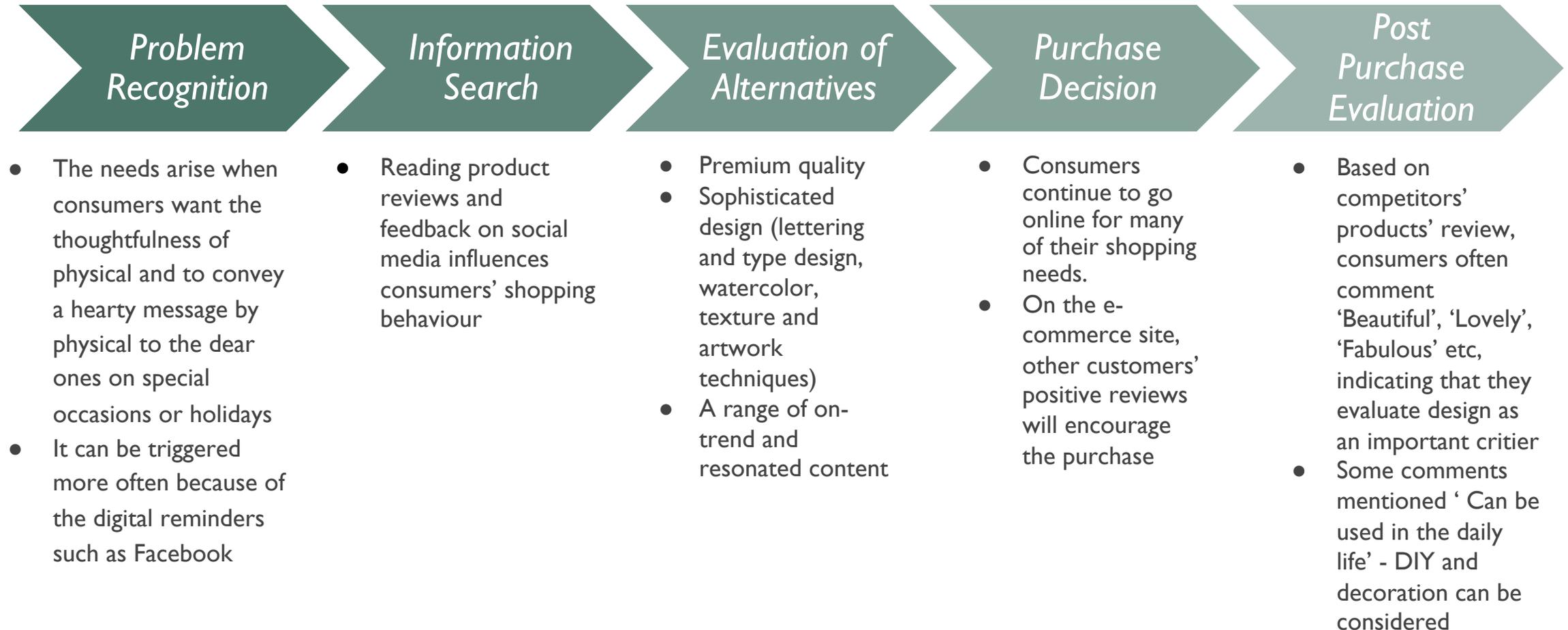
Our Target Audience

- The tradition of giving greeting cards as a meaningful expression of personal affection for another person is still being deeply ingrained in today's youth, and this tradition will likely continue as they become adults and become responsible for managing their own important relationships.
- Women purchase an estimated 80% of all greeting cards.
- As a result, we target the female millennials, who view cards as keepsakes and want the thoughtfulness of something physical on special moments or holidays to convey a hearty message to the dear ones, as our main customers.

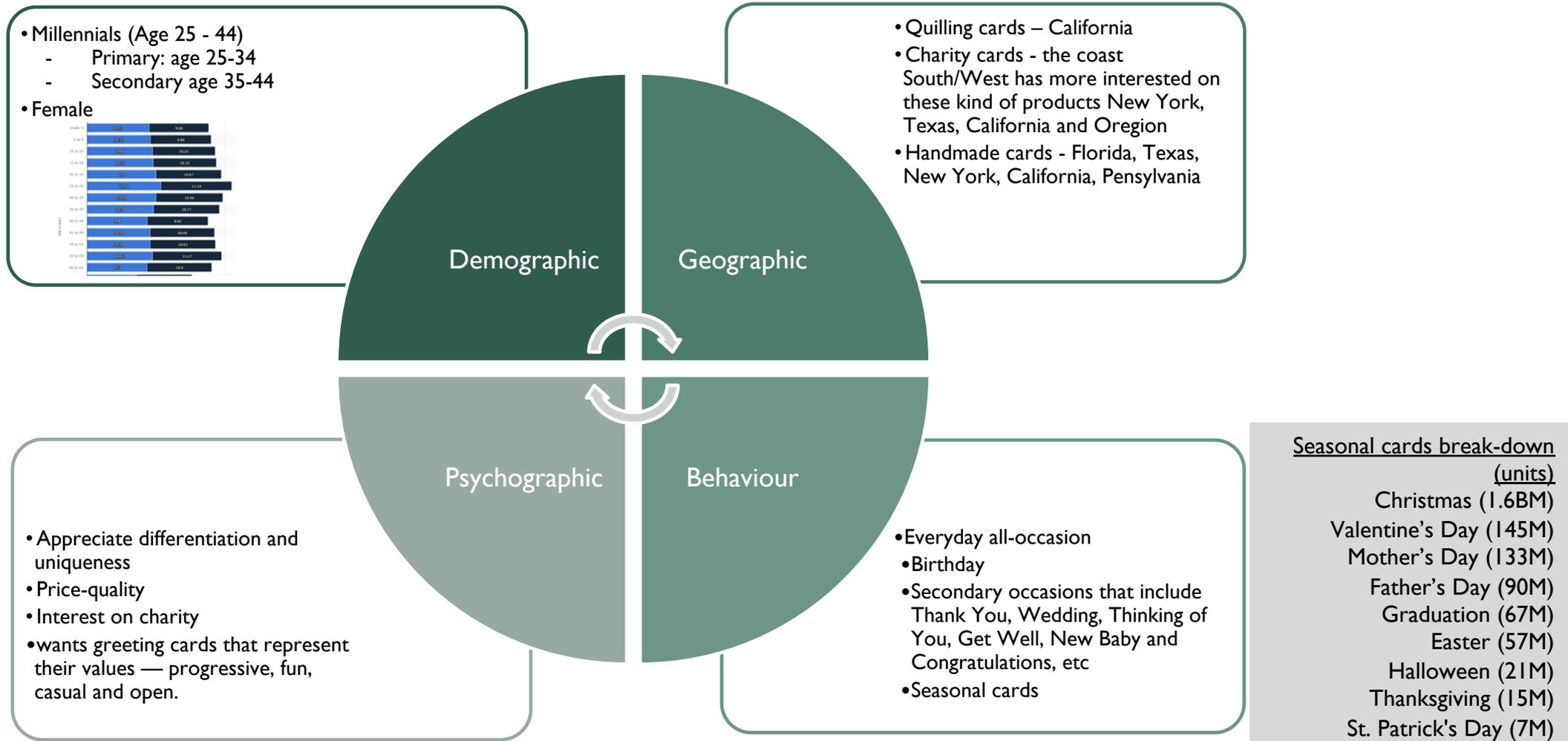
Consumer Needs

They are open to spending a little more to purchase cards, featuring quality materials, sophisticated design and a handcrafted feel to differentiate themselves and make a connection in a meaningful way

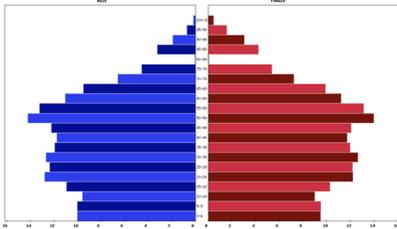
CONSUMERS' DECISION-MAKING PROCESSES



CUSTOMER SEGMENTATION AND CLASSIFICATION (US)



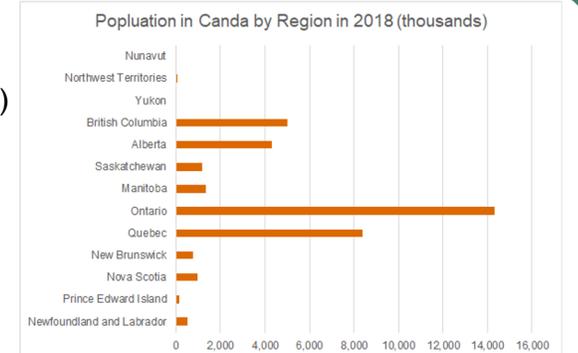
CUSTOMER SEGMENTATION AND CLASSIFICATION (CANADA)



- Millennials (Age 25 - 44)
- Primary: age 25-34
- Secondary age 35-44
- Female

- Columbia Britain
- Ontario (esp. for handmade)
- Quebec.

Source: Statistics Canada



Demographic

Geographic

Psychographic

Behaviour

- Appreciate differentiation and uniqueness
- Prioritise price-quality
- Want greeting cards that represent their values — progressive, fun, casual and open.
- Prefer traditional communication channels than the modern way

- Everyday all-occasion (52% - 340 million)
- Birthday (200 million)
- Secondary occasions that include Thank You, Wedding, Thinking of You, Get Well, New Baby and Congratulations, etc (140 million)
- Seasonal cards (314 million in total?)

Seasonal cards break-down (%)	
Christmas	28.5%
Valentine's Day	10%
Mother's Day	2.5%
Easter	2.2%
Father's Day	2%

SEGMENT POTENTIAL (ASSUMPTION)

$$SP = N \times MS \times P \times Q,$$

N = total number of potential consumers

MS = market share—percent of consumers buying from us

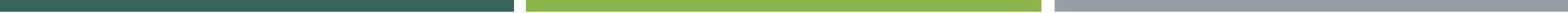
P = average selling price

Q = average annual consumption

Key assumptions:

- Identify our potential consumers are female millennials
- Assume our market share can reach 1% in each market
- Assume our retail price as \$10
- According to The Spruce Crafts, The average household will purchase 30 individual cards every year. So we assume the average annual consumption as 30 cards

	US	CANADA
N (million)	43	4.9
MS	1%	1%
P (USD)	10	10
Q (cards)	30	30
SP (million)	131	14.7
Total (million)		146.46



CONTEXT

WHAT ENVIRONMENTAL FACTORS SHAPE WHAT IS POSSIBLE?



US

Demographic environment

The population of millennials (Age 25 - 44) in US accounts for 86.97 million; Women Millennials - 43.17 million (2018)

Millennials are 46% multicultural

Economic environment

GDP is expected to grow at 2% each year

In some geographic regions, such as the U.S. East Coast, Millennials spend an average of \$6 per card

Socio-cultural environment

Millennials want greeting cards that represent their values — progressive, fun, casual and open.

Technological environment

Most people now acknowledge many more birthdays than ever before because of social media, but they aren't necessarily sending fewer cards as a result.

Natural environment

More and more people are eco-friendly.

CANADA

Demographic environment

Canada is with a population of 36.29 million; 86% of Canadians live in one of these four provinces - Ontario, Quebec, British Columbia and Alberta, with 12.7 million Ontarians accounting for almost 40% of Canadians

The population of millennials (Age 25 - 44) in Canada accounts for 10.02 million; Women Millennials - 4.98 million (2018)

Economic environment

Canada is considered to be one of the world's wealthiest countries. All key factors point to a stable and sustainable economy.

Socio-cultural environment

Young Canadians are looking to differentiate themselves, so they want a more distinctive, expensive, high-end card.

Experiencing a "handmade revolution"

Technological environment

- Consumers continue to go online for many of their shopping needs. It is estimated that in 2019 there will be 20 million digital buyers in Canada, who will spend \$50 billion online annually.
- Most people now acknowledge many more birthdays than ever before because of social media, but they aren't necessarily sending fewer cards as a result.

Natural environment

More and more people are eco-friendly.



COLLABORATORS

WHO SHOULD WE ENLIST TO HELP US?



POTENTIAL COLLABORATORS

B2C sales seem to be uncompetitive since the **price is higher than the average price of the greeting card (\$2-\$4)**. Thereby, we should focus on the B2B sales channel, including company CSR programs, museums, art galleries, universities, NGO and institutions, etc

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COMPETITORS

WHO COMPETES WITH US IN MEETING THOSE NEEDS?



COMPETITOR ANALYSIS

Price Range

- Etsy: \$2 – 5 (Bestsellers)
- Quillingcard.com: approx \$11
- Fairtradewinds.net: \$6.50

The determinant for Satisfaction

- Similar Price with our product (\$10+)
 - The reviewers tend to buy 'beautiful' cards
 - Designs tend to be sophisticated
- Cards which prices are lower than our price (< \$10)
 - Better than expected
 - 'Beautiful', 'Lovely', 'Fabulous' is the keywords

Advantages of the competitors

- Cheap price
- Sophisticated Design when expensive, better quality when cheap
- Can be used in the daily life

Positioning





COMPANY

WHAT COMPETENCES DO WE POSSESS TO MEET THOSE NEEDS?



COMPETITIVE ADVANTAGE

Differentiation strategy

Product

Premium quality

Sophisticated design with handcrafted feel

Potential DIY card design and be used for daily life (decoration)

Branding

Social value



PORTER'S FIVE FORCES

US & CANADA GREETING CARD MARKET



US & CANADA

Rivalry between established competitors (medium)

The market are dominated by big card companies both in US and Canada, however, in terms of online greeting card business, just 1,000 businesses are involved (IBIS world)

Threat of entry (high)

The barrier of entrance is low so that the threat is high

Competition from substitutes (high)

there are more digital options for communication and greetings today

Bargaining power of suppliers (low)

Suppliers are those disadvantaged youth we support

Bargaining power of buyers (not only the end user of the product, but intermediaries) (high)

Customers and intermediaries have many alternative options