INTRODUCTION

Greeting Cards, Stationery, Gift Wrap & Party Goods and Paper Crafting Report, 2010 Overview

The market for greeting cards is a tough one in today's environment, with consumers having so many faster, easier, and in many cases cheaper, ways to send a greeting. Times have gotten even tougher as a result of the current recession, with consumers looking to cut spending anywhere they can.

Many cultural trends are afoot that are changing consumers' demand for greeting cards, but one thing is for certain. The business of selling traditional greeting cards is only going to get harder as consumers turn to newer, faster and more user-friendly communications alternatives.

In a tough market, the competition is getting even tougher as leading retail brands -- American Greetings, Carlton Cards and Papyrus − consolidated in 2009 and leading greeting card and stationary brands -- Schurman Fine Paper's wholesale division and Recycled Greetings -- came under American Greetings' leadership.

This report details the findings of a consumer survey conducted in November 2009 among 1,436 recent buyers of one or more paper goods products used to communicate, express oneself, celebrate, and craft. These paper goods include greeting cards; stationery including social stationery and stationery goods such as calendars, journals, notebooks; paper crafting goods; and paper decorations and gifting supplies, such as gift wrap, gift bags, bows and ribbons, etc.

The definitions used to organize this report by product include:

- **Cards**, such as greeting cards; note cards with no preprinted greetings; boxed greeting or note cards; Christmas cards; pre-printed invitations; thank you cards, custom-printed cards, invitations, etc.
- **Stationery,** such as writing paper, social stationery, business stationery, specialty paper for stationery uses, special paper for computers including photograph printing from computer, decorated paper and/or cards, such as print-your-own cards or invitations, and/or full-sized 8 ½ x 11 paper, print-your-own banners, including special papers for computer printing, etc.
- **Other Paper and Stationery Items**, such as blank books and journals, decorative hanging calendars, date books, specialty pens and writing instruments, such as fountain pens, calligraphy supplies, desk accessories, etc.
- **Gifting and Party Supplies**, such as paper gift wrap, gift bags, ribbons and bows, party ware and paper party supplies, etc.
- **Paper Crafting and Hobby Supplies**, such as scrapbooking supplies and kits, make-your-own card supplies and kits, stamps and stamp supplies, stickers, photo albums, memory albums, like baby, wedding memory books, specialty paper.

RESEARCH OBJECTIVES

The objective of this study is to provide greeting card, social stationery and other stationery products, gift wrap and party goods and paper crafting product marketers and retailers insights about the consumer market for their products. (Note: Throughout this report this entire range of products are described broadly as 'stationery goods.') These consumer insights help marketers connect more effectively with their target market so that they create and sell more of the kinds of products that consumers really desire. Based upon research among recent stationery goods consumers, this report focuses on market opportunities available to product manufacturers and retailers to help them deliver products and services that satisfy the consumers' craving for paper products to communicate, express oneself, celebrate, and craft.

With a focus on consumers, their buying behavior, needs, desires and preferences, this research study includes research data and statistics about:

- **Stationery Goods Market Size and Growth:** What is the size of the overall stationery goods market, as well as the six key product segments (e.g. greeting cards, social stationery, custom-printed cards and stationery, gift wrap and party goods, paper crafting products and other stationery products) and how rapidly is it growing? How is the stationery goods market segmented by type of product?

- **Demographics of the Stationery Goods Market:** What are the demographic characteristics of people who buy stationery goods products? How is stationery goods buying behavior influenced by demographic segments (e.g., gender, age, household income (HHI), size, composition, ethnicity/race, education, etc.)?

- **Stationery Goods Buying Behavior:** What are the primary characteristics of the consumers' buying behavior related to stationery goods in general and the five product segments (e.g. greeting cards; social stationery, including custom printed stationary and cards; other stationery products; gift wrap and party goods; and paper crafting products) in particular? Why do they buy these goods and how do consumers' motivations different by product category segment? Where do people shop for the different types of stationery products; what factors influence their decision making; how much do they spend buying within each of the stationery goods product segments and across the entire stationery goods category; what is the role of brand in stationery goods product selections and shopping choices? How do different demographic segments differ in their shopping and buying behavior?

- **Psychographic Profile and Segmentation of the Greeting Card Markets**: A psychographic profile of the greeting card buyers is developed in this report. The profiles identify four different types or personalities of consumers of greeting card. These profiles identify different drives and motivations found among consumers in purchasing greeting cards; what factors are more or less important in driving greeting card purchasing decisions; and how can greeting card marketers and retailers better understand the hearts and minds of their consumers. In essence, we will discover "why people buy greeting cards."

METHODOLOGY

This report is based upon findings from both qualitative and quantitative research.

Focus Group Research

Focus groups were conducted during the week of March 28, 2005, in Columbus, OH and Towson/Baltimore, MD. Two focus groups were held in each city with one group recruited from active greeting card buyers and the other from women who buy greeting cards and are active paper crafting hobbyists, either scrapbookers or those who make their own greeting cards and/or those seriously involved with luxury paper for writing, journaling, and other uses. A total of 50 women were recruited for the focus groups with household incomes of $50,000 or more. A wide span of ages were represented in the focus group respondents recruited among women aged 25 through 60, with the average age in the groups about 44 years.

Respondents were recruited who purchased one or more of the following in the past six months (from September 2004 to present): Greeting cards; Boxed cards; Stationery for hand-written notes; Scrapbooking supplies; Photo albums; Other luxury paper. Respondents were placed into one of the two groups based upon the items they had purchased, with those who bought primarily greeting cards and boxed cards placed into the greeting card dominant group and those who bought luxury paper, scrapbooking supplies and/or who had a paper crafting hobby placed in the stationery dominant group. In general the stationery dominant group represented the most serious of the 'heavy-users' in the category. The stationery group members were also active purchasers of greeting cards, as well as other paper products. On the other hand, the greeting card dominant group tended to be less active buyers across other products in the stationery goods category, but focused more specifically on purchasing greeting cards and boxed cards.

The respondents in the focus group were selected not because they were representative of the ordinary or occasional greeting card and/or stationery buyers, but because they were active, heavy users in the stationery category. The respondents' average spending over the past six months on stationery products, therefore, was high:

- Greeting Cards, $50 in past six months;
- Boxed Cards, $37;
- Stationery, $30;
- Scrapbooking supplies, $75;
- Other luxury paper, $35.

Quantitative Consumer Survey

An in-depth quantitative survey was conducted in November 2009. A total of 2,033 consumers were surveyed to find the core sample of 1,436 U.S. consumers who recently bought one or more stationery goods products. That represents a response rate of 83 percent. Overall the results of the current survey are compared to similar surveys fielded in October 2007 among 1,205 stationery goods buyers and a 2005 survey among 1,326 stationery goods buyers. Thus the survey results provide powerful trend tracking information from 2005 until the present.

The products included in the survey were:

- **Cards,** such as greeting cards, note cards with no preprinted greetings, boxed greeting cards, Christmas cards, invitations, thank you cards, including custom-printed cards and invitations, etc.;

- **Social Stationery,** such as writing paper, social stationery, business stationery, specialty paper for stationery uses, special paper for computers, custom-printed stationery, etc.;
- **Other stationery products,** such as decorative hanging calendars, date books, blank books and journals, specialty pens and writing instruments, such as fountain pens, calligraphy supplies, desk accessories, etc.;
- **Paper crafting and hobby supplies,** such as scrapbooking supplies and kits, make-your-own card supplies and kits, stamps and stamp supplies, stickers, photo albums, memory books, like baby or wedding memory books, glitter, paper crafting tools, such as specialty scissors, cropping equipment, etc; and
- **Gifting and party supplies,** such as paper gift wrap, gift bags, ribbons and bows, partyware and paper party supplies.

Data collected in the survey about each of the stationery goods product categories

For each of the product categories included in the survey data was collected about the following:

- Type of specific items bought in the past year;
- Amount spent in total in the product category, as well as the amount spent purchasing each of the individual products bought;
- Type of stores where category purchases were made, including whether each source was a regular, occasional or infrequent/rare shopping destination for these products, as well as the one store where the last category purchase was made.
- Store features that attract specific category buyers (i.e. greeting card shoppers, stationery shoppers, etc.) to a store destination.
- How frequently category buyers shopped for that particular group of products, for example whether they shopped about once a month, once every two months and so on.

Additional information collected about greeting cards and greeting card buyers

For greeting cards, additional detail was gathered, including

Number of individual and boxed cards bought and the amount paid for the last purchase of an individual and boxed card;

Details about custom-printed cards, such as amount spent on last single item bought;

Specific holidays and occasions for which greeting cards were bought;

Special greeting card product features that attracted shoppers, such as recycled paper, music enhancements, hand-made paper, etc.

What attracted shopper to make their last greeting card purchase, such as price, discount, verse, picture, etc.

Favorite themes for greeting cards, such as pets, spiritual, humorous, nostalgia, etc.

Attitudes about buying and sending greeting cards.

Tradition of buying and sending Christmas greeting cards was a special emphasis in the survey

In addition the traditional of buying and sending Christmas greetings was another area of special investigation in the quantitative survey, including:

- Whether bought and sent Christmas greetings for Christmas celebrations 2008 and plans to buy for Christmas 2009;
- Number of personal and business Christmas greetings sent;
- Trends in sending Christmas greetings, for example plan on sending more or fewer greetings for Christmas 2009 as compared with Christmas 2008;
- Favorite themes for Christmas cards, such as snowmen, angels, Santa, religious, pets, etc.

- Type of Christmas cards bought, specifically customized cards, pre-printed boxed cards, individual cards;
- Attitudes about buying and sending Christmas greeting cards.

Specific information was collected on the social stationery category

For products in the stationery category, additional data was collected, including:

- Number of stationery boxes/packets of paper bought and amount spent on the last box purchased;
- Stationery product features that attracted the buyer to make a purchase, such as price, style, color, recycled paper, hand-laid paper, etc.

Additional detail about the purchaser's paper crafting hobby was gathered

Paper crafting purchasers were asked additional questions pertaining to their paper crafting hobby, including:

- What type of paper crafting hobby they participate in, such as make-your-own cards, scrapbooking, digital scrapbooking, origami, etc.;
- Trends in time and money spent on paper crafting hobbies;
- Reasons why the individual participates in a paper crafting hobby, such as outlet for creativity, stress relief, to preserve memories, to make gifts, save money, etc.
- Attitudes about buying paper crafting supplies and participating in paper crafting hobbies.

SURVEY SAMPLE DEMOGRAPHICS

The survey sample is distinguished by the following:

Gender

In 2009 more male stationery goods purchasers participated in the survey

Gender	*2009*	*2007*	*2005*
Male	47%	35%	38%
Female	53%	65%	62%

Figure 1: Survey Gender, 2009, 2007 & 2005

In 2009 the survey sample of stationery goods buyers went gender-neutral, with an almost equal level of participation by male as female stationery goods buyers. This compares to a strong female skew seen in the 2007 and 2005 survey. In the following chapter more details about the demographics of the stationery goods buyers, including the demographics of each key product segment, are examined.

Age of Respondents

Average age of stationery goods purchases was 43.1 years, slightly older than found in previous years – Significant drop off in survey participation among the youngest age segment (18-24 year olds) largely accounts for the older average age in 2009

Age of Respondents	*2009*	*2007*	*2005*
18-24	9%	14%	19%
25-34	20%	19%	23%
34-44	24%	24%	18%
45-54	25%	23%	14%
55-64	22%	21%	26%
Avg. Age	**43.1 yrs**	**40.4 yrs**	**41.9 yrs**
Generation			
Millennial (1980+)	17%	23%	28%
GenXer (1965-1979)	29%	26%	26%
Boomer (1946-1964)	45%	44%	33%
Swing/WWII (1945 and before)	8%	7%	13%

Figure 2: Age and Generation of Stationery Buyers, 2009, 2007 & 2005

The average age of the survey respondents in 2009 was 43.1 years, slightly older than that found in the previous surveys. The skew toward a more mature consumer is accounted for by the lower levels of participation of the youngest consumer segment (18-24 years) in the survey overall.

Income of Respondents

Stationery goods survey in 2009 represents a higher-income buyer profile

Income of Respondents	*2009*	*2007*	*2005*
Less than $25,000	0%	15%	26%
$25,000-$49,999	22%	26%	36%
$50,000-$74,999	24%	28%	18%
$75,000-$99,999	25%	15%	11%
$100,000 and above	29%	15%	11%
Avg. Income	**$89,000**	**$63,600**	**$51,900**

Figure 3: Income of Stationery Buyers, 2009 2007 & 2005

The average income of a stationery buyer in the 2009 was $89,000, which is roughly 30 percent higher than the survey sample from 2007 when the average income was $63,600. In order to achieve the higher income demographic in the 2009 survey, the lowest income segment (household income of less than $25,000) was eliminated. Thus the most recent survey reflects a trend toward a slightly higher income consumer with more discretionary income to spend on stationery goods than in previous years. Because the products represented in the stationery goods market are highly discretionary in nature, being a desire- rather than need-based purchase, this report's focus on the perspective of higher income consumers better reflects the prime target market for stationery goods marketers, retailers and brands.

Other Demographic Factors

Other Demographic Factors	*2009*	*2007*	*2005*
Marital Status			
Married	68%	54%	50%
Single	19%	26%	30%
Other	13%	20%	20%
Education			
High School	14%	22%	23%
Some College	30%	36%	32%
Vocational/Two Yr Degree	4%	4%	11%
College Grad	28%	24%	20%
Post-Grad	23%	14%	15%
Ethnicity			
White	87%	87%	86%
Spanish/Hispanic/Latino	4%	5%	6%
Black/African-American	5%	6%	5%
Asian/Pacific Islander	5%	6%	5%
Native American	2%	2%	2%
Other	1%	4%	5%

Figure 4: Other Demographic Characteristics, 2009, 2007 & 2005

Figure 4 above shows other demographic characteristics of the stationery buyers included in the survey. In 2009 the survey of stationery goods buyers were more likely to be married than in previous years and more highly educated. These findings correspond to the trend toward a higher income consumer in the 2009 survey, as higher household income is associated with being married and having higher levels of educational attainment. The distribution of ethnic backgrounds represented in the stationery goods buyers sample was virtually identical for all three survey years.

