Group 3

A

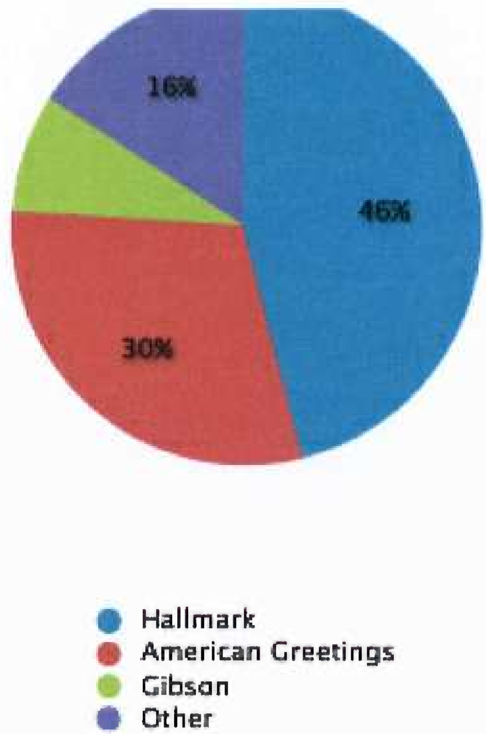
Economics 110

Hallmark Cards Inc

Group Project: Krista Marino, Richard Mitchell, Shabnam Majidi, Narain, A.

According to the U.S. Greeting Card Association, Americans send 7 billion greeting cards every year, with the average household buying 30 cards. A large majority of these cards are from Hallmark Cards Inc. Hallmark is the number one manufacturer of greeting cards. They also offers gifts, flowers, paper party supplies, wrapping papers, ornaments, home decorative items, memory-keeping picture frames, albums, scrapbooks, e-cards, mobile greetings, fabric flowers, and customized photo cards; and reveal cards, 3-D poster and glasses cards, online surprise cards, and kid's attachment cards. The company's electronic greeting cards are available on the Hallmark website. Hallmark products are published in more than 30 languages. Hallmark helps people to send hugs and kisses to each other for any occasion no matter how far away they are.

Since 1944, through the slogan, "When You Care Enough to Send the Very Best." The company achieved distinction through its products. Hallmark cards and gifts are sold in card shops, department stores, drug stores, food stores and, and major discount retailers. Hallmark's share of the greeting card market is greater than 50 percent, giving them the largest share of the market. There are more than 3000 greeting cards companies in the USA and many different companies around the globe. The market structure is monopolistic competition either in domestic market or internationally. The biggest competitor for Hallmark in market is American greetings, in spite of existence of so many greeting cards company the market structure can be seen as a



kind of duopoly. The most market share is for Hallmark and American greetings and the very small portion belongs to other companies.Hallmark and American greetings have the high market power holding 82% of the market share. Retail greeting cards is a $7.5-billion business these days. Although the UNited States represents the largest regional market, greeting cards also have a significant market overseas. The global greeting card market is projected to reach and exceed $30.5 billion, according to Global Industry Analysis (GIA).

Top 10 US greeting cards manufacturers

Hallmark Cards Inc.	Kansas City, Missouri
American Greeting Corp. (AM)	Cleveland, Ohio
Taylor Corp.	Mankato, Minnesota
CSS Industries Inc. (CSS)	Philadelphia, Pennsylvania
Russ Berrie and Company Inc. (RUS)	Oakland, New Jersey
Devon Group Inc.	New York, New York
Premier Greetings Inc.	Pawtucket, Rhode Island
Paper Magic Group Inc.	Scranton, Pennsylvania
Recycled Paper Greetings Inc.	Chicago, Illinois
Myron Manufacturing Corp.	Maywood, New Jersey

There are two levels of competition. The three big card companies are competing against each other on one level, and all the rest of the card companies are competing with each other on another level; but the small companies are not really competing against the big companies.

In the era of internet now a day the market for greeting cards has lost many customers. People prefer to create their own greeting cards by using their own scanners and pictures and send them online. Apple is also entering the greeting card market with the recent announcement of a new Cards app for their products. The application will allow users of Apple products to easily make greeting cards with pictures from their photo libraries. This is a very big announcement and has great potential to shake up the greeting card market as there are a continually growing number of iPhone, iPod and iPad users, and this could potentially lower the amount of consumers purchasing greeting cards from companies like Hallmark as it is more cost effective to make their own custom greeting cards than purchase generic cards from companies. This shows the importance of creativity in order to preserve brand loyalty. The number of cards which has been sold has decreased gradually over the years. Social media is another reason for the decline in the greeting card market. So many people still prefer to receive and send traditional cards. In order to survive greeting cards industry, Hallmark should adopt to changing times and be innovative.

One innovation was online cards that have been found some years ago and was really effective. The greeting-card business may be in need of a get-better-soon card. Many innovative and new cards have been published and hallmark could again make its business better after a long decline. Hallmark needs to produce new lines of cards with new ideas each year to be the market leader and maintain the business. Hallmark will also need to create an app to compete with Apple where they will give those loyal to te brand an opportunity to create their own Hallmark cards with certain styles Apple will not have available.

A greeting card is a folded card, featuring an expression of friendship, love, thankfulness, and many other feelings. Greeting Cards, are commonly given on special occasions and holidays. Hallmark is one of the largest producers of greeting cards. Hallmark was founded in 1910 by, Joyce C. Hall. By 1985 the company was awarded the National Medal of Arts. Originally, the company was known as Hall Brothers, they sold Christmas and Valentine's Day cards. In the 1917, Hall and his brother invented modern wrapping paper; and by 1922 the company expanded throughout the country.

Joyce C. Hall, entered the greeting card industry in the early 1900's. He claimed that the "post card craze" would not last because post cards were an insufficient form of communication. Hallmark cards became widely popular after World War II, when greeting cards were sent to soldiers overseas. A change in consumer habits developed and in the mid 80's. As a result, a sift occurred, and cards were sold in department and retail stores, instead of card shops.

The 1980's marked a departure from traditional cards, and focused on non-occasion cards; they included thoughtful sayings, and were geared toward everyday relationships. Sales for these "alternative" "non-occasion" cards grew nearly 10% in their first years production. The industry began to produce a religious and inspirational line of cards, which increased sales during the 1990's. They also launched the Tree of Life line, for Jewish customers, as well as the Mahogany line for the African American market.

These decisions advanced Hallmarks scales, and in the 2000's they launched a line of audio cards that played recordings of original music. Hallmark has been established now for about 100 years, and despite recent fears that the internet and free e-cards would diminish the industry, Hallmark remains a profitable, stable industry. Hallmark is a privately owned American company based in Kansas City, Missouri. With international licenses and distributors, Hallmark now meet the needs of people in more than 30 languages and 100 countries. They employ about 2,000 workers around the world, in more than one hundred countries. Their international subsidiaries include: Asia Pacific, Continental Europe, United Kingdom, and Canada.

In conclusion, Hallmark remains the largest market shareholder in the greeting card industry, but their days of supremacy have a great chance of being numbered with larger companies looking to branch out into the greeting card industry, like Apple. If Hallmark doesn't answer Apple's announcement of a Cards app with an app of of their own, or provide a similar cost effective method for creating greeting cards, they can find themselves and their competitors losing many of their loyal consumers to Apple's innovation.

References:

http://articles.latimes.com/2011/nov/24/business/la-fi-greeting-cards-20111124

http://seattletimes.com/html/businesstechnology/2016882511_greetingcards29.html

http://business.highbeam.com/industry-reports/wood/greeting-cards

http://corporate.hallmark.com/Company/Hallmark-International

http://mashable.com/2011/10/05/apple-cards-greeting-industry/

http://www.prweb.com/releases/greeting_cards_everyday/birthday_seasonal/prweb4695304.htm