

American Greetings Harvard Case Solution & Analysis


Group 2

- Eric Fischer
- Peng Jin
- Alexandria Jones
- John Wolach



Case Problem

With current valuation levels, should American Greetings go into the market with a \$75 million repurchase program?




Recommendation

American Greetings should not go into the market with a \$75 million repurchase program.



Agenda

- American Greetings Background
- SWOT Analysis
- Case Problem
- Data Analysis
- Recommendation



SWOT Analysis



American Greetings Background



- Second largest greeting card publisher in the U.S.
- Changing times = change in retail channels
- Owned & maintained major brands (ex. American Greetings, Cartoon Cards, etc.) as well as popular cartoon characters (ex. strawberry shortcake)
- Management positioned American Greetings as a leader in social expression products
- Long affiliation with the founding Sapirstein family
- Competition: Hallmark




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SWOT Analysis

AMERICAN GREETINGS SWOT ANALYSIS

STRENGTHS

1. 2nd largest greeting card publisher
2. Owner of major brands: A G, Carlton Cards, Gibson, Recycled Paper Greetings, Papyrus, & DesignWare.
3. Owner of rights to popular characters: Strawberry Shortcake, the Care Bears, Holly Hobbie, the Get Along Gang, & the Nickelodeon characters.
4. Additional revenue generated by licensing of rights of these characters
5. Electronic cards available on the internet
6. Kiosks in retail stores to allow the creation of custom cards
7. Presence in "Dollar Stores" where greeting cards are a top-selling item
8. Product innovation
9. Stronger retail partnerships
10. Diversified product portfolio
11. Roll-out of technological enhancements (i.e., mobile apps) to improve sales



WEAKNESSES

1. Decline in the overall greeting card market (in next 4 years: 4% - 16%)
2. Decline in sales due to the rise in substitute forms of social expression

OPPORTUNITIES

1. Acquisitions
2. International sales
3. Develop additional electronic offerings
4. Expand licensing of popular characters
5. Customer contests to generate new card designs (via Nickelodeon kids)
6. Further reposition the company focus from gift cards to non-card merchandise

THREATS

1. Hallmark is #1 competitor
2. Technological change in the overall greeting card market to e-cards
3. Rapid expansion of social media networks (Facebook, etc.)
4. Ease of digital communication as a substitute for traditional forms (i.e. greeting cards)

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