

The Big Squeeze



*Above: This year is certain to see some 'squeezing' going on. Will it be as stylish as this Alessi Juicy Sali? We wonder?
Right: Greeting cards are still a strongly ingrained part of our culture – and long may it continue.*

Two years ago PG's annual State of the Nation article about 'the health and wealth' of the UK greeting card industry was entitled 'Weathering the Storm' as it sat tight in a battered UK economy that had suffered a 4.5% decline. Last year's equivalent piece was entitled 'The Flat Earthers' as a mature, but reasonably resilient greeting card industry adapted to a slow economic recovery.

This year's article, 'The Big Squeeze', is so called as the industry adjusts to operating within a domestic economy that, while still growing overall, does not feel like it at retail level – and the card market, for the first time, shows signs of decline in value.

PG carries out its annual health check on the trade.

Almost being held in the same regard as 'an old wives tale', the long-held belief 'greeting cards are recession proof' sadly, to borrow a well-used idiom, has to be taken with 'a pinch of salt'.

Put simply, greeting cards rely on people buying them and it stands to reason that if folk aren't out shopping then they will not be buying them. The micro market of greeting cards has to be seen against the macro picture of the whole economy.

In 2010 it looks as if the UK economy grew by about 1.8%, with the bad weather at the end of the year slowing down what had become a steady accelerating recovery. But despite that, for most card retailers and publishers it was very hard work.

In 2011 the economy should grow by about the same amount. Ignoring the harbingers of gloom, those pessimistic forecasters who predict a double dip recession, in theory everything should feel about the same, but it won't. Most of the UK's recovery will be in exports and manufacturing and it will be distinctly difficult in the retail sector. With salaries remaining static everything else (ie inflation, taxation and unemployment) will be increasing, which means that disposable incomes will be squeezed like never before. The UK will certainly be in recovery, but it is highly unlikely to be a year for (High) street parties.

