



Crayola LLC
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Parent Company

Crayola became a wholly-owned subsidiary of Hallmark Cards, Inc. in 1984.

Subsidiaries

Crayola's subsidiaries include Portfolio Series and Silly Putty. Binney and Smith acquired the rights to Silly Putty in 1977.

Mission Statement

Crayola does not have a formal mission statement. This is probably due to the fact that they are a subsidiary of Hallmark Cards, Inc. If they were to ever formalize a mission statement it should be the following: "The business we're in: The best quality, safest products for colorful visual expression for enjoyment, learning and work."

Core competency

Crayola's core competencies, taken from the vision section the website, include:

Obsessed with Consumer Needs: Be passionate about meeting consumer needs. Constantly ask: What are the implications for the consumer? Take the initiative to learn about our consumers and competitors. Make decisions based on insights about the consumer. Proudly represent our brands when talking to others. Remind each other about the importance of the consumer.

Biased for Action: Be impatient and unsatisfied with the status quo. Move faster internally than the external world. Develop and implement impactful solutions. Exploit ideas and opportunities quickly. Take ownership and accountability for action and results. Act, learn, and make changes as needed.

Respectful of People and Ideas: Respect and value the diversity of people and their ideas. Trust others - assume positive intent. Act with honesty and integrity. Uphold your commitments. Honestly and constructively tell people how they are doing. Make the communities in which we work and live better places.

Innovative and Risk-Oriented: Encourage innovation from everyone and in everything we do. Generate and share creative ideas. Experiment, experiment, experiment. Create positive change that allows us to improve. Take enough chances that you sometimes fail. Be informed and take intelligent risks.

Think and Act Like Winners: Approach every task with a competitive spirit to win in the marketplace. Hate to lose. Deliver exceptional business and financial results to be the marketplace leader. Look for ways to win, not excuses for failing. Continually build your skills and capabilities. Be proud of others' successes. Have some fun everyday!

Collaborative and Team-Based: Proactively engage those outside your work area. Seek the opinions and feedback of others. Share knowledge to help others succeed. Communicate, communicate, communicate. Work with others to achieve business results. Be inclusive.

Major Products

Crayola's major products are the individual products from the Crayola®, Portfolio Series®, Silly Putty® and Model Magic® brands.

Target Markets

The target markets of Crayola include mothers, children and schools.

Mothers: aged 25-40, female, no college to college graduate, any ethnicity, single or married, working or stay at home mother, \$30,000-\$100,000+ income, any religion.

Children: aged 4-12, male and female, K-6th grade, all ethnicities, any religion.

Schools: 501(c)(3) non-profit schools.

SWOT Analysis

Strengths: Crayola is a trustworthy, household name. The company has a reputation for being family friendly. Crayola has a lot of brand equity; therefore little marketing needs to be done. Crayola has also penetrated the global market, with labels printed in 12 different languages.

Weaknesses: Some mothers feel that Crayola does not give enough “bang for their buck.” Also, Crayola’s products are mostly arts and crafts related. In today’s world, mothers have less time to spend doing arts and crafts projects with their children, and even less time to do the clean-up.

Opportunities: Crayola has the opportunity to acquire new companies, such as Rose Art. Also, they can always grow in terms of markets and products. Crayola is already operating in other countries, but could increase activity. Crayola is also expanding their product line, but should take into consideration the popularity of technology.

Threats: Being number one means that Crayola is the target of competition. Price competition is also a threat, especially in today’s economy. Because Crayola is global, they also face political pressures in other countries.

Marketing Mix

Product: Crayola has non-toxic, washable arts and crafts convenience products. On every Crayola package is a "Quality Guarantee" which reads "Binney and Smith guarantees the quality of all Crayola products. If this product does not perform properly, contact us at 1-800-Crayola."

Price: Crayola's pricing strategy is penetration. They have been around for over 100 years, and are an established company. Their product is also elastic. If Crayola started charging \$20 for crayons, then the demand for those crayons would diminish.

Place: Crayola sells their products to retail stores, through traditional distribution chains. To schools, office supply retailers and specialty markets. Overseas, Crayola sells their products through the international division.

Promotion: Crayola has advertisements on television. During the "Back to School" season discounts and in-store displays are plentiful. Every time Crayola introduces a new color or retires an old one, press releases are sent out and press coverage is plenty. However, because they are an established household name, not much promotion is needed; their product is selling itself at this point in time.

"Crayola draws on new ideas" –USA Today

What are their market demographics and psychographics?

Crayola has three target markets: mothers, children and schools. Crayola markets to all three target audiences. With their new product line, however, schools are not a target market.

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Crayola is in what state of the PLC?

When the *USA Today* article, "Crayola draws on new ideas," came out, Crayola was in the introduction phase of the product life cycle. The sales were low, there was little to no competition and Crayola had to create demand for their product. Crayola is currently in the growth stage of the product life cycle. Sales have increased significantly, there is more public awareness and now there are knock-off versions of their product.

How can we define their move from crayon to toys?

"Reinventing ourselves" as CEO Mark Schwab puts it. Changing reputation from "stodgy, buck-a-pack crayon company with tunnel vision and red-white-and-blue conservative values." Crayola most likely realizes that mothers are hesitant to buy their arts and crafts products because of cost, mess or time. Crayola created toys that are relatively cheap, are "mess-less," and does not require adult supervision.

Does this create a whole new stage of development?

Yes. Crayola is not a toy maker. In the article they were called "green" because they are novice when it comes to creating children's toys. "In the past, it licensed the few toys that bore its name. Now, it's making its own." Crayola not only needs to develop the product, they need to develop a new brand position.

Why the move from brand Binney & Smith to Crayola?

Crayola's parent company, Hallmark, decided to switch the brand name to Crayola for two reasons. One, many consumers were confused as to what Binney & Smith was, some consumers thought it was a new law firm, whereas others thought it was a doctor's practice. Two, Crayola is a world-famous brand.

Does Crayola have brand equity?

"To parents 'The Crayola name is like the Good Housekeeping Seal of Approval.'" The Crayola name has 99 percent recognition among U.S. consumer households, is sold in more than 80 different countries and represents innovation, fun, kids and quality.

Why do you think Crayola moved from school supplies to toys?

Crayola is moving from being an individual brand for one product line to being a family brand that means "colors, kids, and crafts." They also want to penetrate a growing market, instead of relying only on their "cash cow," arts and crafts supplies; Crayola wants to create a whole new image.

How have their 4Ps changed?

Product: Crayola is now focusing on developing toys instead of arts and crafts supplies. These new items are still convenience products. Crayola is also developing more flashy products (a burping pencil sharpener) to get away from their "stodgy... red, white, and blue conservative values."

Price: Crayola's new pricing strategy is skim. Because they are new to the toy market, they are setting their products at a \$20 level, but if they realize it is not selling, they will most likely lower the pricing in chunks, until they reach the price that has the greatest benefit for them. The price is still elastic.

Place: Crayola still sells their products to retail stores, through traditional distribution chains. However, they would no longer have much of a market for schools. Overseas, Crayola sells their products through the international division.

Promotion: With the new product line, Crayola has a lot more advertisements on television and sends out a lot more press releases. Because they are new to the toy market, they will have to continue to get their name out there, to change their customer's perceived value of their new toys.