

Mission

Create-A-Flag is committed to providing the consumer with high quality, instant custom flags at an affordable price, while adhering to ethical and conscientious business practices.

MARKET ANALYSIS SUMMARY

Consumers of the Create-A-Flag span a broad spectrum of ages, vocations and income levels. The various applications for the Create-A-Flag include social expressions & greetings, keepsakes, party supplies, advertising, school projects and organization events along with a host of other uses.

The industry arena for the Create-A-Flag is similar to the greeting card sector with the acknowledgement and expression of countless occasions, special events, holidays, and is based in the freedom to express one's creativity. Greeting cards are divided into two broad categories – seasonal cards and everyday cards. Total card sales are split approximately 50/50 between these two categories. The most popular seasonal cards are Christmas cards, followed by Valentine's Day, Mother's Day, Easter and Father's Day cards.ⁱ Sales of Create-A-Flag will follow similar sales patterns in the greeting sector.

Business marketing and branding will now be affordable to the small business owner with the quick customization process surrounding the Create-A-Flag. Specials, sales and seasonal offerings will easily be advertised with the Create-A-Flag technologies.

Working within the custom flag industry is an expensive and time-consuming process. Many Americans are not able or willing to pay the costs for a custom flag. The Create-A-Flag technologies bring an attainable and affordable flag into the homes and businesses of all Americans.

Market Segmentation

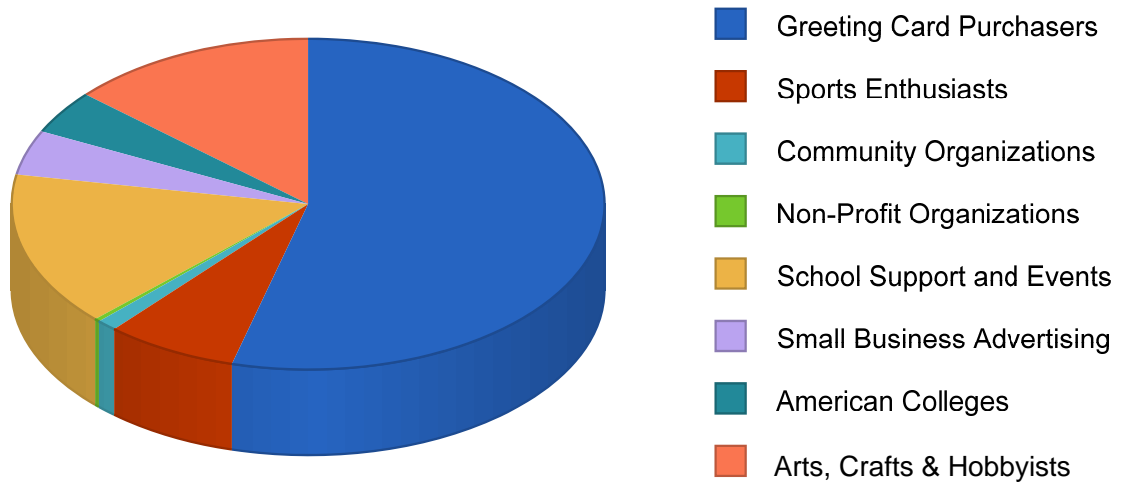
- **Greeting Card Consumers** ~ the average greeting card consumer purchases 30 cards per year; 20% give the greeting card as a keepsake item.ⁱⁱ The Create-A-Flag is more likely to be displayed by the 30% of recipients who hold on to their greetings "forever".ⁱⁱⁱ
- **Sports Enthusiasts** ~ there are approximately 94.4 million casual sports fans, 36 million serious sports fans, and 13.4 million obsessed sports fans. Sports enthusiasts show distinct purchasing patterns for branding initiatives that feature teams and athletes they support.^{iv} **The Create-A-Flag facilitates a conduit for team support and a one-of-a-kind memorabilia item for fans to have autographed by their favorite sports star.**
- **Community Organizations** ~ for example the Boy Scouts & Girl Scouts of America. Enrollment in these 95 year-old organizations is topping 5.5 million.^v ^{vi}The Create-A-Flag will be used in numerous applications with many organizations in their fundraising, community outreach and educational projects.
- **American Non-Profit Organizations** ~ nearly 1.5 million non-profit organizations, including private foundations and public charities, exist today. ^{vii}The Create-A-Flag will enable these groups to affordably and effectively create exposure for their special interests.
- **School Support and Events** ~ there are approximately 55 million elementary, middle and high school attendees in the United States.^{viii} The Create-A-Flag will be utilized for various school projects, spirit days and school sporting events. Classmates will also acknowledge their peers for all occasions, and teachers can gift the flags as accolades to students.
- **Small Business Advertising** ~ many of America's 22 million small businesses ^{ix}struggle with finding efficient and cost-effective branding and advertising. The fast, affordable and custom Create-A-Flag provides a versatile means of marketing a company's brand, sales and specials.
- **American Colleges** ~ this demographic exceeds 21 million students attending universities and community colleges.^x ^{xi}The college student craze over the Create-A-Flag is expected to be the fastest distribution in the mass market. These consumers are in a free expression point of their life, know technology and involve themselves in numerous events in which the Create-A-Flag will be used.
- **Arts & Crafts Hobbyist** ~ the Crafts market is a massive \$13.8 billion industry nearly half the size of the toy industry.^{xii}

Market Analysis – A Comprehensive View

Potential Customers

Market Segments	2008	2009	2010	2011	2012
Greeting Card Purchasers	270,900,000	279,027,000	287,397,810	296,019,744	304,900,336
Sports Enthusiasts	36,000,000	42,120,000	49,280,400	57,658,068	67,459,940
Community Organizations	5,568,963	5,680,342	5,793,949	5,909,828	6,028,025
Non-Profits Organizations	1,478,194	1,537,322	1,598,815	1,662,768	1,729,279
School Support and Events	55,000,000	56,280,000	60,628,400	63,047,252	65,538,670
Small Business Advertising	22,000,000	23,100,000	24,255,000	25,467,750	26,741,138
American Colleges	21,500,000	22,360,000	23,254,400	24,184,576	25,151,959
Arts, Crafts & Hobbyists	67,200,000	70,560,000	74,088,000	77,792,400	81,682,020
Total	479,647,157	500,664,664	526,296,774	551,742,386	573,831,367

Market Analysis



Industry Analysis

Hallmark and American Greetings lead the social expression and greeting industry. These industry leaders posted combined yearly revenues of \$5.9 billion in 2006, and account for about 79% of the \$7.5-billion market.^{xiii} Greeting cards are pre-printed messages for every occasion with very little room for personalization. Hallmark added printable cards in 1996^{xiv} and have continued to increase the number of templates each year with few additional features. According to Hallmark storeowners, these customizable cards are one of their best selling items. The Create-A-Flag will allow a consumer to share their personal messages, photos, and keepsake greetings *instantly* on their very own *custom fabric flag*.

Party supplies, balloons and seasonal expressions account for 23% of American Greetings' yearly revenue.^{xv} The Create-A-Flag will allow for personalized party supplies and seasonal novelties. Considering the world's current helium shortage^{xvi}, the timing couldn't be better to introduce the Create-A-Flag to the market.

The custom flag industry produces a product that is on every corner and is difficult to ignore. *When people see a flag, they take notice*. The expense and time it takes to obtain a custom flag has excluded the mass market of consumers from giving or receiving this type of social expression product. The Create-A-Flag permits the general public an opportunity to enjoy a simplified process in obtaining customizable goods while making it affordable for the general public to utilize this unique form of expression that has been virtually unattainable until now.

Competition and Buying Patterns

Create-A-Flag is the only instant custom fabric flag kit available to the mass market. The applications for the Create-A-Flag range across an extensive market and demographics from advertising to social expression.

The Spring & Summer months will generate more sales due to the increase of outdoor events and activities. Since the Create-A-Flag can be utilized to acknowledge birthdays,

holidays and special occasions, there will be a consistent pattern of sales with peaks during holidays and the summer months when custom and American flag sales peak. Small businesses will be able to Create-A-Flag quickly for changing markets and products, at a cost that fits into every company's budget.

The Create-A-Flag product features uniqueness, personalization, ease of use and affordability; these features will persuade the consumer to choose a Create-A-Flag over other forms of social & free expression, advertising or gift items.

Create-A-Flag will continue growth as consumer awareness increases. As a brand new one-of-a-kind product, there will be a slight period of consumer familiarity to the many uses and functionality of the Create-A-Flag. Recurring business will be a consistent factor of our sales as customers will continue to have new and repeat uses for the Create-A-Flag. Word of mouth is built into the product, as the Create-A-Flag will be flown at special occasions, sporting events, given as gifts, tucked into flower bouquets and displayed as keepsakes, not placed into a drawer.

Balloons deflate and flowers die, but the Create-A-Flag will always fly!TM

Got something to say? Just Flag It!

ⁱ Greeting Card Association (www.greetingcard.org) General Facts

ⁱⁱ Greeting Card Association (www.greetingcard.org) General Facts

ⁱⁱⁱ Barbara Miller Greeting Card Association Fact Sheet

^{iv} Mintel, *Sports Enthusiasts in the United States* July 2006

^v Wikipedia *Boy Scouts of America* http://en.wikipedia.org/wiki/Boy_Scouts_of_America

^{vi} Wikipedia *Girl Scouts of the USA* http://en.wikipedia.org/wiki/Girl_Scouts_of_the_USA

^{vii} National Center for Charitable Statistics Number of Nonprofit Organizations in the United States, 1996 - 2006

^{viii} US Census Bureau (<http://www.census.gov/prod/www/statistical-abstract.html>)

^{ix} America's Small Business Development Network (http://www.asbdc-us.org/About_Us/aboutus.html)

^x American Association of Community Colleges (<http://www2.aacc.nche.edu/research/index.htm>)

^{xi} National Center for Education Statistics (http://nces.ed.gov/programs/digest/d07/ch_3.asp)

^{xii} The Crafts Report Study by the Crafts Organization Directors Association May 2001

^{xiii} Greeting Card Association Fact Sheet (www.greetingcard.org/pdf/2007%20fact%20sheet%20grtng%20cards.pdf)

^{xiv} Microsoft Microsoft and Hallmark Connections Team Up to Offer Microsoft Greetings Workshop Sept. 1996

^{xv} Baseline "Stages of a Card's Life" March 2003

^{xvi} Helium Demand Ballooning (<http://www.photonics.com/content/news/2007/October/19/89406.aspx>)