

The Write Stuff

The Canadian Card Industry Newsletter

**Only through being Informed, Organized and Active
can we retake control of the Canadian card market
and then develop it to the fullness of its potential!**

No. 1 October, 2001

The Card Revolution... The Why & How of Change

Happily, there are many fine business people doing many good things in the world. Then, there's another bunch—heedless of their effects on nature, local economies or our communities, they use their vast wealth and power to see that *our* resources and markets build *their* economic empires. The tug-of-war to improve our lot by wresting power from such selfish people is the stuff of legends, and of the daily news. It's why we created the governments that they work ceaselessly to co-opt.

If we want more for ourselves and our children than low wage jobs, shuffling boxes in some transnational's warehouse, or ringing up our money for their coffers... If we want more than mind numbing sameness everywhere... We have to factor in the hidden costs of their low prices and convenience, then take steps to make our country and economy the way we want.

The card industry demonstrates how wrong things can sometimes go when gigantic corporations go unchecked. Almost 75% of the Canadian market is blanketed by two mammoth companies; Hallmark Cards and Carlton Cards (American Greetings). Neither of them produce cards in Canada. They control our market through exclusive contracts with our drug, grocery and department store chains, barring all other cards from over 10,000 retail outlets, the places where the vast majority of greeting cards are purchased.

In fact, Hallmark and American Greetings control 75% of the market in the entire English speaking world, confining the creativity of more than 3000 card publishers to the remaining 25%. The next biggest card company has about 1% of the market. Here in Canada, as in Australia and the US, where it's hard for a busy shopper to find anything but their cards, this dearth of choice has card sales per person per year stumbling along in the mid to low 20's. (In France, postcards rule.)

Our card market could be twice the size that it is. That's 1.3 billion dollars per year, instead of 650 million. The share of cards in the market that are made by Canadians could be several times its current 8-10%. In the United Kingdom, people use 42 cards per year. Why? Well, H&C's product from Kansas and Cleveland only make up about 1/4 of what's available there. And with eight times more independent card shops per capita than we have, people there can choose from the best works of a wide variety of publishers—the kind of selection that we expect to find in a good book or music store.

In early 1999, I resolved to challenge the status quo. After ten years of good sales in over 30 local Shoppers Drug Marts, renovations were pushing out a few of my small racks. Rather than replace the lost accounts, and wait for the ill-advised renos to revert, I chose to address the fact that, although my blank cards outsell Carlton's blanks, their exclusive contracts keep my cards off the regular card racks.

I asked people to write to Shoppers, to tell them they really wanted my cards to be available in their stores. Maybe, if I could get Canada's biggest card retailer to see the value of alternate cards, it would create a ripple effect throughout the market. Not a chance!

People did write, but Shoppers responded by kicking me out of all their stores. An overlapping letter campaign, to the Overwaitea Food Group, also fell on deaf ears. All told, this gambit cost me about half my business. In return, I had a letter from Shoppers, stating that they were simply complying with the terms of their "exclusive contract" with Carlton Cards.

Exclusive contracts, as it happens, are regulated by Canada's Competition Act. It was time to take this to the government, and to the press. Although I wasn't about to give up talking with the retail chains, it seemed that building an open market that offers people a real choice of quality cards would require some intervention.

The original two pronged plan remains in place. Get the Competition Bureau to do something about the business practices of Hallmark and Carlton, and get the Ministry of Canadian Heritage to work with us to get more Canadian content in our market. Heritage is *not* being asked to make a Canadian-only market. They're being asked to insure that when the market opens up to real competition, great Canadian cards don't stay sidelined because of bigger US and UK companies. We need help to build up our companies, so we can supply to more than the 8-10% of the market that we now do. >>

- P1 • The Card Revolution: A synopsis
- P2 • Do Cards Have Culture
 - Talking to the Ministry of Canadian Heritage
- P3 • News From The Competition Bureau
- P4 • It's Letter Writing Time
 - Feedback. Gotta Have It!
 - Next Steps... Jump In Anytime
 - Why Do I Bother?
- P5 • When Is A Mailing List Like An Association?
- P6 • Market Share Comparisons

In Sept. 99, I sent a letter to the Heritage Minister, suggesting content regulations for our industry. Along with five other card people, I also filed an Application for Inquiry with the Competition Bureau. With six signatories on the Application, the Bureau can use wider investigative powers.

I contacted the local and national media, too. The story was aired on CBC TV and ran in the major newspapers across the country—often on the front page, or the front business page. To make it very clear that my problems and desire for change are not unique, I set up a database of over 150—now over 250—Canadian card companies and asked everyone to sign and send copies of the Application and the Heritage letter. The response was very good. I also initiated a letter writing campaign from the general public, to make it clear to the ministers responsible that this concerns buyers as well as sellers. The assumption being, elected officials care more for public opinion than do corporations getting multi-million dollar bonuses for signing exclusive contracts.

So, eight months of work, six full time, saw the year end with the campaign well established—the Bureau was looking into Hallmark & Carlton. But, our sales were in terrible shape. No longer able to afford our main sales rep, I turned much of my attention back to my ailing business, but not all of it.

Now, 18 months later, there's a lot to report. ◇

Do Cards Have Culture?

I spoke with Annie Carruthers, Manager of Book Publishing Policy, at the Ministry of Canadian Heritage. We discussed whether they will take action and what that action might be. In order to bring greeting cards into their fold, as it were, we have to show them three things:

- 1) That our market is dominated by foreign owned companies.
- 2) That the foreign cards are not communicating our values.
- 3) That our cards can communicate Canadian cultural values.

Why, yes, Hallmark and Carlton do dominate our market, as the information we've provided to the Competition Bureau makes clear. The Ministry of Canadian Heritage is privy to the same information and are following the case. And, No, the dominant companies aren't communicating our cultural values; they aren't selling Canadian cards—not so as you'd notice.

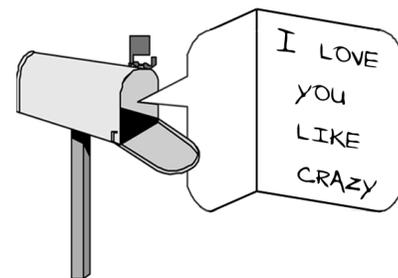
So, can our cards communicate Canadian cultural values? Yes, they can. When any medium presents cultural content in a way that connects emotionally with people, it is conveying cultural values. When we see great Canadian art, whether the themes are mundane or universal, it nourishes our expectations, builds our esteem and raises our national pride.

I know cards deliver their fair share of banality and schlock but, as with other media, they can't be dismissed for that. In fact, when assessing the merit of cards, we have to be aware that our general impression of cards suffers from decades of overexposure to just two companies' product. Among the other 3000 publishers are many quite able to correct this impression.

Good cards matter because feelings matter. Especially these days, when so many of us are so busy—our heads full of dollars and schedules and duties, we need to remember our feelings, and express them to our family and friends.

The potential of cards to convey basic human values, and cultural values, is so great precisely because of their connection to our feelings. As with the other types of media

—radio, books, galleries, TV, magazines, etc—cards provide a means for good artists to inspire us, tease us, make us laugh and help us to remember. Compare a day with only bills and flyers in the mail, to one with a card in the mail. Enough said.



Leonard Cohen, Margaret Atwood, Kurt Browning, Denys Arcand, Alice Munro, Wayne Gretzky, Stan Rogers, Stephen Leacock, Bill Reid, David Susuki, Gordon Pinsent, The Group of Seven, Terry Fox, Chief Dan George, Codco, Wayne & Shuster, Rocket Richard, Stompin Tom Connors, Peter Gzowski, Don Messer, The Guess Who, Atom Egoyan, Dr. Peter, Karen Kain, Gordon Lightfoot, Margaret Lawrence, Robert Bateman, Yousuf Karsh, Peter C Newman, Niel Young, Michel Tremblay, Tommy Hunter, k.d.lang, Arthur Erickson, Sarah McLachlan, Paul Gross, Marshall McLuhan...

The list goes on and on: so many passionate people, shaping this country and the way we see it. Household names, from many fields, but no card makers. Let's change that.

Since we share a neutered border with the world's most aggressive exporter of culture, we must recognize and support every single facet of our own cultural expression.

Each one is a vital touchstone amid the flood of homogenizing foreign content roiling over us. As I've said, seeing our place reflected back to us from the marketplace helps to strengthen our sense of uniqueness, our connection to our land, and our feelings of community. So, when we take some time in a card aisle on a busy day and focus on our feelings, our own words and images must be a part of that experience.

As an artist looking to get my words and images to the public, I considered a number of options—gallery shows, prints, books, and greeting cards. My goal was to reach as many people as possible in a way that was meaningful and affordable to them. I chose to start with cards, then add prints.

I've now sold more than half a million cards, in BC alone. Had I toured my photography to the province's galleries, about half as many people might have seen it—if I was well known. With an art book, I might have reached a few thousand people. My writing, in a book of poetry, might have reached a thousand people. The numbers tell me that cards are highly effective deliverers of our cultural values, and they can be far more so.

The Ministry is mulling over all of this. There's no obvious route for content regulations—as there is with music and the Broadcasting Act. Each of the provinces regulates their own retail trade, so I've asked the Ministry to help coordinate the effort to work with them. We also talked about setting up a juried show of Canadian cards, as a way to introduce our publishers' work to Canadian card distributors, and elevate the public profile of our industry.

Tell them what you think. Letter writing info on page 4. ◇

The Competition Bureau: Case Closed! Or Is It?

The bad news.

I have a letter dated June 13, 2001, from André Lafond, Deputy Commissioner of Competition, informing me “of the discontinuance of the inquiry into the sale of greeting cards under section 77 and section 79 of the *Competition Act*”.

Last Oct 17th, Michael Murphy, the lead investigator on our file, and his fellow investigator, Bahareh Tabrizi, were in Vancouver to meet with the heads of eight BC card companies. The previous week, they met with local card people in Alberta. The merits of our case were acknowledged, if reluctantly.

But, The Bureau has limited staff and resources, and some very big fish to fry. Bringing a case before a tribunal can mean preparing 100,000 pages of documentation, with no guarantee of the outcome. This tempers their enthusiasm. Mr. Murphy suggested that if the retail chains said a ruling against Hallmark and Carlton would not lead them to use more than one supplier, it was unlikely the case would go to tribunal. A ruling would be expected to be ineffective, thus a waste of time and money.

And, darned if that isn't what the retail chains told them. So, since exclusive contracts have hooked our retailers on the ease of one supplier and have *already lessened* competition, the Bureau has concluded that exclusive contracts are *no longer lessening* it. Competition exists because Hallmark and Carlton “are vigorous in their pursuit of market share.” Accordingly, the declining species in the Great Lakes should take comfort in knowing that zebra mussels remain vigorously aggressive.

The good news.

It's not over yet. We “may present a written request to the Minister (of Industry) to review the decision to discontinue... If in the Minister's opinion, the circumstances warrant, he may instruct the Commissioner to make further inquiry.” Well, I believe they do warrant and, with your help, I plan to make this clear to the new Minister of Industry Canada, Brian Tobin.

Also, the Bureau has determined “that both Carlton and Hallmark could be considered major suppliers of greeting cards and that the exclusive contracts could have an exclusionary effect in the market.” So we just need to emphasize that they've *already had* an exclusionary effect and, as The Act says, it's time to require the guilty parties to do whatever is necessary to restore competition. The retailers' stance is not the Tribunal's concern. Ending exclusive deals and their multi-million dollar bonuses—predatory pricing—will level the playing field. Then it's up to us to show the retailers that it will be worth changing their buying habits, because they can do better with other cards.

Some things to know before you write your letters. The Oct 17th meeting was a good opportunity to clarify our focus. We discussed how best to address, within the framework of The Act, what is so plain to common sense.

We filed under two sections of The Act but must use one, either “Abuse of Dominant Position” or “Exclusive Dealing”, The consensus was that Exclusive Dealing is the best fit.

We have to know the exact market we're referring to; what's the specific geographic area, what's the product, and its direct substitutes. *The area* is the whole country. *The product* is all wholesale greeting cards, except “dollar cards”.

Dollar cards are out because the alternate companies who pioneered this market feel they're holding their own and they don't want to be involved in this campaign.

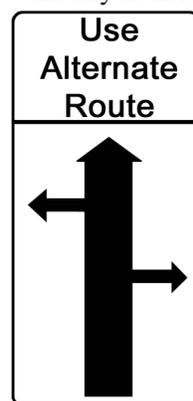
Retail cards are out because this is about getting access, as wholesalers, to the thousands of retail chain outlets where most card sales happen. The retail options available to us can not bring us the market share that our cards deserve and we don't want any nonsense thrown at us about them doing so.

We won't get cards to people by starting up rival card stores. The mere 10% of sales happening in card shops won't increase until we diversify the market and create more interest in cards. We won't reach everyone with cool websites. Nor will corporate sales—where the web can be a handy catalogue—resolve our dilemma. There are companies doing well in this branch of the market but it's no substitute for the wholesale trade. On the contrary, there are some companies now relying on corporate sales who would love a fair chance to compete in the mainstream.

We must say what H&C's exclusive dealing does to us. Document your lost sales, and your lost potential. Where could your card line(s) be now? Many companies seem unaffected, since they never try selling to stores with these contracts. Maybe they're put off by the uniformity of the cards in them or correctly assume that the stores won't buy their cards. Either way, their decision to never approach this lucrative market is a severe effect. Their avoidance of the mainstream exemplifies the pervasive, crippling impact of exclusive dealing.

Tell the Minister that you want the Inquiry to continue. Tell him about the impact on you, and that it matters to you that the industry could be twice its size, and more Canadian. And you don't have to be in the card industry to speak up. If you buy cards and want the selection of a bigger, more open market, tell him. I'm sure these things will matter to him, too.

See page 4 for letter writing information. ◇



This got the biggest laugh of the Oct 17th meeting:

Fast Food currently makes up 40% of the total restaurant market. If MacDonald's, now at 8%, plans to buy up all of the other fast food co.s and offer a menu, imported from Arkansas, that excludes the previous food choices, will the Competition Bureau okay this?

If A&W then plans to buy 35 of the remaining 60%

of our restaurants and run them on a very similar model, bringing the total fast food share to 75% (Hallmark & Carlton's share of the card market), will this be okayed?

If food choice is reduced, then customer disinterest shrinks the market to half its previous size, will the Bureau step in and restore competition to the market? Or just say Ronald & Root Bears' fight is competition?

It's Letter Writing Time Feedback. Gotta Have It!

The people in government and in the retail business who can make changes need to know that you want changes. Write them letters, or cards, and get others to do the same. Pass on this newsletter to everyone you know who's connected to the card industry; artists, employees, sales reps, suppliers and retailers. Pass it to everyone you know who cares about cards.

On the government side, send your letters to:

The Honourable Sheila Copps, Minister of Canadian Heritage
The Honourable Brian Tobin, Minister of Industry Canada—
House of Commons, Ottawa, ON K1A 0A6. Postage is free.

Important! If you don't need a reply, say so. We don't want to tie up their time writing letters to us. We want action.

On the retail side, send your letters to:

Terry McTavish—

Online contact@pendragonprints.com, fax 604.298.4435
or mail to 4412 Albert St., Burnaby, BC V5C 2G2.

I'll be forwarding your mail to the heads of about 40 major retail chains. I will also be sending it to the national trade magazines for the drug and grocery store industries. The editors are interested in this situation and, if they hear that it matters to enough people, will most likely do stories about it. These magazines go to drug and grocery stores across the country. It's a great way to inform people in the retail trade that you want their card sections to change.

I will also send it to the regular media across Canada. ◇

Next Steps...

There's a lot to do to keep this campaign moving forward and everyone's help is appreciated. We need to:

- **Form a professional association of Canadian companies.** The existing association represents Hallmark and Carlton, and 30 or so small companies. Obviously, it isn't about to tackle this problem. Does anyone have experience in this area?
- **Translate this newsletter, and all future writings.** Some people prefer or need correspondence in French. The person who was so ably doing it, is no longer in the card business. We need a volunteer or the money to pay for it to be done.
- **Set up a phone tree for prompt communication.** Sometimes, when things come up quickly, as the Competition Bureau meeting did, word needs to travel more reliably than by mail or email. If you would like to take care of calling 10 or so people in your area, should the need arise, let me know.
- **Form liaisons with other effected industries.** Printers, envelope makers, rack makers and paper makers all have a lot to gain. Let's talk to them, to their unions, their associations and trade magazines. I've started work on this but there's a lot yet to do. Would someone like to polish up a contact list?
- **Look into franchisee discontent about lack of control over "their" stores.** Franchise owners are pushing for fairness in franchising legislation to fight pushy head offices. We may be of help to each other. Would someone like to investigate?
- **Let our customers know that we value their support.** They're keeping Canadian card companies in business. With their continued support we can build a much better market. ◇

Without your feedback, there are three problems.

First: Both mail and email can be unreliable. I can only figure out who to re-mail to after I find out who got their mail.

Second: Phoning over 160 companies last year told me that most card people support this campaign. However, as it evolves, I need to know that it continues to have your support.

Third: I need to know if and when you're acting on the campaign initiatives. eg: writing letters to the Ministers.

Practically, I need to hear from you. I also *want* to hear from you. I'm curious about your feelings, thoughts and ideas. Don't assume that others will say what you want said.

Please make it a priority to at least acknowledge receipt of the mailout. Phone, fax or email me within a week. ◇

Why Do I Bother?

Ultimately, I'm fighting for change in the greeting card industry because of the rapidly mounting threats to the future of life on Earth. Really... In case the link between cards and survival isn't immediately obvious, it goes like this...

Despite how hard it is to focus on amid the press of other concerns, our planet's astoundingly complex and wondrous ecosystem is buckling from the strain of supporting humanity.

To grasp this incredible truth, as we must, we have to look past our borders and see our full, global impact. Then, to turn international exploitation and posturing into cohesive positive action, we have to see that we belong to one global community, and accept our shared duty for the wellbeing of the world. At the same time, we have to nurture our bonds to our own place on the planet; to our countries, our communities and our land. So that our love of home, our gut feelings for our piece of Earth, makes what is at stake for everyone real to us, and moves us to act, now. Simply reacting to the fallout from this crisis won't cut it. Some messes are too big to be cleaned up.

For 14 years, my greeting card line, Visible Changes, has been my way to do what I can to help. To illustrate the basic human themes that are shared across all cultures, my nature photography of Canada is wed to the wisdom of China's nature based oracle, *I Ching*. To make it easier for people, wherever they live in Canada, to identify with the images on the cards, the text is in English and French. To better arouse and affirm the feelings people have for nature, I'm in a market based on emotions. (The cards also create some local value added work and, properly distributed, can fund other ecological programs.)

Mail from across the country confirms that the cards do make a difference. And it could be a bigger difference, *but*, two huge foreign based multinationals say my Canadian made cards, showing the spirit and beauty of our land, can't be sold to Canadians in the Canadian chain stores where they usually buy cards. This is *not okay* with me! In fact, I've yet to find anyone, outside of Hallmark, American Greetings and the chain stores, who thinks it is. So, I'm fighting globalization. The front lines of the battle for Earth are right in my backyard, and yours. ◇
For the longer (yet riveting) version, go to: <http://pendragonprints.com/MakeChanges/ChangeStuff/WhatImOnAbout-web.pdf>

When Is A Mailing List Like An Association?

When it's a conduit that enables a group of people to communicate and work together towards common goals. I hope this simple fact will encourage you to take my humble 'card people' mailing list as seriously as I do. In spite of my personal bias toward the informal, my contact with other organizations, from the government to the press to writers and photographers, impressed on me how unusual our lack of organization is, and that we should change this. So, I had hoped to do the leg work to set up a professional association, but found it would take more time and resources than I could muster. I imagine an association with a core membership of card artists, publishers, distributors, and sales reps. With affiliate memberships for related industries; printers, paper makers, envelope makers, rack makers and card retailers. And with supporter memberships for individuals or associations who care about what we're doing and want to stay informed of our progress and of what they can do to help out. But, with everything on my plate, this will have to wait until someone else steps forward to do it.

In the meantime the three mailing lists—core: almost 300 companies and individuals, affiliate and supporter: about 200—are the gluestick of this operation and I want your help to make sure that they are as complete and accurate as possible.

If would like to be put on—or taken off—the mailing list, or if your information needs to be updated, please fill out the form below and fax, mail or email it to me. Please pass this on to artists, agents, suppliers: anyone with a stake in this.

Category: Core ___ Affiliate ___ Supporter ___ Take me off list ___

Contact person: _____

Company: _____
(if applicable)

Business: _____
(publisher, distributor, etc.)

Organization (if any): _____

Address: _____

City: _____

Province: _____

Postal Code: _____

Phone: _____

Fax: _____

Email: _____
(easy, fast, cheap)

Website: _____
(will go on my links page, if you want, second home to over 60 companies)

I would be interested in a new Canadian greeting card association if one were formed: Yes ___ No ___

My Action Check List

1. If this came from Terry, tell him it was received.
2. Complete and return this form to update info, or to get on mailing list.
3. Write letters to Ministers and Retailers. One letter could do for all three.
4. Let Terry know if I can help out with any of the Next Steps.
4. Give Terry feedback and any suggestions I have.
5. Send Terry a blank cheque, or consider giving him a cheap loan.

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Contact: Terry McTavish, contact@pendragonprints.com, 604.298.4425, fax 4435, 4412 Albert St, Burnaby, BC V5C 2G2. Go to pendragonprints.com to see my cards and prints. You will also find links to other independent card companies. Click on Revolution for more information about the campaign to change the card industry. You'll also find What I'm On About: The Long Version, links to related websites, interesting info and some specific things that we can do to make a difference.

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It has long been my goal to have my cards support my activism—a good use for money raised with the beauty of nature. But, action was required before they were ready to carry the weight. The card industry campaign has already cost over \$150,000. Money that we don't have. In order to relieve debts and print more cards, to keep our business growing so that it can carry the load, we want to recover at least \$50,000. If you can help us out, it will be greatly appreciated. We will happily receive gifts of money, big or small. We will just as happily sell you some boxed cards—details are at the website. Shameless plug: We'd love to hear from card retailers and from interested card sales reps who like the line—we pay well.

Market Share Comparisons

The balance of market control in various creative industries

