

Entrepreneur Battles U.S. Greeting-Card Goliaths

You probably don't know Terry McTavish, a Burnaby entrepreneur and photographer. But you've likely seen his company's greeting cards if you're a regular customer at Shoppers Drug Mart, Save-On Foods, Pharmasave, or Mountain

Business
CHARLIE SMITH

Equipment Co-Op. His company, Pendragon Prints, produces the "Visible Changes" cards, which feature dazzling photographs of nature scenes across Western Canada; on the back, you'll find brief messages from the *I Ching*, which complement the pictures. Every year, about 80,000 of these cards are sold across the province.

For the past decade, McTavish has held his own against the multinational giants of the greeting-card industry, Carlton Cards and Hallmark. It hasn't come without sacrifices. His wife, Joan MacLean, juggles bookkeeping responsibili-

ties while raising a four-year-old son and seven-month-old daughter; McTavish is so busy running the company that he only gets into nature for one or two weeks a year to take photographs.

McTavish attributes part of his success to cooperation he has received from various store managers—as well as from the regional staff with Shoppers Drug Mart and Save-On Foods. But changes in the industry have made life far more difficult. He said that Carlton Cards—a subsidiary of American Greetings Corp.—has signed exclusive deals with Shoppers Drug Mart and Overweitea Foods and Save-On Foods. As a result, McTavish's cards are no longer allowed in those stores.

He said what's frustrating is that on a sales-per-square-foot basis, his card sales, even at their slowest, are double the overall sales-per-square-foot numbers produced by Shoppers Drug Mart throughout its operations. Shoppers Drug Mart officials at the head office in Toronto did not return a call from the *Straight* by deadline.

McTavish said that Save-On Foods officials are prepared to discuss this situation with him later this summer. But he said that he has been brushed off by Shoppers Drug Mart CEO David R. Bloom.

In the meantime, the U.S. parent company of Carlton Cards has announced that as of March 1, 2000, it will no longer make any more cards in Canada. In a June 23 news release, American Greetings (NYSE: AM), announced a "restructuring" so that all of its products sold in Canada would be manufactured and distributed from the United States. Carlton Cards' Ontario-based Canadian operation will lay off 650 employees, but keep another 3,000 staff in sales, distribution, and retail operations. Two days after American Greetings announced the layoffs, the board declared a 5.2-percent increase in the quarterly dividend.

Most of us don't think of greeting cards as a representation of Canadian culture in the same way as books, movies, and music. But McTavish makes a pretty good case when he pulls out a sample of his

cards. He doesn't use filters or touch-up his photographs, which are often taken at dawn or dusk to take advantage of the best natural lighting conditions. The cards are a hit with tourists, who marvel at the images of our waterfalls, ocean sunsets, rainbows falling over forested islands, rollicking waves pounding the shore, sunlight peeking through old-growth giants, and plenty of wildlife indigenous to Western Canada. Unlike many greeting cards from the multinationals, McTavish's cards are blank inside.

Recently, he wrote a letter to Heritage Minister Sheila Copps to urge her to take up the case of Canadian greeting-card creators. He has also filed a complaint with the federal Bureau of Competition Policy, alleging that the two giants, Hallmark and Carlton Cards, are violating the Competition Act with their exclusive deals. He said the two companies already control 75 percent of the greeting card industry in Canada, and fears that their dominance will increase if more giant retail chains push out the Canadian cards. If the giants get their way, almost all

the greeting cards sold in Canada will be mass-produced in the United States, reducing employment opportunities for Canadian photographers, illustrators, and cartoonists.

Part of the problem, he said, is that women buy 80 to 90 percent of greeting cards, but it's usually male executives in the retail chains who make big buying decisions. In one of his letters to David R. Bloom of Shoppers Drug Mart, McTavish pointed out that U.K.-based W. H. Smith enjoyed double-digit card sale growth in its 700 stores over the past two years after adding more independent lines.

If you want to give Terry McTavish a boost, you can join his new campaign on behalf of the greeting card industry by phoning him at 298-4425, or e-mailing him at mailbox@pendragon-prints.com. He said he would appreciate it if you could also tell David R. Bloom to open up space in his stores for Canadian cards. Mr. Bloom's address is Shoppers Drug Mart at 225 Yorkland Blvd., Willowdale, Ontario M2J 4Y7. Better yet, send Mr. Bloom a card. A Visible Changes card. ■

The ice is broken; the first article about the challenge to Carlton and Hallmark is out there. If you don't know the Georgia Straight, it is a well regarded paper with a readership of about 100,000 in the lower mainland of BC. Kudos to Charlie Smith for a job well done. When you get press, there's always nervousness about the tone a piece will take, whether it will be accurate, whether the important points will be hit, but he's pretty well on the mark.

In future interviews, I will want to make it clearer that exclusive contracts are nothing new and Canadian companies are already barred from most retail chains, that Shoppers has kicked me out of their stores for speaking up, that I may have initiated the submissions to the Heritage Ministry and the Competition Bureau but will be joined in these calls for change by card companies from across the country, and that there are letter writing campaigns under way to show the Ministers of Canadian Heritage and Industry that people support the changes we are looking for.