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▼ A CLOSER LOOK

Card giants stack deck on locals

B.C. GREETING CARD maker Terry McTavish started out just wanting to make a case for holding on to his rack space at Shoppers Drug Mart stores in the face of a corporate edict this spring to "declutter."

Instead, he and his ilk have been banished for good from the drugstore chain. And a growing number of retailers are following suit, not wanting to risk the wrath of U.S. card monoliths Hallmark and American Greetings.

Sales of greeting cards produced by the two companies account for three-quarters of all card sales in Canada and the U.S. The multi-billion-dollar industry brings in \$450 million a year in Canada alone for Hallmark and Carlton Cards — the Canadian arm of American Greetings — and neither company is likely losing sleep over McTavish's \$120,000 market share.

But in the process of competing with each other, Hallmark and Carlton are crushing small independents underfoot. In their version of corporate exclusivity, there's no room for anyone else.

When McTavish heard about renovations at Shoppers that included getting rid of the aisle-end "sidewinder" racks holding his Visible Changes line of cards, he wrote to the chain's head office asking for a reprieve. Instead, he got a letter informing him that Shoppers has had an exclusive contract with Carlton for 25 years, and that his cards never should have been sold in the store in the first place.



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McTavish contends such deals are a breach of the federal Competition Act, and he's now rallying Canada's 150 independent card makers to fight off an American invasion. With many of the country's 40 largest retailers now stocking only Carlton or Hallmark cards in their 10,000 outlets, McTavish says Canadians are being shut out of the business.

His threats must be resonating up there in the land of head offices: Shoppers quit talking about Carlton exclusivity in its subsequent letters to McTavish and instead says his cards were pulled because they didn't sell well (even though his sales per square foot are more than double the Shoppers average).

Carlton isn't commenting on its contracts, and Hallmark denies any exclusivity deals. But the company does insist on supplying retailers with all the display racks for its cards, and McTavish says it's not just a coincidence that the amount of space the racks take up is exactly how much space a retailer has for all card sales.

McTavish would rather be taking nice photos for his greeting cards than battling corporate gluttony, but he sees his 11-year-old business, Pendragon Prints, collapsing if something doesn't change. Two Canadian distributors have closed shop in the past year after Hallmark bought up their major suppliers, and recent enforcement of Carlton's exclusive deals with Shoppers and Save-On-Foods have cut sharply into McTavish's business.

"We'd like our business to be bigger, but at least we've been getting by. Now, we're really in trouble," says the Burnaby card maker. "There's nothing wrong with competition, but this is a scorched-earth policy. Wherever you find a place to sell your cards, Hallmark and Carlton will be coming in soon after to take over."

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