



Diana L. Haytko, Missouri State University

ABSTRACT

This case provides detail on a new product launch of Hallmark magazine by the Hallmark card company. The goal of the magazine is to tap into the outstanding female customer base developed through years of business in the brick and mortar store. The company believes that this target market will easily make the transition to another medium as long as it comes with the well-respected Hallmark brand.

APPROPRIATE COURSES

This case can be used in any marketing course, but is best suited to the Principles of Marketing and Principles of Advertising courses. The key issues discussed in the case are competitive analysis, new product development, target markets, brand equity and media vehicles.

LEARNING GOALS

The learning goals associated with the case are to gain an understanding of the important criteria and decision-making processes involved in launching a new product. An understanding of competitive analysis, target marketing, and translating brand equity into new areas of business is key to determining the success of any new product.



INTRODUCTION

Company History

Hallmark Cards, Inc. was founded in January 1910 by Joyce C. Hall (1891-1982). “Joyce C. Hall lived the American dream” (Joyce 1). He overcame poverty and a lack of formal education to become a very wealthy and profitable man. Joyce was the youngest son of George Nelson Hall and Nancy Dudley Houston Hall. His family was religious and very poor. After his initial venture of selling perfume to neighbors, he was a clerk at his brother’s bookstore after school. At the age of 16, Joyce and his two older brothers, Rollie and William, opened the Norfolk Post Card Company. The market for imported cards was narrow and the new business was hanging on a meager line. At the age of 18, in January 1910 he dropped out of high school, and boarded a train for Kansas City with two shoe boxes full of post cards. After calling on several small shops, business picked up and became promising enough that his brother Rollie joined him the following year. They opened a specialty store in downtown Kansas City selling post cards, gifts, books and

stationery. On January 11, 1915, five years and a day after Hall's arrival in Kansas City his entire inventory was wiped out by a fire. After taking out a loan, they bought an engraving firm that started the creation of the first original Hallmark designs. After going against what others advised him to do, Hall advertised and established Hallmark as the most recognizable brand name in the industry. He was also warned against the television show, but decided to do it anyway. "He launched "Hallmark Hall of Fame," which for nearly 50 years has brought to television great works of Shakespeare, Ibsen, Shaw, to name a few, and earned nearly 80 Emmys" (Joyce 2). He was very active within the company until his death on October 29, 1982, at the age of 91 (Joyce 3).

Joyce C. Hall was succeeded by his son Donald J. Hall as chairman and CEO from 1966 until 1986. He presided over a period of explosive growth, and continues to influence and shape the company as chairman of the board. In 1984, Hallmark acquired Crayola Crayon maker Binney and Smith. In 1986, Hallmark introduced Shoebox Greetings, a line of nontraditional cards. Irvine O. Hockaday replaced Donald Hall as CEO the same year (Hall continued as chairman). Hockaday helped unveil Hallmark's website, hallmark.com, in 1996 and began offering electronic greeting cards. Hallmark acquired The Picture People and Christian greeting card maker DaySpring Cards, and also introduced Warm Wishes, a line of 99-cent cards. The company then unveiled the Hallmark Home Collection, a line of home furnishings. In 2001, Hockaday retired as president and CEO and vice chairman Donald J. Hall, Jr. took the additional title of CEO in early 2002 (Hallmark Cards 2).

A Creative New proposal Using a Different Media Vehicle

Hallmark Cards, Inc. introduces a new women's lifestyle publication due to launch this September/October 2006. This magazine will hold a unique position in the women's lifestyle category due to its distinctive editorial point of view around home, food, decorating, relationships, entertainment, and self. Hallmark magazine will go a step further than just providing readers with basic how-to information, by reminding readers why these connections are so important (Hallmark Magazine 1).



CURRENT COMPETITORS

Hallmark Cards, Inc.

According to the research found from Hoovers, A D & B Company, the top three competitors listed in the greeting card industry are American Greetings, CSS Industries, and Taylor Corporation. These companies are considered competitors to Hallmark because they produce products of similar price and quality. They are also involved in the production of similar products outside of the greeting card market. American Greetings is the #2 U.S. maker of greeting cards behind Hallmark. The subsidiaries that fall under American Greetings are Carlton Cards and Gibson Greetings. Although greeting cards make up more than half of their sales the company also manufactures DesignWare party goods, GuildHouse candles, PlusMark gift wrap, and Designers' Collection stationery (Anderson 1). CSS Industries was originally founded as a furniture and department store, but shifted gears through the acquisitions of The Paper Magic Group, Cleo, and Berwick Offray. Their main focus is seasonal and

everyday decorative products such as gift wrap, gift bags, ribbons, bows, and cards, as well as floral, craft and packaging items (Colbert 1). The Taylor Corporation owns wedding invitation printer Carlson Craft, whose subsidiaries print wedding invitations, brochures, gift wrap, stationery, business cards, calendars, and gift items. Taylor also holds Current, a desktop publishing paper maker PaperDirect, and G.Neil, a catalog order business focused on human resources products (Woodruff 1).

Hallmark Magazine

Hallmark Magazine will have several direct competitors when entering an already competitive industry. There are numerous publications directed towards females, supplying information in every aspect of life. Hallmark is making an effort to not only touch on all aspects of life, but to reinforce why these daily connections are so important. Although they are branching from the familiar Hallmark Cards, to a Hallmark Magazine, they are continuing Joyce C. Hall's motto of quality. In his autobiography *When You Care Enough*, Hall wrote: "If a man goes into business with only the idea of making a lot of money, chances are he won't. But if he puts service and quality first, the money will take care of itself. Producing a first-class product that meets a real need is much stronger motivation for success than getting rich" (Joyce 1). Don Hall, Jr. believes that Hallmark magazine provides a strategic opportunity to being Hallmark's brand to life in a new and meaningful way with an important consumer segment. Hall stated that "Over the years, people have come to trust Hallmark to help them express themselves, celebrate life's seasons and connect with those that matter most. Through Hallmark magazine, women will

begin to see a new face of Hallmark but one they can continue to trust for insight into relationships, emotional connections and expressions of caring" (Hallmark Magazine 1).



New Magazine Launch

As always expected, Hallmark has done its homework in preparing for this new magazine launch later this year. Several steps have been taken in strategically planning this new approach, test issues being the first. In 2003 and 2004, Hallmark published three test issues via Time Inc.'s custom publishing operations. After placing these three issues, focusing mainly on relationships, home, crafts and food, consumer's response to the publication's unique voice and real-world storytelling established that the time was right for a new type of women's magazine. "In testing, Hallmark magazine's unique editorial voice proved compelling as measured by consumer feedback, subscription response rates, and newsstand sales. External direct mailing lists, traditional newsstand outlets, Hallmark's own extensive database and its network of Hallmark Gold Crown stores

proved their value in driving awareness and circulation” (“Hallmark” 1). Hallmark is now putting together its very own full-time staff to produce a new version of Hallmark magazine on its own. Several critics have stated how Hallmark is moving in the wrong direction, opposite of those who are taking print brands and digitalizing their content for television or the internet. Hallmark remains confident in the idea that they have a market for their product. Several details remain undetermined such as circulation, distribution and frequency. Hallmark believes that this magazine will not only promote its name, but also fill a gap in the market. (Ives 2).



The majority of feedback for the new magazine launch has been positive, however, there are always two sides to the story. Some people believe that Hallmark’s venture away from TV and Internet is a move in the wrong direction. George R. Sansoucy, an experienced print and media services consultant, said “It seems counter to the current industry trend, which is

essentially taking the strongest brands out there, many of which were birthed in print, and expanding them into television, online and other media offerings” (Ives 2). Mr. Sansoucy believes that Hallmark has a very strong brand name and is well recognized, but will need a unique voice if they want to survive the densely packed women’s lifestyle category. In the past Hallmark has been well known for doing things advised against, this can just be added to the list, because this method has worked thus far. Money was also discussed as an issue, but with the recent sale of the Hallmark Entertainment unit, which produces movies and miniseries for networks, that is not an issue, nor was it really because Hallmark is a very financially sound corporation. This new magazine will be a new way for Hallmark to reiterate its core meaning of quality and customer satisfaction. With the new magazine, Hallmark will be provided a business growth opportunity that will be supported by circulation and advertising revenue. Publishing experts will be in lead development of the magazine that will be headquartered in New York. Hallmark magazine will be available through subscription as well as in booksellers, grocery stores, drug stores, mass merchants and Hallmark Gold Crown stores across the country (“Hallmark” 2).

CONCLUSION

Hallmark Cards, Inc. has enjoyed several years of success using different media vehicles. As Hallmark has been known to do in the past, it will continue to branch out and produce new ideas and use different methods to portray its messages. Hallmark Cards, Inc. was a company first started by one man that had a vision to always produce “a first class product that meets a real need” because as Joyce C. Hall said, “it’s much

stronger motivation for success than getting rich” (Joyce 1). This motto continues to hold true today as Hallmark carries a reputation for being the most well known and always ensuing quality products. With the new addition of the Hallmark magazine, Hallmark will focus on marketing their new product and concentrate on becoming a top magazine choice for women.

Discussion Questions

1. What is your evaluation of the foundation of Hallmark Cards, Inc.?
2. Analyze Hallmark’s current competitors.
3. What are some key elements that Hallmark must focus on with launching the new magazine?
4. Why would Hallmark want to go against common trends within this market?
5. What kind of growth strategy would best describe Hallmark’s process?
6. How did Hallmark go about testing this product in the market?

Activities

1. Take on the role as CEO of Hallmark Cards, Inc. What approach would you take in creating a new product line or expanding into an existing area with the Hallmark brand? What type of marketing plan would you implement?
2. Have you heard of Hallmark products before? Have you purchased or received a greeting card? Were you satisfied with the product that you bought or received?
3. What is your favorite memory that includes Hallmark, whether it is in print, television, radio, or internet? If you don’t have one what does Hallmark mean to you?

4. Have you ever visited a Hallmark Gold Crown Store? Do you purchase things such as magazines or greeting cards at your convenience or do you go out of your way to buy these items?

Decision-Making Questions

1. What other media vehicles could Hallmark use to promote its products? What other ways would you try to market Hallmark in the future?
2. Where would you place Hallmark in the BCG Matrix? GE Matrix? Or the Ansoff matrix?
3. If you were the President of Hallmark, how would you try to segment the market? What other markets would you target?
4. How does having online access to thing affect your life? Would you be less interested in a new magazine if you couldn’t access it online?

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