

**Written Comments to:  
The Federal Trade Commission  
From Hallmark Cards, Incorporated  
In response to the Workshop:  
*"Information Flows: The Costs and Benefits to Consumers and Businesses of the Collection and  
Use of Consumer Information"*  
Held June 18, 2003**

Chairman Muris and Commissioners Anthony, Leary, Swindle and Thompson:

For nearly 100 years, Hallmark been a communications pioneer in an industry that enriches people's lives. You find the Hallmark name in stores, in your mailbox, on the Internet, on your television. All that we do to help people communicate with one another is done with great respect for and a deep understanding of people and their needs in their personal lives.

For this reason, the following comments to the Federal Trade Commission are in response to the workshop: "Information Flows: The Costs and Benefits to Consumers and Businesses of the Collection and Use of Consumer Information." We want to communicate Hallmark's approach to balancing a business need for gathering basic information with our consumers' needs for information about Hallmark products and services. Hallmark's holdings are diverse. The Hallmark family of companies includes our North American businesses, wholly owned subsidiaries, such as Binney & Smith and Hallmark Entertainment. Hallmark's North American businesses include: Hallmark.com, Halls Department Store, Hallmark Canada, Interart, Image Arts, Dayspring, The Picture People, Gift Certificate Center, Irresistible Ink and William Arthur.

We are concerned that policy makers, in an attempt to overcome the abuses of the lowest common denominator of business consumer information practices, will develop legislation or regulations that inhibit the relationships Hallmark develops and nurtures with its consumers. We urge you to reject that common practice; rather we encourage you to make policy that fosters the important relationship that reputable businesses have with their valued consumers.

At Hallmark, we work to nurture our relationship with consumers because the information they voluntarily share with us is integral to creating new products and services. The philosophy supporting our corporate privacy policy is to maintain the highest level of consumer trust in the Hallmark brand.

With this premise, our one-to-one marketing efforts are built on the foundation of strong consumer relationships. We gain from consumers as we assist them with their personal communication needs. We do not sell consumer information, and we provide it only to a select group of companies – with the consent of the consumer – who are trusted business partners, such as independently owned Hallmark Gold Crown stores.

Hallmark adopted its corporate operating privacy policy, which was officially adopted in 2002. However, prior to that time a variety of privacy policies written by individual Hallmark business organizations – all designed to protect consumer information – were in effect. Hallmark communicates the corporate policy to all employees and its business organizations and consumers have access to it online at Hallmark.com and by telephone at 1-800-Hallmark.

The value of the information consumers provide Hallmark is obvious. Providing good products that consumers want is just good business. We help our retail partners, the Hallmark card stores, to strengthen relationships between consumers and stores in their community by developing retailer programs using retail information specific to their trade area. Helping these successful small businesses results in revenue growth for Hallmark and its retail partners. The network of 4,300 independently owned Gold Crown Card stores generates nearly \$2 billion in retail sales annually.

Hallmark offers a Gold Crown Card Loyalty Program for its consumers. More than 10 million consumers who have enrolled in this program generate hundreds of millions of dollars in sales every year for independently owned Hallmark Gold Crown stores and Hallmark. The program offers consumers rewards, advance notice of events and new products/services and special offers. To join the program, a consumer provides basic information, e.g. name, address. The consumer does not provide any financial information, such as a credit card number or social security number.

Hallmark's privacy policy gives consumers a choice about whether to receive marketing information. We respect their choice. Typically, less than one percent of Hallmark Gold Crown Card Club members opt out of receiving marketing communications. We also limit the frequency of contact with the consumer, so the communications the consumer receives are not overwhelming.

The cost and complexities of managing consumer information also are important considerations. Hallmark invests a considerable amount of financial and personnel resources to collect, organize and store the basic information it collects from consumers. Actions that complicate data collection and information management systems would be counter-productive for the business and could result in fewer consumer benefits.

There has been considerable debate about collecting and using consumer information. Proponents of strict opt-in laws and rules are focused on exceptional situations rather than the widespread business practice of carefully managing consumer relationships. With established business relationships, consumers are more likely to respond to offers and discounts. By way of example, Gold Crown Card members' spending is almost double what non-Gold Crown Card members spend in Hallmark Gold Crown stores. Response rates from Gold Crown Card members can be as much as 10 times greater than the response rates from non-members. Clearly, our relationship with Gold Crown Card members is key to maintaining and boosting the sale of Hallmark products.

We appreciate the opportunity to comment on potential information collection public policies that would affect consumers and businesses. We believe public policy makers should reject as inferior policies seeking to overcome the abuses of the lowest common denominator of business consumer information practices. Thus we urge the Federal Trade Commission to adopt policy that protects the important relationships that reputable businesses have with their valued consumers.

Submitted by: Steve Doyal, Senior Vice President, Public Affairs & Communications  
Hallmark Cards, Inc.  
2501 McGee  
Kansas City, MO 64108  
(816) 274-4314

Comments to the Federal Trade Commission by Hallmark Cards, Incorporated

July 17, 2003

Page 2

email: [sdoyal2@hallmark.com](mailto:sdoyal2@hallmark.com)