

Creating a Niche for Your Craft Business Online

Module 3: The Importance of Marketing

Say	Do
<p>After completing this module, the participant will know:</p> <ul style="list-style-type: none"> • how to develop a marketing plan, • how to do simple market research, • how to identify the target consumer, • how to market online and offline, and • how to apply to the craft business. <p>Do you wish you had more customers and more sales? In your current business, how confident are you that your marketing strategy is working? Do you have a strategy? If you have a Web page, how confident are you that your online marketing strategies are working?</p> <p>If you answered, “I don’t know” or “I’m not confident,” you are not alone. In a study by Web Trends, www.WebTrends.com, over 25 percent of large company marketing directors admitted they were “flying blind.” In other words, they did not know how to track and interpret the data that their Web pages collected about online shoppers.</p> <p>Building a Base for a Marketing Plan What is marketing? It’s everything you do on behalf of the business. It includes promotion, price, place (storefront or online), and position.</p> <p>Before you can make a plan, decide whether you are a hobbyist or own a serious business. If you want to do business, then do your homework before for the business plan before developing the Web site.</p>	<p>Slide 1: Welcome</p> <p>Slide 2: How to Market Your Craft Business Online</p> <p>Slide 3: Marketing My Business</p> <p>List all of the different kinds of marketing that you do for your business (10 minutes activity)</p> <p>Slide 4: Are You Flying Blind?</p> <p>Slide 5: Do You Have a Plan?</p> <p>Slide 6: Hobby or Business?</p>

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<p>There are three categories of consumer characteristics that are studied extensively:</p> <ul style="list-style-type: none"> • Demographics: the common types of information you would expect to be asked in a survey or the census (age, income, education, race, gender, education, number of children, income, etc.) • Psychographics: how people like to spend their time (i.e., entertainment; where they travel; what they read; whether they attend festivals and fairs; which indicates that they prefer to spend their leisure time shopping or experiencing the local culture.) • Values: family, time, beliefs <p>There are resources for the artisan to learn more about the craft industry and its customers.</p> <p>Consumer Trends in Internet Use</p> <p>Sixty-four percent of U.S. households have access to the Internet. Seventy-three percent (as of April 2006) of the U.S. population accesses the Internet from some source. Although the trend toward use is slowing, what is changing is the number of households that have access to broadband or high-speed internet. Research shows that those with broadband access to the Internet shop more often.</p> <p>About 18 percent of households use computers but choose not to have connectivity.</p> <p>Other marketing research reports that consumers use multiple channels to shop. <i>Multi-channels</i> simply means that they use many sources to obtain information before they buy. They use in-store technology—perhaps there is a kiosk where you demonstrate the art process via DVD. Or they are looking for information via cell phones, or use Internet access while traveling. They want a simple process to find information, and they want it</p>	<p>Slide 11: More Resources for Artisans</p> <p>Slide 12: Who is Using the Internet?</p> <p>Slide 13: Internet Usage by Age Group: Who Are Your Customers?</p> <p><i>Activity:</i> Have class find listings of search engines. Hint: Go to www.searchengine.com for a complete listing of types of search engines.</p> <p>Slide 14: Target “Everyone” – NO</p>

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<p>instantly. They then go to brick-and-mortar locations prepared to shop and buy. These shoppers are demanding the same of Web stores. Marketing efforts should be targeted to those who fit the profile for purchasers of your craft. Among the groups I've just described are educated, wealthy, young people.</p> <p>Many studies have developed lists to profile how consumers of the Internet rank usage. Generally, the preferred activities include searching, information, communication, socialization, and shopping.</p> <p>One word of caution—our perspectives of how we use the Internet should not be confused with how the global population uses the Internet. As a creator and seller of handcrafts, you likely have strong beliefs about the value of your medium, your skills and about your use of the Internet related to your craft business. It's easy to think that others feel the same way you do. As in any business, the customer must come first. You must look at your business from the outside (customer's viewpoint) to better understand how customers may see your business, in the store and online.</p> <p>Analogy. If you're fishing, you have to think like a fish. To think like a fish, you have to know a fish's habits and habitat. Do they hide behind rocks or stay close to the riverbank? To think like consumers, you have to know their habits (online and offline). It requires that you network with other artisans and artisan organizations and that you read the artisan and consumer media to better understand consumers of craft and e-commerce trends.</p> <p>For example, do you know where to find information on the preferred browsers and search engines of your customers? What type of ISP (Internet Service Provider) do they use—AOL, a local ISP, or other? The type of ISP they use affects the speed and ease of finding information and shopping online. Do you know whether your customers have e-mail addresses?</p>	<p>Slide 15: The "New Normal" American Way of Life</p> <p>Slide 16: How are People Buying? <i>Question:</i> How do you know what your customers want?</p> <p>Sample Customer Survey</p> <ol style="list-style-type: none"> 1. Do you have a computer? 2. Do you have Internet access? 3. High-speed or Dial-up? 4. How many items have you purchased in the last six months? 5. How many items have you purchased in the last year? 6. Would you shop on a Web page of our store if it were available? 7. Would you like to be on our e-mail list for specials, new products? <p>Please provide your e-mail address.</p> <p>Thank you.</p> <p>Slide 17: Finding Customers</p>

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<p>Knowing Your Competition As a storefront business or a home-based business working out of your extra bedroom or garage or your own studio, you may be oblivious to your competition until you attend a trade show as a vendor, submit to a juried exhibition, or have a booth at a festival. Your competitors are vying for the same customers you are. However, by using the Internet, you can access competitors anywhere—in your town, region, state, or across the world.</p> <p>Let’s try looking for some competitors right now. Let’s say that you do metal art. Open a browser—Netscape, Internet Explorer, Mozilla Firefox, Opera. Then enter the search words “metal art businesses in Texas.”</p> <p>Look at your list of products. Now list all the businesses in your area that you consider to be competitors. Then list the words that best describe the products those competitors make. These words are called keywords and are important in how search engines find Web pages and rank them. For example, maybe your art is metal work. Type in <i>metal work</i> or <i>metal art</i>. What did you find? Now type in “<i>metal art</i>.” How many sites did you find (the number may depend on which search engine you use)?</p> <p>Finding the Target and Hitting It <i>The Crafts Report</i> reports informal surveys of its readers. The chart on this slide lists the media of respondents and the full-time and part time artisans in each category. What is your niche? What sets you apart from other artisan sources in the mind of your customers? Some research indicates that consistent quality, price, and secure sites work best on the Internet.</p> <p>The most significant barrier to online business</p>	<p>Slide 23: Craft Retailers with Web Sites</p> <p>Slide 24: Looking at the Competition</p> <p>Slide 25: Find Your Competition</p> <p>Slide 26: <i>Activity</i></p> <p>Slide 27: Artists Online</p>

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<p>Online Marketing Determine a monthly/yearly budget. Is the site creating the traffic you need to make sales? How to do this:</p> <p>Set up Web site statistics programs on your server and within the search engine. This information tracks who visits the site, the site they visited just prior to yours, how long they stay, and the search engines they use.</p> <p>For search engine marketing, create a list of related keywords and keyword phrases. These keywords and phrases will be important in determining your site's position in search results.</p> <p>Directories are man-made lists of paid sites. You pay for this listing.</p> <p>Do searches using keywords, and determine the top directories to purchase listings in.</p> <p>Get listed on, or exchange links with, related Web sites. This helps to increase ranking in free search engine results.</p> <p>Links are a desirable feature of a Web page. They allow visitors to make an association between your business, products, and culture to others with similar looks. However, a 2006 study by the marketing firm Questus (www.questus.com) also found that consumers prefer fewer links on pages. Market experts recommend the rule of seven: for any navigation bar or drop-down list, seven is the breaking point.</p> <p>Will I Make a Profit? For most, the Web site is an addition to an existing business. Without a plan for how the online site will enhance or detract from business, it is impossible to make any predictions.</p>	<p>Slide 31: Log Analysis from Herbal Turtle www.herbalturtlesoap.com</p> <p>Slide 32: Check This..... Links from Clickzstats www.clickz.com/stats/sectors/software/print.php/3578366</p> <p>Slide 33: Are You Ready to Expand the Business?</p> <p>Slide 34: Art Organizations as promoters</p>

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<p>Planning ahead will prevent costly surprises. It is also important to understand the growth in e-commerce in comparison to brick-and-mortar retail sales. Even though the share of ecommerce business is less than 2 percent of all sales, the rate of growth is much higher than for storefronts. For example, according to the Federal Reserve Bank of St. Louis, even though total sales grew in 2002 by 1.3 percent quarterly, e-commerce sales averaged 8.6 percent growth. Holiday shopping accounts for tremendous surges in sales as well.</p> <p>The question is: Where do you invest your time and energy in marketing your crafts, knowing this information?</p> <p>Marketing is also understanding that your costs in developing and maintaining a Web site are critical to your marketing plan. This affects the pricing of your products. Web site development and maintenance are not free. The old adage “You get what you pay for” applies to e-commerce as well.</p> <p>Should I Hire Some Help?</p> <p>Let’s examine how your days are divided right now. (Refer to Cashing in on Business Opportunities, Ch. 3 - Time Management.) (Note: The perceived value of time was mentioned numerous times at the pilot. Comments focused on the belief that the amount of time devoted to creating an art object is not valued by most customers.)</p> <p>One of the challenges for rural artisans is having access to resources (money and businesses) to be able to develop, maintain, and pay for the cost of a Web site.</p> <p>Here are some ideas that work:</p> <ul style="list-style-type: none"> • Connect with an organization that can collectively market your and other artisans’ work. 	<p>Discuss this question. If marketing is everything you do on behalf of your business, how will you plan to include e-commerce and other methods of getting the word out about your business?</p> <p>Refer the audience to Cashing in on Business Opportunities (chapter 3- Time Management) and to Access Minnesota Mainstreet (hiring a Web designer).</p>

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<ul style="list-style-type: none"> • Organize a cooperative for artisans in your area. • Seek sponsorship from businesses and nonprofits. <p>Make that first sale a success—deliver on time, package well, follow up, send extra business cards, and follow up with contact to the customer. Promote your site to those who attend trade shows, fairs and festivals, galleries, and museums.</p> <p>Consignment sites: Where items are placed on a Web site that sells many artists’ works. Similar to a store that sells consignment.</p> <p>Business Ethics Offline and Online Consumers of craft expect quality—quality of product, quality of service, quality packaging and delivery.</p> <p>Good business practice demands high standards. These standards apply to the artisan business as well. Customers demand it! The Internet creates an easier way for consumers and other businesses to compare prices and benefits of goods and services. In today’s competitive market, it is critical that your business follow some basic principles of truth to avoid accusations of deceptive advertising. Always tell the truth—in advertising and visual presentations.</p> <p>Be able to prove your statements and visual presentations. Avoid exaggerations that create an untrue presentation.</p> <p>Provide all information. Customers do not want surprises at the close of a sale. All information includes “how to identify, locate, and contact your business; complete details of policies about returns, delivery, extra shipping charges, rebates, refunds, warranties, or guarantees; and all details about charitable donations related to a sale.” Honesty is the best policy. If you make an offer, honor it! Don’t offer</p>	<p>Slide 35: Doing Good Business Practices</p>

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<p>something in its place at a higher price. That's referred to as "bait and switch," an illegal business practice. Your responsibility as the business owner is to know the status of your inventory. If you know products will vary in color, state that information on your site. Never offer anything you know you cannot provide. Be prompt about notifying customers if you cannot fulfill an order.</p> <p>Protect customer information. As you deal with customers, you may collect and maintain an e-mail or other list for sending notices of new items or special promotions. Sometimes very private information - such as credit card numbers, phone numbers, work and home addresses - are collected for those customers who depend on you for special orders. Whatever the reason, it is your responsibility to maintain the security on your Web site and at your place of business to protect the privacy of the customer's information. When you collect such information, be sure to inform customers how you will use the information and safeguard their privacy.</p> <p>Follow the letter of the law. It is <i>your</i> responsibility—not your ISP or Web designer's responsibility—to Know the laws that regulate your business, on-site or on the Internet. Sources to contact include the Federal Trade Commission, the state Attorney General's Office, state or city department of consumer affairs, and the Better Business Bureau.</p> <p>For more information read:</p> <p><i>Good Business Practices for Entrepreneurs: A Guide from the Metro New York Better Business Bureau Foundation.</i></p>	

Say	Do
<p>Marketing: Beyond the Studio We need to define <i>wholesale</i> versus <i>retail</i>. Wholesale is the cost you incur plus your profit margin. Retail is the wholesale price times the retail percentage. For example, if your wholesale price is \$25, then the retail price might be double that amount, or \$50, this is called Keystoning. However, the percentage may include a higher retail margin due to the exclusiveness of the craft. It could be three or four times the wholesale price. Retail may include shipping and handling, but wholesale would not.</p> <p>Understanding the differences in these two pricing categories is important in determining to whom you will sell and the price at which you will sell your handcraft. Trade shows are a craft vendor's haven for reaching retailers and creating wholesale accounts that can bring in long-term business. Sometimes, sales representatives are a means of making contact.</p> <p>Trade Shows, Sales Reps, and Other Market Venues</p> <p><i>Exclusivity.</i> What does <i>exclusivity</i> mean? It's a term used in retail that means there is limited or exclusive exposure of a craft (or design) in a geographical area. This term could apply to the Internet as well. Your craft may be available only through a specific Internet source. To handle this on the Internet, you can list retailers that carry your products. Exclusivity is a touchy subject for artisans and retailers alike. Retailers want assurance that the product they order from you will not appear at a fair or festival at a wholesale price. This undercuts the reason for wholesale. Why would a business want to order from you if they knew you were selling directly to customers at the same or a lower price?</p>	<p>Slide 36: Market Venues</p>

Say	Do
<p>Creating a Marketing Plan Now let's take the information you have learned so far and create a plan to marketing your online business.</p> <p>Explain your business/product. In what category does it fit (tourism souvenirs, gifts, functional art, collector's art, museums, fine art, etc)?</p> <p>What competitive factors affect the artisan industry and your business in particular? Who are your competitors?</p> <p>What other factors may affect your artisan business, such as living in a tourism-dependent location, or trends in retailing. How can these be overcome through an Internet business?</p> <p>Describe your target market, including their use of the Internet for shopping for crafts, if known.</p> <p>Describe the broader trends and online trends in your industry (handcrafts/arts/gifts/tourism).</p> <p>Describe your plan for marketing your online business.</p> <p>Describe the sales history of your craft products and estimate project sales for the next year.</p> <p>What are your contingency plans if online sales do not materialize?</p> <p><i>Summary</i> These are all critical points in the marketing plan for your business (storefront or Internet). Preparing, planning, and implementing a well thought-out plan will help you create a more successful future for your online craft business. It is your job to plan, anticipate, stay current, listen to customers and competitors, and be flexible.</p>	<p>Slide 37: Market and Price Potential: The Marketing Plan</p> <p>Suggest artisans also search available online and written resources:</p> <p>The Crafts Report American Craft Council State Tourism sites</p> <p>Handout from Cashing in on Business Opportunities, marketing chapter plan outline</p> <p>Slide 38: Quote from Furniture Maker Gary Weeks</p> <p>Slide 39: Summary</p>