



Case Study

Missoula Artists' Shop

Missoula, Montana
Artist and Manager of Web site, Mark Bakula

The case study of the Missoula Artists' Shop demonstrates that the Internet and e-commerce may have limited potential to increase sales and income for businesses like art galleries that specialize in relatively expensive one-of-a-kind arts and crafts. Mark Bakula noted that artists are reluctant to use the Shop's Web site for fear of having others copy their work and consumers are reluctant to make purchases from the Web site because the photographs and information provided on the Internet do not do justice to many of the arts and crafts pieces.

Profile

The Missoula Artists' Shop (The Shop) is a cooperative artist run gallery showcasing Montana artists. The cooperative consists of 15 members who provide a diverse collection of high quality regional arts and crafts including paintings, photographs, ceramics, woodcrafts, jewelry, glass, leather goods, prints, and clothing. The Shop is a limited liability partnership in which the members share the rent and utilities, and each member is individually responsible for credit card fees charged on their products sold. The cooperative's president and treasurer do not pay rent in return for their services. The Shop also displays the work of nonmember artists (consignments), and the Shop receives 40 percent of the sale price of all consignment arts and crafts. Income from the sale of consignment art is allocated to the Shop's advertising budget (gallery guide, public radio, newspapers, and television).

All facets of managing and running the Shop are provided by the members of the cooperative. Each member is assigned a role in gallery management – secretary, webmaster, maintenance, advertising, shipping, window displays, maintaining mailing lists, acquiring supplies (bag, boxes, etc), recruiting consignment artists, providing food for gallery shows, and organizing gallery shows. The president of the cooperative is responsible for ensuring that all members understand their specific roles. In addition, each member of the cooperative donates two and one-half days a month to serve as the Shop's sales clerk.

History

The cooperative was organized in 1990 by seven artists, five of whom continue to be members. At this time, good arts and crafts shows in the Missoula area were rare, thus the cooperative was formed to hold an annual November to December show for the Christmas season. In 1998, the Artists' Shop's season was expanded to a May 1 to December 26 time period. The cooperative rents space from H & R Block, and the gallery is closed (i.e., the artists return to their studios) from January 1 to May 1 when H & R Block resumes occupancy of the building for the busiest part of the tax-preparation season. Membership in the cooperative expanded over time from seven to 15, and the average membership turnover rate is one to two artists a year. Bakula noted that 15 artists is the desired size for the cooperative. The Shop initiated its Internet presence in 1999 with an "information only" Web page, and a shopping cart was added to the Web site in 2005. The goal of the Web site is to give out-of-state visitors to the Shop and customers to the artists' booths in arts and crafts shows a place to find the artists' works if the customer elects to "return" for a purchase.

Business Location

The Shop is located in Missoula, Montana, a small metropolitan area (2000 population 57,053) in the western part of the state. Missoula is a university town (University of Montana), a regional retail and service center, and a popular tourist destination because of the availability of recreational activities and art galleries and museums.

Role of e-Commerce

The Shop maintains a very attractive Web site that includes store information, announcements of

Year Online: 1999
Area Population: 57,053
Web site:

www.missoulaartistsshop.com



forthcoming shows at the gallery, and a catalog of products for sale by the 15 member artists. The Web site contains a shopping cart that accepts PayPal and credit cards for payment of purchases. The Web site was developed from templates acquired from Goomzee Commerce, a local software and marketing company. Goomzee provides special templates for different types of business and also houses and maintains the server for the cooperative's Web site. The Shop paid Goomzee a \$500 set-up fee plus \$50 per month for hosting the Web site, maintenance, and access to PayPal. The cooperative also pays \$100 up front and \$10 monthly for access to credit cards on its shopping cart. Bakula selects the items to be placed on the Web site, checks the Web site daily for orders, and removes out of stock items. Bakula is responsible for updating the Web site using photos of items provided by the artists or by himself if the artists so choose. Bakula noted that he spends a minimum of eight hours a month updating and maintaining the Web site.

Bakula offered that the cooperative's Web site has had little impact on artists' sales and income. First, gallery sales generate only about 10 percent of artists' revenue, and Internet sales are only a small part of total gallery sales. Three items were sold online during the Web site's first full year of operation (2006) and only two Internet sales have been made during the first six months of 2007. Bakula suggested that e-commerce may have limited usefulness for an art gallery because the pictures on the Web site do not do the art justice and consumers of fine art like to experience the art and meet the artist before making a purchase. In addition, the Internet attracts shoppers looking for low costs and deals, and these generally are not the types of individuals shopping for art. Bakula noted that e-commerce appeared to be more appropriate for the sale of crafts and relatively inexpensive items (under \$50). Such items are more popular among individuals shopping for gifts and wedding presents.

Second, the artists have been reluctant to embrace e-commerce as a means of expanding the markets for their arts and crafts. Some artists do not want to use a Web site because they fear that other artists will steal their ideas and designs (an especially serious concern among the fabric and jewelry designers). Also, some art galleries do not want artists to sell on the Internet because the galleries do not wish to compete with the Artists' own Web site or art cooperatives' Web sites. Finally, many artists are reluctant to develop their Web sites or keep them up to date because they would rather spend the time creating more art.

Challenges and Lessons

Bakula stated that the cooperative may drop the shopping cart from its Web site and develop a strictly informational

Web site because of the lack of online sales. Bakula does not believe the Web site has been useful in attracting customers to the gallery, and he concluded that 14 of the 15 cooperative's artists are not getting a return on their investment in the Web site. However, Bakula offered suggestions for enhancing the usefulness of the Web site and its potential to improve artists' sales:

- Artists in the cooperative need to better promote the Web site when they attend arts and crafts shows. Art fairs and shows are a critical source of income (50 percent to 80 percent) for many artists and also an important source of personal contacts with potential customers. The patrons of art shows are more willing users of the Internet to follow the artists' works, and hits on artists' Web sites tend to spike after arts and crafts shows. Thus, Bakula recommended that artists make available business cards with the Web site address when they attend these shows.
- The artists need to develop their own Web sites and maintain links between these sites and the gallery site. Better artist Web sites may help generate more visits to the Shop's Web site. Bakula suggested that the artists use a simple template for their personal sites to reduce the time commitment required for Web site development. The artists also must keep the sites up to date by adding new items, deleting sold items, and providing information on gallery showings and forthcoming arts and crafts shows.
- The Shop may be able to increase visits to its Web site through links to other galleries, cultural centers, and downtown development associations. A Web site promoting the arts in Montana (www.montana-artists.com) exists but the Missoula Artists' Shop is not listed on or linked to this site. This is just one example of the potential for greater exposure for the Shop through a more aggressive marketing program.
- Bakula proposed that artists and crafts people in the cooperative may want to consider using the online service www.wholesalecrafts.com to market to retailers. The artist pays a \$150.00 start-up fee plus \$39.00 a month to display their work on the Web site, and interested retailers may order the artist's works off the Web site or contact the artist directly.

From *e-Commerce as a Strategy for Improving Business Vitality: Lessons Learned from Small Businesses* by Deborah M. Markley, David L. Barkley, and R. David Lamie

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