Craft Industry Trends Survey

Summary of Results

Survey conducted for:

Philadelphia Museum of Art Craft Show

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CRAFT INDUSTRY TRENDS
2009 SURVEY RESULTS

The Philadelphia Museum of Art Craft Show recently commissioned a special survey of craft professionals in the United States regarding their individual businesses and their perceptions of general market trends in the craft industry.

The survey, which was conducted online in October, 2009, was sent to over 1,000 artists in the Craft Show's database. The response rate was excellent -- a total of 428 individuals participated.

The following summary of results is based only on the responses to the online questionnaire and is not intended to reflect any other population. Rink Consulting, an independent research firm, conducted the survey and analysis.

I. RESPONDENT PROFILE

- The sample represents a broad U.S. geographic base from East Coast to West Coast. No one area predominates.
  - Respondents located in the Greater Philadelphia area represent less than 6% of the sample.
- The type of craft which respondents primarily engage in, is also broadly represented:

What type of craft are you primarily engaged in?	
Baskets	1%
Ceramics	13%
Fiber decorative	6%
Fiber wearable	11%
Furniture	4%
Glass	9%
Jewelry precious	15%
Jewelry semi-precious	14%
Leather	2%
Metal	5%
Mixed media	7%
Paper	1%
Wood	7%
Other, please specify	3%

- 68% of respondents have been in business more than 10 years:
  - 13% have been in business 6 – 10 years.
  - 20% have been in business less than 5 years.

- The customer base for the majority of respondents (66%) is the total U.S.
  - 24% have a regional customer base.
  - Only 6% sell internationally.

- For the most part, these are small businesses: slightly over half (51%) have annual gross revenue of under $50,000:

What are the annual gross revenues of your company?	
Under $50,000	51%
$50,000 - $100,000	25%
$100,000 - $250,000	16%
$250,000 - $500,000	6%
Over $500,000	2%
Total	100%

- 37% of respondents supplement their craft income in some way.
  - Most commonly, they rely on spousal support (53%), followed by teaching (28%) or other type of job (24%).
  - Other sources of funds are writing and their own savings.
  - 11% of respondents are retired.

- Retail price points varied tremendously, even by individual, from under $20 to over $100,000.

Employee Size and Benefits

- Reflecting the fact that these are small businesses, 68% of respondents are sole proprietors.
  - 12 % work with a spouse or partner.
  - An additional 16% employ 1 or 2 people.

- Less than 5% of the respondents use sales reps (either staff or outside).

- The majority (90%) of those who have employees do not offer health benefits to their employees.

- In fact, 13% of the respondents have no health insurance for themselves.
  - Another 31% are covered through their spouse.

III. SALES TRENDS

Past Year Sales

Clearly, the economic downturn has significantly impacted respondents.

- 69% have experienced a sales decline from last year; almost half of them by 25% or more.
  - Revenues for 16% actually stayed the same.
  - 15% experienced a sales increase.

Please indicate by what % your gross revenue has changed from the prior year.	
Declined by more than 50%	18%
Declined by 25-50%	30%
Declined by less than 25%	21%
Stayed the same	16%
Increased by less than 25%	10%
Increased by 25-50%	4%
Increased by more than 50%	1%

- Most respondents (61%) had fewer overall customers last year. And not surprisingly, they reported that individual customers were buying fewer items, regardless of price point.
- The most notable change in buying habits is a dumbbell effect regarding price points, with 47% of respondents citing more purchases occurring at lower price points, and 43% citing more purchases at higher price points.

In general, how have customer purchases changed for your in the past year?	
Fewer overall customers	61%
More overall customers	17%
Individual customers buying fewer items at lower price points	30%
Individual customers buying fewer items at higher price points	31%
Individual customers buying more items at lower price points	17%
Individual customers buying more items at higher price points	12%
No change	7%

In the past year, the majority of respondents have been forced to cut expenses, not only for their business, but also personally. Most mentioned reductions include:

- Fewer shows, especially long-distance shows.

- Cutting travel costs by sharing hotel rooms, eating out less.
- Reducing inventories, using up materials on hand.
- Switching to lower-cost materials and/or design.
- Cutting advertising
- Cutting employee hours, layoffs

Some respondents were forced to take more drastic measures, such as moving their studio into their house (or vice versa), starting a garden, and other lifestyle changes.

Only about 20% of respondents took any business-related courses last year. When queried about topics they would be interested in, the most-cited were e-commerce and website design, along with general marketing.

Sources of Revenue

- Presence at consumer craft shows is by far the most important revenue source for these craft professionals.
    - 97% of respondents exhibit at consumer craft shows, and of those, 90% consider this a very or extremely important source of revenue.
- Next most important is wholesale sales to galleries and other retail outlets.
- Interestingly, while 65% of respondents have their own e-commerce website, only 33% of those who do, consider it a very or extremely important source of sales (43% consider it somewhat important).

Source of Sales	% Use (among all respondents)	% Users Rating Very or Extremely Important
Own e-commerce website	65%	33%
Someone else's website	42%	34%
Own retail store(s) or gallery	32%	54%
Wholesale to retail gift stores/galleries owned by others	78%	61%
Wholesale to major retailers (e.g. dept. stores)	18%	33%
Pop-up stores (renting temporary space)	11%	17%
Trunk shows in a store	24%	39%
Trunk shows in a home	22%	48%
Consumer craft shows	**97%**	**90%**
Other	39%	74%

- Other sources of sales are commissions, direct sales and referrals, and decorators.
- For those who sell through someone else's website, Artful Home (48%) is most frequently used, followed by Etsy at 21%. Only 2% sell through EBay.

Recent sales trends by source of revenue

Over the past two years, respondents experienced decreased sales from almost all revenue sources, including consumer craft shows.

- 55% of respondents who exhibit at consumer craft shows stated that their sales from this source decreased over the past two years.

Source of Sales: PAST 2 YEAR CHANGES (% of respondents using source, who selected this option.)	**Experienced Decrease In Sales**	**Experienced No Change**	**Experienced Increase In Sales**
Own e-commerce website	24%	**52%**	24%
Someone else's website	**40%**	**40%**	20%
Own retail store(s) or gallery	37%	**43%**	20%
Wholesale to retail gift stores/galleries owned by others	**64%**	19%	17%
Wholesale to major retailers (e.g. dept. stores)	**70%**	23%	7%
Pop-up stores (renting temporary space)	**52%**	34%	14%
Trunk shows in a store	**48%**	30%	22%
Trunk shows in a home	**40%**	31%	28%
Consumer craft shows	**55%**	**25%**	**21%**
Other	33%	31%	**36%**

Revenue Sources: Predictions for Next Year

Respondents foresee significant shifts in where their sales will come from next year, with e-commerce earmarked for the largest increase.

- 57% of respondents with e-commerce websites predicted an increase of sales from this source.
- 52% of respondents who sell on someone else's website predicted an increase of sales from this source.
- 47% of respondents who exhibit at consumer craft shows are optimistic that their sales from these shows will increase next year.

Source of Sales: PREDICTION FOR NEXT YEAR (% of respondents using source, who selected this option.)	**Expect Decrease In Sales**	**Expect No Change**	**Expect Increase In Sales**
Own e-commerce website	5%	38%	**57%**
Someone else's website	10%	38%	**52%**
Own retail store(s) or gallery	9%	**46%**	**46%**
Wholesale to retail gift stores/galleries owned by others	13%	**45%**	**43%**
Wholesale to major retailers (e.g. dept. stores)	36%	38%	26%
Pop-up stores (renting temporary space)	21%	35%	44%
Trunk shows in a store	14%	45%	41%
Trunk shows in a home	13%	38%	49%
Consumer craft shows	**14%**	**38%**	**47%**
Other	6%	42%	52%

IV. MARKETING

Exhibiting at consumer craft shows is considered the most important marketing activity by these respondents: 98% of them exhibit, and 90% of those rate it very or extremely important.

Marketing Activity	% Use (among all respondents)	% Users Rating Very or Extremely Important
Own website	92%	69%
E-newsletter or blog	35%	53%
Printed brochure	59%	50%
Direct mail	69%	56%
Advertising in trade publications	37%	42%
Advertising in consumer publications	32%	40%
Newspaper advertising	16%	27%
Direct selling via reps	11%	35%
Presence at trade shows	59%	76%
Presence at consumer craft shows	**98%**	**90%**

- 92% have their own website (not necessarily an e-commerce website).
- Those who exhibit at trade shows (59%) are very satisfied with results; 76% of them rate trade shows as very or extremely important.
- Those respondents who issue a newsletter publish it quarterly (37%) or monthly 28%.
- Those who blog do so weekly (39%), followed by monthly (19%) and quarterly (11%).
- More than one type of direct mail is used:
    - Postcard 85%
    - E-mail 62%
    - Personalized letter 25%
- Direct mail is most often used in conjunction with an event (50%).
    - Those who adhere to a schedule, usually send it out quarterly.
- The most-frequently-cited general craft trade publications advertised in are *American Craft, American Style, Ornament* and *Niche*.
- Respondents also consider these same trade publications as consumer magazines (albeit special-interest ones): *American Craft, Ornament* and *American Style*. Beyond these, *Dwell* was a non-craft consumer magazine which received a few mentions.
- Any newspaper advertising was strictly local.
- Only 7% of respondents pay for outside marketing or public relations help.
- As mentioned previously, consumer craft shows have been the primary means of marketing.

- The Baltimore American Craft Council Show was the most exhibited show last year, at 51%
- The Philadelphia Museum of Art Craft Show was exhibited at by 19% of respondents.
- However, 56% of respondents indicated that they cut back on their attendance at consumer craft shows last year.

At which of the following retail craft shows did you exhibit last year?	
American Craft Council - Baltimore	51%
American Craft Council - Atlanta	14%
American Craft Council - San Francisco	16%
American Craft Council - St. Paul, MN	12%
American Craft Exposition	15%
Artrider	17%
Cherry Creek Arts Festival	8%
Crafts America - Westchester, NY	8%
Crafts America - Washington, DC	17%
Crafts America - Palm Beach, FL	9%
Craftboston	20%
Long's Park Art & Craft Festival	11%
Morristown Craft Market	7%
Northern Virginia Fine Arts	6%
Pennsylvania Guild Fine Craft Fair	4%
Philadelphia Museum of Art Craft Show	**19%**
Smithsonian Craft Show	12%
Other, please specify *	55%

- * In addition to the above shows, 182 respondents indicated “Other” and generated a long list of local and regional shows from coast to coast.
  - Shows which received the most mentions are: Sausalito Art Festival, Paradise City, and Coconut Grove.

- The American Craft Council Show in Baltimore was also the most important trade show for respondents; 74% of them participated in the trade show.
  - But again, 60% of respondents stated they cut back on trade show participation last year.

At which of the following trade shows did you exhibit last year?	
American Craft Council - Baltimore	74%
Buyers Market of American Craft	30%
New York International Gift Fair	5%
Other, please specify *	16%

- ACRE Las Vegas was the only “Other” trade show receiving more than one mention.

V. LOOKING AHEAD

Respondents were asked a series of open-ended questions regarding their plans and outlook for the upcoming year. While opinions and comments ran both positive and negative, some general perspectives emerged:

- The biggest challenge for the upcoming year, by far, is one of survival – which literally was the response of many survey participants.

- Longer term, some respondents worry that the market for their products is shrinking, particularly among younger audiences.

- Broadly, many respondents see the following opportunities:

  - Economic turnaround (hoped for by most).
  - New work, new designs, commissions.
  - New territory: expanding geographically or into new distribution (e.g., retail).
  - After one or more years of retrenchment, some are planning to ramp up marketing efforts.

- The internet is becoming more and more important for these craft professionals, and for a number of reasons.

  - More cost-effective.
  - Old model just not working as well anymore.
  - New technologies enable more targeted marketing.

- Others anticipate continuing to market modestly, concentrating instead on the quality of their work.

- A number of respondents saw the market moving toward the lower and higher price points, becoming more polarized.