

KNOWING YOUR CONSUMER

Building Your Business

It was Fergal Quinn (senator and founder of Superquinn) who famously coined the phrase ‘the Customer is king’. His approach of listening to, understanding and relating to his consumer helped Superquinn create a strong and distinctive brand which focused on quality of service as much as price.

Knowing your consumer is every bit as important for a craft business wanting to increase profitability in an ever competitive market. For craftspeople, accessing your consumers is often straightforward - you can talk to the people who visit your studio, who commission work from you or who you meet at fairs. While this information is important to gather, there is a wider picture that encompasses the preferences and behaviours of consumers in general - even those who may not currently buy your products but might - which is also key in the development process. But by its very nature such information is hard to come by.

For this reason the Crafts Council of Ireland commissioned a consumer research study in the latter part of 2005 to try to establish consumers views on the craft offering - what their perception of craft is, what their buying habits are, where they make their purchases etc.

Many of the findings echo anecdotal views common in the craft sector - issues which craftspeople suspected to be the case are confirmed and the reasons for them are explained. Some findings are more challenging. All highlight a raft of opportunities which exist in the current marketplace and which, with planning and focus, can be addressed by craft businesses serious about the commercial market. The Crafts Council's role is to develop information, supports and initiatives to facilitate this - and the process is currently underway.

At present the hot topic seems to be the issue of competition from abroad - low cost products from Eastern Europe and the far East. Undoubtedly these are challenges - but what the research indicates is that there is a place in the marketplace for both the low cost imports and the high value home produced products. The key is ensuring that you offer the right product to the right consumer in the right retail environment. This can only be achieved if you understand consumers needs and know where and how they shop and what makes them decide to purchase.

A fundamental issue to appreciate is that consumers do not decide to go out and purchase a piece of craft. They are needs led. They decide they need a gift, an item for the home or an item for themselves - in other words they are connecting with words like giftware, homeware, accessories etc. The great news for the sector is that craft fits into each of these categories or market segments. The key is to think like the consumer when marketing craft items, so that they are relevant to these categories or segments. And in order to think like a consumer you must understand the consumer.

Overview of the consumer and the marketplace:

Irish consumers have never been more sophisticated or self aware. While the 80s and early 90s were dominated by indigenous retailers - often with a substantial amount of mainstream Irish craft as part of their sales offering - the late 90s and current noughties saw an explosion of retail options (national and international retail chains/high street stores, internet shopping, mail order shopping, international shopping trips etc.) to attract consumer spending. In this new retail mix, Irish craft is a smaller and even diminishing part of the offering as more craftspeople opt to sell direct.

Traditional purchasing patterns have also changed for cash rich consumers who are time poor, therefore access to the consumer's limited time is vital. In addition, brands - both product and retail - have become more influential.

Negative issues being faced by producers and retailers alike include the perception that Ireland has a rip off culture, and the feeling that buying Irish is expensive.

Key Findings

Influencing Factors:

Irish consumers are influenced by a broad variety of internal and external factors. The three key influencing factors are:

- ¥ Lifestage
- ¥ Affluence - available disposable income
- ¥ Purchase occasions - which can be event driven i.e. wedding gift or product driven i.e. buying a bed. These purchase occasions drive consumers need states (that is to say they influence consumer needs).

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News and Reviews

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Purchase occasions can be split further into:

- ¥ Buying for others
- ¥ Buying for self
- ¥ Home focus
- ¥ Non-home focus

And gift needs can be broken down into:

- ¥ Big occasions - such as weddings, anniversaries, new house, purposeful shopping
- ¥ Smaller occasions - such as birthdays, thank you gifts, Christmas, purposeful and impulse purchasing

For the big occasions recognised brand names - including some of the larger craft brands - are key, whereas for the smaller occasions craft may be one of many options - if it is visible to the consumer in the outlets they frequent. But this is a big if. The research shows us that the 25 to 35 age group are not shopping in locations where craft tends to be available - and therefore a huge opportunity exists to harness this market by placing craft in their eyeline in department stores, high street stores, specialist stores and shopping centres.

For self gifts, craft (in particular jewellery) proved popular and craft was also an option for holiday day trip purchases - where the focus tended to be in craft shops, high street shops and garden centres.

Looking at key influences by category:

Purchase Occasion	Most influential factor	Least influential factor
Big special occasion	Brand name/status	Price & whether its Irish
Smaller occasions	Functionality and style	Packaging
Holiday day trips (self gift)	Functionality and style	Emotional reward
Specific furniture items	Functionality	Retailer
Furnishings	Style and design	Brand
Homewares	Functionality, style and design	Brand, quality and price
Costume Jewellery	Fashion and colour	Brand
Precious Jewellery	Design, stones	Brand and price
Clothing and accessories	Style and fashion	Brand and price

Examining the influencing factors, we can see that there are many opportunities for craft to make a greater impact in these segments. Understanding the purchase occasion and the most influential factor within it is critical.

Perceptions of Craft:

Perceptions of craft differ depending on the consumers life stage - with the affluent over 35 s being most predisposed to buy and appreciate craft. The older less affluent groups tended to see craft as a tourist product and the younger groups tended to place least importance on the skill element involved in producing craft.

The 25 - 35 age group, when shown examples of craft were attracted by some of the products - when they were perceived as being contemporary and thus relevant to their lifestyle - but believed they were not visible on the shelves of

the stores they shopped in. This raises two issues. Firstly, about accessibility and the opportunity to target this age group by getting craft onto the shelves in the department, high street and specialist stores that they are inclined to purchase in.

The second issue relates to the link between Irish craft and a purely tourist offering in the mind of consumers. Craft products aimed at tourists are seen as irrelevant to Irish consumers. Even more negatively, as the Irish consumer has a low opinion of the quality of gifts aimed at tourists, the association of craft with tourist gift has devalued the word itself and made it a liability in marketing to the home buyer. This creates a real challenge for craftspeople.

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There was also ambiguity as to what exactly was meant by the word craft. Consumers tend to think more in terms of product category (such as giftware, homeware, fashion etc.) rather than whether an item is craft and which discipline it falls into.

This does not need to create a problem for craft producers as there is a clear opportunity to identify the product categories their work fits into and market their products accordingly i.e. functional pottery could fall into the categories of homeware, kitchenware and giftware, while textiles could fit into homeware /interiors, giftware, fashion and accessories.

Likewise there was a mixed reaction to the phrase hand made with older consumers rating it more desirable than others. Even where there was a positive reaction, it was not a strong influencing factor for most consumers. In some cases it was even considered a reason not to buy. However, hand made became valuable where the consumers were informed of the craftsmanship and story behind the creation of the piece. Not surprisingly, retailers are influential on the craft image - the image of retail outlets reflects directly on the image of craft as a product. In the view of consumers the most visible retail presence is the tourist offer at present - with all the negative connotations already described.

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Retailers are central to the future of Irish crafts, as they are the gateway to key markets which are currently under-developed by the craft sector (such as the 25-35 age group). Different retail options and new retail models need to be considered if the markets are to be fully tapped.

Further retailer research will be undertaken and the results distributed over the coming year.

Continued from page 5

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Summary of Opportunities

Knowledge is key - and understanding your consumers allows you to plan the best ways to reach and influence them.

Price is not always the key influencing factor - knowing the influencing factors for the different market segments/categories allows you to correctly target your product.

There are various consumer segments - which are currently untapped by the craft sector.

¥ **Accessibility** - having craft product on the shelves of the retail outlets that the consumer shops in - is vital. While this seems obvious, the current trend in the sector of moving to direct selling (i.e. from the studio), means that there is now less craft on the retail shelf than ever before. Indeed, 75% of all craft sales are now direct to the consumer. The risk with this strategy is that as younger consumers (currently the under 35 s), who tend to shop in conventional retail outlets such as shopping centres, department stores and high street stores, become more influential purchasers and as the older affluent groups who tend to be more pre-disposed to shop in craft, gift and specialist outlets become less active purchasers (which is the natural cycle as a population ages) the impact on craft sales will be detrimental. The research is telling us that as a group, the current 25-35 s simply will not travel to a craft studio, or indeed small rural outlets.

¥ **Relevance** - having the right product to suit the market you are targeting is just as important as having product on the shelves. This requires an in-depth knowledge of the market and consumer trends. Presentations, such as the CCol Consumer Trend Presentation by International trend experts *triple dee*, which will take place for exhibitors and buyers at Showcase (and a summary of which will be available on the web site shortly), are essential in order to keep fully informed. See Opportunities on p. 14 for details on the presentation for exhibitors.

¥ **Competences** - having the skills (both craft and business skills) to ensure you can produce the right product and match it to the right market - are also key.

¥ **Image** - so that the consumer can get an accurate perception of the variety, quality and suitability of craft that is available - underpins everything. Craftspeople, retailers and the Crafts Council of Ireland each have a role to play here to ensure a consistent image of craft is projected to the consumer.

The overall opportunity is to find ways in which to raise awareness of craft and to ensure that market-specific craft is available in more and more outlets. Over the coming months the Crafts Council will be announcing initiatives with this end in mind and we are currently undertaking a proactive PR campaign to increase the craft profile in key consumer media.

Next steps

The Crafts Council will be taking the consumer research a stage further - drilling down to find out more information on the different key segments, how large they are, what makes consumers tick in these areas etc. - over the coming months. The results will be published in *Stoppress* and on the website as they become available (towards the middle of the year).

This research is not only key to every craft business it is also instrumental in the CCol planning process. Information gathered will enable us to tailor projects, services and activities which can facilitate craftspeople in better understanding their consumers and in planning ways of reaching them with suitable products.



Furniture Designer Michael Bell the latest 'Standard Setter'

The most recent craftsman to be selected as a 'Standard Setter' is Michael Bell, Furniture Designer. Congratulations to Michael - you can read about his work and influences in the current issue of *Irish Arts Review* (Winter 2005).

Standard Setter is a joint initiative of CCol and *Irish Arts Review* that promotes the concept of acknowledging consistency in design excellence within the craft industry.

Throughout 2006 Standard Setters are selected from *PORTFOLIO* - a CCol digital catalogue of work selected by a panel of International experts, from Ireland's leading art and design led makers.

Irish Arts Review offer CCol registered craftspeople a special discounted subscription rate. For more information see P. 14