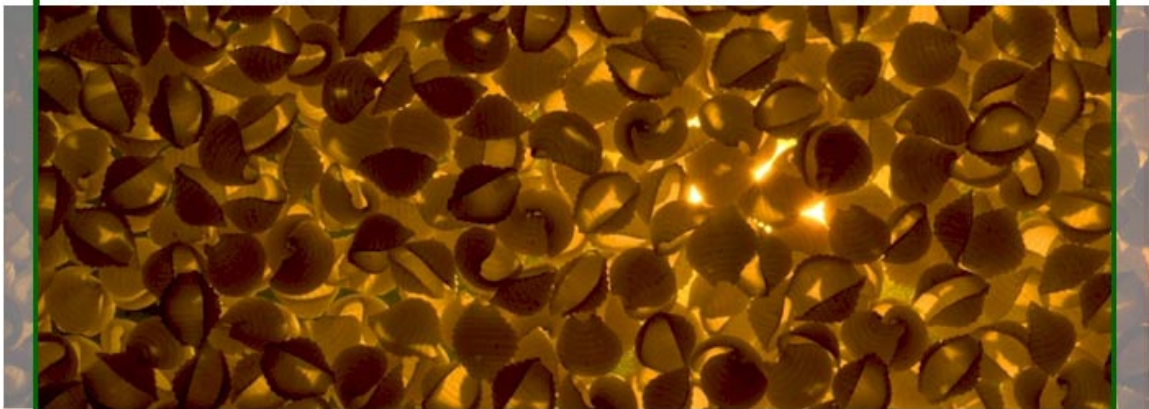


Craft Profit Club

Craft Profit Secrets



*Cutting Edge Marketing
Techniques for Crafters*

CraftProfitClub.com

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1 - Craft Profit Secrets: the Five Steps

After speaking with any craft business owner for more than a few minutes, the question “how do I sell more crafts” enters the conversation with unwavering regularity.

And of course, this is not surprising. Every businessperson wants to know how to sell more.

But this is more than just a question of “how do I do it?” There is often a level of frustration and sometimes even despair about it. This is a real problem that is hurting not only the bank account, but often the self-esteem of the craft businessperson.

If they can think of where to advertise, they may have tried an ad or two, but can rarely make enough sales to even pay for the ad. Certainly not enough to make a decent profit.

They may have heard that the Internet is like the “goldrush” of the wild west, and that if they build a website their business will skyrocket. So they do. And it doesn't. In fact, it just becomes a mass of confusion because it's so unclear exactly what they're supposed to do with it. It's just another “advertising method” they've tried that doesn't work.

Hence the frustration. Their craft business has reached a certain level of sales, but it just doesn't seem possible to move beyond it.

The most reliable methods of selling seem to be craft fairs, and in some cases, eBay. However, there are very real “limits” to how much you can sell this way, and the time requirement can be enormous.

It's hard to leverage your time and run a “real” business when so much of your success relies on you personally attending craft shows to sell your goods.

Some crafters manage to sell wholesale or on consignment to retail stores. This is a good step, but if you ask most crafters who do this, they've encountered a ceiling too. There are only so many stores you can sell to in a given area. And they never promote your products quite the way you'd like them to.

Sales may be regular (if you're lucky), but they're rarely “brisk”.

What this all boils down to is that business-growth opportunities seem to be limited. In some cases, very limited.

Fortunately, there is a solution.

It is not really a secret (despite the title of this report), but you know the old saying: sometimes you just can't see the forest for the trees.

In other words, you are so close to your business and all the everyday issues that you can't easily see the whole picture. There is a way forward, but you are right “in it” and don't have the birds-eye view to see which path leads out of the forest instead of deeper into it.

Most businesses run into this problem at one time or another, but crafters in particular seem to experience this “how do I grow” problem even more consistently because of the way their particular type of business works.

Now before we talk about the solution, we need to make sure we fully understand the source of the problem.

You see, it is the very ease with which you were able to start your craft business which is now preventing it from growing.

Most craft businesses start with the product in mind first, and the customer in mind second.

In other words, they think “what can I make?” and once they have made whatever product they’ve chosen, they then look for “who will buy it?”

Most often, the answer to the question “who will buy it?” is “potentially everybody”. And the only way to reach a group of “potentially everybody’s” is at a craft fair (or eBay, or a retail store) where they all congregate to browse through the tables and potentially buy something.

But any actual form of advertising is doomed right from the start. Why? Because advertising “to everybody” is unbelievably expensive. Pretty much only Coke and McDonald’s can advertise “to everybody” with any degree of success.

So, you’re stuck.

You can make a few sales pretty easily from the craft show crowd, but that’s when things start to grind to a halt.

Now, the solution.

Essentially, there are three ways to make more money in any business.

1. Sell to more people
2. Sell to the same people more often
3. Sell more with each transaction (i.e. more goods and/or at higher prices)

How do we do this? With the critical Five Steps:

1. Determine who your main customer is, what they want to buy, how you can reach them, and how you will compete effectively.
2. Position your product to be unique
3. Plan a product line that appeals to this same customer
4. Create a lead capture and follow-up mechanism
5. Create a repeat-selling strategy

In the next five chapters, I will describe each of these steps and how you can use them to immediately grow your craft business.

1.1 - Determine Your Customer and How You Will Sell To Them

The very first thing any businessperson should do – even before starting their business – is figure out who they're going to sell to.

It almost doesn't matter what the product is, until you've sorted out who the customer is.

Why?

Because to be successful, you're going to have to have many products to sell to this customer. So, you'll always be in "production mode" as you produce more and more items for this customer to buy.

But without a customer to buy them, all the products in the world won't put any money in your pocket.

Now, in my Crafter's Marketing Action Plan home study course, I have devoted 3 entire chapters to this discussion alone – it's that important.

However instead of going into that in detail here, I'm going to assume that you already have some products that you are selling in your craft business. This will allow us to take a shortcut for now.

So, take a step back and look at your best selling products.

Who is buying them? Why are they buying them?

What is (or are) the common thread(s) that make these customers similar in some way?

Is it an interest in a theme? For instance, are they animal lovers? Dogs? A particular breed of dog?

Is it an interest in a common problem? For instance, do they have skin problems? Dry skin? Itchy or flaky skin?

If you don't have very many products, you may not be able to get a good feel for what is selling the best. If this is the case, just go to a craft show or two and "play customer". Observe what is selling well at other tables. Go to www.eBay.com and have a look at what is selling well online.

Get a feel for what is in demand.

Again, look at who is buying the products, and why. Look for the common traits of the customers and try to paint a picture of your "ideal customer".

You need to understand:

- (a) what their interests are
- (b) what their needs and wants are in this area of interest

It is also important to get a feel for how you might be able to advertise to them.

Find out where they presently shop. That might be a good place to work out a consignment or wholesale arrangement.

Find out what magazines they read. They might be good sources of advertising for you.

Find out what groups they belong to. This might be a good way to find partners or joint-venture opportunities where you can promote to a huge group of similar-minded people.

Find out what websites they visit. Again, they may be good places to seek advertising or partnerships.

Find out what online discussion groups or forums they participate in. Again, potential partners abound in places like this.

So now, you have a good idea of who your customer is, what they're interested in, and how to reach them.

Off to a great start!

One more element in this section, before we move on to the next step: competition.

Who else is already providing products to this customer?

How good are these products? Are there ways for you to improve? Are there gaps, or areas where your competitor fails to fully satisfy the customer's need?

How much are they charging? Do the products appear to be in demand? Are they selling well?

Do you think you could do better?

Remember, having some competition isn't a bad thing. It usually indicates that there is a decent market for your product.

Having absolutely no competition can actually be a warning sign that maybe the market isn't very profitable after all.

But in any case, be sure to get some idea of who your competitors are and what products they offer.

This is important and brings us to the next step in our Five Steps, which is...

1.2 - Find a Way to Be Unique

Being unique is not as hard as it might sound at first, but make no mistake about it...

... It is absolutely essential.

If you don't have some way to set yourself apart from your competitors, then the only thing you'll be able to compete with is price.

And when you start down the slippery slope of price competition, you're in big trouble.

Your profits erode to the point where it's no longer worthwhile selling your products, and your business grinds to a halt.

If you remember only one step from this series of five, let it be this one. (Actually, let it be all of them. But this one's a biggie.)

You absolutely must stand out in some meaningful way. This is your key to price protection, to competitive advantage, and to profitability.

So, how might you accomplish this uniqueness?

One way is through features and benefits. When you looked at your competitors in the previous step, did you find gaps? Areas of service they were missing? Key features they didn't do well?

If so, this is a starting point for you to develop some uniqueness.

However, simply finding a gap and filling it is not enough. If the gap you are filling turns out to provide you a significant competitive advantage, guess what will happen?

You guessed it.

Competition.

That's right. The very competition you analyzed to see what they were up to will turn around and analyze you too. And they'll see that you're taking some of "their" profit dollars and they'll be quick to fill the gap with the same features/benefits that you added to your product.

So, suddenly your competitive advantage is gone!

Does this mean that this was a waste of time?

No! Innovation and improvement is never a waste of time. However it is not enough by itself to protect your position.

True protection comes from creating a uniqueness that cannot easily be “knocked off” by your competitors.

This usually has to come from something specific to you. Something that you and only you can provide.

This might be related to your reputation or expertise personally. It might be a “brand” that you have built up over time. It might be a “secret recipe” or a “secret ingredient” that you emphasize heavily in relation to some important benefit and that nobody can exactly duplicate.

These are all much more defensible competitive positions.

So, the task to you now is to think of several ways in which you can offer some “difference” that nobody else could offer and explain to your customers why that difference should matter to them.

This is the magic key to raising your prices to whatever level you desire and keeping them there, without worrying about your competition under-cutting you.

This happens all the time in the retail world.

Do you pay more for a “Sony” DVD player than a lesser-known brand? Of course. It may be better quality, or it may not. It probably doesn’t offer more features, so what is the difference? The name. Sony has built up a reputation for quality and reliability and that makes it a much sought-after brand.

The fact that another competitor produces a DVD player at half the price doesn’t threaten Sony’s existence.

Consider KFC or Kentucky Fried Chicken. What keeps customers going there instead of to one of the other fried chicken joints? It’s the distinctive taste. It’s the secret “eleven herbs and spices” that keeps them coming back.

So, what is your “secret sauce?”

1.3 - Plan a Product Line that Appeals to the Same Customer

Once you know who your customer is, what they want to buy, and how you will position your products relative to the competition, it is time to start thinking about profits.

Ahh, profits.

The key to profitability in ANY business is the ability to sell to the same customer more than once.

In fact, over and over again.

This is where the term “lifetime value of a customer” comes from.

The profits in your business do NOT come from the first sale to your customer.

Now, if that last sentence surprised you, or if you flat-out disagree with it, hear me out.

Most craft businesses are structured so that the profits DO come from the first sale to the customer. Why? Because most craft businesses only sell to their customers one time – so it stands to reason that any profits they make MUST come from that first sale.

BUT...

Most craft businesses are also “stuck” at a certain level of sales and just can’t break out beyond that level.

Do you think those two facts are related in any way?

You better believe they are!

So, that brings me back to that earlier sentence:

The profits in your business do NOT come from the first sale to your customer.

They come from the act of steadily increasing the lifetime value of your customers to your business.

How can you do this?

By selling to them over and over again, of course.

And this comes from producing more and more products that they want to buy.

Now, do you see the importance of understanding WHO your customer is? What their interests are? Where they hang out? What they read? What websites they visit? What forums they chat in?

Of course. That's how you get to know them.

That's how you figure out what ELSE they want to buy.

You need to constantly "play detective" and figure out what products/solutions "go with" other ones.

When you sell them Product A, you need to be thinking about what Product B and C will be that "go with" Product A.

You need to be thinking about how you can create size variations of your products, maybe even format variations.

If you sell a skin cream in a jar, try offering it as a body wash. Maybe also as a hand soap. Maybe even as a bath oil.

Look at your products and think about "what comes next." If you produce embroidered hats with favorite dog breeds, maybe the next thing is outdoor vests. Then maybe sweatshirts. How about scarves?

And presumably dog-lovers actually have dogs, so why not embroidered leashes? How about leash-hangers for the house? What about engraved dog dishes? How about dog dish holders? (Sound ridiculous? Maybe so, but dog lovers are at least partly nuts. I know. I am one!)

You see how that works? All those products could all appeal to the SAME interest group.

On the other hand, if all you made were hats, and you had every design under the sun, from dogs to cars to space ships, you wouldn't have anywhere near as much success.

Why?

Because a dog lover is not necessarily a car lover, nor is a car lover a space ship lover.

So one design does not lead to the next design. In fact, they are utterly unrelated in the eyes of the customer.

And besides – how many hats does a person need? Not enough to base a business on, that's for sure.

So, don't fall into that trap. Instead, think like your customer. Follow his/her interests and create a line of "next products" for him or her to buy.

Add some premium versions too. Your best customers will want to spend more and more money with you.

Let them!

Offer them some high-priced “premium” products in addition to your regular fare. You won’t sell as many of them, but the profit you’ll make on the ones you do sell will have you smiling all the way to the bank!

And this brings me to the next step, which is in fact the first thing you need to actually implement before you even consider spending a dime on advertising...

1.4 - Create a Lead Capture and Follow-up Mechanism

The process of capturing a prospect's contact information and following up with him over time is probably the most important sales mechanism in any business.

Ironically, most craft businesses simply don't do this.

The reasons are not surprising when you think about it. If most craft businesses were constructed around the idea of selling at craft fairs only, then why would you need to do this?

Well, you wouldn't. It would still be a good idea, and could vastly increase your business, but strictly speaking you wouldn't need to do it.

But as soon as you start entertaining the idea of actually paying for advertising, well then that's a whole different kettle of fish. (Or as my grandfather used to say... "a horse of a different feather". Don't ask... ☺)

Now you not only have to make sales, but you have to make a certain level of sales just to pay for the advertising before you even think about profit – and that places some serious money-making responsibility in your lap.

It's not surprising to realize that this is where most ambitious craft businesspeople get so incredibly frustrated.

They simply can't generate enough sales to pay for the advertising and still make any money.

But wait.

This brings us right back to the statement that the profits in your business do NOT come from the first sale to your customer.

Well, in the context of having to pay for advertising, they CAN'T, can they?

There simply isn't enough money to pay for the advertising and have anything at all left over for profit.

So, what gives? What's the deal? How does the whole business model work?

The answer, in a nutshell, is this:

The first sale to the customer generates the revenue that you use to pay for the advertising. In other words, you assume that you will reinvest all the money you make on the first sale to your customers back into advertising to generate more leads and more "first sales" to new customers.

It's then the second, third, fourth, fifth, and seventeenth sales to existing customers that deliver the PROFIT to your bank account.

But wait a minute.

There isn't even enough money in the "first sales" to pay for the advertising to acquire them in the first place. So that won't work.

True, but that's because we're missing a step.

You see, the vast majority of people who respond to advertising are not actually ready to make a purchase right then and there.

They are responding to the ad in order to get more information, in order to arrive at a purchase decision at some point in the future.

If you only give them the one "immediate" opportunity to buy from you, the majority of them won't. So you miss out on the relatively large percentage of people who are interested, but weren't quite ready to buy when they responded to your ad.

But if you have a way to capture their contact information and follow up with them on a regular basis, well that's a different story altogether.

Now you can continue to provide information to them, present offers to them, and generally keep your name and products in front of them on a regular basis until they're ready to buy.

When you do this, NOW the pieces fall into place.

Now, the numbers work.

Now you can convert a much higher percentage of advertising responses into sales.

The secret is that it takes time, and a number of contacts from you before the purchase decision is made.

So, how do you implement this lead capture and follow-up mechanism?

In the Crafter's Marketing Action Plan home study course I cover this in considerable detail, however the high-level summary is that it depends a bit on how you presently conduct your craft business.

If you mainly sell in person at craft fairs, you may find that having a sign-up sheet for a monthly newsletter works best.

If you also sell via your website over through eBay or other online venue, you may find that a monthly or even a weekly e-mail newsletter works best.

In either case, it is absolutely essential that you "sell" the value of joining the newsletter.

Nowadays, people have so much advertising coming at them from all directions, that they will be naturally reluctant to sign up for more advertising from you.

So, don't offer them that.

Instead, offer them something of real value.

Position your newsletter as an important and valuable informative service about whatever interest theme or problem area they're interested in.

If they are dog lovers, then offer them a review service of unique dog collectibles or products.

If they suffer from dry or irritated skin, offer them a skin-health newsletter with reviews of new products or useful ingredients that will improve their situation.

Whatever you do, make it useful to them and then sell that usefulness to them.

The newsletter may be free, but that doesn't mean you don't have to "sell them" on the benefits of becoming a subscriber.

Of course, once they have subscribed, then make sure that every month (or week) that you send them your newsletter you do indeed provide valuable content and that you naturally take some time to tell them about your latest products that they would naturally be interested in.

This long-term relationship that you establish with your customers and prospects by means of your regular newsletter is what makes it possible for you to profit from sales to your customers again and again.

And this brings me to the last step, which is...

1.5 - Develop a Strategy for Repeat Selling

After that last section on lead capture and follow-up, you may have thought we'd already dealt with the question of repeat selling.

And so we did, when we talked about you promoting the various products in your interest-themed product line in your weekly or monthly newsletters.

But there's another, more formalized step that you can take that can exponentially increase the number of repeat sales that you receive from customers on an ongoing basis.

This formalized step is known as a "continuity program".

If your craft item is something that your customer naturally consumes – like a soap product or a food item, for instance – then your business is already set up for the ideal continuity program.

Instead of selling a one-time purchase of a bottle or two of your product, you sell a "subscription" instead.

Each month, you automatically send them one month's worth of the soap or craft item that they consume. They don't have to do a thing to get this benefit – you just automatically send them their product each and every month and if the day comes when they don't want to continue the membership, they simply cancel it.

Each month that they're subscribed to your program, their credit card or Paypal account gets charged the appropriate amount, and they get to enjoy the convenience of receiving your great product right to their door without the worry of running out or the hassle of having to re-stock.

Naturally, there is enormous benefit to you because you "lock in" the monthly sale for as long as they choose to be a member. You don't have to chase them to come and buy from you – it just happens automatically. And people's natural tendency to continue doing what they're already doing (inertia) just keeps the sales rolling in for you month after month.

To be sure, you will have some cancellations. But when you average out the number of months that members remain "active", you will find that your sales have skyrocketed over the level you would have achieved trying to sell each bottle individually time after time.

But what if you don't have a craft item that lends itself to a consumable sort of continuity program?

What if you offer a themed decorative item, or a themed embroidery craft?

Well, not to worry.

Enter the concept of the “_____ of the month club”. You’ve heard of the Book of the Month Club, right? How about the CD of the month club? These are some of the most popular and successful continuity programs in the history of direct sales.

So why not offer one for your craft items too?

If your customer is interested in dogs, then offer a dog-themed product of the month. Each month you offer a different product – of course customized with their choice of dog breed – that you send them automatically, for a fixed monthly cost.

Hey, if you go to Google right now and type in “of the month club”, you’ll see dozens – hundreds probably – of different continuity programs that offer everything from “tee-shirt of the month club” to “button of the month club” to “pie of the month club”. And just about everything else in between.

If these people can succeed with their “BBQ Sauce of the Month Club”, you sure as shootin’ can succeed with your themed-craft of the month club.

So, start thinking in terms of a continuity program. Think about what things you could offer in a reasonable series to create your own monthly club, and your bank account will thank you!

Now, this was the last of the critical five steps required to really grow your craft business.

Things brings me to the final piece of advice I have for you, which is...

2 - Take Action!

There is a famous book by Robert Ringer with the title: Action! Nothing Happens Until Something Moves. I have always remembered that title because it pretty much says it all.

So, move!

You now know what you need to do, and it's time to start making things happen!

2.1 - How to Get More Help with Your Craft Marketing

Way back in the summer of 2000, I first launched a software product called the Craft Management Software (and subsequently the Craft Assembly & Inventory System) – dedicated to helping crafters manage their crafting business.

Since then, I have sold nearly 3,000 copies of this software and have had thousands of conversations with crafters about their businesses. But the questions I get asked most often have less to do with the software and more to do with the marketing of their business.

This is the reason that during the summer of 2006, I pulled together all the secrets, tips, tools and techniques that I have learned over the years of making, marketing and selling my own products, and created a home-study course.

This is not just any home-study course, mind you. It is one specifically dedicated to helping crafters market their products. In fact, as of this moment, it is the only one of its kind in the world.

It covers offline methods as well as online methods, and goes way, way beyond the “old style” marketing material about how to sell at craft fairs or house parties.

No, this is about how to transform your craft business into a serious contender. How to actually position your business to make you money month in and month out, without consuming vast amounts of your time.

It is called the Crafter's Marketing Action Plan and as its name implies, it provides a step by step action plan to turbo-charge your craft marketing.

You can read more about it at www.OnlineCraftProfits.com

Remember, nothing happens until something moves, and now is the time to make something happen. So, go to it!

A handwritten signature in blue ink that reads "Jason". The signature is stylized with a long horizontal line underneath the name.