**IFAM Webinar Program**

**Transcript for Webinar #1 - The US Market Today: A perspective for international folk artists**

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**Wednesday, September 2**

Slide 1:

Welcome to the Mentor to Market Webinar Program on Marketing Essentials for Today’s Market.

My name is Karen Gibbs. I am the co-founder of ByHand Consulting. We are delighted to be here with you today and to share this webinar program we created for IFAM.

Slide 2:

The webinar program’s objective is to help you create compelling visual and written content and use digital marketing tools to stay connected with your customers during this uncertain time in the market. In today’s webinar we will discuss what is happening in the US market from the perspective of international folk artists. Next week the webinar will focus on branding and creating a compelling brand message. The following week the webinar will focus on photographing your product to capture the beauty and quality of your work. And in our final webinar we will review digital marketing tools and how to use them to stay engaged with your customers. The individual webinars address distinct topics and the webinar program overall has the objective to help you create content and engage with your customers.

Slide 3: (title slide)

Slide 4:

Today we will share what is happening in the US market from the perspective of international folk artists and global handmade businesses. We will cover three topics: 1. data from different retail reports and articles to give an objective perspective on current US retail sales; 2. best practices from leading global artisan brands practicing and how they are setting them apart; and, 3. ByHand’s recommendations for global artisan businesses about what to do during this time.

Slide 5:

When we think about the market today the word that best describes this time is uncertainty. The only thing that seems certain right now is uncertainty. Things change everyday. It doesn't matter if you are in a small town or a large city; it doesn't matter if you have lots of money or very little money; it doesn't matter if you're working in technology or if you're working in the craft field. Everybody feels this uncertainty. We also hear the word “unprecedented” used repeatedly. The uncertainty makes it difficult to predict the future. It seems everyone is hoping for the best and preparing for the worst.

Slide 6:

Despite the uncertain future, there is some helpful data that explains what has happened in the US retail market recently. Over the last few months US retail sales have taken a very unusual dip. We can see this dip in the “V” shape in this graph. From March to April retail sales declined by over 15%. At that moment there was a real panic about the US economy because ⅔ of our overall economic activity is from retail sales. Thankfully in May sales started to increase and by July US retail sales were back to pre-pandemic levels. The US government introduced a Covid rescue package in May that provided additional unemployment benefits to Americans. This could be one reason that sales picked up in May. These benefits ended in August so it will be interesting to see how retail sales perform into August and through the fall.

Slide 7:

While total US retail sales have come back to pre-pandemic levels, how Americans shop and what they purchase have changed. One way that things have changed is that people are spending more time and more money online. They are shopping more online from their computers, tablets and smartphones, and they spend more time researching purchases online and through social media. We see in this slide that “non retail” sales have increased by 25% over the last year. That's a significant change. This indicates an opportunity for people around the world because you all have the opportunity to represent yourself online, regardless of whether you want to sell directly online or you want to build a following of supporters.

Slide 8:

Another significant change in the market is that many legacy department stores, large retail chains and shopping malls are struggling. More than 6,000 stores have closed in the United States so far this year which is a much higher number than last year. Not only is it the number of stores but it is some of the biggest and best-known retailers in the United States that are either declaring bankruptcy or are closing their doors. Some of these stores are Pier 1 Imports, Neiman Marcus, Sur La Table, Brooks Brothers, J Crew, and JC Penny. These stores cover the entire market from high-end luxury to less expensive mainstream, and from home to fashion. The stores closing have dramatically impacted shopping malls as they are the anchor retailers in many shopping malls.

These store closings and bankruptcies contrast to the fact that retail sales are back to pre-pandemic levels. We ask - where are people shopping if they are not shopping at these stores? We know they are shopping online. And we also believe that they are shopping for more unique, more authentic products at the smaller independent retailers and buying directly from brands and makers.

It is important to note that the store closures are not entirely a result of Covid. These businesses were struggling before Covid. They were struggling because they did not innovate in the products or shopping experience they offered customers. We believe that Covid just accelerated a shift that was already underway to more online shopping or shopping at unique independent retailers or directly from brands and makers.

Slide 9:

Another change in the US market is the type of products that consumers are buying. Sales are strong and increasing for products to improve homes and gardens. Americans are spending more time at home and want to make their homes more comfortable and beautiful. US consumers are spending an increasing amount of money on groceries. They are making more meals at home rather than dining in restaurants. They are spending more money on sporting equipment or spending more time exercising to stay healthy. US consumers are spending more on hobbies and crafts supplies. People are learning how to make things at home. And, they are buying more musical instruments. Making or developing products in these categories can help international artists attract customers’ attention and sales.

We see that sales are weaker or declining for clothing and apparel because people are not going to the office or not going to the movies or not going out as much. And they are spending less money at department stores.

Slide 10:

Despite the uncertainty and changes in the market, there are some bright spots. There are positive things happening in our market today. And I believe that global artisan businesses and folk artists can take advantage of these opportunities. Let’s look at some of these best practices.

Slide 11:

There is a dramatic investment in digital marketing and sales. For example, small independent retail stores or “brick and mortar” stores are investing in online selling. Here is an example of a small retail store, Driftless Style, that that opened 1 year ago. As soon as Covid-19 hit, they immediately invested in creating an online store. The online sales have helped sustain their business.

Other examples of digital investments include trade shows and retail markets that are creating virtual online events. And companies that have traditionally been online, like Amazon, are experiencing rapid increase in sales. For retailers and markets, figuring out ways to sell and promote digitally is essential to success. I think the increased role of digital marketing will be a permanent change.

Slide 12:

Digital marketing is not just about selling online. You can use social media to stay engaged with your customers by sharing interesting and entertaining content. Here are two examples. On the left is a company called Goop which focuses on healthy lifestyles. They use their social media outlets to interview their staff and share fun and inspiring lifestyle practices. Here is an example of a staff member showing how she organizes her closet. On the right, we have Injiri, a beautiful Indian fashion brand. They use their social media channels to talk about the techniques, motifs and history behind their product. You can create different types of content. The objective is to stay connected to your customer. Americans are spending more time on their computer and on social media these days. Creating and sharing interesting content can help you stay engaged with them.

Slide 13:

Creating digital content does not need to be about selling your product. People are feeling lonely and isolated right now. Creating fun activities is a way to connect with people. Here is an example from Tantuvi, a company that makes handwoven rugs. They sent the rug patterns to their customers through social media and email and created a fun competition to see who could make the best colorways. Their customers colored in the patterns and posted them online. This project engaged their customers and helped build visibility for Tantuvi’s brand.

Slide 14:

Here is another example of a company that makes bandanas (which are very popular right as face coverings). Their bandanas are screen print designs of maps. They converted their map designs into coloring pages and made them available on their website. They encouraged their customers to download and color them. This is another way to engage your customer without directly trying to sell to them.

Slide 15:

Product innovation and creating new products that are relevant to current needs is an important key to success. One very popular category of products relates to safety. We see lots of makers and brands offering masks. We see clothing companies that have converted their production to make garments for health workers and hospitals. We see distilleries that are making hand sanitizers instead of beer or spirits.

Slide 16:

Here is the fair trade brand, Anchal, that works with a women’s cooperative in India and the Zambian brand, Tribal Textiles, who both quickly launched colorful masks to meet their customers’ needs. Tribal Textiles quickly took orders for over 8,000 masks after launching the line. Creating products that relate to your customers immediate and pressing needs is a really important way to connect and empathize with them.

Slide 17 & 18:

“WFH” or Work From Home is quickly becoming the new normal. At first people thought they would work from home for just a few weeks or a month at the most. Now, it is clear that working from home is becoming more permanent. Some large US employers, including FaceBook, Google and Microsoft, have told their employees to work from home until the end of 2020 or later.

People are redecorating and reorganizing their homes to create work spaces that are both efficient as well as beautiful and inspiring. Showing how your products can be used in a home office will help people relate to your work.

Slide 19:

Puzzles, games and craft projects are also very popular. In the middle of April there was a shortage of puzzles in the United States because so many people purchased puzzles to keep themselves entertained at home.

This an opportunity for artists around the world to share a technique of how to make something or share your creative process because people are spending a lot of time learning how to make things. We see the example of the paper bead bracelet kit from Uganda here. Whether you want to provide a kit or just share a technique, we know US customers are engaged in making things right now.

Slide 20:

Here is an example of a mask kit, and also a website showing how popular games and activities are for big retailers.

Slide 21:

Here's an example from Meso, a brand from Guatemala. They offer a wide range of home textiles and home decor items, including beautiful wall hangings. They also created this small kit so people can make their own wall hanging at home. This did not detract from the sales of their wall hangings. Rather, it helped them stay engaged with their customer by providing something that their customer needs - something to entertain themselves with.

Slide 22 & 23:

Another product innovation is related to self care and comfort. People are spending a lot of time at home and are worried about the future. Products that make them feel calm, comfortable, cozy are popular. This can include slippers, candles, lotions, comfortable clothing, blankets, pillows.

Slide 24:

Other products that are popular right now are items that relate to cooking and dining at home. People are preparing meals and eating at home more than before. Recipes, cooking utensils, serving dishes, table decor and textiles all have good potential. Gardening is another popular activity. Products or stories related to gardening are recommended. This could be as simple as a social media post sharing your own garden, local plants, etc. Anything related to family time, time at home and ways to entertain yourself are good ideas for this time.

Slide 25:

There is discussion about the “silver lining” of Covid. What are we learning from this time that will make our lives and our world a better place? Li Edelkoort, who many of you know through the Folk Art Market, has an interesting interview on the Business of Fashion’s podcasts. In her interview, she explains how Covid is forcing consumers to consume less and consume better. She believes that Covid is providing us an awakening to how we are treating the planet and showing us ways we can consume differently in the future. She also believes that artisan and handmade products have an important and significant role in the future market.

The discussion about sustainability and ethical practices in the apparel market is also being elevated by Covid. The trend towards sustainability and greater concern for the environment is continuing. Covid has connected us more with our environment as we see air quality improve with less driving and as we spend more time enjoying nature. Overall, more people are making the connection to the importance of sustainability.

Slide 26:

In April, Williams Sonoma, one of the largest retailers in the US, launched its sustainability report. The timing of their report shows how important sustainability is to retail, even in the face of Covid. As you can see from their report, sustainability is about people, the planet and purpose. There is a clear role for artisan and handmade products in the sustainability movement.

Slide 27:

In the midst of the panic caused by Covid, market analysts are reminding us that staying focused on your purpose is essential. Having a clear, authentic purpose and reminding your customers of your purpose is vital to your success. Some of the US market’s biggest voices, including the CEO of the largest private equity fund in the US, are making clear public statements that all companies need to have a purpose beyond just making a profit. Companies that only focus on making a profit will not survive long term. You must communicate a clear purpose that reflects your values and goals. As we look back at the larger retail companies that are declaring bankruptcy or closing we see that many of them did not have a clear purpose that their customers could relate to. They were focused on selling but not on the quality of their brand and values. Reactivating and refreshing your purpose can help you engage with your customers.

Slide 28:

What can international folk artists and global artisan brands do right now? Connect with your customers.

Slide 29:

How can you go about doing this? There are three types of messages that we recommend sharing during this time. Share these messages through email, social media, website or whatever channel you use to communicate with your customer.

The first message is to explain and demonstrate how Covid has impacted your work, your community and how you are responding. And then demonstrate your values and purpose.

The second message is to empathize and innovate. Remind your customers that “we are all in this together” and that “you are here for them” (just as they want to be there for you). Share new products and ideas you are developing that relate to their needs and interests. Innovate in your products and messaging. Try new things.

The third is to remind them that you are prepared to return to the market, prepared to start producing again, prepared to see them again soon.

This combination of messages will engage your customers and keep you at the top of their mind.

Slide 30:

Here is an example of a newsletter from Sidai Designs, an artisan brand that has participated in the Santa Fe market. They sent this message to their customers to convey how Covid has impacted them, how they are responding, and demonstrates their values. They empathize with their customers and explain how they are staying prepared to fulfill orders, despite the challenges.

Slide 31:

Here is another example of an email from the Indian fair trade organization, Sasha. They used a message of togetherness and also shared their products related to sustainability as that is a very important part of their work.

Slide 32:

I hope this presentation has been helpful. Please feel free to email me with any questions. Karen Gibbs at karen@byhandconsulting.com.