

Sample: Case Study

Client: Continental Craft Company - Continental manufactures craft supplies for home hobbyists that are sold through retail craft supply stores and online merchants. 82% of primary end-users are female who make greeting cards, scrapbooks, holiday ornaments, party decorations, etc.

Background: Continental wants a case study written to promote its custom product line offerings. These products will be designed exclusively on a custom basis for retailers to offer a unique product line that sets them apart from their competition. The target market is retail craft supply stores.

Continental says that retailers are frustrated by big box and large chain retailers that are able, through large volume purchasing, to sell products at margins that make it difficult for smaller chains and independent stores to compete.

Project guidelines: Continental will provide contact with a retailer that has had success with their program and seen its effectiveness for their business. Continental has obtained all legal approvals and agreements necessary from the retailer. Assume that the target audience is familiar with Continental.

The following is the resulting
Continental Craft Company Case Study

Custom Product Line Gives Retailer The Edge They Need

After fighting national big box stores, retailer chooses Continental Craft Company to create an exclusive product line to protect market share and increase profits.

Customer Background

Crafter's House is a crafting supply retail chain based in Revere, MA. Having started with one store in 1989, they have grown to 27 stores throughout New England. Crafter's House sells crafting supplies to people who make homemade craft items such as cards, scrapbooks, etc. Over 80% of their sales are to women.

The Challenge

Marge Strohman, CEO of Crafter's House, started the company as a small, one store operation. It grew quickly to cover New England. But as the economy soured in 2002 and again in 2008, they were fighting business decline and moves by large big box stores to take over the market. Added pressure came as they watched competitor's go out of business.

Lower margin/high volume big box chains make it almost impossible to find product areas where profit margins aren't extremely slim. The large chains can buy cheaper and sell at pricing that squeezes Crafter's House margins.

Realizing that the large chains purchased for a national audience and command volume discounts, Crafter's House decided to look for products that were unique and not sold by those stores.

Ms. Strohman says of their search for a solution: "We decided to look for products oriented to the New England market. We wanted things that were unique enough that the large chains wouldn't have them. Those would allow us to price them with a stronger profit margin and help offset pricing on products we had to price to compete with the large chain stores. But we could find no supplier with a full line to meet our needs."

Strohman went on to say: "We tried looking for products with images of lobsters, lighthouses, sailboats, and other scenery known to New England. But we found no company with a complete line of these types of products. We had to buy from many suppliers to get all the products we needed. We

found ourselves with the a laborious task of searching out which suppliers had products that would meet the need. This increased administrative costs due to dealing with so many suppliers and each order being so small. We could not create enough volume with any supplier to get reasonable shipping costs or decent volume discounts. We were left with a hodgepodge of products and suppliers and no price advantage.”

Without a solution, they were facing pressure to cut costs and possibly even closure of some stores.

The Solution

At an industry meeting Crafter’s House management met representatives from Continental Craft Company. They learned that Continental would make a custom line of exclusive products for them without prohibitively high volume purchasing requirements.

Continental was contracted by Crafters House to develop and provide an exclusive line of stamps, dies, stencils, embossing folders and punches with a New England theme. They gave Crafter’s House the ability to purchase from one supplier, simplifying administrative tasks and giving them the opportunity to make purchases large enough for discounts. The exclusive line of products protected profit margins by giving Crafter’s House a product line competitors could not offer.

The Results

The new product line gave Crafter’s House an exclusive and unique line of products that was very well received by their customers. The popularity led Crafter’s House to work with Continental to expand the line to other products. These included custom colored ink pads, embossing powders, paints and glitters to be sold with them. As the popularity grew, the type of designs expanded to such things as early American colonial themed products to play off of New England’s rich early American heritage.

Ms. Strohman says of their decision to work with Continental Craft Company: “Business in these products has attained 9% of the company’s revenue, an unheard of number for any one product line. Crafter’s House has stabilized financially with the reduced administrative costs, added profitability of these products, and increased business. This has been an outstanding success that shows that creatively working with a supportive partner like Continental can give you the advantage you need to succeed during tough economic times with tough competition.”