

STARTING A HOME BASED GIFT BASKET BUSINESS

Bizymoms
Career kit



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Introduction

A gift can say it all. And a gift basket can be the perfect gift as it suits almost every occasion and every sentiment.

Creating gift baskets can be the perfect business opportunity for someone who is blessed with an artistic flair, a creative vision and an entrepreneurial nature.

If you are that person then the gift basket business is the perfect entrepreneurial venture for you. This is one industry where the market is diverse, forever changing and for the right individual this can be the perfect platform to go ballistic on creativity.

This is a market that allows you to create thoughtful gifts that are appreciated by both the giver and the receiver; it allows you the liberty of coming up with unique gifts and themes for all occasions. Indeed you get to have fun with ideas and themes and deliver a product that rates high on creativity, thoughtfulness and sentiments and is increasingly gaining popularity as an anytime gift.

As popular and huge that the gift basket industry is, it is surprisingly just as lucrative. With a small startup cost you can plunge into the market head on and still end up with a potential for a decent income. However the gift basket business is one that requires dedication and commitment and yes lots of hard work. This is serious business, one that demands a flair for creativity and an eye for arranging an assortment of products to produce beautiful baskets.

Module 1 - Starting out

- **What is a gift basket business?**
- **Gift basket business; an excellent home based business**
- **Can I start my own gift basket business?**
- **Income potential**
- **Inventory**
- **Different kinds of gift baskets/themes**

What is a gift basket business?

Most people today prefer giving gift baskets to their loved ones for any and all kind of celebrations and occasions or functions. Whether it is a wedding or a birthday or a baby shower or a promotion at the work place; gift baskets make for excellent gifts.

The gift basket business is a billion dollar industry that assembles and designs these gift baskets for both individual and corporate customers.

Gift baskets can be sold for different occasions to both individuals and to businesses. They can also be sold at fundraisers and charities or at competitions and contests. As gift baskets add that personal touch most people are willing to shell out good money for them. This makes the gift basket business a highly lucrative option.

Gift basket business; an excellent home based business

For anyone with a creative flair looking at starting a home based business that provides a great platform to showcase their talent as well as provides a good income potential the home based gift basket business is an excellent venture.

If you have a flair for creativity and an eye for assembling gifts baskets, then the gift basket business can be a fantastic home business opportunity for you. Relatively low start up costs plus the fact that the space to run such a business can easily be found at home are two major reasons why the gift basket business is great as a home business option.

Most importantly for stay at home parents it provides the perfect opportunity to be close to the family while earning a good income. Besides this you get to be your own boss! I'd say this is one of the best home business options available.

Income potential

The income potential in the gift basket business is only limited by the quality of work and the extent of how much you are willing to invest by way of hard work. There are many instances where people have invested bare minimum and have gone on to running businesses that gross a \$ 1 million upwards!

However as a small business owner with a home based business working part time can expect something like \$10,000 and upwards. Retail units of course do make a lot more money as they have the potential of tapping into big clientele such as corporate houses. And of course their annual income reads into millions.

But as a home based setup, one can safely assume a decent income potential.

Am I suitable for the gift basket business?

As I mentioned earlier, if you have a creative flair and a good eye for assembling a gift basket then you are absolutely suited to running your own show. All you need is a push in the right direction and you can be on your way to running your own business.

Just to point you in the right direction here are some skills and attributes that will hold you good in your business:

- Esthetic sense for putting together just the right products to make your baskets attractive to customers.
- A Creative flair is essential as you will need to constantly revive and reinvent your baskets with new themes and ideas
- Customer Service Skills since you will be dealing with people all the time.
- Organizational Skills to tackle not just the creative side of your business but also the business side of it.
- Marketing Skills are required if you want to make a success of your business.

Inventory

Inventory increases as your business expands or grows. However if you are starting new, then the best way to cut startup costs is to keep inventory to just essentials and at a minimum.

Make a list of items that are absolutely essential to running your business. This can include a phone and answering machine to take in orders if you are not around, a desk or table where you can assemble all your baskets, shelves or cupboards to store all your items and purchases.

Other things that you need by way of work like couple of scissors, tape, decoration rolls etc. All of these items are essentials and are important when you start out.

Other miscellaneous items that are included in the inventory list are small things such as stationery, envelopes, business cards, sales slips, invoices, containers, labels etc. You can pick all these items at a low costs from any office supply store.

Pick up Items like the baskets and tissue paper or fillers at wholesale prices or stores. These are items that are common to all kinds of gift baskets and buying them wholesale will reduce your expenses. If possible try to make bulk purchases as cutting a discount is easier even at retail if you pick up items in bulk quantities. And a lot of retailers will agree to a lowered price when you buy bulk. Although this can be a little difficult if you are making custom made baskets.

Different kinds of gift baskets/themes

Gift baskets come in different themes and ideas. Here are some of the more common ones

- **Gourmet/food gift baskets** Filled with gourmet food, snacks, chocolates, wine and cheese; gourmet/food gift baskets are among the most commonly used and are very popular across both individual and corporate clients.
- **Bath and body baskets** these gift baskets are filled with toiletries such as soaps, scented oils, bath perfumes, lotions, fragrances, and aromatherapy products and as just as popular.
- **Shower baskets** whether it is a baby shower or a bridal shower or any other such occasion, shower baskets are a preferred and popular gift. There are many businesses and retails stores that specialize in shower baskets alone.
- **Customized baskets** These gift baskets contain products and gifts that a customer specifically asks for as sometimes a customer may wish for specific items to be included in his gift basket exclusively. Definitely pricier, customized baskets contain an assortment of products that may not be a part of a regular basket.

Some popular themes and occasions when gift baskets can be sold are

- Birth of a child
- Baskets for Pets
- New Mom
- Christmas
- Easter
- Valentine's Day
- Golf competitions
- Graduation day
- Mother's Day
- Father's Day
- Birthday's
- Weddings
- As get well soon gifts
- House warming gifts
- Romantic occasions or celebrations

Module 2 - Planning your business

- **Creating a business plan**
- **What is a business plan?**
- **Startup costs.**

When you are starting out there will be a multitude of questions crowding your mind. For instance, you maybe undecided about whether you should go in for a retail unit or just work from home, or what you should call your business, or even just what kind of gift baskets you should assemble.

These are all absolutely valid concerns and it is important that you be clear on such issues before you go ahead and start out.

The only problem is most of us are at a loss as to where and how we should go about addressing these concerns.

Shoestring budgets, time constraints, space limitations all just some of the factors that come into play when planning your business. However a business needs careful planning and the best way forward will be to sit down and formulate a business plan for your business.

What is a business plan?

A business plan is simply a detailed outline of your business. It contains a detailed description of the functioning of your business based on a careful analysis of you income and expenditure.

A simple business plan has three basic sections-

- Identifying your audience/ target market
- Planning a strategy to develop a system of business
- Improving and expanding your business.

NOTE: A detailed description of a business plan is outlined in your ekwa “easy business guide” book.

Startup costs

Startup costs vary from business to business. Some people invest a less some invest more. The best way to go about this is to plan and create an outline of how much investment your business requires to get it off the ground and compare it with what you have on hand.

To arrive at a figure of your startup costs you will need to consider the following

- Basic equipment and tools that you need to assemble your gift baskets
- Retail and wholesale supplies for your baskets.
- Basic furniture (shelves, cupboards, storage cabinets etc.)
- Business stationary and miscellaneous supplies, phones, answering machine, computer and fax.
- Initial marketing and advertising investment.

This is a list of the bare minimum that you require to get started. You can further cut down on the costs of this list as things like phone, answering machine; computer, furniture, storage furniture etc. are already a part of most homes. So your maximum investment will go towards the buying of products and items for the gift basket itself.

There are people who have started out investing less than \$500 dollars and have still managed to make a success of their business.

Module 3 - Marketing

- Know your market.
- Marketing your gift basket business?

Know your market

A business is as big as its market. And the gift basket business is massive! So if you want to break into it or create a niche market for yourself, then the first thing that you need to do is to learn about the gift basket market and understand the reason behind the popularity of such a product.

In the United States alone the gift basket business is a multi billion dollar industry. The reason why this particular market enjoys such a status is because people love the idea of a gift basket as opposed to individual gifts which are pricey besides being so much more difficult to decide upon or select.

A gift basket on the other hand is thoughtful, intricate and is suitable for all occasions and people. Another reason why it is popular is because it eliminates the need to pack or parcel or decorate. A gift basket stands for care and thought, something that all of us want to portray especially to our family and friends.

As is obvious, you will be catering to the needs of a highly diverse and sentimental customer base since the gift basket represents an emotional gesture.

Market research provides answers to two vital questions-

- What are the current trends in the market and what customers are looking for
- Secondly and more importantly it tells you what kind of customers your business can profit the most from.

Getting to know the psyche of customers and understanding their likes and dislikes is vital to your business. This is why market research is at the boot leg of your business plan.

Market research involves pulling up all kinds of information that either directly or indirectly impacts your business. Take time out to check out things like competition in your area or niche market, delve into business books and books on the gift basket industry.

An excellent source of information is the internet. Look up websites and forums that are centered on the gift basket business. Meet people who are already established in this industry, get to know their story and their experiences. Chances are you will be given tips and hints on what to do and what not to do.

Most gift basket businesses distribute flyers and brochures and have websites about all the different kind of baskets that they sell. Look these up and see what goes into making them, what is included and why. If you are interested in only assembling gift baskets for a particular occasion like maybe weddings or baby showers, then look up stores both online and offline that do that same.

The idea is to learn as much as you can about gift baskets before you go ahead and start designing or assembling your own. You have to remember that while the gift basket industry is huge, it is a highly competitive market and any and all information that you can gather is only going to benefit you.

Marketing your gift basket business?

Marketing/advertising are the cornerstones of any business. It does not matter if you sell the best gift baskets in town or offer the best prices if people don't know about your business. To create an awareness about the presence of your business and all that you can offer, it is vital that people know who your are, know what you are selling and why exactly should they be buying from you. And that is marketing and advertising play such a pivotal role in the success of a business.

Marketing accomplishes a lot; however creating awareness about your business is the primary objective. So how can you market/advertise your gift basket business?

There are a lot of ways in which you can market your business and not all of them cost a lot of money. Marketing can be done both directly and indirectly and the best marketing strategies combine both offline and online options.

Here are just some of the options that are available to you.

Offline marketing

- Print flyers and brochures about your gift basket business and distribute them at popular hang outs like, shops, and department stores, schools or any public place which is frequented by the general public.
- Another must and a great marketing tool are business cards and get into the habit of passing them on to people you know or meet.
- Place advertisements about your gift basket business with local directories or in the Yellow pages. Be creative when you write out your ads but remember to keep it simple.
- Talk about your business to family and friends at parties, or family functions or your church meetings or even the PTA meets. People at such gatherings are especially susceptible and would definitely like to give your gift baskets a try.
- Warm up to the idea of giving something free this is an excellent way of creating awareness for your baskets. Donate them to charities to be displayed or you could leave a few samples of your gift baskets with retail shops (gift shops) and don't forget to drop your card along with it.
- It would do wonders for your business if you could get in touch with your local paper or magazine and set up a column or write an article about the gift basket industry. You can always add your business information at the end of the column or article.
- Use your answering machine as a marketing tool by adding information about your business at the end or the beginning of the phone message.

Add information about your gift basket business to all your personal and business correspondence. You could also attach stickers, stamps and handwritten notes to your mail.

Online marketing

- Place advertisements about your gift basket business with online directories.
- Add information about your gift basket business to your email signatures. This way every email that leaves your inbox is armed with information about your business. Anyone receiving your emails can then pass on information about your business to their family and friends or colleagues.
- Home based business discussion group and forums are excellent options to spread the word about your business.
- You could also try networking as a means of creating awareness about your business. Most WHAM sites offer free link exchanges and use banner rotation to advertise each others businesses.
- You could also set up a website about your business and in due time if you are comfortable with it, start an online business as well. You can use your website to market extensively. Announce contests and offer a gift basket as the prize, or offer discounts on costly or multiple purchases made by your customers.

These are just some of the ways in which you can market/advertise your gift basket business. Of course as you go along you will be presented with opportunities you can use to market and further your business interests.

Module 4 - Pricing and Competition

- The importance of pricing.
- Factors influencing pricing.
- Know your competition.
- Conclusion.

The issue of pricing haunts both the old and new business owner. It can be quite a challenge to decide on what and how much you should charge your customers. If you set a low price for your basket, you run the risk of lowered or diminished profits. Setting a high price tag can send your customers scurrying away in a hurry to your closest competitor!

Pricing is a vital and contentious part of any business. And as with all the other aspects of business it is subject to a multitude of factors like competition, overheads, freight etc. There may be times when you find that you will have to cut down costs just so you can keep the inventory moving.

If you are a new business owner, then pricing can under certain circumstances be the deciding factor influencing your entry into your particular niche market. Keeping in mind the importance that pricing will play in the success of your business here are a few hints and suggestions to point you in the right direction.

Factors influencing pricing

As I said earlier, pricing is subject to many factors and this irrespective of the nature of the business. Here are a few considerations you need to keep in mind while deciding on a magic number for your gift baskets -

Profits obviously the most important consideration; your profit margin is directly affected by what you charge your customers. Obviously a higher price tag will result in higher profits and a lower price tag will lower your profit margin.

Competition is one of the best ways of arriving at the price bracket for your gift baskets. All you need to do is make a few inquiries as to what your competitors are charging for a similar kind of basket. This is a great way of understanding the competition as well as gauging the quality of your competitor's baskets, all of which will help you in pricing your own basket.

Labor you are investing time and effort into creating your gift baskets. So don't forget to add labor costs when setting a price for your gift baskets. A lot of people make the mistake of undermining the effort that they put into making a basket as well as the time it takes to assemble them.

Raw materials/merchandise in the gift basket consider everything that goes into putting up and assembling your gift basket. Right from the basic basket, decorations to the actual assortment of gifts that goes into the basket, you are spending money. So it is only fair that the price of your gift basket is inclusive of all these.

Overhead costs includes things such as electricity, rent (if you are working out of your home), trips to the store, fuel etc. These are the costs you incur indirectly in your business. Of course overhead costs can differ with every gift basket, especially if you are assembling custom made basket.

Shipping and freight if you have customers outside your city, you will have to deal with shipping and freight charges as well. Most businesses will charge you for any shipping and freight charges while delivering your packages. Some businesses adjust the pricing to include shipping and freight charges naturally, while others will charge these separately to the actual cost of the product.

Miscellaneous costs in addition to all of the above expenses, if there are any other kind of costs that you incur in your business it will be considered as miscellaneous costs.

After you have considered all of these factors it should give you a fair idea of what and how much you can charge your customers. Remember, the idea is to get back a decent return on your gift basket without going overboard. Most people in the gift basket business make a more than decent profit even after applying and including all these to the final price.

Checking out the competition

The gift basket business is the fastest growing home businesses today. A personalized and creative gift basket is perhaps one of the most thoughtful gifting options and holds a world wide appeal. As more and more people are waking up to the idea of presenting their loved ones with a personalized and thoughtful gesture such as a gift basket, the number of businesses and entrepreneurs for the gift basket business is also rising sharply. Under such circumstances it becomes important that you check out the competition you will be up against, especially if you are starting out new.

Whether it is presentation, decoration or the assortment of gifts that make up the gift basket, or its price, you need to ensure that you are at the top of your game. And the best way to do that is to know what your competitors are up to.

Things that you need to keep an eye out for in particular are the quality and the price of the gift baskets of an existing and or potential competitor. Look at what they are offering extra or new and that way you can come up with new ideas and options to offer to your customers. Remember creativity does not always have to be something absolutely new, sometimes all it takes is an addition in the form of decorations or presentation.

Again when it comes to pricing, the best option is to go by what your competitors are charging their customers for a similar gift basket. See if there is anyway that you can cut down on costs and still fix your gift baskets at a price that will not cut down your profit margin.

Conclusion

when you are formulating a pricing strategy for your gift baskets you need to ensure that you are not short charging yourself with respect to any of the above factors. Another thing to watch out for is a price war. A lot of business owners make the mistake of getting into a price war just so to attract customers, clear inventory or just to quash competition. Lowering prices is a last ditch strategy and one that you should avoid at all costs.

It makes sense to set the expectations right at the beginning when you are starting out new. Offer quality and creativity and you will be able to carve a niche for yourself no matter how stiff the competition.

Bear in mind that it is not just the physical gift basket that you are offering to your customers, you are also presenting them with a thoughtfully personal and creative gift. And your price and attitude should reflect that.

Module 5 - Sales

- **Selling your gift baskets.**
- **Where can I sell my gift baskets?**

After you have set up your business, taken care of marketing and advertising, the moment of truth finally arrives. Will my gift basket sell? Will I be able to make a sale today? Do I have a happy customer?

These are just some of the questions that haunt every business owner. It is also that aspect of a business that most people struggle with. As markets evolve and customers change, their expectations and demands also change.

To keep up with these changes it is important that you as a business owner are equipped to handle the different stages of selling as well as its ever changing face.

Here are a few ideas on how to get going with selling your gift baskets and to keep the business running:

Start small/specialize - as a new business owner you may not find it easy to attract customers. As you start out, it is best if you can specialize in a particular theme or gift basket instead of going in for a whole range of gift baskets. Start small and keep it simple with maybe a wine and cheese basket or maybe with a theme like christening. This way you are sure of your customer's expectations and as you will be serving a niche market it will be easier to focus your sales and marketing strategies in one direction.

Once you have established yourself in this industry you can always go ahead and diversify or expand. The idea is to get that first sale going and to first just establish your business. Once you have done that, the sky is the limit.

Be informed of any changes in the market/keep up with the trends - Every market is subject to change in trends and expectations of the customer. Of course it is important that every business owner be aware of the changes and trends of his/her industry, however if you are new to the gift basket industry this becomes all the more important for you.

Since you are starting out new and still need to establish yourself in the market, stay ahead by finding out what is in and what is out. By keeping a check on the pulse of the industry expectations you can design and assemble gift baskets that people want making it easier to sell your baskets.

Remember selling is easier if you know what sells.

Start out with a niche market - Most small business owners make the mistake of concentrating on quantity as opposed to quality. The reasoning is that if you have ten different items to sell, you are offering a customer with variety which will result in a sale. While this may work out in some cases there is no guarantee of it working always.

The best option is to target a niche market or audience. You could perhaps concentrate on corporate houses. The demand for gift baskets is relatively high and consistent all through the year. This is a great way to build a steady client base and keep the orders coming in and you will earn referrals.

Base your creativity around the customer's expectations - one of the surest ways of losing a potential "second time customer" is to offer him/her your version of what he/she is expecting. This is especially true of women customers as women typically know just what they want and how they want it. Assemble a gift basket keeping in mind what a customer is expecting and reserve your creativity to just presentation and decorations. Once you build a rapport with your customer and he is a second or third time customer, you can then bring up alternatives or better options.

At this stage your customer already trusts you and will be willing to go ahead with your suggestions.

Give a few free baskets away - An excellent sales strategy, giving a few baskets for free at charities or as donations, hospitals, churches or community centers is a great way to let people know about your business. But be sure to leave your business cards with the basket in case a potential customer wants to get in touch with you.

Where can I sell my gift baskets?

The gift basket industry is a billion dollar industry with a vast market and a huge customer base. Right from individual customers to big corporate houses the demand for gift baskets is huge. Since they make such perfect and thoughtful gifts and also because they are utility gifts, they are on demand for all kinds of occasions and functions and celebrations.

In fact gift baskets are popular as prizes at competitions and contests. Even Oprah and Ellen don't tire of offering these on their shows!

So incase you are wondering if you will be successful in finding a market to sell your gift basket, then the answer to that is yes. Whether you run your gift basket business from home or from retail unit, there will always be takers.

All you need to do is to create awareness about your business and you will find customers coming in.

Gift baskets are a top gifting option at weddings, birthdays, anniversaries, special events, housewarmings, christenings. They are also a great way of expressing thank you's or sympathy's and or as congratulatory messages. Your neighborhood and local community is a great place to being with. Occasions such as these are plenty and you can pick up first time and repeat customers at such gatherings.

Business houses again form a big market with the gift basket industry as they are perfect to send to employees and business clients. Corporate houses like using gift baskets as they can be personalized and also because they make thoughtful gifts in place of regular mementos. They typically like giving gift baskets at employee anniversaries, promotions, retirements and birthdays or as gifts to customers and clients.