

The Art of Positioning and Pricing your Product
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Presented by: Susan Dilger
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Introduction

You LOVE making jewelry! Other people love your jewelry. One day, you say - "Hey, why not SELL my jewelry so I can make money to make MORE jewelry?" Often times we start selling a bit here and there and soon we realize we're in business! But many of us know little or nothing of running a business and often take a somewhat feeble stab at pricing our work. **Here's a secret. You can sell your work for anything you want.....** But if you want to make MONEY as a business, you'll need to refine your approach a bit! Today we'll talk about some ideas on how you can find your customers and price your product so you're on the road to success and making money!

1) Who are you?

- a) Evaluate your look/ style

- b) Do you make One of a Kind pieces, production, or a mix?

- c) What is your "edge"? What makes you, you?

- d) Have a fellow jeweler, friend or business associate help you critically evaluate your style. Brainstorm a list of words to describe your style.
 - Is your look classic?
 - Arty?
 - Whimsical?
 - Thematic?
 - Organic?

- e) Refining your brand. Once you determine your style, project it and your personality in everything you do. This includes your profile photo, style of writing, business cards, presentation materials, blog, etc. It makes a difference!
 - Think of established artists you admire. Think of their style, personality, and approach to their business. Build your work / style into a cohesive brand.

- f) Hallmark/ Sign your work. People will get to recognize your mark and style.

- g) WEAR YOUR WORK!!! Remember, you are a walking billboard. Dress accordingly! Be your own biggest fan! Have your business cards and business strategy ready!

2) Who is your customer?

- a) Who comments on/buys your work?
- b) What is his/her age, demographic?
- c) Where does she/he shop?
- d) How much does she/he spend on various products / services in their life?
- e) Don't underestimate the Importance of networking with your customer. (Facebook, website, blogs, attending art openings, civic functions, etc.)

*Find photos of your "customer" and make a collage to hang in your studio.
Always consider your customer when crafting your work!*

3) Where do you find your customer? Identifying outlets for your work

- a) What is your strategy for locating your customer? Where will you sell? Direct or through outlets?
 - Get your work in front of the "right" people! Just because you LIVE in a town doesn't mean you can SELL in that town!
- b) Options: galleries, stores, museum shops, art/craft fairs, bead shows, home/trunk shows, on-line (Etsy, website, etc)
- c) How many outlets can you support with your production?
- d) Tips on approaching outlets.
 - Visit first, if possible.
 - How would your work fit in?
 - Would you be proud to say you're represented at the shop?
 - Check out the staff, customers, traffic, lighting, displays, other artists. Does it meet your vision?
 - What is their reputation? Check with some of the other artists. Do they actually sell their work? Do they get paid?
 - Be professional! Always make an appointment with the gallery owner / manager to show your work.
- e) Consignment vs. selling outright
 - Consignment - Paid when work is sold. Based on "trust". Must keep track of your work. Follow up in person periodically if possible.
 - Selling outright - prepare an invoice with terms for payment. Outlet takes ownership of product.
- f) Importance of consignment agreements
 - Who has ownership of goods, when is payment due, risk of loss, etc.
 - <http://www.ganoksin.com/borisat/nenam/consignment-agree.htm>

4) **Refining your Pricing approach and strategy**

a) Why develop a pricing strategy?

- establishes you as a professional
- presents a consistent picture of your work
- allows you to focus in on your customer
- earns you money!

Be fair to the customer, but be fair to yourself as well!

b) My formula:

$$\text{Materials cost} \times 3 + \text{time} = \text{minimum wholesale} \\ \times 2 = \text{proposed retail}$$

1) Materials Cost

- important to track as you buy / update with market price as appropriate!
- always work to source at the lowest possible price. Obtaining a resale permit generally allows you to purchase wholesale

2) Overhead expenses

- Tools, supplies (paper towels, sand paper, pens, sketch pads), classes, cameras, business cards, advertising / promotion, phone, internet, computer, utilities and lighting, display materials / cases, show fees, travel, materials

3) Profit

- Five - ten percent is standard - included as part of the "times 3" calculation. Important to re-evaluate at the end of the year when doing taxes.

If you do not markup materials, you will not cover your costs or make a profit!!

4) Time

- your hourly rate may vary with your experience
- direct time - sketching, production, packaging,
 - use a timer to track and average for a particular type of piece
- indirect time (overhead labor) - not associated with a specific piece, eg, billing, working with shops, internet research, etc.

Your Hourly Rate is what you pay yourself to maintain your lifestyle. Profit is what you "pay" your business to expand and grow.

c) Difference between Wholesale and Retail

- Wholesale is the amount you receive for your production of the work
- Retail is the price sold. Includes the factor to "sell" the work.

d) Pricing is an art!

- Wholesale / Retail calculations are a starting point and may be adjusted based on market / intangible factors such as artist reputation, media bias, etc.
- Importance of shopping the competition / knowing your outlets
- What is a style-out? Why is it important?

e) Establish price range guidelines for your classifications (eg. Earrings, necklaces, etc)

f) How do the prices in each category relate to each other?

g) Importance of MAINTAINING pricing strategy when selling direct versus through a retail outlet

- Sales reps - 18 - 20%,
- Distributors (shops / galleries) - 50% or more

It is important to maintain your pricing strategy no matter where in the world you are selling. Your retail outlets will not take kindly to you underselling them. You are building a brand and that brand should have the same value to the customer no matter where she shops.

When we as artists underprice our work, not only are we undervaluing ourselves and the value of hand crafted work, but it hurts the art community as a whole. There is strength in the synergy of the handcrafted art market, and we should be proud to ask a fair price for our work. If you feel you can't possibly sell your work at the prices suggested in the formula, you have several options:

- buy your materials at a lower cost
- become more efficient with your production (remember, you are competing with like artists!)
- find alternate sales outlets for your work.

It is important to continually monitor business costs (I use Quicken) to determine the profit or loss of the business.

Other jewelry business sources:

Harriete Estel Berman - <http://askharriete.typepad.com>

SNAG - Professional Development Seminar - <http://www.snagmetalsmith.org/>

Crafting an MBA - <http://www.craftmba.com/>

Ganoksin: - <http://www.ganoksin.com/>