

**ESP PROJECT
HANDICRAFT PRODUCT DEVELOPMENT AND DESIGN WORKSHOPS
OCTOBER 2007
Submitted by Jane Griffiths**

Background

As Croatia diversifies its tourist markets into higher quality specialized tourism, there is still room for growth in the handcraft souvenir sector. Although commodity based products like olive oils, honey, wines, and liquors have natural appeal, the hand made souvenirs sector is not aligned with current consumer demand in both design and price. In an effort to “preserve” the traditional craft heritage of Croatia, many producers are frozen in the past and have not moved forward in a highly competitive design driven global marketplace for crafts and souvenirs. Based on feedback from tourists and the static growth of the souvenir sector as it relates to the overall growth of tourism in Croatia in general, a series of workshops were held that focused on blending traditional motifs and techniques with modern design, and the universal disciplines of creating a craft/souvenir business.

Workshops

Over a three week period multi day workshops were held in Mali Ston (Partners Dunea and Chamber of Economy), Split (CEPOS), Vukovar, Pula (Partner Association of Economy and Culture) and in Zagreb (Croatian Souvenir Association). The Pula workshop was divided into two short two hour sessions held during “Handmade Fest.” The first covered the basics of design and the second business registration including grants. The goal of the workshops was to explain how to design souvenirs based on international design trends while blending cultural traditions, and to convey the universal principles of building a profitable craft/souvenir business. Working in concert with Vendi Borovic, a successful ceramic artisan and local consultant, the following PowerPoint presentations were given:

- Design Trends by Medium
- Design Trends by Color
- Market Driven Product Development (who is your customer, process of targeting that customer related to design)
- Foundation for Successful Buyer Relations (supplemented with Vendi’s local perspective)
- Promoting Your Product (local perspective with examples by Vendi)
- Costing and Pricing (exercise presented by Vendi with supporting standard principles)
- Registration and Grants (presented by Vendi)

Each workshop started by listing expectations of each participant regarding the workshop, at the end of each workshop expectations were crosschecked to make sure each point was respected and addressed. The last half day of each workshop focused on *individual product reviews* that offered advice on potential target markets, product ideas based on customer types, expansion of products into collections for multiple sales, color and design applications, and partnerships (food wine producers with crafts). All participants were encouraged to offer support and comments to each other, in a few cases business collaboration was discussed between food and wine producers and craft artisans.

It was evident that the concepts of applying design trends to traditional motifs, trend colors, the product design process, and customer targeting will take time to sink in! The more practical aspects of business registration, grants, and individual product reviews held more interest and engagement for workshop participants.

It is important to note that one of the biggest stumbling blocks in moving the sector forward is the lack of progressive design driven retail stores featuring handmade craft and souvenirs. The concept of more contemporary visual displays and product assortments with a “point of view” (a retail term denoting how a brand identity reaches its target market through product assortments and presentation) has not reached the souvenir retailer in Croatia. A number of fashion stores are certainly on trend in both product and store display but these talents and visionaries are not reaching the souvenir retailer. There are however three encouraging stores “Aromatic”, the gift shop at the Pula Amphitheatre, and one import store in Zagreb called “Living” (mostly Chinese imports). In the follow up phase it is recommended that market links be explored between these stores and a few selected “market ready” producers.

The other concern is Chinese imports which have flooded the souvenir markets around the world including Croatia. The only way most producers have been able to compete and rise above this problem has been through trend based value added product design and innovation backed by solid business skills related to customer service. In the follow up phase it will be important to reinforce these facts and not allow the producers to use China as an excuse.

Recommendations for Follow Up

While many producers have clearly indicated that they will modify product design and marketing strategies, it is recommended that future work be carried out with the producers to ensure maximum impact and sustainability of what producers have learned through the series of workshops.

1) It is recommended that follow-up *be offered* to all participants of the workshops in order to encourage and support product development and assist in the “next steps” *thinking* process. This should include:

- Product development updates on ideas inspired from the workshops, or recommend additional ideas as noted in the “Suggestions by Medium” section of the report
 - One of the most important characteristic of any good product today is function and how it relates to personal buying, living, and gift giving. During the workshop emphasis was placed on how people live and who they buy gifts for like the reader, knitter, cook, gardener, or pet. Understanding the link between function and tourist buying was a hard concept to grasp, in the follow up phase it will be important to keep reinforcing this key aspect to successful product design
- Review idea of concept boards, or how they plan to organize the creative process, assist with examples if possible
- Review resources available like the internet, stores, magazines, museums, and the competition
- Review marketing plans, assist in thinking through the process
- Review market links and potential customers, broaden thinking about potential buyers
 - A general list of potential buyers includes: direct to tourists, wholesalers, hotels, spas, corporate gifts, retailers, interior designers, locals, product partnerships, restaurants, E-retailers, and the ex-pat community through the internet

- Review the costing and pricing process, reinforce labor costs and concept of ‘profit’
- Review registration or grant opportunities

2) The only national level association is the Croatian Souvenir Association. It is recommended that ESP provide a “toolbox” of useful materials for producers that can be available to members, either on their website, or in hard copy or CD at their association shop. They have a volunteer president, and one employed secretary and due to resource limitations, they may be limited in their ability to modify their website.

The following *tools* are suggested (which can be easily modified from the workshop PowerPoints, which been provided to the association on CD):

- Industry Standards of Costing and Pricing (Vendi has PPT which includes ATA standards)
- How to Develop a Product Line (Market Driven Product Development PPT)
- How to Develop a Marketing Plan (Promoting Your Product PPT)
- How to Research the Market (general cues to effective internet researching like the use of “images” and key word combinations)
- Universal Demands of the Market Place (Buyer Relations PPT)
- How to Register Your Business (Vendi presentation on business registration)
- How to Apply For Grants to Grow Your Business (Vendi references in PPT)
- General Resources
 - Design Schools (sourcing designers at a cost saving through school curriculum, additional research will be necessary for locating European schools)
 - London School of Design
 - Road Island School of Design
 - Fashion Institute and Technology of New York (FIT)
 - Parsons Design School
 - List of Internet Sites (suggest providing direct links of Croatian Souvenir Association to:)
 - Fair Trade (IFAT and general Google search)
 - <http://www.colormarketing.org>
 - http://www.giftline.com/giftwarebusiness/about_us/index.jsp
 - <http://www.trendwatching.com/newsletter/newsletter.html>
 - www.AccessoryMerchandising.com
 - www.housewares.org
 - www.pantone.com
 - www.sherwinwilliams.com
 - <http://www.gdusa.com/feature/ColorForecast/caus.php>
 - www.colorassociation.com
 - <http://interiordec.about.com/cs/colortrends>
 - www.redenvelope.com
 - www.potterybarn.com
 - www.tenthousandvillages.com
 - www.worldofgood.com (point of sale displays)
 - www.aidtoartisans.com
 - www.garnethill.com (colors and Xmas)
 - www.anthropologie.com (knit and embroidery details)
 - www.marthastewart.com (crafts by category, “how to”)

3) It is apparent that some of the biggest opportunities for growth in the souvenir sector are the food and wine categories; it is therefore recommended that another packaging workshop be held possibly located in the Split area (with a concentration of food and wine producers). Although a packaging workshop has already been given previously in the project, it was apparent during the workshops that it is still a big issue for most of the producers. There is much innovation and great design going on in packaging for the food and wine industry but most producers seem to be relegated to wood boxes, brown corrugated boxes, or cellophane with a ribbon around it. There is an opportunity to link textile and ceramic producers with the food and wine producers in the development of unique and innovative packaging, therefore any workshop should include both groups assuming the textile or ceramic producers are interested in developing this sector of their business.

4) Further market research is suggested to statistically demonstrate to producers the gap between tourist demand and Croatian production (they remain proud and unconvinced of the need for modification). This could include interviewing tour operators and tourists in major hotels. Alternatively, bringing existing market research carried out by TOMAS to producers could be a lower cost option.

Suggestions by Medium

Each product medium has its own set of challenges and product development ideas, it was therefore important to separate these issues and list recommendations specific to those needs. These recommendations by medium have been conveyed to producers in the workshops. However, follow up is recommended to motivate and clarify any questions.

Cutwork Embroidery (Šlinga) and Lace

- Consider sourcing colored base fabrics from Italy or even China?
- Investigate fabric sizing and move away from starch, feel of textiles a big factor in perceived value
- Experiment with dyeing base cloth then trim with accent thread colors, example soft pink base cloth with brown thread trim on cutwork, or applied embroidery or lace (see Anthropologie.com reference)
- Use trend based colored threads to outline cutwork like soft green, blue, pink, or yellow
- Consider smaller accent pillows in the 10" to 12" in white. Sell flat pillow covers (fillers available) as accents to customers existing classic white bed linens
- Add night shirts, bathing suit cover up shirts, or wrap skirts
- Add baby bibs, bonnets
- Add lavender filled sachets for lingerie drawers or shoe stuffers
- Little bags for lingerie, jewelry, sewing kits (see PPT for visual)
- Add soft head bands or wraps with cutwork or embroidery
- Develop Christmas stockings and sell all year long, also pillow shaped ornaments (could include spice or herbal scented filling)

Gold Embroidery

- Price and quality consistency are issues. Would they be willing to use both machine embroidery and hand finishing?

- Sourcing a better quality base fabric and using more simplified designs might help in the cost and overall quality
- New color combinations like silver threads on lavender or light blue base, copper threads on brown or rust base, gold threads on pink or rust.
- Develop line of Christmas items using gold threads on high quality red velvet, sell during tourist season when tourists are buying: stockings, silverware holder for table top place setting, pillow ornaments, table runners
- Fashion items like belts and soft evening pouches using new color combinations as noted above (summer evening for the tourist dining on the cruise ship, soft pastels would sell well)
- Experiment on softer base cloth like tussah silk from China

Knits and Weaving

- Investigate design school students from London (they tend to be the best in regard to color and technical innovation)
- Color combinations are key. Check to see if they are doing boards, the follow up team should work with them on helping create boards...a visual map.
- Weavers for rugs, again it's about color combinations
- Weavers, could they do smaller pieces for belts and hair bands with added beading and buttons (see Trends by Medium PPT reference)
- Consider small evening light weight knitted wraps marketed to the boat or cruise ship tourist (see Trends by Medium *fish* design shoulder wrap). Private label idea for cruise ship lines?
- Consider pet sweaters or cat toys (might be great category for association in Vukovar market to Zagreb market).

Body Care and Lavender

- This category is all about the packaging. Consider textile or ceramic producers for packaging like little terra cotta pots painted lavender with silk ribbon trim.
- Suggest focusing on spas or spa hotels for private label or gift shop sales private label with hotel name
- Expand product lines, consider adding home scents like candles and natural sticks in bottles (see Trends by Medium PPT candles and home scents)
- Closet scents for lingerie
- Body care same product but marketed differently to gardener for the hands or baby collection, "eternal youth" for the retired crowd
- Internet Crabtree & Evelyn, great source for product categories and packaging.

Ceramics

- Function will be the key for most producers
- Packaging for body care producers
- Packaging or accessories for food and wine producers
- Consider food service items: espresso cups, small coffee spoons, serving spoons for pasta, tea infuser mugs, small olive oil dipping bowl sets, salt and peppers, sugar and creamer sets, mugs, place card holders, cork backed coasters, small dessert plates in sets, small cheese as dessert plate sets, sea life napkin rings (novelty three dimensional like squid shape wrapped around ring)
- Investigate serving pieces that could be developed based on traditional local dishes, include recipes as packaging enhancement

- Single initials decorated with local related designs (image internet reference - not full alphabet)
- Christmas ornaments with local scenes or motifs, sell during tourist season (large scale sells well)
- Small bowls, plates, and accessories for Asian table top like chopstick holder sets, sauce holders, small sushi plates... fish and sea life motifs
- Miniature museum reproduction pots as Christmas ornaments
- Dove applied design motif on votive cup sets
- Dove with hole in back for votive candle or taper candle
- Dove in white three sizes, smallest as ornaments (in white cutwork bag as gift)

Wood

There were only two wood producers, one who carved statues and did not stay for the workshop, and a box maker. Based on that it is recommended that the Trends By Medium be available to any potential wood producers who may surface and show interest. The extended slides with packaging may be of interest to the wood box maker.

The second point about any wood producer is the environmental aspects of the wood, is it sustainable? is it found? is it from planned forests? It is a sensitive subject with many tourists and if investigated properly can be a great marketing tool.

Food and Wine

- Packaging key, additional workshop is recommended, internet research essential for additional packaging and product ideas
- Brand development through co-branding with cake or chocolate companies using brandy as ingredient
- Brandy packaged and marketed as gifts for the gardener, reader, lover, wedding couple, new baby, anniversary, health nut, cook, or sailor
- Consider working with ceramic or textile producers for packaging
- Expand oils into small tasting oil gift sets or special flavored oils for cooks
- Brandy for cooking package with traditional recipes

Additional Comments

Logistics, staff support, and overall organization of the workshops were excellent. The two translators Alex and Petra were outstanding in their ability to follow the nuances of the creative process and make it a lively and engaging conversation between the presenter and participant. Vendi Borovic the local consultant and co-presenter was perfect in sharing her experiences in developing a successful business while presenting it in an easy self-effacing style. The combination of the U.S. perspective and local experience made it an effective combination.

Appendix of Market Ready Producers and workshop PPTs attached

