



GA: 2020-1-IT02-KA227-ADU-095006

M1 - CRAFTS AS A BUSINESS

CRAFTING 50 & BEYOND
DIGITAL ENABLER FOR OLDER CRAFTSMEN'S BUSINESSES



Co-funded by
the European Union

In this module, we will talk about:

01

What is a
brand

02

Building your
brand

Pricing
strategies

03

Consumer profile
& competition
profile

04

Module Overview

Aim:

Introduction to the essential features and strategies of crafts companies.

Objectives:

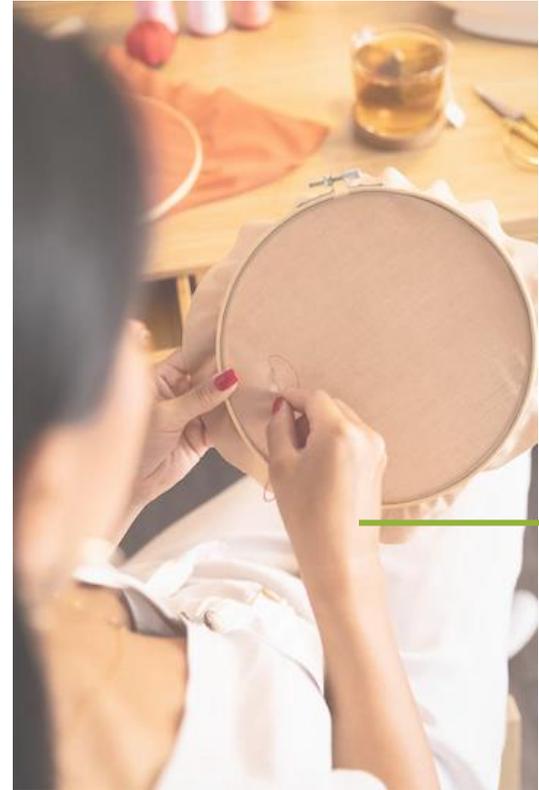
1. Develop skills for the building own brand;
2. Develop skills for pricing and selection of pricing strategies;
3. Develop skills for the elaboration of a competitive strategy.



01. What is a brand?

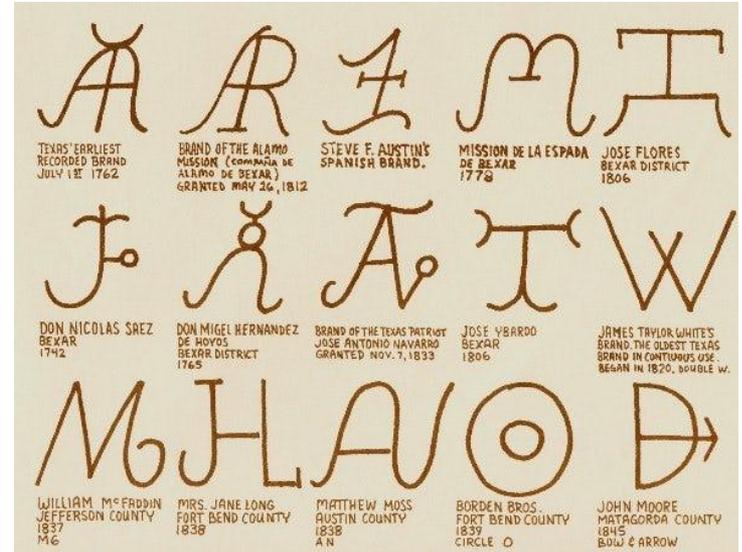
History of brands

- a) Why do we need to build the brand
- b) Making brand recognisable
- c) Brand identity and brand image



01. What is a brand?

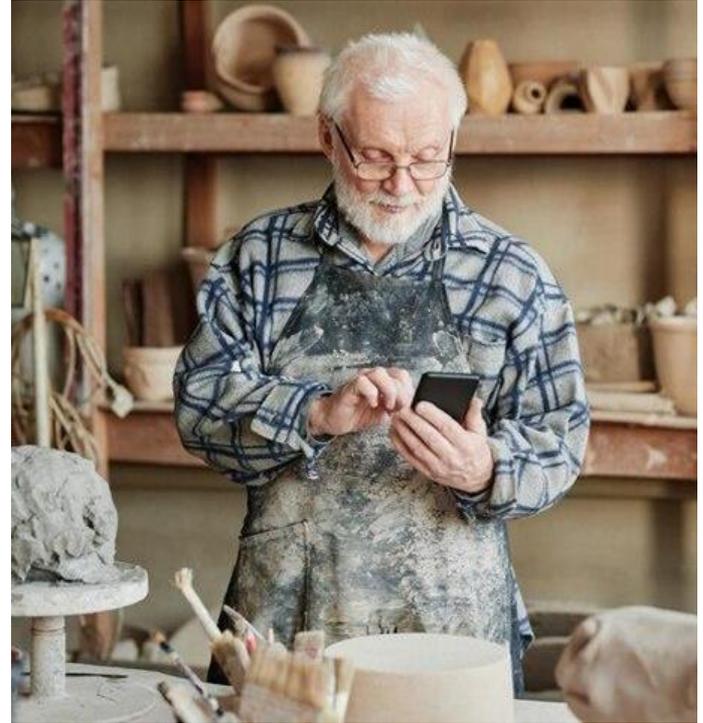
Brands History



A diagram of ancient cattle brands via Texas State Historical Association

01. What is a brand?

Why do we need to build brand



01. What is a brand?

Making brand recognizable



Brand name

Distinctive, connected with brand nature and values.



Slogan

Short, reflecting brand personality.



Story

Inspiring and touchy, encompassing the facts and feelings created by brand.



Logo

Serves for the distinction of the products and is one of the key parts of identity.



Trademark

Trademarks are protected by intellectual property rights.



Colour Ident.

Colours and type style are easily recognizable by the customers.



Other

Voice, tune, image etc.

02. Building your Brand

Customer
Analyses

Development of
Vision

Development of
Mission

Development of
Values



WAVE MURANO GLASS

Mission: to uphold the millenary tradition of glass on the island of Murano, while using technology to innovate our craft in our fast-paced world.



<https://wavemuranoglass.com/en/who-we-are/>



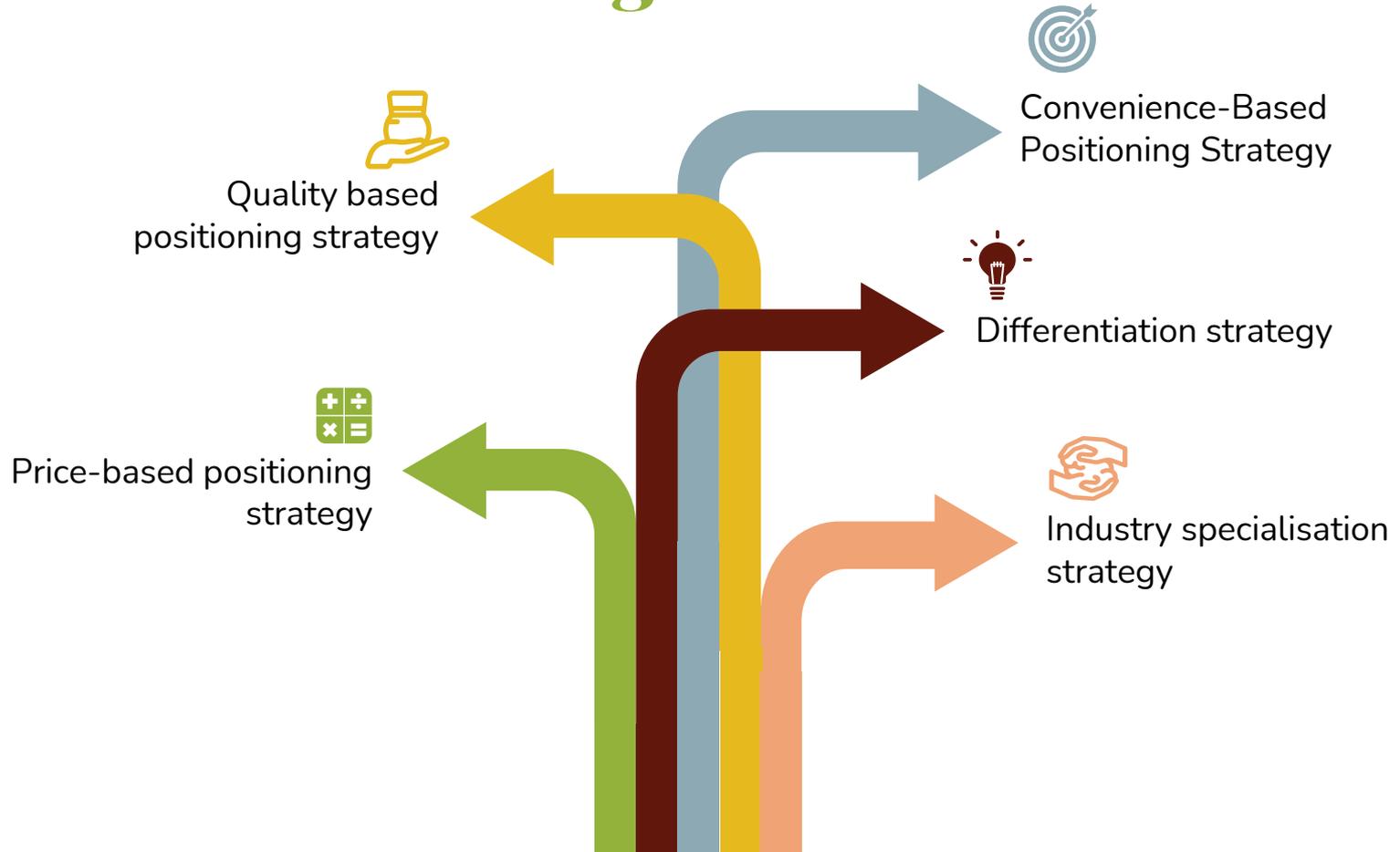
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Values:

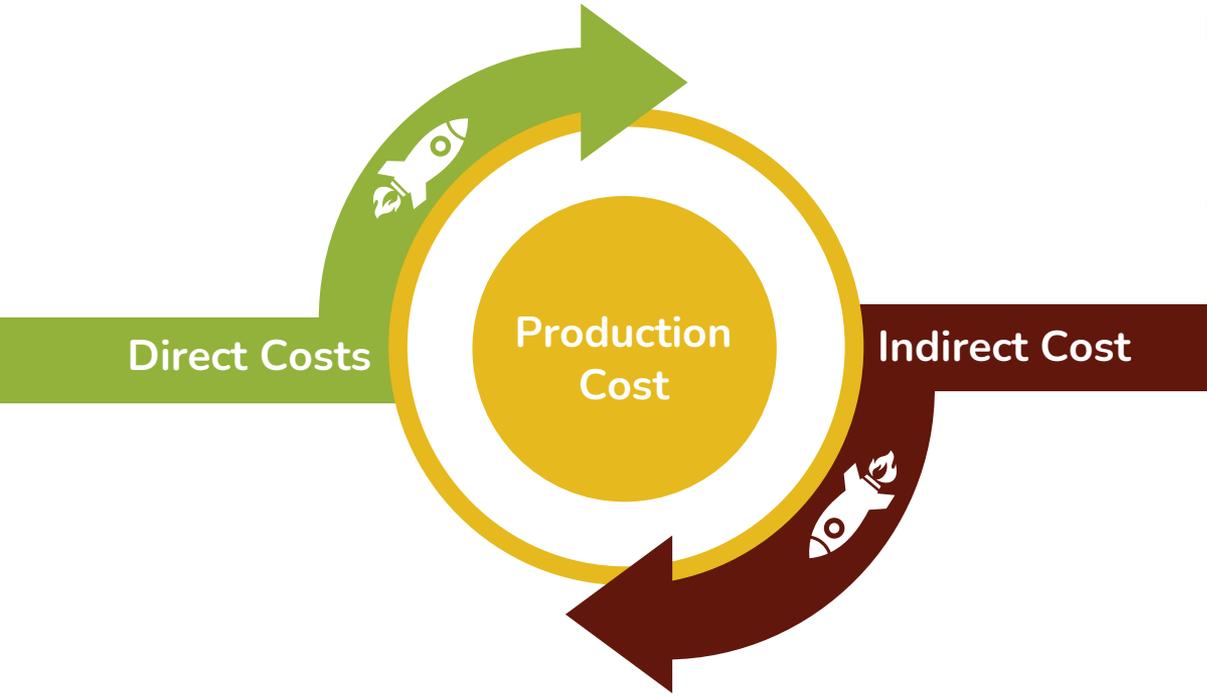
- Independence
- Tradition
- Innovation
- Rarity
- Value
- Quality and fine workmanship
- Aesthetics
- Service
- Emotion
- Heritage



Brand Positioning



03. Pricing Strategies



7 basic pricing strategies in commerce:

Value-based pricing

Competitive pricing

Price skimming

Cost-plus pricing

Penetration pricing

Economy pricing

Dynamic pricing strategies



03. Pricing Strategies

In order to use these strategies effectively:

01



A: Number of products / Items produced during a single badge (production process).

B: Total cost of materials.

C: Labour cost per hour.

D: Number of hours spent in a single

process

02



E: Cost per item is calculated

$$E = (B + (C \times D)) / A$$

F: Profit Factor is the percentage of profit

03



Cost-Plus Price is

$$\text{PRICE 1} = E \times (1 + F)$$

03. Pricing Strategies

In order to use these strategies effectively:

03



Cost-Plus Price is

$$\text{PRICE 1} = E \times (1+F)$$

04



PRICE 2: Which is the average price of the item / product in the market

05



FINALLY: Comparing both prices (**PRICE 1** and **PRICE 2**) we choose the largest one for the product.

Competition strategies

Mass strategy

Produce a big amount of the same good, thus benefitting from economies of scale.

- ✓ **Pros:** lower costs → this could reflect in higher revenues.
- ✓ **Cons:** no personalisation of the products → no higher value perceived by customers.

Segmented competition

Adapt a certain good to the specific needs and requests of a specific segment of customers.

- ✓ **Pros:** allows to answer in a most tailored way to a certain segment of customer → higher value perceived → willingness to pay a bigger sum → higher revenues.
- ✓ **Cons:** the personalisation of the product is not exploited at the maximum levels.

Personalised competition

Each object produced is tailored to the specific needs and requests of every single customer.

- ✓ **Pros:** the value perceived by each customer is maximised → willingness to pay a higher sum → higher revenues for craftsmen.
- ✓ **Cons:** such high level of personalisation implies higher costs (economic costs, time, effort and competencies).

Given the intrinsic characteristics of craft businesses and objects, we advise craftsmen to adopt the personalised competition strategy.

Two fundamentals to apply the personalised competition strategy

- 1 Importance of transmitting the added value and the uniqueness of your own products.
- 2 Importance of addressing customers that are in line with the value proposal you offer.

→ In order to do that, you need to identify which customers could benefit the most from your products, recognise their full value and be willing to pay a higher price for them later.



The result is a maximisation of both:

- ❖ The value perceived by the customer
- ❖ The income generated for the craftsman

04. Customer profile

Activity: Recognise the most suitable customer profile

- ✓ Please read the following table and think about the most important factors influencing the ideal customer profile for their business.



04. Customer profile

Activity: Recognise the most suitable customer profile

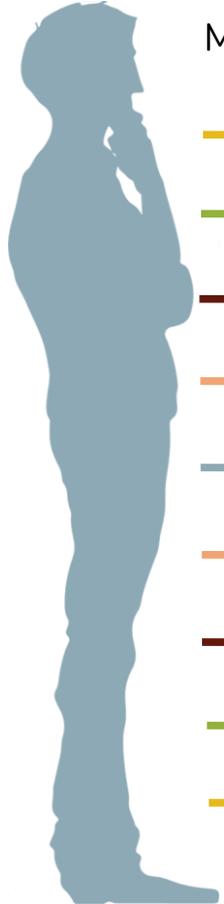
Main Characteristics	Factors	Examples	Reflections
Geographical	Geographical areas	Countries, regions, counties, cities, neighbourhood	
	Dimension	Above 5.000; between 5.000 and 20.000; between 20.000 and 50.000.....	
	Density of the population	Urban, suburban, rural	
	Weather	Warm, maritime, rainy, cold	
Socio-demographic	Age	Under 18, 18-30, 30-40, 40-50, 50-60, 60+	
	Gender	Male, Female	
	Family dimension	1, 2, 3, 4, 5+	
	Family composition	Young and single; young couple without children; young couple with children; adult couple with children; senior and single	
	Wage	Above 6.000 EUR, 6.000-10.000, 10.000-15.000, ...	
	Education	Elementary school, middle school, high school, university, master	

04. Customer profile

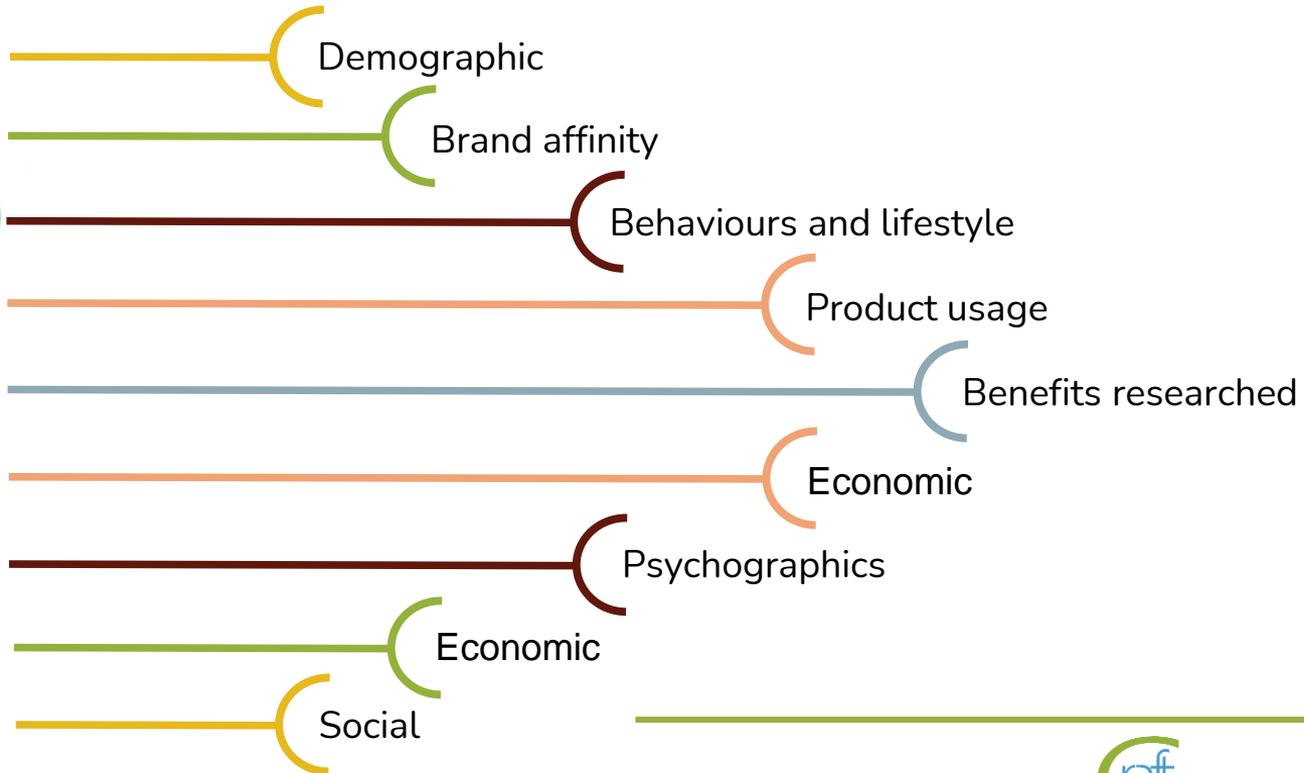
Activity: Recognise the most suitable customer profile

Main Characteristics	Factors	Examples	Reflections
Psychographic	Lifestyle	Conservative, innovator, pioneer, achiever	
	Personality	Coercitive, passive, authoritarian, ambitious	
Behavioural	Benefits searched	Visible characteristic of the product, functionality, quality, additional services, guarantees, psychological benefits	
	Occasions	In which occasion is the good purchased? In which occasion is the product used?	
	Intensity of use	Low, medium, high	
	Purchase frequency	Regular, occasional	
	Loyalty to the craft company	No loyalty, low, medium, high, absolute loyalty	
	Attitude	Enthusiastic, positive, negative, indifferent, hostile	
	Knowledge of the product	No knowledge, low knowledge but interested, informed, expert about the product	

04. Customer profile



Many different traits can be used to identify the most suitable customer profile:



Alternative resources

Branding

https://www.youtube.com/watch?v=sO4te2QNshY&ab_channel=TheFutur

https://www.youtube.com/watch?v=RBTiTcHm_ac&ab_channel=Vox

Pricing

[Pricing Strategy An Introduction](#)

[Pricing strategy - Cost based pricing - Cost plus pricing and markup pricing](#)

[Pricing Strategies: Cost-Based Pricing](#)

[Concept 5.3: Value-based pricing](#)

Competition strategies:

<https://www.youtube.com/watch?v=qrLqXgkicBw>



References

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Partners



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