Building A Business: A Close-Knit Relationship between Marketing & Entrepreneurship

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NORTHERN ILLINOIS UNIVERSITY

Building a Business: A Close-Knit Relationship Between Marketing & Entrepreneurship

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Abstract

This project explores how best to build a knit blanket business with respect to several parameters including market research to determine price point, where to sell the product, with options including Etsy, brick and mortar, larger retail stores, personal website, craft fairs, and pop-up retail locations, and determining the target market and demographics, which will shape the marketing strategy to be used. Through surveys and primary research, data was found that allowed for one option for business placement to come out on top. It also allowed for the best type of blanket to sell, at what price point, and how to promote their sale.

Building a Business: A Close-Knit Relationship Between Marketing & Entrepreneurship

Marketing and entrepreneurship have a unique tie that is sometimes overlooked. This project details how to build a business from start-up to success following the four P’s of marketing: Product, Price, Place, and Promotion. The business being researched is handmade knit blankets. Through this research, I found the best market, demographic, and pricing for a business start-up selling handmade knit blankets. I found what type of product consumers are most interested in and what price point is best for the product(s) by looking at what a variety of sellers are pricing similar products. For place, I researched what market is best for these products and whether selling through a 3rd party website like Etsy, opening a small shop, selling in larger retail stores, selling through a personal website, or selling at craft fairs and pop-up retail locations is best. Finally, I focused on promotion. Through research, I found what promotional tactics work best and what type of marketing shows the best results. Based on the target market and demographic, I found the best way to sell knit blankets to make the most profit.
Methods of Research

To find the best possible information on the success or failure of a handmade knit blanket business in the local market in the surrounding areas of Dekalb, Illinois, much focus was placed on primary research. Though some web sources were used for more of the numerical and industry-based research, most research was conducted through surveys using Qualtrics. These surveys provided the best insight into the minds of the customers and of the current sellers.

Product

A combination of surveys and observations led to the development of a buyer persona as well as what size, color, and type of yarn for each blanket was the most sought-after or purchased. The buyer persona is based on results from a survey filled out by women aged 22 to 67. Twelve women completed the survey about their interests and lifestyle which matched up around nature-loving and coziness-craving people. Though the survey was put in a forum on men and women and a wider variety of ages, the buyer persona was only able to be based on the answers received from the survey.

Price

Price was researched mostly through comparisons of online retailers and sellers. Using a varied mix of handmade blanket sellers and factory-made mass-produced blanket prices, a perfect pricing strategy for handmade knit blankets was determined. A small handful of 3 surveys were completed by blanket sellers on Etsy and TikTok. This allowed for the analysis of their pricing strategy and layout along with their labor rates, which is difficult to set up when working with crafting. Although more responses would have been preferred from first-hand sellers, it was difficult to entice them to respond.
Place

Through online chats on Discord, surveys, and market research, I found the most frequented marketplaces for the sale of knit blankets. I looked online for any brick-and-mortar stores in the area that sold hand-knit crafts but was unable to find anything that was still open. The only businesses in the area are yarn stores rather than a marketplace for knit or crochet goods.

Promotion

Using even more surveys and primary research, the best methods for promoting a handmade knit blanket business were able to be determined. This research was meant to see what marketing tactics different sellers were using to promote their work. The goal was to find how sellers market their goods and which sources or platforms help them generate the most returns and sales.

Strengths & Weaknesses

One of the strengths of this research was the ability to ask people firsthand about their thoughts and opinions on the topics. Gathering their information led to some of the best data being collected for this project. The primary research is what gives my research substance as opposed to simply using articles on the internet. Another strength was finding a community of knitters and crocheters through a TikTok video that led to a Discord server for crafters who were willing to give feedback and complete the surveys.

There were several challenges with researching this topic, however, in having sellers complete the surveys. There was no incentive to be offered for Etsy sellers to complete the surveys, making receiving the primary data difficult. There also were no small local businesses in Dekalb, IL that sold knit blankets, making research on this segment of the market impossible. The results
may be better for that type of business in a different area such as a beachfront town in Florida with more walkability.

**Complete Findings**

**Product**

This research is focused on the type of person buying knit blankets and what type of product they would be looking to purchase. This project is on handmade knit blankets, but the questions needing to be answered are about what material, size, and style the blankets would be most desirable. Using combined data from a Qualtrics survey and observational data from other platforms like TikTok and Instagram a simple buyer persona could be developed.

![River Alamilla]

Above is a buyer persona based on the results from the aforementioned surveys and data gathered. Of the people surveyed, the majority seemed to be more introverted rather than extroverted, preferring to stick to a small group of friends or just themselves. When asked if they had any pets, most had a dog that they liked to take on long walks. They also like to be cozy and
value time spent in local coffee shops. Many also tended to enjoy being outdoors and have an interest in more eco-friendly things.

This buyer persona seems to fit a good target market and describes many of the people who completed the surveys. The persona is that of a female, not because only females would be interested in purchasing blankets, but because only females completed the survey. The survey was sent to many people of different genders, ethnicities, races, and backgrounds. The results of the surveys pointed towards more home-centric, environmentally friendly, local-shopping and small business enthusiasts.

Through the research, it was found that many people, 8 out of 10, would prefer a handmade blanket over a mass-produced store-bought one. It was also found that the best material to make a knit blanket out of is cotton or wool yarn as they have the best texture, softness, and durability of any natural fiber. The most desired size for knit blankets is the normal 40x60 or 50x60 that one would use as a throw blanket. When making the blankets, more neutral colors are best to start a shop. Putting in perspective the many color schemes and themes people’s homes may have, starting a shop with neutral colors such as blacks, whites, grays, and browns is the best point of action. Another option for color is also allowing for custom blanket orders, however, that doesn’t allow for the seller to build up an inventory and is more time-consuming if multiple custom orders are placed at once.

**Price**

Price is a concept that defines how much a customer is willing to pay for an item. It is a product of supply and demand. For this section, research was found from a variety of web sources to find
where knit blankets are being sold and what they are being priced. Below is a chart of different average price points for both manufactured and handmade knit blankets and where they are sold.

<table>
<thead>
<tr>
<th></th>
<th>Handmade</th>
<th></th>
<th>Manufactured</th>
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<tbody>
<tr>
<td>Store</td>
<td>Price</td>
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<tr>
<td>Etsy</td>
<td>$149.14</td>
<td>Walmart</td>
<td>$48.60</td>
<td></td>
</tr>
<tr>
<td>Michael’s Maker’sPlace</td>
<td>$179.84</td>
<td>Target</td>
<td>$75.60</td>
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<tr>
<td>Isabella Rose</td>
<td>$279.00</td>
<td>Michael’s</td>
<td>$124.00</td>
<td></td>
</tr>
<tr>
<td>Facebook Marketplace</td>
<td>$76.87</td>
<td>Pottery Barn</td>
<td>$179.00</td>
<td></td>
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</tbody>
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When asking sellers about the labor costs they usually charge, it was found that it is, most commonly with knitting, 2 or 3 times the cost of materials with an outlier being 5 times the cost. Only one person charged for their work hourly at $28/hour. As with other skilled labor jobs that are paid at an hourly rate, $28 seems a fair price. The challenge that many sellers face is their prices being undermined by bulk retailers. They need to charge a higher price than the manufactured blanket sellers because they aren’t buying materials in large bulk quantities. They also need to charge for their labor and the time it takes to make each blanket and still turn a profit. The prices set for handmade blankets or anything handmade for that matter, turn some potential customers away. For the customers who are specifically looking for a handmade item, however, they are expecting these sorts of prices and are not so easily dissuaded.

When researching materials, one skein of about 28 yards of chunky yarn is usually priced between $7 and $12, depending on the material. For a normal throw blanket size, 50x60, about 6 or 7 skeins must be used. This means materials for a blanket of this size cost about $42 - $84. Sellers must then add labor costs in and usually shipping, all of which raise the prices more.
optimal price for a handmade knit blanket is found to be between $150 - $170 in order for the seller to generate enough revenue to make the entire endeavor worthwhile.

**Place**

This section of the research outlines the best place in the market for sellers to have their handmade knit blankets to turn the most profit. The first step was to look for brick-and-mortar shops that sell exclusively yarn products, not just yarn itself. The goal was to meet with the owners of these shops and interview them about their costs and revenues. In Dekalb, IL, there are no small businesses currently selling any handmade knit or crochet items exclusively. At one point in time, there was one, however, it has since been permanently closed. Other stores in the area offer spaces for many different kinds of sellers to sell their goods, but they are not specifically crafters. These stores are almost like a mix of a craft fair and an antique mall.

When researching the possibility of a seller making a profit through a retail store to make sales it was found to have high costs to stock the product on shelves. The retailers charge high margins for a product to be on their shelves and for a single small business crafter, that isn’t always possible. Another issue that sellers can run into with selling through large stores is the amount of inventory that has to be kept. The seller must maintain high inventory numbers, which as a single-person operation, is difficult and again, sometimes impossible.

Pop-up markets and craft fairs were another avenue that was researched, but they do not happen locally often enough to run a profitable business. In Dekalb and the surrounding areas, there is an average of 2 craft shows a month in which knit blankets fit into the categories being sold. To have enough presence at these craft shows and markets, sellers would have to travel often to
reach the audiences they need to support their business successfully. Selling at these would be best when used as supplementary to selling on a platform like Etsy.

Another point that was researched was selling through a personal business website. Selling through a personal website is difficult as customers must seek it out rather than coming across it organically as items being searched on an already well-known crafting platform. It also may be difficult for an average crafter to work with search engine optimization and keywords to get their website to appear before other popular distributors.

After having completed this research, it was found that Etsy is the best platform for a handmade knit blanket business. This is because Etsy has a high volume of sellers and shoppers. Etsy is the perfect platform for anyone looking to start a small business. Etsy does have a fee of 6.5% on every transaction, but that didn’t seem to affect any of the sellers that were surveyed. Etsy is a platform that is now easily brought to mind when looking for something unique or handmade on the internet. Customers can find almost anything and much of it is completely customizable.

Below is a graph depicting the rise in Etsy users (in millions) through the years. As of 2023, Etsy has 96.2 million active buyers which makes its reach into the market immense.

(Curry, 2023)
Promotion

There are many methods of marketing a product, especially online. Because Etsy was found to be the best place to sell handmade knit blankets, much of the research on the best ways to market an Etsy shop. Marketing on Etsy is optional for the sellers but is useful when used strategically. For paid marketing, Etsy has two options for sellers: pay-per-click or commission-based. With pay-per-click, the seller can set a daily limit between $1 and $25 that they would like to spend, and then once the limit is reached, their item(s) are no longer promoted. With the commission model, sellers can promote their product and pay a commission of 12% - 15% (based on the shop’s revenue) only when the click of an ad results in a sale.

Many shop owners opt to promote their businesses elsewhere on outside platforms as well. These can be paid advertisements through Instagram, Pinterest, or Facebook, or free promotions through social media pages on Instagram, Facebook Marketplace, Facebook, or TikTok. As one would expect, revenue from outside sources is mostly from paid marketing, however, TikTok is a growing platform that small businesses are finding helpful for the promotion of their products and content. Well-followed content creators can also earn revenue from the videos they are posting.

A handful of the sellers interviewed were in support of Marketing on TikTok. They enjoy that the platform is free to use, but more importantly, they expressed their love for the tailored algorithm. If someone even likes a video about yarn crafts, they are more likely to see the sellers’ content. This specialized algorithm based on interests is what makes TikTok stand out as a great marketing platform for small businesses as it allows the seller to reach their target audiences with their content for free.
Future Research and Actions

There are still many questions left unanswered by this research. The first is whether a local brick-and-mortar shop, like the creator space mentioned before but for specifically yarn goods, is a viable place to sell handmade knit blankets. Second is if a brick-and-mortar store would be more successful in a warmer climate where more people are shopping outside and walking more often. More research also will be needed in the future about other profitable and useful marketing options if TikTok were to be banned in the United States.

In the future, I also would like to open my own Etsy shop to sell my own knit blankets and other crafts and paintings. Now that I know what it takes to be successful on the platform, it should be fairly simple, and I should have a leg-up on the competition in the market by knowing how to use search engine marketing and keywords. I am enthusiastic about my potential success running this type of small business and look forward to seeing how it all plays out.

Conclusion

After conducting the research necessary to find the best product, price, place, and promotion for a handmade knit blanket business, it was found that it is best to make them handmade over factory-made. The best type of blanket would be a 50x60 cotton or wool chunky knit blanket. It should be priced around $150 - $170. To succeed, starting the business as an Esty shop and promoting it on multiple platforms is best. A small number of customers may find the product organically through searches, but many will find the products by clicking on an ad or watching content created actively by the seller. Most sellers do not have their shop as their only source of income as crafting is not a very predictable income. They mostly knit because they enjoy it and
then sell to make extra cash on the side, as well as to maintain the amount of inventory they have in their homes and keep their project pile from overflowing.

Overall, if someone is interested in selling handmade knit blankets and starting their own business, they should focus on the four P’s of marketing. They need to find the target market and where/how they like to shop. Then, place the product where the market is and promote the product accordingly. Following these basic steps is the key, in any business, to be successful.
Sources


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