

## Chapter 1

# More Than One Basket: A Look At The Gift Basket Business

Although gift baskets are one of today's hottest businesses, with steady growth expected to continue well into the foreseeable future, they're not at all new. In fact, gift baskets have been a traditional form of gift giving ever since humans figured out how to weave baskets. Throughout history, baskets filled with fruit, nuts, wild game and other foodstuff, flowers and other material tokens have been presented as a sign of affection or a gesture of goodwill. The contents could be consumed, and the container then used for cooking, storing and transporting food, or for some other practical or decorative purpose. It was a gift that had great value and essentially no waste.

Today, gift baskets are equally practical and infinitely more creative. They run the gamut from traditional Easter-style "goodie" baskets to baskets made especially for golfers, chocolate lovers, new homeowners and brides-to-be. Some people focus almost exclusively on the contents, others see the basket (or other container) as a very important part of the gift. In fact, a growing number of gift baskets aren't baskets at all—they're boxes, fruit crates, tote bags, hats, ceramic pots, mixing bowls and more, all filled with food, gifts and other collectible items designed to delight the recipient.

So who buys gift baskets and why? Just about everyone for every imaginable occasion. They buy pre-made bas-

kets by occasion or theme, or baskets specially designed for a specific individual. They buy baskets from large chain stores, small specialty shops and homebased basket makers—and they'll buy them from you.

The market for gift baskets is great, and as long as people buy each other presents, you'll have a steady stream of customers. You have a product that is in high demand



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and that people are familiar with. You don't need to convince anyone that they should buy gift baskets—you just need to let them know that you are their best source, and that you can deliver the product they need when they need it. One thirteen-year veteran in the business told us she believes the industry is in its infancy, with the real growth yet to be experienced.

Your revenue will be limited only by how hard you want to work and how much you want your business to grow. You can easily gross \$10,000 or more annually working part time from home, or \$1 million and up operating a retail store or mail order business full time.

About half of your business will be holiday-based, and the majority of that will be Christmas-related. One of the fastest-growing segments of the gift basket industry is corporate holiday orders. When the Christmas rush is over, Valentine's Day, Easter, Mother's Day, Thanksgiving and Secretaries' Day are the most profitable holidays.

Most gift basket business owners see holidays as both a blessing and a curse. They can earn a lot of money making holiday baskets, but they have to work very hard during times of the year when they might

prefer to do other things.

The bottom line on making gift baskets is that it's a highly creative and gratifying occupation. It features all the best aspects of hands-on work, design, coordinating, planning and customer service. Your product is something you take pleasure in making, your customers enjoy buying, and the recipients are delighted to receive.

### IT'S ALL IN THE PRESENTATION

All of the elements of a gift basket—from the container to the contents, to the ribbons and the wrapping—can be fun and lively, but they require knowledge and skill to put everything together. Not all baskets have to be glitzy and glamorous; they just need to fit the tastes of your customers.

This is a highly creative enterprise, requiring a good eye for color, balance, texture and thematic coordination. If the finished product doesn't excite, delight and sell itself, nothing else you can do will make the business work.

Certainly this is not to say that making gift baskets is as exacting an art as oil painting or wood carving, but it *is* more difficult than it looks. Before you make a major investment in equipment or materials,

### Perfect Gifts

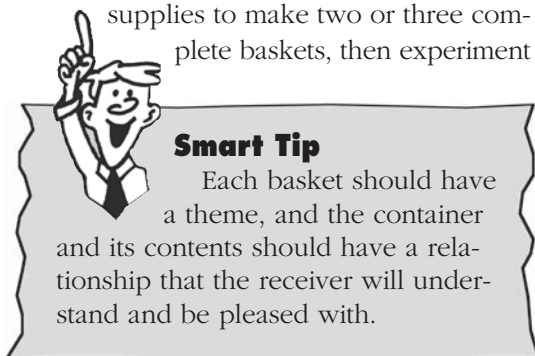
Gift baskets are the perfect gift for:

- |                                       |                                                 |
|---------------------------------------|-------------------------------------------------|
| <input type="radio"/> Valentine's Day | <input type="radio"/> Wedding                   |
| <input type="radio"/> Mother's Day    | <input type="radio"/> Get well                  |
| <input type="radio"/> Father's Day    | <input type="radio"/> Condolence/Sympathy       |
| <input type="radio"/> Easter          | <input type="radio"/> Hostess gift              |
| <input type="radio"/> Halloween       | <input type="radio"/> Graduation                |
| <input type="radio"/> Thanksgiving    | <input type="radio"/> Going away                |
| <input type="radio"/> Christmas       | <input type="radio"/> Job promotion             |
| <input type="radio"/> New home        | <input type="radio"/> Thank you                 |
| <input type="radio"/> Baby shower     | <input type="radio"/> Birthday                  |
| <input type="radio"/> Bridal shower   | <input type="radio"/> Celebrations of all kinds |



Photo Courtesy: Forget Me Knot

test your ability to actually make the baskets. Shop around for some simple materials such as baskets, tissue paper, ribbons, gourmet foods, dried flowers, perfumed soaps, etc. Get just enough materials and supplies to make two or three complete baskets, then experiment



with putting the baskets together. Compare your finished product to baskets you may have received or seen in stores. Does yours have a creative flair? Does it have an air of having been professionally assembled? Be brutally honest—would someone be willing to pay for the basket and be proud to give it as a gift?

It's perfectly OK to copy ideas from other gift basket makers, especially when you are just getting started in your venture. Don't worry, you'll get more creative as you go along. But, what's as important as creativity is the overall visual impact of the basket—the items need to be attractively and carefully arranged for the maximum effect.

### **FROM AMATEUR TO PRO**

You may be considering a gift basket business because you're already making gift baskets and giving them to friends and family members. While turning a hobby into a business is an excellent way to get started, it's not as easy as it may seem.

The biggest question is this: Your friends and family may *ooh* and *abh* over baskets you give them, but when it gets down to the real bottom line, will they take out their checkbooks and pay you to make more?

Keep in mind that if you make gift bas-

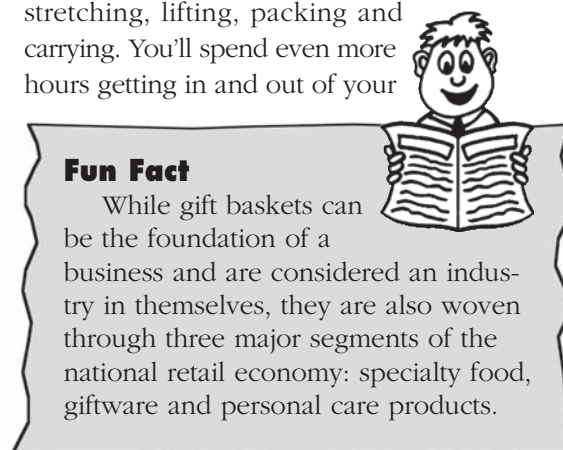
kets as a hobby, you can make them when you feel like it—and if you don't feel like it, there are no serious consequences to just not doing anything. When you're in business, things change. Customers depend on you. Think about how you would feel if you ordered a gift for a special occasion and it was either late or didn't arrive at all—or arrived on time, but it wasn't what you ordered. As a business owner who is being paid to make baskets, the buck stops with you. It doesn't matter that there's something else you'd rather do, or that you're not in the mood, or that your stock order didn't arrive on time—your customers are counting on you, and you have to deliver.

If you're up to that, keep reading.

### **WHAT DO YOU NEED TO GET STARTED?**

One of the more appealing things about the gift basket industry is that you can start small with a minimal amount of equipment and increase the sophistication of your operation as your business grows and generates revenue. Or, if you have the cash and resources, you can start big and grow faster.

More important than money and materials is the reality that you need physical stamina. This is a physically demanding business. You don't have to be extraordinarily strong, but be aware that you'll spend hours standing at your assembly table, bending, stretching, lifting, packing and carrying. You'll spend even more hours getting in and out of your



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### Stat Fact

According to *Gift Basket Review* magazine, the typical gift basket business is nearly 16 years old and a full-time enterprise for its owners.

vehicle, walking and carrying as you make deliveries and sales calls. When you do get to sit down, you'll be on the phone, at your computer or doing other paperwork. For all its fun and creativity, making gift baskets and serving customers is *hard work*. It demands energy, physical and emotional fortitude, persistence and perseverance.

The actual equipment you need is detailed in Chapter 8, but with the right attitude and information, you can start your business with little more than a few baskets and a good pair of scissors. Of course, it helps to have a few additional items, and we recommend that you do, but don't let limited resources stop you from pursuing your dream. We found successful gift basket business owners who started with as little as \$300, and others who were able to invest \$20,000 to \$30,000 upfront. They all agree that what counts is a basic understanding of the business and a willingness to do whatever it takes to keep your customers happy—that's all you really need in the way of "start-up capital."

### START-UP STORIES

Is there such a thing as a "typical" gift basket business owner? Well, most of these entrepreneurs are typically hard-working, creative and committed to their business—but beyond that, there are no consistent similarities. The differences begin with what motivates the start-up of the business and end with how the company is operated. In fact, when we asked gift basket business owners around the country how they got

started, no two told the same story.

Fifteen years ago, Sue C., a gift basket maker in Salt Lake City, Utah, found herself out of a job when the company she'd been working for closed its doors. Her search for a job with a retail florist was futile because prospective employers felt she was overqualified. So with her final paycheck of \$300, she started her own gift basket business in her home.

"I knew what I wanted to do, so I wrote a business plan, got all the proper licensing, bought some stationery, and joined the chamber of commerce," Sue recalls. "My first order was for a \$35 gift basket, and I had to wait until that money came in to buy products for the next basket." She's outgrown her home space and now operates from a warehouse.

Christine M. was an executive with a cosmetics company who enjoyed creating baskets as gifts for her friends. She was also totally unimpressed with the commercial baskets available in upscale department stores and amazed at how popular they were. "I used to sit in a department store and watch people flock over to these things that looked horrendous, but they loved them," Christine says. "I thought that if they were going crazy over that, imagine what they would do with something that was put together nicely." And that's what convinced her that a gift basket business would work, so she founded a profitable homebased gift basket business.

Chris K. got the idea to start her own homebased gift bas-



### Fun Fact

One of the major appeals of gift baskets is the fact that the contents can be consumed and yet the "gift wrap" (the basket or other container) remains a wonderful keepsake.

*Entrepreneur Magazine's*  
**Gift Basket Service**

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ket business after her mother-in-law passed away. The family received a number of gift baskets containing food—but so much of it was perishable that it ended up spoiling and being thrown out. “My cousin and I were talking about this, and she said there should be something in the baskets to keep long term. So we got the idea that if we put in gifts—real, true gifts, not just food and perishable items—the basket would be more memorable for both the recipient and the giver,” Chris says. It didn’t take long for the

two cousins to establish a formal partnership, develop a business plan and get their business up and running.

How long will it take you? That depends, of course, on your own circumstances. There’s no serious rush—this is an industry in its infancy, thriving but with a huge potential market still untapped. So settle down for some reading that we hope you’ll find both informative and entertaining—and that will catapult you into the exciting, profitable and fun world of gift baskets.