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Gift Basket Review

Back to Basics Training Guide



Who You Are . . . What You Do

Gift basket business owners are more than designers. In addition to crafting the most inspiring sentiments that will be exchanged to deliver an emotional expression, a gift basket business owner is also a manufacturer and retailer. This is a critical definition of who you are and what you do, because, to be successful, you will make decisions based on these perimeters. As a designer, you will aspire to create; as a manufacturer, you will keep a close eye on costs and production. Finally, as a retailer, designs will be based on 'sales-ability.'

Success Relies On . . .

Gift basket business owners with longevity in the market will attest to the fact that it takes more than a beautiful design to make a sale. To be money-makers, a gift basket will be designed to meet four basic criteria:

1. Creativity of theme linked to a viable market.
2. Quality of merchandise, food, and services.
3. Stability of the assembled (manufactured) design.
4. Sale-ability (price and practical applications).

Basics Training Issue



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Tooling Up for Success

1. Choose the best shred for the job.

Not all shreds are alike. Excelsior is a wood-based product – very strong for supporting heavy products. Crinkle-cut shred is a heavy paper – excellent for most gift basket packing. Shredded tissue, mylar and cellophane shreds are used as a top decorative layer over foundational shreds like excelsior and crinkle-cut.

2. Picks and skewers.

Occasionally, lightweight products will need additional stability, or raised height in a basket. When this is absolutely necessary, use wooden or plastic floral/plant picks, wooden craft sticks (popsicle sticks), plastic balloon straws (not a drinking straw!), enhanced cardboard strips, or other elements. Use these items sparingly, because adhesives will be required to secure the pick to a product, and sticky adhesives damage the packaging of the merchandise.

3. Adhesives.

Glue Dots are excellent adhesives for securing gifts together in a basket. Use the right grade of Glue Dots (Super Hold for heavier items, etc.). Also double-sided “red” tape can be used on metals and high gloss, heavy packaging. This tape usually peels off leaving no damage behind on metals and other glossy surfaces. Also needed: wide, clear cellophane shipping tape, standard double-stick tape, and narrow cellophane tape.

Gift Basket Mechanics 101

Two Goals:

1. Elevate the products at rim-height of the container for better presentation and value.
2. Provide support and stability for the merchandise inside the basket.

Some years ago a retailer in a chain gourmet store was heard giving this shocking advice about making a gift basket: “I just throw a little hay in the bottom and put some merchandise on top. There’s nothing else to know about making a gift basket.” Sad to say, this retailer stopped carrying gift baskets because, as she eventually admitted, “They didn’t sell.” And no wonder! The baskets were poorly constructed. Before a customer could get to their destination carrying the gift basket, everything inside was a mess.

Four Basic Building Methods

Better baskets most often follow one of four building basics for creating a foundation of support: (1) packing paper and shred foundations (2) wrapped packing peanuts and shred (3) shred only (4) floral foam (or Styrofoam) and shred. The most cost effective method uses packing paper or packing peanuts. The foundation supports all the products you will place in your gift basket. Some products are heavy – some are light. Some components are easy to place – some are not. Choose the best foundation for the components selected for the basket, and the design planned.

In general, paper and shred foundations work best for moderate to lightweight products – especially when the basket will be tightly wrapped in cellophane or shrink wrap. Baskets packed with heavy items (sauces, jams, jellies, etc.) may require a more supportive foundation, such as wrapped parcel of packing peanuts, or a base of foam in the bottom of the basket. (For more information on preparing a foundation, you may want to view the video lesson, Four Basic Building Methods, from Festivities Publications, Inc.)

Choosing Products

1. Height
2. Bulk
3. Filler

When you choose products for a basket, normally you’ll select products based on height, bulk, and filler. Products (components) help determine the shape of a finished basket. **Tall products** placed in the back of the basket define the height, create a point of stability, and set the center mark for creating good balance. Height can also be achieved with an enhancement, or with a cellophane ‘topper’ on the outer wrap.

A **bulky sized product** fills space in the basket quickly, and also calms the visual “busy-ness” which results with too many smaller items. The bulky item is usually shorter than the tallest items in the back. Whenever possible, this item ideally fills almost half the space on one side of a medium or small basket (in large baskets, several bulky items will be required). Bulk can sometimes be achieved with an enhancement, a large bow or plush animal.

Finally, **filler products** are used to create variety and interest. Most often, a group of three to five of these items will be arranged to fill the remaining half of the basket. Sometimes additional small items will be placed in front of a bulky product. Occasionally, filler items can be attached to picks or cardboard to create

Tooling Up for Success, continued

5. Foundational Supports

What do you put in the bottom of a basket to help raise products to the rim? Newsprint paper, packing paper, and wrapped parcels of packing peanuts are the preferred choices. These materials are low-cost (sometimes free), and contain no known chemicals altering flavors or fragrances. The materials also offer good cushioning for shipment. Occasionally, some high style gift baskets will require dry floral foam or Styrofoam.

6. Cellophane or Shrink Wrap?

Beginners often start with clear cellophane as a wrap for the gift basket. Later, as baskets begin to sell, gift basket designers invest in shrink wrap and the shrink wrap equipment (heat gun and sealing devices). Other wraps commonly used are: net tulle, netting, and mesh fabrics.

7. Scissors and Cutters

You will need two pair of scissors – one reserved and marked for cutting cellophane only. For floral accents and other decorations, a good pair of wire cutters is recommended.

8. Other supplies.

Tissue paper is a wide assortment of colors is recommended for making tufts that fill in space and add a rich but inexpensive element of design interest. A glue gun is handy, along with an assortment of floral wires, chenille wires (pipe cleaners), curling ribbon, and twist ties.

a tall component for the back of the basket. These smaller products can also be placed in a tote, decorative tin, jar or other inexpensive container to construct a tall or bulky component.

In general, for the average basket, plan for three to five main products, plus filler items. To learn more about choosing products, you will want to view any of the video lessons from Festivities Publications, Inc., or watch the free video lesson provided by Gavina Coffee, posted on the front page of www.gbreview.com."

Theming and Selecting Products

The best gift baskets tell a story, paint a picture, make a statement, and/or express a specific emotion. When gift baskets are designed to reflect these ideals, the baskets become the most personal and personable gift available. This ideal of the basket is accomplished by artistic and blended selection of merchandise. Each product in a gift basket can be compared to a word a writer chooses to compose a poem, or like a brush stroke to an artist painting a picture. If not an art, making pleasing, successful product combinations can certainly be viewed as a refined skill.

There are three layers to a gift basket theme.

1. General (the occasion)
2. Product (gourmet, spa, stationery, etc.)
3. Message/Hook (unique twist; focal gift; theme name)

The **general theme** is the starting point for planning the gift basket. Most often, the general theme is the reason for sending a gift basket. The buyer will be seeking a gift for a thank you, birthday, anniversary, welcome, get well, new baby, or another reason – or occasion. The perimeters of the gift basket contents and appearance are set by the general theme.

Next, a designer chooses a **product theme**, most commonly based on the recipient's preferences and hobbies, or the occasion. This is platform where the designer decides that the basket will be filled gourmet, spa, stationery, or other category gifts. Within this planning step, the designer focuses more specifically on the category. If gourmet is chosen, for example, the designer may then choose to narrow the theme to a gourmet snack basket, cracker and cheese, chocolate, coffee, pasta, etc.

As the theme begins to take shape, the designer moves to the final stage of gift basket planning, and that is **defining the message** and establishing a 'hook'. At this final level of planning, the designer may choose humor, a stately presentation, inspiration, or another emotional element. This is most often the level of planning where a theme name is selected.

Gift Basket Menu

In the final phase of gift basket design planning, the designer establishes a specific menu (flavor, fragrance, variety, etc.). For gourmet, the designer selects flavors and/or a menu of foods that blend. Bland crackers are set against spicy cheeses. Aromatic teas are balanced with simple shortbread cookies, and so forth. In spa and other fragranced gift baskets, families of fragrances can be blended for a pleasing presentation (i.e. apples and

When Your Inventory Doesn't Match . . .

Draw attention to another element. When ideal colors are not available in your gift inventory for a desired color theme, accentuate a focal point and blend 'offending' colors into the background.

Camouflage packaging.
Tuck non-blending product packaging into tufts of colorful tissue paper, or hide it behind a floral accent.

Wrap items in colorful paper.
Create an entirely new color theme by wrapping packages in beautiful papers.

Hide it inside a tote.
Delicious pasta sauce/ugly jar? Slide it into a lovely tote. Fold the top of the tote down and secure it to avoid 'smushing' if you are using shrink wrap.

Use heavy patterned cellophane.
In the worst case scenario where nothing matches, wrap the entire gift basket in a patterned cellophane. Choose a pattern and color that completely hides the content of the gift basket. If the patterned cellophane makes the gift basket look "too busy", use a wide strip of solid mylar paper over the front and back center. Blend this color into a "topper".

cinnamon fragrances are used together, but not normally commonly mixed with florals).

Gift basket 'menu' may also be used to describe the concept of presenting a combination of products that can be used in one setting. When crackers and cheese are used, a small plate and cheese knife are useful for immediate enjoyment. In a spa basket, bubble bath, a bath puff, candle, relaxing CD, and a book would also create a pleasing menu.

Choosing the Container

The container selected for a gift basket can deliver a powerful message, set the theme, define the style, and dictate a base price for a gift basket. Choosing the right container is a key step in planning a great gift basket. For some designers, choosing the container is the first step in designing a gift basket. Choose a container based on:

- Function (weight of components; shipping or local delivery, etc.)
- Theme (the occasion or menu)
- Style (design goes from top to bottom!)
- Hook (containers with a message)
- Color (the container is the largest, most dominant element)
- Size (defines, to an extent, the size of acceptable components)

Containers can be among the most expensive components of the basket. To reduce costs, designers sometimes forego baskets and simply stack and wrap products. Containers can be your best investment or a total waste of money – depending on the purpose of the gift basket. For example, when gift baskets are delivered to a guest in a hotel, a container will be left behind unless it can be packed in a suitcase. On the other hand, a container can be the main gift, with everything else considered 'just filler'. A coffee pot filled with an assortment of flavored coffee is an excellent gift – and an example of the container being the main gift. As a designer, it is a mistake to shop only for the cheapest basket or container. Think creatively – *outside* the basket to achieve the most versatile, customer pleasing gifts.

General Tips for Arranging Gifts in the Basket

First, build a support foundation. Place crumpled packing paper, a wrapped base of packing peanuts, foam or shred in the bottom of the basket. Normally, the foundation should come to within one to two inches below the rim of the container. Place a one to two inch layer of shred on top of the foundation.

- Start with the tallest product first. Place this item in the back center, or in the back at the left or right sides.

- Place the bulkiest product next. Most often, this item is placed on the left or right side, but sometimes, depending on the gift, the bulkiest product may be focal point, and placed in the center front of the basket.
 - Filler products are generally added last. Soft packages like individual tea packets, cocoa or sachets may need cardboard reinforcement on the back. Or, they may be grouped and secured together (adhesives), then lightly glued or taped to an adjoining product for better stability.

Sales Projections and Pricing

It has been said that winning is seeing the finish line and heading straight for it. In business, that means defining what you want and where you want to go. As a gift basket designer, manufacturer, and retailer, you will want to examine your costs, and establish a strategy for earning a profit beyond a break-even point. The following example illustrates the concept of establishing a goal, and setting prices to attain the ideal. Your goal may be only a fraction of the \$100,000 example. If so, adjust the volume of daily units and monthly averages to accurately reflect your goal.

Sales Projections:

Goal: \$100,000 in total annual earnings

Average Monthly Goal: \$8300 - \$8500

Daily Goal: \$320 a day, six days a week.

Daily Unit Goal: 17 gift baskets a day
(10 baskets @ \$35 average)
(7 baskets @\$50 average)

Pricing

Common Pricing Formula for Gift Baskets:

2 or 2.5 X the wholesale cost of goods
Plus additional labor charge of 20% - 35%

(This is done by dividing the reciprocal. Example: for a labor charge of 20%, divide the retail costs by .80 and it will give you the retail price of the basket.)

Example:

Product cost: \$20 (X 2) = \$40
Labor (\$40 divided by .80 = \$50)
Retail price: \$50

Backward Method of Pricing a Gift Basket

Customers sometimes say they want to spend a specific amount for a gift basket. Within those perimeters, you may be allowed to create whatever you believe the recipient will

like. How do you decide how much you can spend on the products, container and enhancements? Here is how to back out the wholesale cost of goods from the retail selling price, based on a \$50 gift basket.

Backing Out the Costs:

Subtract the labor fee from the retail price
($\$50 \times .20 = \10)

After subtracting \$10 from the \$50 retail price, there amount is \$40. Now divide \$40 by the product markup (in this example we are using a 2X markup). The remaining amount will now be \$20 for the total wholesale cost of product, container and supplies for the gift basket.

3X Pricing Formula for Gift Baskets:

Some pricing formulas build the total markup into the products. In this case, no additional amount is added on for labor.

\$5 Wholesale Container: 3X markup ($\$5 \times 3$) = \$15
\$10 assorted wholesale products: $\$10 \times 3$ = \$30
\$2 wholesale cost of ribbon/wrap, etc.: ($\$2 \times 3$) = \$6
Total Retail Price: \$51

Other Pricing Methods:

You may be more familiar with other forms of pricing and/or formulas. Rest assured there is no SINGLE way of pricing baskets that will fit every individual or business need. Add up the cost and compare it to your time and profits or losses. With time, you will arrive at a methodology that works best for you. Adjust margins and formulas to insure that your profits are healthy.

**The purpose of a
business is to make a
profit.**