

# What I Wish I Had Known When Starting My Gift Basket Business



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# What I Wish I Had Known When Starting My Gift Basket Business

In some ways, it seems like yesterday.

In others, it seems like an eternity.

For me, the fall of 1992 was the beginning of a new business, a new lifestyle, and a whole new perception of operating a home-based business.

I thought I knew everything. After all, as a SCORE small business counselor, I had been counseling other startups. I was the expert. I had started and sold other businesses. This gift basket business couldn't possibly be any different.

Was I ever wrong!

Looking back all these years later, I realize that I knew much while knowing very little. I had a lot of misconceptions way back then.

If you already have a gift basket business, they are probably familiar to you. If you're just thinking of starting one, they are things that you should be aware of.

## **1. The gift basket business is like any other business.**

A statewide singles newspaper had been my first dip into the "own your own business" waters. After creating and building that corporation, I sold it and developed an ad sales agency. That was followed by a real estate business. Surely all these varied experiences would transfer to the gift basket business. But I quickly learned that, even though these skills were helpful, the gift basket business is very different from any of my previous endeavors and requires new and different skills. Previous experience in the business world or even a degree

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in business are helpful but nothing takes the place of the learning curve that comes from actually operating each individual type of business.

## **2. Designing and producing gift baskets is easy.**

I had never made one in my life. But putting together a gift basket that looked good couldn't be too hard, could it? After all, I'm a creative person. I'm still laughing at that one – after taking the time and educating myself as to the techniques needed to produce gift baskets that don't look like they came from WalMart.

## **3. Once you learn what you need to know, you can just bask in your knowledge and coast your way to success.**

In this business, you can't become stagnant, depending on what you've done in the past or what you learn each day. New products and new techniques require us to constantly be on top of what is current in this business. Customers quickly become bored and want to see something different and it's up to us to provide that "something different" if we hope to be profitable.

The Internet has made changes come even faster. What worked last month doesn't necessarily work today. Google, the primary search engine that you want to rank high on even if you are just a local business, has regular updates that make it harder and harder to stay on page one for the keywords I want to rank high for. Social media changes just as quickly.

There is simply no way to bask in my knowledge because what I learn today may be old news tomorrow. I've discovered that I am always learning and always seem to be behind. Basking in my knowledge is a dream that isn't going to happen if I want to be successful.

## **4. The Dollar Stores have great bargains in gourmet foods that I could use in gift baskets and garage sales are wonderful for finding baskets and unique gift products.**

5. It didn't take very long for me to learn that all the gourmet sauces and salad dressings that I stocked up on would have to be eaten by me and my family. One of the biggest mistakes that many of us, when new to the business, make is buying the wrong kind of inventory. Taking the time to research the types of baskets that I could sell would have saved me a lot of money and calories eating all that chutney and raspberry flavored dressing.

And as far as garage sales, they are fun to attend and find one-of-a-kind baskets and gift products. But one-of-a-kind gift baskets are not what I would need to sell in order to be profitable.

## **5. I needed a lot of different products to make lots of different baskets.**

Failure to research and plan resulted in some bad buying decisions. I bought things that were "cute" and "fun." Those cutesy gift products are still sitting in my garage all these years later as I discovered that cute and fun didn't appeal to the corporate market who preferred elegant and gourmet. I thought I needed a lot of different products but soon learned that I could use the same products in a lot of different baskets.

## **6. My major market would be all the people I knew who wanted to buy a personal gift.**

Although I do still sell a lot of individual gifts for personal use, it didn't take long to learn that corporate is where the money is. My first marketing endeavors were to individuals rather than to businesses. They bought \$15 and \$20 gifts while I quickly discovered that the business people would spend \$50 on up for a gift and would buy regularly or in quantity.

## **7. People in my area won't spend more than \$40 on a gift basket.**

I underestimated myself and my customers. Since I only expected them to spend a maximum of \$40, that was what I offered. I've learned that the adage

“show them and they will buy” is true. Since expanding my product and price range, baskets in the \$100 to \$300 range are no longer a rarity. As a whole, customers have little imagination. If you don’t entice them with what you can do, they will never know.

### **8. The extra bedroom should be enough to house this business.**

As I look around my 2500 square foot home that is now almost a warehouse, I shake my head in wonder at how naive I was. The extra bedroom expanded into the other spare bedroom and the living room and the garage and on and on.

### **9. My life wouldn’t be any different.**

No longer am I the grandma that bakes cookies or decorates the gorgeous Christmas tree. Instead there is no Christmas tree. Where would I put it? But I am the grandma that they call when they need something special. “Grandma has everything,” they say. And instead of coming over to bake cookies, they excitedly ask, “Can we help you make gift baskets?”

A clean and neatly organized house is now a thing of the past. Grinding wheat and making bread are memories. But would I change it? Not for the world! As we age, priorities change. The chance for dreams to become realities happens. If we don’t take the risk and grab those opportunities while we can, the parade of life will pass us by and we’ll grow old with only dreams for memories.

### **10. Since I love shopping, that would be the best part of the business.**

That was a big mistake and the reason for a lot of the excess inventory that needs to be cleaned out. I now rarely go to the stores unless I need something specific. “Just looking around” is a thing of the past. Who has time? Shopping for me now is trade shows and wholesale internet sites.

### **11. People want gifts so I need lots of gift-type products.**

This misconception was one of the more surprising ones for me. My inventory includes more gift products than I will ever use while my most frequent sellers are simply food-filled gift baskets.

## **12. My business would be an immediate success.**

I knew lots of people. I knew how to market. I could make an acceptable gift basket. And, best of all, there was only one other company in town.

But it takes time to attain a level of recognition. I was known as the newspaper publisher and the Realtor and the gift basket business was considered “just a little hobby.” One of the biggest mistakes that people who enter this business make is not having the patience or the funds to stick it out.

People have now forgotten that I was a publisher and a Realtor and think of me as the gift basket lady, but that didn’t happen quickly. It took several years.

## **13. I had to compete with the discount stores.**

It didn’t take long to learn that this was impossible. I no longer concern myself with what is on the shelves in the discount stores. My customers are not looking for a bargain. My company provides uniqueness, service, and delivery and I market to those who are looking for these qualities. Although it is wise to look at every possible competitor in this business, including stores like WalMart and Costco, while writing your business plan, it is essential to decide how you can differentiate yourself and appeal to a different target market.

## **14. Selling gift baskets in Flagstaff, Arizona would be my business.**

There’s a big difference between a business that makes money and one that makes a good profit. Business diversification and changes in marketing strategies has more than doubled my profits in the past five years. In

addition to gift baskets, I offer apartment amenities, imprinted advertising products, and have even added separate divisions to my corporation for teddy bears, bakery products, nationwide gift referrals, and a national trade magazine and gift business network.

A large increase in my sales is due to out-of-area sales from the internet. No longer dependent on just my local area, I can sell gift baskets and gourmet food products at higher price points online than I can locally. Even many of the gift baskets delivered in Flagstaff have been ordered by someone living somewhere else who wants to send a gift to a friend or relative who lives here.

#### **15. Selling baskets at Christmas would automatically result in sales all year long.**

Marketing holiday gifts is only a small part of the marketing involved in this industry. I learned that people forget you quickly and you have to make sure you are deeply imbedded in their memory when they need a gift. And that takes reminding them regularly of who you are, what you do, and what you can do for them.

These are just some of the lessons that I've learned through the years. And I've discovered that just as learning never ends, neither does marketing. It's a continuous process.

Starting and building a gift basket business is a serious venture. Many of the things that I counseled others to do, as a Small Business Counselor for SCORE and for the Coconino County Business Empowerment Program, apply to this business as well.

Start with a well-crafted business plan. Even if obtaining a loan is not the purpose, a plan enables you to visualize where you intend to go and what the pitfalls can be. Look at your competition but don't be intimidated by them. Decide how you can be different and market that difference.



I feel that the most important part of any business plan is the marketing plan. Unless you know how you plan to make your business known to the public and what it will cost, it is all too easy to waste a lot of money trying things that don't work. And, make sure you have enough money to last long enough to actually build the business. Very few are overnight successes. It takes time, patience, and lots of work.

Would I do it again? You bet! The past 29 years have been some of the most exciting in my life. When it's over, I can say, "I dreamed, I risked, I built, and I succeeded."

**How about you?**

**Are you ready to take the steps to start the business  
that you've always dreamed about  
or to grow the one that you already have?**

**The time is NOW!**

*If you can dream it, you can do it"*

*Walt Disney*

**What most people don't realize is that the gift basket industry  
has a culture all its own.**

Sure, the basics of operating a business are the same for any kind of business. You have a business and marketing plan. You can read a financial statement. And you took a business class that told you all you thought you needed to know. You may have even owned another business in a different industry.

But this industry has its own mindset, its own psychology – even its own language, so to speak. And we are here to help you build that foundation you must have for success.

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It's not a matter of natural ability, business acumen, or charisma. It is knowing the industry, paying attention to the little things, and having the right support and reliable answers that makes all the difference between success and failure in this industry.

**Nobody trips over mountains.  
It's the small pebbles that cause you to stumble.**

The sharing of experiences, mistakes, and knowledge helps solve your own challenges and discover new and innovative ways to grow your business. Having a support system will allow you to bounce around ideas, rant when you feel frustrated, or celebrate when you've achieved something. Not only is it healthy for you (because solitude just isn't meant for us human beings), it will also help you propel your business further in less time.

**If you aren't a member of our Facebook group, join us at**  
<https://www.facebook.com/groups/giftbasketnetwork/>

Starting and growing a gift basket business successfully depends on you and where you want to go. But before you can go anywhere, you have to take that first step and learn what you need to know to begin.

So whether you are just doing your initial research before dipping your foot in the water or already have an established business, I am here for you.

I have been there and done that  
and am still doing it daily.

*Joyce Reid*