

Business Plan Competition

Crochet the Day Away

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BUSINESS PROFILE

Crocheting is the art of creating masterpieces with yarn and a hook. It has been done since the 1800s, but in modern times the style of crochet has changed. In the last few years a type of crochet called Amigurumi has taken off. Amigurumi is just another term for crocheted animals. The word comes from Japan, where this style of crochet originated. As soon as I heard about Amigurumi, I fell in love with it. I went into a frenzy and crocheted about every pattern out there, so I began to make my own patterns. People loved them and I loved making them, so I began to make more and more patterns.

Making these patterns was my outlet in a time of stress, and I want to give people access to that same outlet. Red Heart released an article titled, "Health Benefits of Crocheting and Knitting." It stated, "Benefits of crocheting and knitting include reduced stress [and] better ability to cope with illness (physical or mental)." In this day and age, where the younger generation is becoming riddled with anxiety, depression, and stress, something like crochet can be very beneficial.

Crochet the Day Away will be an online amigurumi pattern selling sole-proprietary business. The patterns will be sold as instantly downloadable PDFs off of the Etsy website. Not only will I sell patterns, but I will also teach others to crochet through a Youtube channel. Through the use of video tutorials, even beginner crocheters can be trained to make Amigurumi. I plan to create a network of Youtube lessons, patterns, and social media in order to create an "online home" for millennial crocheters. Crochet the Day Away will simplify crocheting techniques into an easy to understand format so that customers can feel the satisfaction of making their very own animal patterns. The patterns will include animals such as pigs, giraffes, turtles, lions, hippos, or elephants.

Crochet the Day Away will be a home based internet business that will sell off of Etsy, but also exist on Youtube (which can also be a money maker from ads), Instagram, Pinterest, and Ravelry. The goal of the social media sites will be to encourage people on their crochet journey, keep people updated on new releases of patterns, and encourage customer interaction in order to create a more personal experience. As for selling online, there will be a business licence and a sellers permit required, as well as a tax license which can be acquired online.

TARGET MARKET

As a young crocheter, I struggle to find available resources which are aimed at a younger, modern generation. A quick Google search shows that I am not alone in this struggle. Nicky from the blog, NickyKnacks, has an insightful article titled, "You're a Millennial Crocheter? Come back in 30 years." She goes on to say, "nobody likes you if you're 23, and especially not if you're a millennial crocheter, which means according to Google I don't exist, which means I don't." Nicky explains that when she searches for yarn or crochet items, she suddenly gets inundated with advertisements Google products for an older age group. Including, "an endearing gift for your granddaughter! ...some indignant part of my subconscious not disabled by horror said, granddaughter? Why do you think I have a granddaughter??" The important thing to see is that there is a large population of young crocheters who are being overlooked, but I will elaborate more on this in marketing.

Although the majority of crocheters are considered in the older age range, there is an increase of interest among the younger generation of crocheters. There just isn't much out there for the young crocheter, as I have discovered myself. For this reason my company will target millennial female crocheters ages 18-34, and provide them with a selection of modern, cute, and trendy patterns they have always desired. There is a limit to how many scarves and pot holders a person can make before they go insane. Millennial crocheters are on the rise and it is confirmed in a study done by the Craft Yarn Council. In 2014, they surveyed 3,100 crocheters and knitters and found these statistics:

- **15% were 18–34 years old**
- 13% were 35–44
- 23% were 45–54
- 32% were 55–64
- 17% were 65+

Of those 3,178 knitters and crocheters:

- **48% primarily crochet**
- 32% primarily knit
- 20% equally knit and crochet

Although this study was conducted four years ago, it does reveal there is a substantial number of crocheters who are in the younger age range and the need for a product designed for them .

HOW TO REACH THEM:

Instagram- Great for crochet artists, very visual

- -Create a page with visually pleasing, sped up videos of process to make an amigurumi. This page would be about crochet inspiration and keep people interested in seeing all the cute things you can make with crochet, as well as build a loyal following.
- I follow all the popular crochet pages, so I know what content they put out. Most of it is just typical crochet with the only amigurumi page being somewhat bland in color scheme. I know I could make a page more targeted to my audience.
- This would link people to my patterns and Youtube channel

Pinterest- This would be to post pictures of my amigurumi in order to link people to Etsy where I would sell the patterns.

YouTube- This would be for people searching how to crochet, with Amigurumi in mind, and offer alternative, high-quality, engaging videos.

Etsy- This will be where everything would link to and where I would sell the patterns.

A challenge consumers may face is the inability to understand the pattern and possibly getting discouraged. In order to solve this, the YouTube channel will have videos of how to crochet the trickiest parts and also general Amigurumi lessons. The videos will not reveal so much that it gives the pattern away without purchasing it, but will give enough detail in order for the viewer to be successful. Since many Amigurumi patterns are similar, it would be general videos that could be used on a lot of patterns. This would aim to increase customer engagement and reduce any fear of crocheting Amigurumi.

The main reason for customers to be encouraged to buy my patterns would be through pictures, descriptive, logical patterns, and knowing that the Youtube channel could also help them complete the pattern. The pictures will be very high quality, professional, and eye catching. They will make you want to click on the link and buy the pattern. The patterns will have many pictures within them as well, and have easy to read directions that will be tested by

other crocheters. Establishing a good reputation will be critical, as there are many poorly made patterns out there. Gaining the customers' trust to continue to purchase from me can be built through reading my product reviews. I will make sure to keep reviews positive by providing good material and addressing and acknowledging bad feedback.

MARKETING PLAN

Based on the data previously stated, there is a gap in unmarketed customers, and I'm going to be the one to market to them. Yes, it is a niche market but there are significant amounts of people in that niche. According to John Fetto, there are an estimated "38 million American women who can knit or crochet." If we apply the above percentages and 15% are 18-34, then 5.7 million are millennials. Of those, 48% crochet. So that leaves us with approximately 2.7 million people within my target market in the United States alone, taking into account this is an approximate number. Since my business will be online, I will also have the capability of marketing to Europe and countries all around the world very easily, especially since Etsy is a global marketplace.

In order to find these customers, I will need to go to where they are.

- Etsy
 - Here, search engine optimization is crucial and can be attained with careful selection of pattern names and labeling it with the right tags. Also, relisting an item (\$0.20) every month increases optimization.
 - Ads for Etsy charge by cost per click, so the average cost is about \$0.03-\$0.43. The way ads work on Etsy is each week sellers can submit ad bids, which can cause a variance in ad costs constantly.
- Youtube
 - Create high quality tutorials
 - Ads, \$0.10-\$0.30 is charged per view of an ad and they can be targeted to a specific genre of videos.
- Instagram
 - A large visual platform to create a loyal following
 - A good way to find customers is to find and follow people who already follow crochet related pages. They will get a notification that someone has followed them and then check out my page and possibly follow back. A more ideal

strategy will be to view the comments because people who post are more likely to become active customers.

- Ads, the average cost is \$0.70 price per click, and Instagram allows you to target your ads very specifically.
- Ravelry
 - This site is one of the main search engines to find patterns, here I will post my patterns with a link to my Etsy page where customers can purchase the patterns.
 - Search engine optimization will also be crucial here and I will have to ensure the wording is carefully chosen.
 - Ads, here they charge for ads by the location so the cost ranges from \$10-300 depending on the spot, and the ads are renewed weekly.
- Pinterest
 - Creating a pinterest board that is also linked to other boards will be important here as well as search engine optimization
 - Ads, for pinterest the cost can be anywhere from \$0.13-\$1.00 per click-targeted ad
- Website
 - This needs to be present but will be more for future use as I first build up a following of people. As it will be my ultimate goal to become big enough to move off of Etsy and onto my own page.

Once customers are exposed to my products, I will need to make them want to stay. Advice I was once given said to remember a time when you walked into a store or visited a webpage and wished you could buy all of the merchandise. She said I should remember what it was about the setup that gave me that desire and aim to recreate it in my own way. Applying this advice, I will use my experiences to create what I like in other brands, which is a rustic pastel looking branding with soft edges. By keeping my branding consistent across all of my sites, my customers will easily recognize my products by my unique style.

Another benefit of using Etsy will be access to 54 million users, however the competition is just one click away, which means my product must stand out. On Etsy a product is first judged by the product photo, which means extra time and energy needs to be put into creating the best photo possible; using a proper camera, lighting and editing software this will be possible. My competition on Etsy consists of small business owners, such as mothers or grandmothers who make patterns on the side, trying to make a little extra money. However,

there will still be some professional creators. Free patterns are a large competitor, so I will need to prove to my consumers that my patterns are worth the money and are easier to read and understand. Another way I will be different than the competition is through the use of my Youtube tutorials. If a customer gets stuck on a step of a pattern, they can quickly search that specific aspect of the pattern and view the tutorial on Youtube. For example, if a customer is working through the pattern and they forget how to sc2tog (single crochet two together), all they have to do is simply go onto my Youtube channel and search for the video. It will create less work for the customer and help them to finish the pattern with ease.

On Etsy, the average going rate of Amigurumi PDF pattern is \$4.00-\$8.00. A lot of work will be going into the making of these patterns, Youtube videos, and keeping up with social media. For these reasons, I will price my patterns at \$7.00.

OPERATIONS

This section will contain an overview of the steps it takes to go from start to finish. More information on materials and costs can be found in the Financial requirements section. Crochet the Day Away will be an all online business in which people can purchase instantly downloadable PDFs, the format in which most young people purchase their patterns. The types of patterns I make will be Amigurumi, but specifically will focus on common animals: pig, elephant, hippo, giraffe, dog, cat, lion, etc.

To begin, it all starts with an idea, some yarn, a crochet hook, and some stuffing. All of the materials can be found at a local craft store. Since I create my own patterns, I first draft it on a notebook paper, and this process takes anywhere from 5 hours to 3 days. Once I've designed it I will go through and transfer the pattern into a Word document. In order to make the patterns clear to the consumer, I will need to put in enough detail so that it is easy to understand, but not so much that it gets overwhelming. Once the translation is complete, I will go through the pattern and determine where I will need to input pictures of the process. I will then crochet the animal for the second time, but stop to take pictures in a light box of the process, and edit the pattern as need be. Once the pictures are taken, I will put everything together and finalize the appearance of the pattern. Before it ever goes online, I will have 2 crocheters from my target market test the patterns. This will allow me to catch any steps that are confusing or need more explanation, and I can edit the pattern accordingly. After the pattern is complete, it will be copyrighted to ensure no copying of the pattern. Just as a reference, I have decided to release

2 new patterns a month to allow time for the editing process. After this it will be uploaded to the Etsy website as a PDF and sold as instant downloadable. The reason I chose Etsy verses making my own website is because Etsy has 54 million users and relatively low fees (\$0.20 to list an item and a 3.5% transaction fee). To start out, Etsy is a great option because it would give me immediate access to a large number of people. As the business progresses, I would like to transition to my own site and over time it will be more reliable and offer greater profitability opportunity.

On Etsy, the listing will have an eye-catching flattering pictures of the Amigurumi, as well as a description that will contain keywords necessary to achieve search engine optimization. While this whole process is taking place, social media is critical, and I will be posting about the process. I will create a personal connection with my followers and customers in the hopes of making them feel a part of the process. If I can hype the launch of a pattern, then there will be excitement for the debut, and therefore will generate more sales.

After the pattern is purchased, people will have questions, which they will leave on the Etsy page. I will need to do my best at checking the site regularly and answering questions efficiently. Even further, in order to reduce questions, I will create a Youtube channel and teach the common stitches of Amigurumi and crochet. I will also provide videos which will address the most commonly asked questions. The videos will be engaging with aesthetically pleasing backgrounds in order to keep the viewer engaged. Also seeing someone close to their own age will be refreshing as most Youtube videos on crochet are created by grandmothers. This will be a key part of my business as what keeps many people from buying patterns is the fear that they do not have the skills to complete it. Having Youtube as well as the social media, aims to not just create a pattern, but also create a supportive network to help people succeed with their patterns. This is something I have not seen produced on a mass scale in the market, but with the statistics presented in the previous sections, I believe it will take hold, with a lot of effort. Not only expert crocheters can use my patterns, but I will structure them in a way that even a novice can also purchase my patterns with the comfort of knowing that they will be guided the process from start to finish.

FINANCIAL REQUIREMENTS

Making the pattern:

High quality camera (also used for Youtube)	\$600
Light box	\$17
Photography lights	\$35
Education/classes/books on how to make successful patterns	\$20
Total cost	\$672

Costs of Etsy

Cost to set up a shop	free
Education/classes/books on how to be successful on Etsy	\$20
Total Cost	\$20

Cost of Youtube

Camera stand	\$20
Lighting	\$50
Backdrop, props	\$30
Mic	\$20
Video editor program	\$100
Computer/monitor/keyboard	\$400
Education/classes/books on how to be successful on Youtube	\$50
Total Cost	\$670

Other social media costs (monthly)

Ravelry (shop cost and Ads)	\$50
Pinterest (No posting cost, \$0.13-\$1.00 per click-targeted ads)	\$100
Instagram (No posting cost, average \$0.70 price per click-targeted ads)	\$150
Youtube Ads (\$0.10-\$0.30 per view)	\$150
Website (not main focus but still need to have one)	\$10
Education/classes/books on how to be successful on social media	\$50
Total cost	\$510

After running ads on all these sites, I can collect data to see which ads produced the most sales and invest more money there accordingly.

Legal costs

Business license	\$300
Seller's permit	\$70
Tax license	free
Copyright logo/name	\$300
Total	\$670

Cost to create/launch one pattern

Yarn	\$5
Stuffing	\$2
Sew on eyes	\$1
Wooden beads	\$1.50
Listing price on etsy (Transaction fee of 3.5% of profit per sale)	\$0.20
Copyright pattern	\$50
Total cost for one pattern (excluding pattern tester labor)	\$131.70

Employees - they will be from my target demographic to greater understand the customer experience.

Position	Experience	Hourly Wage	Hours per month
Pattern tester(millennial) <ul style="list-style-type: none"> Go through the steps of patterns and make the animals Look for and catch any parts that may be confusing Go through the customer experience 4 hours per pattern 	Medium level of experience	\$11	1st month- 20hrs \$220 Average month- 8hrs \$88
Pattern Tester(millennial) <ul style="list-style-type: none"> 5 hours per pattern 	Beginner level of crochet	\$11	1st month-25 hrs \$275 Average month-10hrs \$110
		Total	1st month cost- \$495 Average month-\$198

Total start up cost with 5 patterns	\$3,927.50
Monthly cost (create 2 new patterns a month, and advertise on social media, labor)	\$1,187.4

Since the cost to start up is not very large, relatively speaking, I will attain the money by continuing to work and save. Also because it is such a big step, I feel I would be more motivated to see it through and be determined knowing that I've invested my own money, rather than taking a loan. I will then be motivated to earn that money back as soon as possible, and put all of my energy into making that happen. With low start up costs, I will not need a loan. In addition, while initially saving money, I can work on creating patterns for the business launch. As for what I will pay myself, the break down can be found in Performance.

PERFORMANCE

The performance of my business will be mainly measured by profitability and customer interaction. Profitability will be measured by the amount of patterns sold. Since monthly costs are \$1,187.40, I would have to sell 170 patterns at a \$7 price point to break even. Since I will

be releasing 2 patterns a month, I will need to sell at minimum 85 PDFs of each pattern. I will set a goal to break even the first month and increase pattern sales by 25% each month, as shown by this table.

Month	Patterns sold GOAL: 25% increase each month (releasing 2 new each month)	Profit (subtracting monthly cost)
1	170	\$0
2	213	\$301
3	266	\$672
4	332	\$1,134
5	415	\$1,715
6	519	\$2,443
7	649	\$3,353
8	811	\$4,487
9	1,014	\$5,908
10	1,267	\$7,679
11	1,584	\$9,898
12	1,979	\$12,663
total	First Year Pattern Sale Goal: 9,219	\$50,253

subtract 1st month cost \$3,927.50	\$46,326
Subtract taxes 15%	First Year Profit Goal: \$39,377
My Income (covers living and college costs)	\$24,000
Business Saving Account	\$10,377
Charity: Threads of Love	\$5,000

This is of course an estimated goal that will be reviewed and altered if necessary as the year progresses.

Special Note about Charity: I desire for my company to also give back to the community.

Threads of Love is a non-profit that makes clothes and blankets for premature babies since

items for babies so small are difficult to find in the store. They also provide many other items such as quilts to cover the incubators. It is actually where I learned to crochet, they taught me how to crochet the blankets. My time volunteering there was amazing and I am so thankful for everything that they taught me, both about crochet and about life.

The second way I will track performance is through customers and through their activity on social medias. In 2008, Wired Magazine's Senior Editor, Kevin Kelly wrote an article called "1,000 True Fans," an idea that has now rapidly spread around the internet, and as she describes, *"A true fan is defined as a fan that will buy anything you produce. These diehard fans will drive 200 miles to see you sing; they will buy the hardback and paperback and audible versions of your book; they will purchase your next figurine sight unseen; they will pay for the "best-of" DVD version of your free youtube channel; they will come to your chef's table once a month. If you have roughly a thousand of true fans like this (also known as super fans), you can make a living."*

Instagram will help me to determine if I have been successful at attaining "super fans" by checking social media followers and posts. They will be the ones who like every post and comment, and by analyzing those numbers, I can see approximately how many "super fans" I have acquired. For my Youtube crochet channel I can also see who views, likes, and comments on every video. This audience will be gained through tactics described in marketing. I know I am successful if that number rises and equates to more pattern sales. The number of "true fans" should be approximately half the number of patterns sold each month, and by the end of the year, my goal will be to hit the 1,000 mark.

COMMITMENT

I fell in love with crocheting Amigurumi the day I found it, and I want so badly for other people to be able to experience the same love for creating. I want to be able to inspire people to push their boundaries in crochet and expand from traditional pot holders or scarves to something more creative and fun. It is intimidating to try more advanced projects, and I want to be there for my customers through the process and make it as easy as possible. I can do this through providing resources such as the Youtube channel. Sometimes all we need is to have one little victory, and it boosts our confidence tremendously. Everyone just needs a break from the negativity of the world to sit down and make something positive. In this day and age, we

have become so used to purchasing everything that we forget the joy it can bring to make something with our own two hands. I desire to grow a community, to share patterns, and to teach the skills that I have learned over the years. I am strongly committed to this idea. I began working toward this before I even knew it, sitting up in my room late at night, sculpting whatever animal I could think of. I know that this takes more than creativity, as most creative people tend to become “starving artists.” It will be a balance of creating, but also working with numbers, because the “business” side of things cannot be ignored. Paperwork is difficult, and not always fun, but I am willing to put the hard work in where it’s necessary, in order to do something I love. I know not everything is easy and it will be hard at first, probably a lot harder than I am expecting. But I have a dream and a goal, and when I really want something, there is almost nothing that can stop me!. Even if this whole pattern business is a flop, I will work harder to recreate it until it becomes a profitable business, appreciating the experience I would have gained along the way. I desire to create something of my own, to do a job that I absolutely love. There will be highs and lows, but as Theodore Roosevelt said, “Nothing in the world is worth having or worth doing unless it means effort, pain, [and] difficulty... I have never in my life envied a human being who led an easy life.”

Resources:

c9bc-11e4-aa1a-86135599fb0f_story.html?utm_term=.fcf2fc6f473a

<http://www.redheart.com/articles/health-benefits-of-crocheting-and-knitting>

<http://iop.harvard.edu/iop-now/how-millennials-use-social-media>

<https://trends.google.com/trends/explore?date=all&q=Knitting,Crochet>

https://www.craftyarnCouncil.com/sites/default/files/press/D586_ResearchOneSheet_1.pdf

<https://www.craftyarnCouncil.com/know.html>

<https://www.statista.com/statistics/398166/us-instagram-user-age-distribution/>

<https://digiday.com/media/demographics-youtube-5-charts/>

<http://nickyknacks.com/millennial-crocheter/>

<http://kk.org/thetechnium/1000-true-fans/>

<https://www.washingtonpost.com/local/for-some-crochet-is-the-new-yoga/2015/03/20/98018f74->