

Costco members  
give us the goods  
on gift baskets

# Basket cases

By Stephanie E. Ponder

One day 11 years ago, when she was a little depressed and fed up with her work as a lawyer, Costco member Cynthia MacKay left work a little early. Within half an hour of being home a gift basket for her husband showed up at the front door. MacKay looked at it and thought, "This is deplorable." After thinking about it all night, she went to work the next day, quit her job and decided to start her own gift-basket business.

Since then, MacKay has gone from being turned down for an initial business loan to owning a business, Denver-based Le Gourmet Gift Basket Inc. ([www.legift.com](http://www.legift.com)), that offers 650 choices of baskets.

MacKay's is just one of many stories of people, primarily women, who have quit their jobs to start working for themselves as the owner of a gift-basket business. Shirley Frazier, who has her own gift-basket company, Sweet Survival ([www.giftbasketbusiness.com](http://www.giftbasketbusiness.com)), in Paterson, New Jersey, and helps teach others about the business, estimates that the gift-basket industry will "top \$3.5 billion in sales this year."

Like the baskets themselves, a gift-basket business can be as big or small as you want it to be—depending on what you put into it. Frazier and the other following Costco members offer advice on what someone should know before starting a gift-basket business and how to find success once the business is up and running.

## Know your customers

Once you decide to start a gift-basket business, everyone you meet becomes a potential customer. The bank teller who helped MacKay when she looked into a business loan became her first customer. Grace Johnson, a former court reporter and founder of Your



Above: A bad day at work and a poorly designed gift basket prompted Cynthia MacKay to start her own business. At left: Gift baskets are easily customized to fit any occasion.

Gifted Basket Inc. ([www.yourgiftedbasket.net](http://www.yourgiftedbasket.net)), in Marietta, Georgia, immediately made a list of the attorneys and court reporters with whom she had worked, as potential clients.

On the other hand, while it's common to want to take care of everyone's gift-basket needs, Mardi Foster-Walker of Foster Walker Gifts of Distinction ([www.fosterwalkergifts.com](http://www.fosterwalkergifts.com)) in Vancouver, British Columbia, encourages business owners to find a niche or, she warns, "they'll be all over the place."

As with other businesses, it is important to do the market research to find out who your potential customers are. Foster-Walker suggests targeting lawyers, real estate agents or other professionals who use gift baskets to thank their clients.

For Brian Fried of Long Island, New York, between his businesses, Giftstosend.com



([www.giftstosend.com](http://www.giftstosend.com)) and Promotions Depot ([www.promotionsdepot.com](http://www.promotionsdepot.com)), 60 percent of his business is corporate gift giving. He works with corporations to come up with products, from magnets to mugs, that are then imprinted with the corporate logo and put in a gift basket.

Despite a general economic downturn, owners say their gift-basket businesses continue to grow. MacKay attributes her continued success to business owners who send baskets to clients to say, "We're still around" or "Thanks for your business."

The industry is also buoyed by the nature of gift giving itself. As Fried says, "If it's not an anniversary, it's someone who has a birthday. If not that, there's another occasion."

## Comrade, not competition

Many gift-basket business owners keep their costs down by shopping at Costco, but it isn't just for office supplies. Costco also satisfies special needs within the industry. For example, Johnson buys Costco's ribbon and once purchased a Waterford clock to put in a basket.

Frazier adds, "Costco is a very, very big draw for gift basket designers. From cookies to nuts ... designers head to the back of the warehouse to get products to fill baskets."

After visiting the bank that first day of business, MacKay made Costco her next stop. In the materials she produces to help others

Brian Fried works with businesses to create baskets filled with promotional items.



Items such as top hats, trays or globes can be used as gift "baskets".

Below: Shirley Frazier shows the items available at Costco that can be used in gift baskets.

start gift-basket businesses, MacKay recommends getting a Costco membership within the first 10 days. "Costco is a big deal for this business," says MacKay, who often takes apart Costco's gift baskets to supply items for her own designs. "One of the problems we have is that we have to wait for items to be sent to us. We need an outlet [for purchasing] that's close."

Frazier says she often sees discussions about Costco on Internet bulletin boards. If someone can't find a particular item at a local warehouse, that person will then put out a request for someone to pick it up from a different warehouse.

Despite the apparent business benefits, Frazier urges those who are new to the industry to view Costco as a friend rather than a foe: "Once they understand the market, who they're selling to and their place in the industry, they understand [Costco] is an ally, not a competitor."

## Gettin a handle on the business

With backgrounds in law and business, it's little surprise that Frazier, Johnson and MacKay say they love the creative aspect of the business. Close encounters with poorly designed baskets prompted both Frazier and MacKay to start their businesses after thinking, "I could do a better job than that."

The importance of the visual aspect cannot be overemphasized. Frazier has even found that, unlike most other gifts, gift baskets are a treat some prefer to leave wrapped up. "Don't be upset if the recipient doesn't open the basket," says Frazier, who has seen her baskets used as a centerpiece. "It's so

gorgeous they won't open the gift basket. When it is used like that, it's a testament to your design prowess and skill."

However, success in the industry depends not only on being good at making an attractive basket, but also on being able to balance the books. "Being creative is fun," Johnson says, "but I enjoy the challenge of being creative and profitable at the same time."

Johnson found a way to combine creativity with good business sense by creating baskets filled with items specific to the South, and Georgia in particular. Her "Your Southern Hospitality" wicker basket, which can range from \$25 to \$200, is made to order and filled with items such as Georgia peanuts and pecans, peach-shaped tortilla chips and peach candles.

One important step is maintaining a database of customers, especially to keep in touch with past clients. In fact, says Frazier, constantly searching for new customers, instead of keeping current ones happy, is a stumbling block for some business owners. She suggests sending postcards to past customers to remind them that you're still around.

## Success is in the details

Attention to details is another key factor of success. When putting together a basket, designers use a checklist to indicate the age of the recipient, food allergies, favorite colors and particular interests. Other touches to make sure a gift-basket business remains profitable include offering diabetic and kosher foods and imprinting ribbon with personalized messages. And sometimes, a basket isn't used at all. Top hats, trays and using a book as base for a tower of gifts are common substitutes.

One of Foster-Walker's specialty "baskets" is a replica birch canoe made by one of Can-

## Gift basket guide

### Resources

#### Books

*The Business of Gift Baskets: A Guide for Survival* by Cynthia MacKay, (1998, 1601 S. Holdings, Inc.)

*Start and Run a Gift Basket Business*, by Mardi Foster-Walker (2000, Self Counsel Press)

*How to Start a Home-Based Gift Basket Business* (Home-Based Business Series, by Shirley George Frazier (2000, Globe Pequot Press

#### Web sites

##### Gift Basket Business World

A Web site designed to provide a one-stop location for information about starting and running a gift basket business. [www.giftbasketbusinessworld.com/](http://www.giftbasketbusinessworld.com/)

##### Gift Basket Exchange

This discussion board provides a convenient way for gift basket business owners across the U.S. to discuss the industry. [gbexchange.net/mssgbr/](http://gbexchange.net/mssgbr/)

##### Organizations

###### Gift Basket Professionals Network

446 South Anaheim Hills Road, Suite 167, Anaheim Hills, CA 92807, [www.giftbasketbusiness.org/](http://www.giftbasketbusiness.org/) (714) 254-7891

###### Gift Basket Association of Georgia

Nancy Adkins, 5706 S. Quail Drive, Douglasville, Georgia 30135 [www.gbagonline.com/](http://www.gbagonline.com/), (770) 949-3531

##### Conferences

###### Cherie Reagor's Basket Connection

July 31–August 3, Nashville, Tennessee [www.cheriereagor.com](http://www.cheriereagor.com), (904) 273-0224

###### Holiday Jubilee 2003

July 17–20, San Francisco, California [www.giftbasketjubilee.com/](http://www.giftbasketjubilee.com/), (800) 729-6338

ada's Woodland tribes. She fills the canoes with items of the customer's choice, including Black Bear salmon jerky, maple butter crunch and mountain trail mix.

Once assembled and delivered, a gift basket is not only a message of congratulations or good wishes, it's also a message that the business responsible for the basket is professional and thorough.

Honoring that trust and sense of responsibility appeals to Fried, who says he enjoys the business because every basket his business sends has meaning to somebody: "They're putting their message in our hands to give to a recipient."

Johnson adds, "We're representing our company, but they [the customers] are trusting us to represent them as well. We value that. Our customers are trusting us with their image." ■