

case study

Crafts Americana Group

CLIENT PROFILE

Medium-sized U.S. crafts company founded in 1990 seeking a better way to expand its supply base

CHALLENGE

Getting to a short list of qualified vendors in a cost-effective and timely manner

SOLUTION

Easy-to-use web interface offers up relevant, objective data on 700,000 suppliers across the world that's possible to sift through in a few seconds to find suppliers of any product

RESULTS

- Revenues forecasted to increase from 25 percent to 40 percent next year
- Travel budget cut by \$25,000
- COGS fall by 25 percent
- Time spent on search significantly reduced

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CLIENT PROFILE

When he purchased the wholesale supplier of arts and crafts supplies back in 1990, Bob Petkun, President of Crafts Americana, could not have predicted the ways in which his company would grow. But, he did know that a significant opportunity existed in the crafts market. His strategy: bypass retail chains and shops and sell affordable, high-quality products directly to consumers through catalogue marketing.

As a wholesaler before the company was purchased by Petkun, the Tole Americana Company mailed roughly 5,000 black-and-white catalogs to a regional audience of small retail shops and craft chain stores. Today, the Crafts Americana Group mails about 5,000,000 catalogs per year to consumers under three titles; Knit Picks (knitting supplies), Connecting Threads (patch work quilting supplies) and the Artists Club (painting supplies), and maintains an online presence for three web sites.

As Bob diversified his company's product base, he found himself facing increasingly stiff competition from retailers that were selling similar merchandise at cheaper prices. In retrospect the internet had been a positive influence on growth from 1997–2003, but by 2004 it had lowered the barriers to entry and attracted many more competitors. The best way for him to remain competitive was to expand his sourcing operations overseas. However, it didn't take long for Bob to realize that identifying and qualifying vendors was a costly, time-intensive project.

CHALLENGE

Finding relevant overseas vendors quickly and cost effectively

The search began at local retail shops, where Bob examined countless competitors' labels to determine where items were manufactured. Once regions were identified, then he needed to uncover vendors operating in those geographies. Hours of internet research and international phone calls to embassies and trade promotion offices followed in an attempt to find qualified suppliers who met the company's standards of quality and business ethics.

Once prospective vendors were collected, Bob's next hurdle was to whittle this list down to a manageable number of vendors to visit. Unfortunately, there was no easy way to assess the credibility of these companies. Since he was bypassing other wholesale suppliers they were unwilling to share their sources. Often, he simply had to take a leap of faith and set aside thousands of dollars on airfare to evaluate potential suppliers' facilities, and on more than one occasion those facilities proved to be nonexistent.

Given the tedious nature of his process, Bob tried using

trading companies in Asia to find and setup meetings with vendors. But the lack of direct communication was problematic, despite a hefty 25 percent fee charged on top every order.

His time became increasingly monopolized by ongoing sourcing projects, and he found himself unable to attend to other strategic duties as CEO. He needed a nimbler solution. He needed to identify and qualify vendors quickly and interact with them directly at the lowest cost possible.

SOLUTION

Web interface makes identifying a short list of suppliers easier

Bob's solution: Panjiva, an intelligence platform for global trade that helps companies—big and small—find new trading partners, keep tabs on existing trading partners and check out what competitors are doing.

Bob's first major project using Panjiva was to locate vendors of batik fabric and polyester thread. He started with Panjiva's Google-like search interface. The system sifted through more than 700,000 suppliers around the world and, in a few seconds, gave him the names of nearly every company that had shipped batik and polyester thread to the U.S. since July 2007. Bob refined his search by looking at the size of the vendor's business, geography, customer list and recent shipment activity to return a more manageable set of results.

Now, he needed to vet the credibility of these companies. Using Panjiva profiles, Bob gained insight into monthly volumes, previous clients and the range of products manufactured. In a matter of days, Bob arrived at qualified short list of four batik and four polyester thread suppliers he wanted to visit on his upcoming trip to China and Indonesia. Without Panjiva, this would have taken months of painful research.

RESULTS

Reduced Costs and Reclaimed Time; Set the Stage for Continued Double-Digit Growth

In the end, Panjiva helped Bob significantly reduce his annual travel budget by approximately \$25,000, establish better communication with his vendors by removing the middleman, save 25 percent on his cost of goods sold and get more time back to focus on other aspects of his business.

"It's all about time," says Bob, "and now, nearly two decades after starting Crafts Americana, I'm forecasting my revenues to grow between 25 percent and 40 percent next year, thanks in no small part to the competitive advantage that Panjiva has given me in the market place."