

Craft products are experiencing soaring growth: Here's how firms are cashing in

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Researchers from Concordia University and HEC Montreal published a new paper in the *Journal of Marketing* that explains how the development of markets towards greater concerns for esthetics and

craft—whether it be the search for the perfect espresso shot or the creation of a visually complex tattoo—results from interactions between craft and commercial firms.

The study is titled "A Practice Perspective on Market Evolution: How Craft and Commercial Coffee Firms Expand Practices and Develop Markets" and is authored by Pierre-Yann Dolbec, Zeynep Arsel, and Aya Aboelenien.

Barbering, beer, [coffee](#), fragrances, meat, hand soaps, tattoos, and even ice cream. The craft movement is everywhere. It seems like everything is now becoming artisanal, boutique, custom, and handcrafted. How did we get there, and how can firms take advantage of this trend?

Consider the coffee market. Dolbec explains that "In this market, like others, craft firms aim for aesthetic perfection while commercial firms try to maximize profits. For example, craft coffee shops target coffee connoisseurs by tailoring brewing recipes to specific coffee beans to perfect the taste of the coffee. Commercial firms target mainstream consumers by creating products that can be efficiently produced at a [profit](#), such as sugary delights like the Pumpkin Spice Latte."

Craft and commercial firms innovate and adapt each other's innovations to their respective goal of aesthetic perfection or profit maximization. For example, commercial firms such as Dunkin' have borrowed from craft firms and automated the production of 'handcrafted' coffee. In contrast, craft coffee shops have esthetically elevated the pumpkin spice latte, using artisan syrup and curated spices that ideally match the taste characteristics of a specific coffee bean.

Over time, innovations by and adaptations between craft and commercial firms led to many new products and ways of making coffee and resulted in the expansion of craft in the market. Coffee is widely marketed as

handcrafted, consumers have become connoisseurs, and baristas are artisans. The pursuit for aesthetic perfection by craft firms is also being caricatured in ads such as McDonald's "Madness," which makes fun of overly complicated ways craft coffee shops make coffee.

So, how can firms take advantage of the craft movement? Arsel says that "It depends on whether they are commercial or craft firms and their targeting strategy. In addition to being driven by aesthetic perfection or profit maximization, the study proposes that craft and commercial firms can target narrow or broad consumer preferences. Specialist firms target narrow consumer preferences while generalist firms address broad consumer preferences."

"By intersecting goals and targets, our study proposes four types of firms: craft specialists, craft generalists, commercial specialists, and commercial generalists. Strategic implications depend on firms' targets and goals. Craft specialists can innovate or adapt innovations by focusing on addressing the characteristics of their narrow target and pursuing aesthetic perfection," adds Aboelenien. For example, craft specialists market products that support the pursuit of the best coffee possible, such as KRUVE, which makes coffee sieves to create highly precise and uniform grinds that improve the taste of espressos.

Craft generalists also pursue aesthetic perfection, but target broader consumer preferences. An example is Colonna Coffee, which offers instant coffee and coffee capsules that feature award-winning coffee from specialty roasters and pursue consumers who vary in their coffee expertise. Such consumers might desire esthetically oriented coffee, but lack the skills, knowledge, or products to create it themselves. Craft generalists have introduced products that palliate differences in expertise, such as specialty coffee pods or specialty instant coffee that aims at simplifying the pursuit of aesthetic perfection for a wide range of consumers.

Commercial firms focus on maximizing profitability. In contrast to craft firms, attaining aesthetic perfection is not of concern. At the time of its introduction, Nespresso represented an example of a commercial specialist: It targeted a niche segment of consumers interested in paying a premium to simplify coffee-making, with less regard to coffee quality compared to craft firms. Over time, the broadening of options for pods and coffee machines to address almost every taste in the market has transformed the firm into a commercial generalist.

Commercial generalists focus on broad targets. For example, Dunkin' and McCafé together have about 40% of the [market share](#) for out-of-home coffee consumed in the US even though coffee arguably is not their core business. Commercial generalists can use automation to cater to a wide range of consumers while maximizing profitability. For example, 7-Eleven has introduced touchscreen coffee and beverage machines for customers to "be their own barista." The CSP Daily News shared how 7-Eleven is drawing inspiration from the craft movement while relieving their employees from having to make coffee, thus contributing to higher productivity and margins.

More information: Pierre-Yann Dolbec et al, EXPRESS: A Practice Perspective on Market Evolution: How Craft and Commercial Coffee Firms Expand Practices and Develop Markets, *Journal of Marketing* (2022). [DOI: 10.1177/00222429221093624](https://doi.org/10.1177/00222429221093624)

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