



Goltz by Jay Goltz On Business

What Industry Are You In?

Your first thought is probably, “I’m in the picture frame industry, stupid! I’m reading *Picture Framing Magazine*, aren’t I?”

I’m sorry to report that custom picture framing is not an industry, at least by Webster’s definition, which defines an

industry as “any large-scale business activity.” Custom picture framing is *not* large scale. Nationally, it adds up to 2.5 to 3 billion dollars per year. As a matter of fact, it’s about the size of the chewing tobacco business. Chewing tobacco is part of the tobacco industry; now there is an industry. The question is, what industry is picture framing part of?

This is where it gets interesting. I contend that there is no single answer; however an analysis of your particular business could lead to some interesting insights. If you manufactured towels, you would be in the textile industry. If you owned a railroad, you would be in the transportation industry. If you manufactured bedpans, you would be in the healthcare industry. But you don’t; you frame pictures. Most of the manufacturers that make moulding, glass, matboard and backing materials also sell to what is termed OEM accounts. That

stands for “original equipment manufacturer.”

The term was borrowed from the automobile business. It refers to parts of the car that were put on during manufacturing. For instance, if your neighbor worked for Goodyear and was

in charge of OEM sales, he would be selling tires to Ford and GM. If you bought replacement tires or shock absorbers for your car and were told that a particular model was “OEM,” it means that they were the same kind that came on the car.

In the picture frame industry, an OEM account manufactures framed pictures and sells them to retailers like Wal-Mart. Are you in the same business as the “OEM” customer standing next to you at a trade show? You both frame pictures. However, you do it custom for a customer with

their own picture. Mr. OEM frames mass-produced prints and sells them through a sales rep to department stores. The process is similar; the businesses are *very* different.

This brings me back to my original question. What industry are *you* in? Here’s some possible choices. You are in the home décor indus-

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try. The customers that come into your store are furnishing their home and consider custom picture framing to be an important component. They read home décor magazines, are always on the lookout for that perfect chair, table, paint color, and pay close attention to their surroundings, whether it's their friend's house or a hotel lobby. When they come into your store, they are interested in your new offerings and pay close attention to the choices. If you recognize this, you cater to this customer by staying abreast of the newest styles and techniques and by hanging interesting samples of your work. You also advertise quality, selection, and expertise.

Another choice is that you are in the art industry. You might have an art background yourself. You exhibit art. You talk about art. Your customer collects art. They are always going to art openings and probably read art magazines. If you recognize this, the samples you show in your "gallery" are better art pieces instead of inexpensive prints. Your location is probably more upscale and has foot traffic. The selection of mouldings you carry are probably toward the higher end. Also, you wear a lot of black.

A third choice is that you are in the craft industry. This is a *26 billion* dollar industry. The large craft stores are doing a considerable amount of custom picture framing. Many of the customers that patronize these stores view themselves as artists, and buy other materials from the store. The selection is usually more limited and tends toward the more inexpensive mouldings. The focus of this customer is to hang something that they like on their wall. They are more likely to read craft magazines and take pride in creating things. The samples shown in the store are limited, because they take up space that could be better used for selling other craft-related items. These stores usually carry some pre-made frames for the do-it-yourselfer. Many of the craft type stores use price promotion to sell their wares; including custom picture framing.

A fourth option is that you are in the art supplies industry. In the old days, this is where much of the custom framing came from. Many of your customers are artists, and you have some of the same issues as your close cousin, the craft store.

A fifth option is that you are in the gift industry. Your store sells a lot of different things to a large customer base. You are probably located in a well-traveled

spot and might have a good amount of tourists. Custom framing is just one of the many things that you sell.

A sixth option could be anything. A paint and wall-paper store, or a combination of the above. Picture framing is easy to get into, requires limited inventory, and requires limited expertise to do it; but not to do it well.

Does your business fit nicely into one of these categories? It doesn't have to. On the other hand, to maximize your profitability you should understand what industry you are in and act accordingly. Or more importantly, you should figure out what industry you *should* be in instead of what you want to be in. I have seen many frame stores who want to be a gallery, but 90% of their income comes from framing. I've seen other cases where their location should lend itself to being a gift store but all they want to do is frame. This can be a very complicated question. The questions to ask yourself are:

- What am I best at?
- What is my location best suited for?
- Where do I currently make the most money?
- Are there any unfulfilled market demands?
- How much inventory is required for each option?

Many people who own frame shops have an identity crisis, but don't know it—and that is the crisis. They don't understand what business they are in, so they don't act accordingly. The look of their store, their advertising, and selection are not consistent with what business they are in. They are not in the craft business but they mimic the craft business discounting strategy. They aren't in the art business, but they want to be so they alienate the custom frame business customer who just wants to get their poster framed—non-museum standard! Businesses with an inconsistent identity and strategy will be punished in the market by competitors who are better businesspeople, not better framers. It's been happening for years. See you in Atlanta or Las Vegas—I hope! ■