



Splatter – Artwork for children

This case study explores a micro art business based in regional NSW – Splatter. It highlights the company’s proactive approach to product and business development.

Case Study

Splatter produces beautiful original artwork for children and families and is now expanding that to products, licensing and publication and looking at other ways to use its designs.

Angela Maher identified the original niche market opportunity when she wanted to start her own creative, sole trader business. She saw an opening for a niche market for well designed, well made, interesting children’s products that were not corny or based on American licensed products. The product line, based on partner Christopher Martin’s art, has evolved over the 13 years that Splatter has operated and the business is now a company.

The Splatter market segment came to Angela and Chris from sales and as customers explained what they wanted. They originally offered a variety of products: photographs, ceramics and art designs, but the children’s pieces sold really well.

The business model changed to a company after 11 years because they wanted to broaden the reach and the range of products that the company was going to produce. They grew and had to change into an umbrella company for business purposes. The model changed and Splatter became a company. In future they intend to bring in other artists and use the company as a vehicle to licence or to publish or just to broaden the number of things that they can bring in as products. This model will involve creating a franchise as they go into South East Asia, which is their main market at the moment.

A design-based business is always going to have intellectual property (IP) problems. The Internet and Splatter’s online gallery leave this business open to IP breaches. Splatter is now a registered trademark with overseas registration. Christopher also signs every single artwork and stamps the Splatter logo on the back. In addition, they advertise this practice to educate people to identify an original Splatter piece.

The advantages of running a business from home are that travel is limited and the partners have flexible working hours. It also can be a problem to escape work and the work environment.

Angela did not see a global opportunity for Splatter from the beginning, only after the product started to really take off. Around about 2003 they approached Austrade to find out if there was any support.

The customers also helped to make the international opportunity a reality when they asked Splatter to come overseas. Staff of Tourism Australia also saw Splatter artwork at the Old Bus Depot Markets in Canberra and suggested funding the partners to go to a trade show in Singapore. They were unsure how their product would translate to a South East Asian market, but treated the trip as an opportunity to test the market. The response was overwhelming and they were surprised at the sheer volume of work that they were able to sell in a couple of days.

Trade shows are a market entry strategy Splatter has used internationally. The business then used the first trade show to promote and launch its online gallery – encompassing two marketing strategies in one event. As a result of that the partners have been able to identify other opportunities for market entry in exhibitions and now have representation in Singapore.

The local market sales for Splatter continue at an ongoing weekly market in Canberra. Splatter uses that to market the business, test products and also make income for the business. The local market sales open Splatter to new audiences, including overseas tourists. The business now sells more to international customers than Australian and they spend money on different things. Overseas clients respond to the Australian style of the work. Australians tend to be more conservative with their spending, especially for children, whereas Splatter's Asian clients are a lot more child focused and want to have the most beautiful things for their children.

When Splatter has exhibited overseas, for example in Kuala Lumpur, the partners had to be very culturally considerate. They could still sell items, but had to be careful about displaying paintings containing pigs as Muslims were walking through the exhibition. Austrade has helped to brief the business about those differences.

Splatter does not need to adapt any products because the partners spend a lot of time thinking about contents that are suitable for all markets. They put the koala design on T-shirts as it is one of their big sellers with tourists. They would not have put a pig on the T-shirt, for example, but it is one of the main characters that they use for books.

Business relations are really important to Splatter because the partners realise they cannot export by themselves. They have developed some great support people in many fields – technical people, accounting advisors and Austrade. Angela quotes the old saying, “You’ve got to climb onto the shoulders of giants to do well in business”. Splatter has big government organisations and big companies supporting it, but the partners are still able to retain personal attention to customers, which is really important to them.

In 2009 Splatter is focussing on the South East Asian market. The partners have been to Singapore four times in the last 18 months and exhibited once in Kuala Lumpur in that period as well. The partners wanted to get the model right in South East Asia before taking it anywhere else in the world. The online gallery is getting attention from other markets, such as Australian expatriates in Singapore, the UK and the USA. This seeding effect is assisting the franchise model the partners would like to set up.

The needs of the different markets that Splatter is servicing are quite similar. Maintenance of artwork is really important to Asian clients because many live in air

conditioned apartments. They are worried about looking after their artwork and whether it will fade in the sun or if the tropical humidity is going to affect it. Splatter must consider these issues in production.

The partners also have to consider the characters they are producing and whether they can't use particular language in their books, for example, Australian words that readers may not understand, but still retain an Australian flavour. In their artwork they try to retain its Australian nature and not make it too neutral.

For market information Angela relies on the experts. She rings her contact in Singapore all the time to ask specific questions, such as, "What would your children wear? Do they wear pyjamas with short sleeves or long pants?"

Angela also has a great relationship with overseas partners and distributors. Her agent in Singapore quickly organised some exhibitions and some opportunities for Splatter. Agents do approach exhibitors at trade shows and Angela has learned to identify which agents are serious. On her return she usually starts agent selection by identifying a contact and checking out their bona fides. She asks them to explain themselves and the really good ones will provide information about themselves. She then checks the information on the Internet.

Culturally, exporters must be thoughtful about the process of speaking to people. With contacting Chinese manufacturers, for example, Angela relies on her TradeStart contact as he speaks Chinese. He makes some initial contacts and then she discusses business with the contact in very broken English.

When writing an email, Angela advised not going straight to business discussions as the Asian way of doing business is very gracious. Angela asks about her partner's health and family first. She does not talk about family with the Americans, but gets straight into business, particularly the bottom line.

Splatter has grown rapidly in recent years and received awards for this in 2008 with the Canberra Emerging Exporter Award and a Deloitte award for growth. In the last financial year Splatter experienced growth increase of 101 per cent. Over the past 12 years its growth has been very constant but recently it has become exponentially huge and Angela is managing that growth.

Finance is a major consideration in any business and Splatter has been able to self-finance the whole way. The partners have not relied on bank loans and as the business has been so successful they have been able to reinvest earnings in the business. They are now in a transition period and will need to attract real funding to take the business to the next level. They have accessed an Export Market Development Grant (EMDG) through Austrade and they also intend to make full use of EFIC Headway.

Splatter does little marketing as the partners can just handle the current demand. The partners have now started advertising the new products range, such as T-shirts and books, in national Australian magazines. Overseas Splatter artwork keeps appearing in *Expat Living* in Singapore, so they have exposure for no cost and trade shows promote the online gallery, providing exposure to many thousands of people.

Splatter's current challenges relate to cash flow to develop transition period opportunities. People want Splatter to illustrate books after its books have been taken to the Bologna Book Fair and the Frankfurt Book Fair. The partners would love to go to the Bologna Book Fair, but that costs \$20,000. They are looking for creative ways of changing that with a franchise model.

The Splatter partners wish they had started exporting earlier because it is exciting and they would be further along the process. They said that export can sound frightening, but it actually is not. It has provided challenge and new experiences. So they recommend that export be included in the scope of business strategy. Angela said that risk is really important to avoid stagnation and that if the product is right, it will sell.

The key to Splatter's business success is that the business and product are unique. The partners are also completely passionate about what they do. They believe in what they do, love their customers and listen to them. They also insist on quality so don't sell anything that is not 100 per cent. They care about how they present their work, care about the people who sell and buy their work and care about their product.

Splatter's plans for the future are to develop a franchise for a boutique kind of environment with art-based products, all based on Splatter designs. It would contain limited edition artwork, limited edition products and some original art, which gives a price point for everybody. It could include licensing expos, décor such as bed linens and publishing. This franchise model would allow the business to develop globally.

Chris is doing some illustrations for a Singaporean author through the Singapore Government. They will be taken to overseas book fairs, such as the Bologna Book Fair, where they produce an international illustrators' almanac that goes to publishers all over the world to choose their illustrators for the next year. Chris is also illustrating two books for Adeline Foo, a well-published Singaporean author. These illustrations were shown in Frankfurt in October 2008 and then Bologna in March 2009.

Splatter entered and won the Canberra BusinessPoint Emerging Export Awards in 2007. So awards are another marketing strategy because they receive great publicity on television and through the Minister's Office with the Canberra BusinessPoint and Deloitte Awards.

Visit the web site at www.splatter.biz.

Links

- IP Australia services are available at www.ipaustralia.gov.au.
- Austrade has a video clip about IP protection at www.austrade.gov.au/studentcentre.
- Austrade has legal and regulatory information at www.austrade.gov.au/eo-legal-considerations/default.aspx.
- Austrade has export marketing information at www.austrade.gov.au/Export-marketing/default.aspx.
- Austrade offers grant assistance at www.austrade.gov.au/Assistance-from-Austrade/default.aspx.
- Export Finance and Insurance Corporation (EFIC) – www.efic.gov.au.