

THE NEW D.I.Y.

+ Gladly

Future
Commerce

Retail
Opportunity
in the
Passion
Economy



EXECUTIVE SUMMARY

A new trend has emerged. A virtuous cycle of modern consumption begins with peer inspiration, continues with product education, and culminates in participation, or an online purchase. Given enough time, enthusiast customers become professionals, allowing brands to expand product assortment and vertical differentiation. Today, “DIY” represents a consumer’s choice to have a more meaningful connection to items they could otherwise easily purchase.

The depth of that personal connection begins with the customer experience, pre- and post-purchase. As the digital shift accelerates, consumers expect that retailers have the ability to service their pre-purchase needs in every channel. **The opportunity today** is to inspire and educate these consumers, allowing brands to create generational customer loyalty, growing along with the customer over a lifetime as they seek higher-quality goods.

For retailers, this will require transformational shifts and visionary leadership in Customer Experience to differentiate themselves from a sea of marketplaces and retailers. Those delivering exceptional customer support stand to benefit the most and create generational customer loyalty.

Other themes:

- The trend isn’t confined to arts and crafts. It is expansive and incorporates electronics, robotics, stock trading, and real estate investment. All industries have a reliance on great CX and therefore this applies to all brands in all contexts.
- Trends are proven to begin in social media, culminating with purchases at online retailers and marketplaces, which inspire another wave of social media posts.
- Cycles of purchase intent being linked to social media inspiration can be visualized.
- An opportunity for generational loyalty is for brands to be present in content generation and online education.
- Viral trends create real economic opportunity as evidenced by case studies with playing the kalimba instrument, crocheting, and cocktail-making.
- Second- and third-order effects of this phenomenon suggest that these professionals become enterprises that sell goods and services, and have higher expectations for CX teams along the way as they deepen their expertise.

In this report we’ll provide evidence of this trend, and the implications it has on retailers for shifting customer support channels, and rising customer expectations.

All data in this report is provided by consumer insights platform Surge.ai. Special thanks to Surge AI for their assistance in creating the report and their continued partnership with Future Commerce.

THE NEW D.I.Y.

Retail Opportunity in the Passion Economy



Our skills shape who we are, and who we are informs the purchases we make. Our social feeds inspire us, online videos teach us, and eCommerce stores stand at the ready to sell to us. The skills, the tools, the materials—they can all be had with a tap on the screen. Instagram, Youtube, Amazon—they're shaping consumers and their purchasing habits. These consumers are pursuing their passions, creating a new generation of DIY-ers along the way.

What can retailers gain from The New DIY movement?
Generational brand loyalty.

Humanity's extraordinary skill is the ability to acquire new skills, and the information age has delivered access to the knowledge required in abundance. We're living in the most inspired generation to ever exist! And it's not all just TikTok dances or Rick and Morty memes, either. Creators across the globe are forming lifelong purchasing habits based on the skills they're acquiring online. This empowered group will build, create, share, promote, sell, and perpetuate your industry.

What were your last three searches on Youtube? Chances are they take the acquisition of a skill a level deeper.

Furniture refinishing
Easy songs to play on the kalimba
Glow in the dark resin art projects



Content on Youtube is created by people just like you, and you are among millions of people searching for content on the largest website in the world. That's right, Youtube. People who come together with a common interest—well, that's the definition of community.

Fiber art, acrylic fluid art paintings, woodworking—our social media feeds are filled with the weekend exploits of our friends and neighbors hard at work in the creator economy, and it's inspiring us to put our hands to work and create. The most talented among us will turn hobbies into commerce, creating new economic opportunities for the next generation of their inspired audience. These craftspeople are your experts that man the frontlines of support channels.

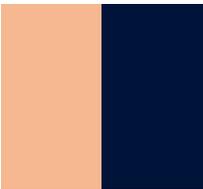
Our skills shape who we are, and who we are informs the purchases we make

For enterprising retailers, their customers' expert voice can be harnessed to deliver game-changing service, positioning their brand as the foremost authority in a given niche. In a global economy with limitless choice from whom to buy supplies, *customer support* becomes your differentiator.

Skills are also digitally transmissible. Unlike in the real world, which is bound by time and place, all it takes is a tap of the screen, a post from a friend, or the choice of an algorithm to infect you with an idea, the desire to learn. The act of learning itself can now be time-shifted. Suddenly, you're overcome with a contagion of influence that sets off a cascade of neurotransmitters, stoking creative energy. *If only you had the tools. If only you had the raw materials. You, too, could be a creator.*

A pattern emerges: **Inspiration** leads to **Education**, which leads to **Participation**.

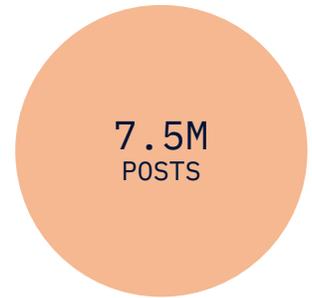
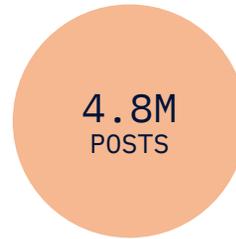
In a world that has a global supply chain and Amazon Prime, “do it yourself” seems like a poor tradeoff of your time and energy in exchange for an easily-sewn face mask. Once a pejorative, DIY used to be synonymous with sloppy, unskilled, or untidy work. Today, DIY represents a **consumer's choice** to have a more meaningful connection to the inner workings of items we could otherwise easily purchase. Rather than a way of passing time, DIY gives us a deeper bond to ordinary objects. This bond is priceless and represents a windfall of opportunities for retailers who can supply creators with the basic ingredients to create their wares.



INSPIRATION

Homelife has been our primary mode of existence in 2020, and we've been desperate for ways to keep occupied. We've turned to content—videos, images, books, essays—as a way to engage our attention. The more content we watch, the more likely we are to run across something that catches our eye and makes us want to get out there and try it for ourselves.

But the truth is that even before COVID we were moving toward doing things for ourselves. We've seen a long, slow movement toward a trend first mentioned in the Future Commerce Vision report as “Grandmillennials”—millennials who have taken up the hobbies and pastimes of their grandparents. But this trend has become something so much more. According to Pinterest, thrift store crafts were up 2,276% in 2019.



#crochetersofinstagram

#knittersofinstagram

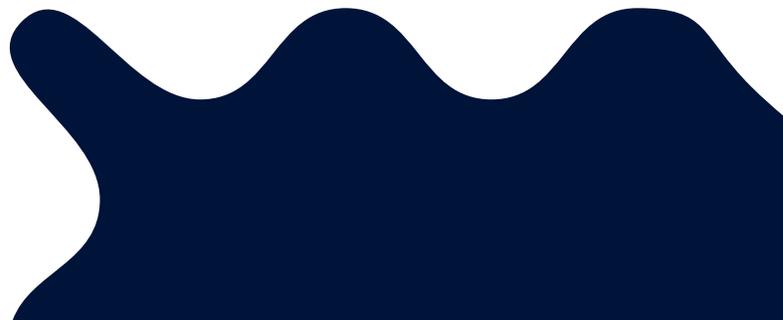


5-Minute Crafts' YouTube account has 68.8 million subscribers.

DIY is becoming mainstream because the distance between creator and consumer is shortening.

Education disguises itself as entertainment. *Edutainment*. Prospective DIYers are often entertained, inspired, and educated by a single piece. 5-Minute Crafts has built an audience to feed the craving for edutainment content, which has built an audience of nearly 70m on Youtube, over 40m on Instagram, 64m likes on Facebook, over 7m on Tiktok, and more. That's a boatload of crafts.

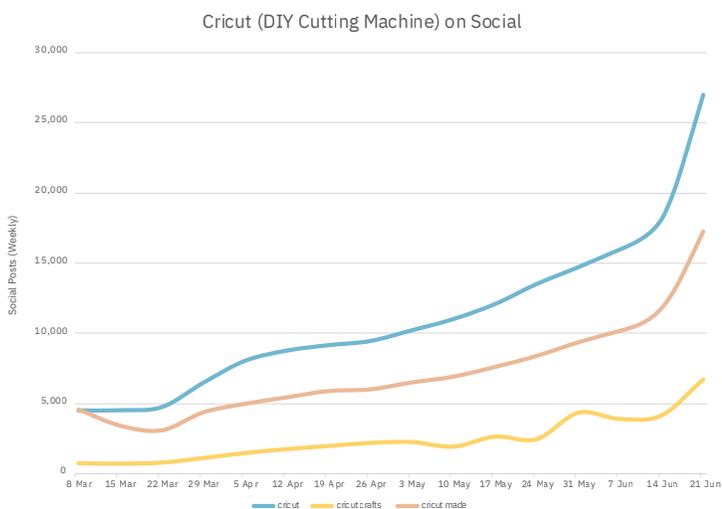
People in search of approachable projects discover a bevy of accessible ideas in such a channel. Each video crams in dozens of crafts, sped up to compress for time and set to upbeat music. Most feature novel uses of things you probably already have: styrofoam cups, hot glue, yarn, and popsicle sticks. Perfect for kids and adults alike, even a bumbling houseplant-killer can knock out a project that they're proud of.



Generally, raw materials are less expensive than finished products. If a creator's project is inexpensive to create, it's going to be inexpensive for followers to reproduce. This increases the size of the DIY addressable market. The upcycle trend brings it full-circle as finished goods become raw materials while tweens flood into thrift stores to find new projects.

TikTok's "For You Page" (FYP) is an example of an AI-driven algorithm being used to connect creators with people who are more likely to appreciate their content. Opinionated and nuanced content is being connected to the audience who will be more likely to engage. Thanks to social media, a group becomes a scene, a scene a community, and a community a movement.

A great example of this is Cricut, an at-home cutting machine designed for DIY crafters. Creators can cut vinyl stickers, felt, fabric, and even wood.



Social media searches for Cricut showed a relatively flat trend for the first month and a half of quarantine. Then, in mid-April, you can see a spike in interest, which climbs a steady rate up until June, where it hockey sticks. This may hint at a long-considered purchase that hit a tipping point once the social media posts provided enough social proof from a circle of friends.

At times DIY also dips its toe into the therapeutic. Pinterest asserts that Art Therapy activities were up +444% in 2019. Popular hashtags on Instagram include #knittingismytherapy, hinting that maybe self-help doesn't have to come Tony Robbins, after all.

Cricut, a popular cutting machine for DIY projects, started trending on Social in the beginning of April. Data courtesy of Surge.ai

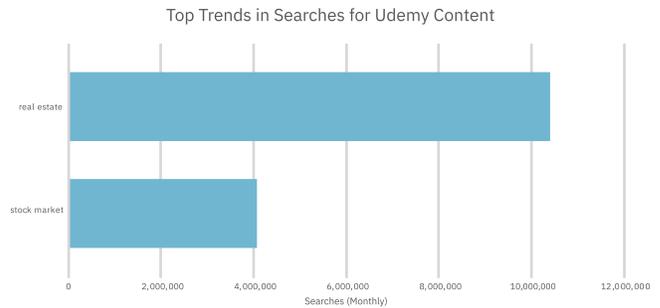
EDUCATION

Social media is frequently criticized as a highly-tuned engine for creating dopamine-fueled cycles of attention-seeking feedback loops. Dopamine is a powerful neurotransmitter that is addictive and habit-forming. Self-powered creation and use of created materials engage other neurotransmitters like Acetylcholine and Norepinephrine, which activate learning and concentration centers of the brain, respectively.¹ The long-term effects of learning and making seem to create long-term memory connections that we can carry with us for a lifetime.

1: <https://www.psychologytoday.com/us/blog/science-choice/201501/the-addictive-quality-curiosity>

This has the potential to completely upend our dopamine-hit driven digital marketing economy. The antidote to the Attention Economy is the Creator Economy.

While inspiration is bleeding into education, the growth of education-specific initiatives is at a level many would have considered impossible in prior years. We've seen mass adoption of online education for companies like Coursera, Udemy, Khan Academy.



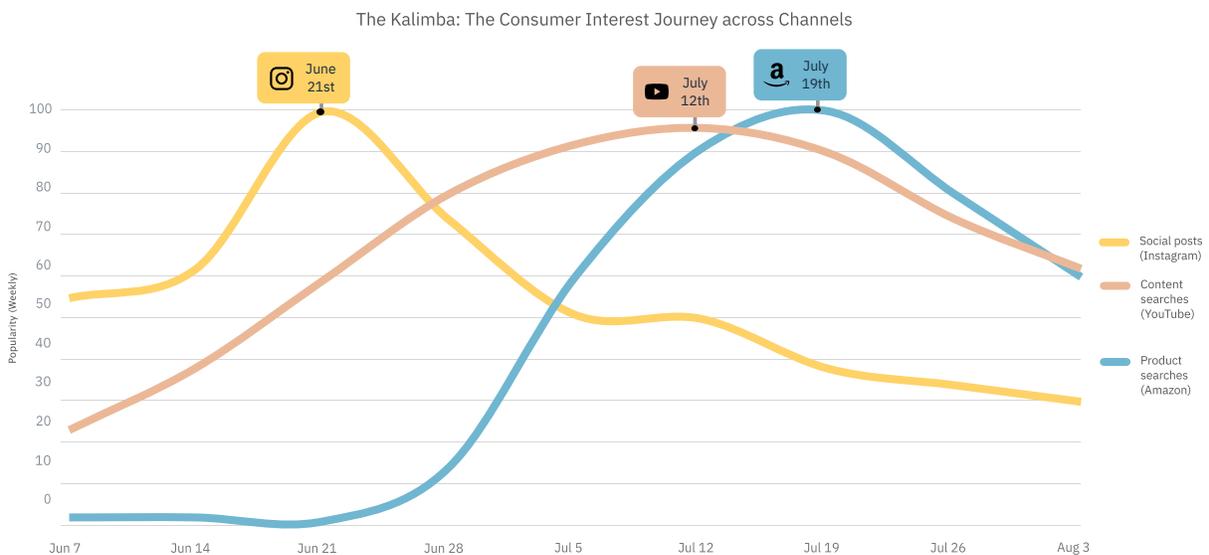
Real Estate and the Stock Market were the most popular topics in searches for Udemy content in September 2020. *Data courtesy of Surge.ai*

We also have the entrance of Prenda (microschools), Pioneer Research (a college credit research program for high schoolers), and Primer (nouveau homeschooling for millennial parents).

Google is surfacing educational materials as featured snippets—just try searching for a guitar chord. TikTok and Youtube are loaded with how-to videos for literally everything. In fact, “How to” is the #5 most searched phrase on Youtube. Beating it out at #2 is the phrase “Tik Tok.”

From February through March 2020, course enrollments at Udemy increased by 425%. The top searches might surprise you—the top two searches are “real estate” and “stock market”. Prior to Loopnet and Robinhood, you'd have needed brokers with specialized knowledge to access these capital markets. Not anymore.

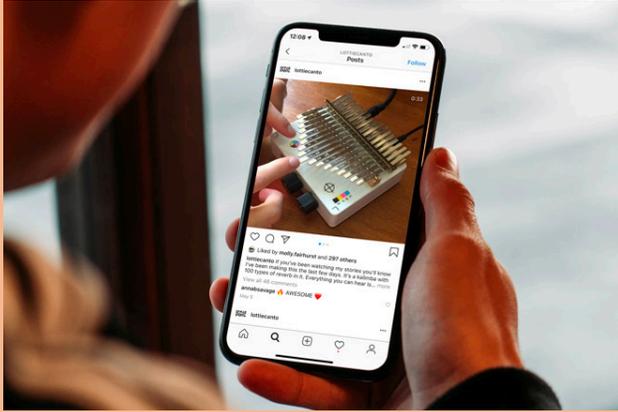
Want to learn how to cover Wonderwall on a kalimba? While not as many results as guitar, there are still more options available for free than you will ever need.



The Kalimba trend clearly shows how the lifecycle of a DIY trend begins on social, then sees peaks in content and product afterwards. *Data courtesy of Surge.ai*



The many and varied Kalimba covers of Wonderwall are a gateway drug to the accoutrements of more sophisticated instruments and effects. interest appears in our field of visions, the ability to engage, learn, and master materializes right alongside. It took only 30 days for this trend to peak on Instagram and then become purchase intent on Amazon. Had it not been for COVID, 2020 would have been the summer of Kalimba.



Lottie Canto's Instagram account posts an electric Kalimba (@lottiecanto)

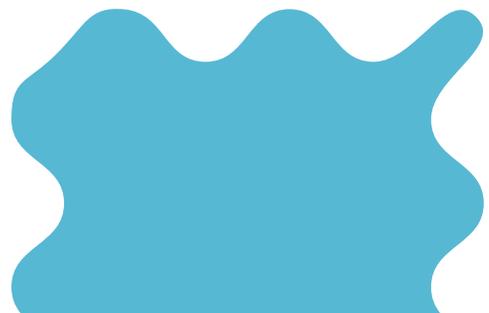
Demand for education immediately gives way to the creation of that education. If you want to take it a level deeper, you can build your own Kalimba with a kit, just \$10.99 on Amazon (catch it on Prime Day!) Once you've mastered the dulcet tones of the acoustic thumb piano you're ready for experimentation. How about a crossover between Kalimba with other DIY categories like guitar pedals?

PROGRESSIVE PURCHASES EQUAL PARTICIPATION

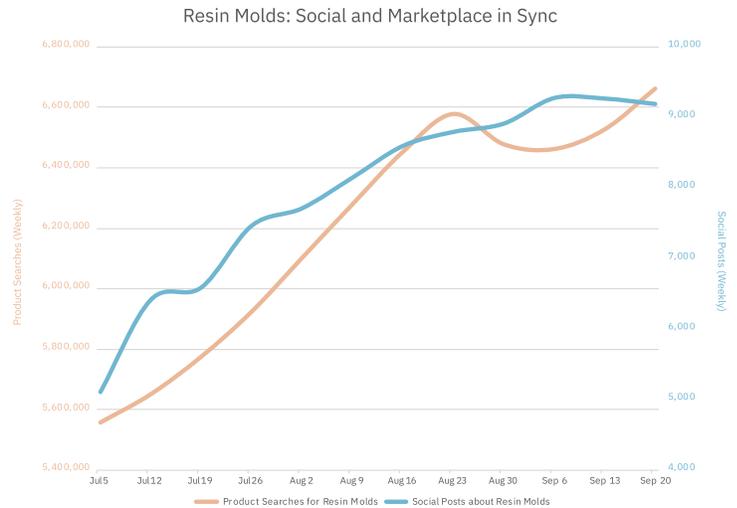
Content in and unto itself is incomplete because content is subservient to a more powerful force: participation. Once someone is inspired and empowered, the next natural step is to engage. Not in the marketing "they watched at least 30 seconds" kind of way. An inspired group becomes the evangelists to a new generation of customers in your industry. They naturally coalesce into interest groups in online forums or Facebook groups, sustaining a community. They critique, they criticize, they praise, and they spend. They really f***ing spend. This is American Maximalism at work. The Passion Economy is the engine that can power an industry:

The Age of COVID is also the age of obsession... Be ready to engage these serial enthusiasts when they start to dip their toes in the water of your category before they jump in with both feet.²

2: Insiders #054: The Enthusiast Economy



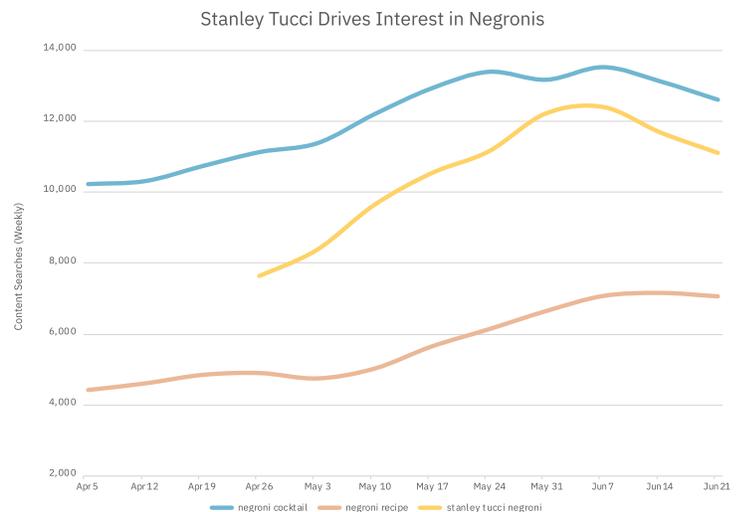
As an example, resin art became an overnight hit during COVID. Further into the pandemic, people continued exploring, searching, and posting about resin at increasing rates on Instagram. And they followed that with intent to purchase. Look how closely Amazon searches trail behind Instagram engagement:



Resin molds, used in epoxy resin projects, trended on both Social and Marketplace over the summer of 2020. Data courtesy of Surge.ai



Another great example is cocktails. Negronis are without a doubt our favorite cocktail but they are typically a drink made by professionals at a bar. After Stanley Tucci's April 20th post "how to make a negroni" on Instagram, you can see searches for "Stanley Tucci negroni" emerge just after, and peak at the beginning of June.



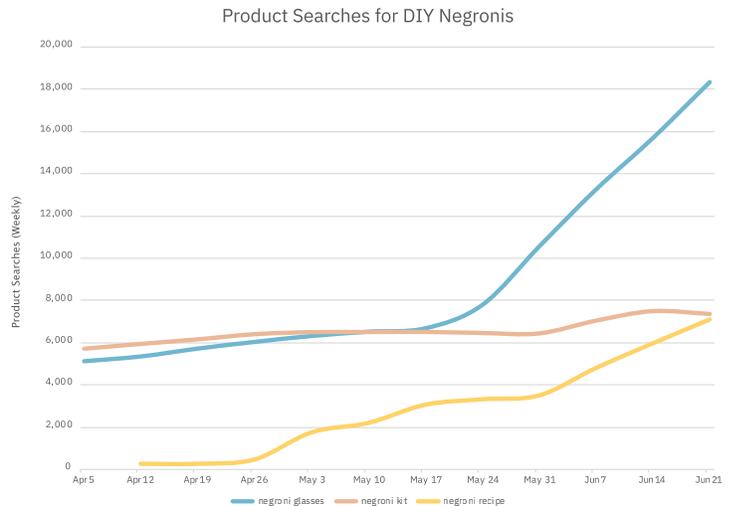
Stanley Tucci's "how to" Negroni video went viral in April 2020. Interest in educational content about Negronis experienced a subsequent bump. Data courtesy of Surge.ai

The more general searches for "negroni cocktail" and "negroni recipe" tracked with this trend. The negroni went from bar cocktail to a DIY project in 60 days.



Additionally "negroni glasses" and "negroni recipe" saw substantial growth in the weeks after the viral video, whereas "negroni kit" only saw modest growth. Instead of the "pre-packaged solution" we saw increased consumer demand for the individual components.

When American Maximalists find their way to the scene—every part of the industry benefits



Shortly after Stanley Tucci's viral video, searches increased for products to make DIY Negronis. Data courtesy of Surge.ai

COMMERCIALIZING THE DIY ERA

Up to now, we've discussed the first-order effects of The New DIY. Those happen firsthand and are experienced in the first-person. The second-order effects reveal that, for some, making becomes a commercially viable source of income. When makers find an audience, a hobby can become an industry.

We saw this in the spring of 2020 as sales for handmade masks were big business on Etsy, a marketplace platform that predominantly features handmade products from small operators. A September 2020 feature in *The Verge*³ summed up the phenomenon:

More than 100,000 sellers started offering masks on Etsy during those three months, and most of them appear to be typical Etsy sellers: individuals, predominantly women, who make products by hand in their homes. Many had already been on the platform for years.

3: THE MASK BARONS OF ETSY - *The Verge*, September 2020

Since the mask boom on Etsy, consumers are gaining interest in fashioning their own DIY masks, with 'ear loops' growing +35% and 'nose wire' growing +22% in recent months.

It's not all just arts and crafts, either. There is a booming industry for hobbyist electronics makers who create courseware and sell digital educational products alongside kits and parts. Consider Limor Fried, founder of Adafruit, an online retailer of parts and accessories for microcomputers and microcontrollers. Fried is an MIT grad and an electrical engineer, and host of hundreds of videos on the Adafruit Youtube channel (350,000 subscribers strong). There, prospective shoppers can learn to code Python, program a Raspberry Pi, or assemble one of the hundreds of kits for sale.

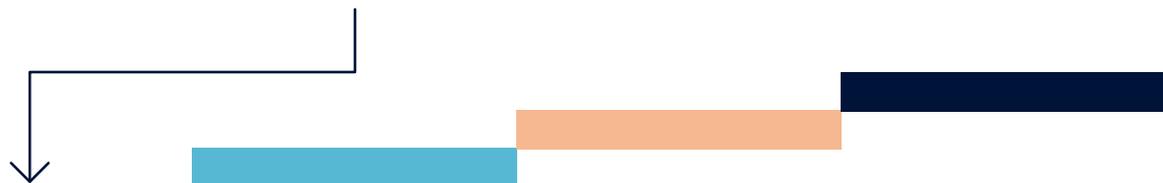
An Adafruit customer today spans from the high-school robotics club student to cosplayers looking to up the ante and add lighting effects or animatronics to their next creation. In 2016 Adafruit Industries grossed \$45M in revenue and had over 100 employees.

Josh Scott, the founder of JHS Pedals in Kansas City, Missouri, started his guitar effects company as a home-based business in 2007, modifying existing electronics as a service. This quickly transitioned into creating original designs, Josh building each piece by hand. Apart from eCommerce, they have a thriving wholesale channel and a popular Youtube channel. Today, the company has 25 employees and 250,000 subscribers on Youtube. Their weekly video, "The JHS Show" features some history of guitar effects, passionate reviews of vintage and new brands that aren't from the company itself, and a weekly vinyl record recommendation.



Adafruit founder Limor Fried on the cover of Wired, April 2011

The net effect: a growing business that started with inspiration and self-education through the Internet. The byproduct of this kind of entertainment is potential for lifelong consumer behavior: musicians are irrational consumers, after all. A typical musician buys instruments aspirationally: a guitar that costs more than they should have spent, and a keyboard that has more features than the player will ever discover.



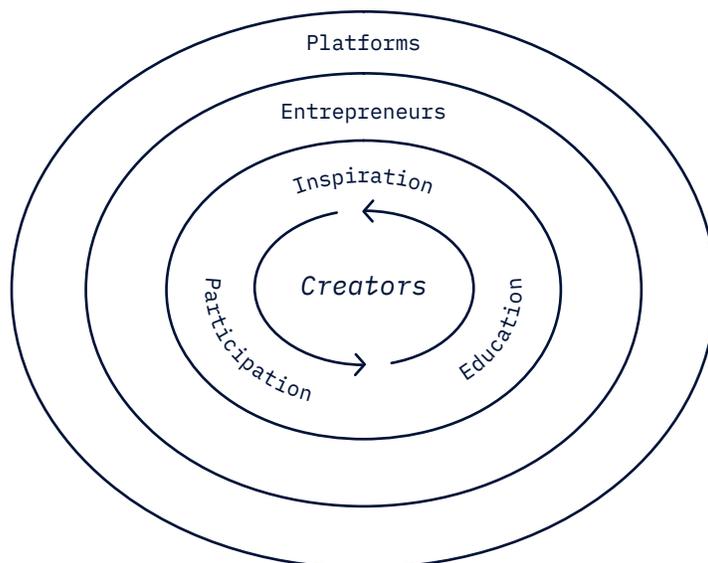
THIRD-ORDER EFFECTS OF THE NEW DIY: MARKETPLACES

Platforms embody the concept of the third-order effect of The New DIY: giving makers marketplaces for them to engage with qualified buyers, and providing additional services for scaling their operations. Platforms exist for niche markets, and for broad markets, alike. Etsy is one such market, now home to over 3 Million sellers and 60 Million buyers.

Others exist to serve niche communities. Consider Etsy's recent \$250 Million acquisition of Reverb.com, an online marketplace for musicians to buy and sell new and used musical equipment. The top sellers on the platform are local music shops who view Reverb as a digital transformation tool, allowing them to have advanced commerce features like BOPIS (buy online pickup in store), buy ads online, and set themselves up for shipping with access to software for generating labels and purchasing shipping supplies.

The third-order effects of The New DIY are taking commerce global. Ten Thousand Villages is an online marketplace for buying products from makers in third-world countries, who are subsequently paid a living wage. This intersects with the recent macro trend of businesses that support a social cause.

It's been said that, in the gold rush, it's good to be in the pickaxe and shovel business. For businesses providing the tooling to this growing category of niche platforms, there's gold in them thar hills.





CONCLUSION

The unprocessed raw materials that fuel our hobbies aren't just paint, fiber, solder, or a rough sawn plank of walnut. They're the atomic materials of our dreams of a better self.

The New DIY represents the opportunity for any customer to forge new skills, discover new hobbies, to launch a business, or to create a platform. The opportunity at hand for retailers is to capture this particular moment to create generational customer relationships. It also represents a category of consumables with a predictable replenishment cycle. This allows for higher-frequency engagement with a customer, and more chances for building real relationships. Those relationships provide the basis for a greater understanding of individual needs, *as well as* macro trends. Brands who understand both are those best positioned to succeed in the long-term, meeting the needs of customers today while planning ahead to meet their future desires.

The tween learning to knit today will develop brand affinities early in life, creating decades of consumption for a favored yarn brand. The gin-drinker will favor a particular brand for decades. These affinities translate to real lifetime value—not of the Google Analytics variety—but over the actual lifetime of the customer. And she, in turn, will inspire others to do the same.

Inspiration, Education, and Participation. A virtuous cycle of generational brand affinity. This is retail opportunity in The New DIY.



