

PACIFIC BUSINESS NEWS

WE UNDERSTAND HOW HAWAII WORKS

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MADE IN Hawaii



TOP TO BOTTOM:
Joy Ishihara Labrador,
who makes specialty
pillows, Tammy Wong of
Aloha Island Crafts with
her decorative Hawaiian
ipu and Wade Freitas of
Copper Craft were among
420 vendors at this year's
Made in Hawaii Festival.

PHOTOS BY RUBEN DULDULAO PBN

Festival reflects entrepreneurs' hopes and worries

The Made in Hawaii Festival provides an annual checkup on the health of small business and entrepreneurship.

The festival at the Neal S. Blaisdell Center was huge again this year with 420 booths and attendance at 37,000.

But the stories told this year reflect the sluggishness of the economy and the weight of rising commodity prices. For entrepreneurs operating on a

Related story

A Maui company finds its outdated Web site is costing it business.

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artisans and chefs who display their products at the festival are — the year has been especially disappointing.

But the festival also was a

thin margin, rising costs have been a killer.

And for those dependent on tourists — as many of the crafters,

artisans and chefs who display their products at the festival are — the year has been especially disappointing.

But the festival also was a

huge opportunity for local businesses. More than 1,200 buyers from Hawaii, the Mainland and Japan came through looking for new products — including eight from Target Corp. — making deals worth an estimated \$10 million down the road.

Here's what a handful of business owners at the festival told PBN reporters about the kind of year they're having:

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MADE IN HAWAII: Craftsman says 'just keep pedaling'

FROM PAGE ONE

KEPANI KREATIONS

John Uyehara admits that being new to the craft-making business in Hawaii influences his optimistic outlook.

"I try to be positive," said Uyehara, 22, founder of Kepani Kreations, which makes koa bowls and desktop accessories. "I know everything is in a downfall right now and a lot of people seem jaded about how business is. But if I can just keep pedaling, pedaling, pedaling down the hill, hopefully I'll have momentum to get to the top."

Friday was the best day for Uyehara at last weekend's Made in Hawaii Festival — his first — and he says he'll be back next year.



Uyehara

The Mililani resident is a self-taught woodworker who went full time in his efforts this year after four years of honing his craft. He thinks he is the newest, and youngest,

member of the Pacific Handcrafters Guild.

He joins a niche industry that doesn't lack for competition.

Also exhibiting at the Neal S. Blaisdell Exhibition Hall and Arena last weekend were Koa Designs by Terry, LewisKoa Co., Shades of Koa and at least a half-dozen or more other koa artisans.

Koa, a rare hardwood indigenous to Hawaii, is used to make sturdy, beautiful products. Uyehara's product line runs from as low as \$25 to as high as \$1,000.

Uyehara and partner Aaron Lau, who owns custom-pen designer Lau Lau Woodworks — and who also manned a booth at the Blaisdell — opened a gallery on Kapahulu Avenue two months ago.

Simply Wood Studios also serves as a workshop so customers can watch production.

"There's not much parking, but I tell everybody we're across the street from Leonard's Bakery," Uyehara said. "Everybody knows where Leonard's is."

Chad Blair

ISLAND CORE

Corey Lee's brightly colored graphic T-shirts are designed with a smile in mind.

They feature cartoon images of bear cubs, puppies and strawberries along with witty catchphrases riffing on the latest local trends, which have helped his company, Island Core, stay profitable for most of the past eight years. But he admits that he has taken a 60 percent hit in revenue this year and has had to adjust his selection and inventory.

"To be honest, it's been really bad," he said.

In fact, Lee, 37, has had to go back to working as a manager at his local Times Supermarket, which he left to design T-shirts full time in 2000.

"I guess you could say I missed working



CHAD BLAIR PBN

About 37,000 people attended the three-day Made in Hawaii Festival, which was started in 1995 to boost local businesses.

with other people," he said. "But it does make me appreciate my business even more and how fortunate I was to get it to where it was."

Island Core is a mainstay at the annual Made in Hawaii Festival, which Lee considers his No. 1 money-making show.

The company sells an average of 15,000 shirts a year with Lee doing all the drawing and screen printing.

Although he's had to scale back attempts to branch out into caps and other accessories, he said his shirts and tank tops draw repeat customers who love the "uniqueness" of the designs.

But he accepts the recent challenges with humor.

He has incorporated the high gas prices and penny-pinching ways of today's consumers into his T-shirt designs: One shirt reads "Beer is cheaper than gas ... so drink, don't drive." Another says "I stay broke, no mo' money."

"I guess you can say it's a way of capitalizing on the unfortunate," he joked.

Linda Chiern

COPPER CRAFT

Wade Freitas learned to sculpt with copper more than 20 years ago as a teenager at Kailua High School. Today, the owner

of Copper Craft continues to melt, twist and pound metal until it resembles native plants and animals.

"It's my interpretation ...," he said. "I don't care to make it look exactly like the real thing."

Plumerias are best-sellers.

Freitas started his company in 2007 as a hobby while working as a sheet-metal technician at Oahu Plumbing & Sheet Metal Ltd. He gave away pieces as gifts to family and friends.

Freitas doesn't use paint. Instead, he melts copper and seals it with a clear coat to bring out rich hues of red and brown.

The technique is time-intensive. It can take weeks to sculpt a honu shell, priced at \$600, and an entire afternoon to perfect a single plumeria, which sells for \$65.

Although the price of copper has risen, he isn't overly concerned. The 10-by-4-foot metal sheets he buys from a local supplier for \$250 each can be made into dozens of art pieces.

"It lasts me a long time," he said. "I use just a little piece of it."

Freitas keeps costs down by working in his garage rather than renting a studio. In addition to word-of-mouth marketing, he occasionally appears at craft fairs, including the Haleiwa Arts Festival last month. He hopes to sell his work to gal-

eries and stores.

"I'm just looking to get a couple more festivals in and see what I can do with the contacts I make," he said.

Cathy Cruz-George

HAWAIIAN KINE

Hope Lee has been noticing a little slowing in her business of selling handmade gourmet seasonings, vinegars, sauces, rubs and oils.

Although business at the Made in Hawaii Festival wasn't as brisk as in years past, there were some unexpected benefits for her Hawaiian Kine seasonings.

"It was kind of good because even if business is not like it used to be, there are a lot of people looking for products," Lee said.

One buyer in particular was a representative from Target, the Minneapolis-based chain that plans to open its first Hawaii stores in Kapolei and Salt Lake next March.

"She's looking for local stuff to use in the store," said Lee, who noted that while many gourmet shops such as Executive Chef carry her products, she does not have a lot of grocery store clients. "If they pick

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us up that would be a good one for us.”

Lee also is looking to tap into another market—the U.S. military—by attending a trade show targeted at the commissaries at the Oahu bases. She started the business as a way to put her youngest daughter, Courtney, through Iolani School.

Now 26, Courtney Lee recently graduated from the University of Hawaii's John A. Burns School of Medicine and is completing her residency in pediatrics at the University of California at Irvine.

Since the graduation, Lee and her husband, Greg, who has a full-time job but helps with the business, have thought about slowing down themselves, and would like to sell the business.

Lee and her three part-time employees produce about 50 dozen bottles of sauces, in addition to dozens of cases of seasonings, per week at the company's 1,500-square-foot space in Waipio.

“It's a pretty small business, but we do really well,” Lee said. “People like me give a lot of people out there hope. They can do it, too.”

Janis L. Magin

TWO TEACHERS DIGGING SCIENCE GEMSTONE JEWELRY & FOSSILS

This year was looking to be much better than last for Fran and Wes Cummins, jewelry makers who bill their company as having the “largest selection of gemstones in Hawaii.”

“It was going to be our biggest year ever—until June,” said Fran Cummins.

That's when the Cummins began to see a big slowdown.

Now, instead of being up 15 percent, Two Teachers Digging Science Gemstone Jewelry & Fossils (the business includes son Vance) is down 15 percent compared to the same period in 2007.

The drop is partly due to the cancellation of monthly orders with a Maui hotel and gallery.

“July kind of just didn't happen,” said Fran Cummins.

This was the fifth year for the Cummins at the three-day Made in Hawaii Festival last weekend, their biggest show of the year.

Fran Cummins said Friday was “really good, but then it got less and less. We ended up probably with 90 percent of what we did last year.”

The Cummins are retired teachers (hence the company name) who live in Waikiki. A sizable chunk of their semi-precious raw material comes from family-owned quarries in Utah, Nevada and Wyoming.

Their wares sell for about \$40 per item on average. All three family members busily straighten up their displays after customers have looked the goods over, fingering them and sometimes holding them up to the light.

Fran Cummins said she is concerned about the slowing economy, as well as the possibility of fewer craft fairs at Kapiolani Park.

The City & County of Honolulu currently



RUBEN DULDULAO PBN

Greg Lee, director of sales and husband of owner Hope Lee of Hawaiian Kine sauces and seasonings, had a visit from a buyer for Target Corp.

allows an average of 10 weekend fairs a year for exhibitors. But none is scheduled for December, the big holiday shopping season, and Cummins said there has been pressure from neighborhood groups to limit traffic and parking congestion.

“It's a big hullabaloo,” she said.

Chad Blair

UNCLE LOUIE'S SAUSAGE CO.

Ken Enriquez has seen sales flatten at his Maui-based sausage manufacturing company over the last year.

Uncle Louie's Sausage Co. produces between 25,000 and 30,000 pounds of Portuguese, Maui onion, pineapple, Italian and other varieties of pork sausage each month for food services and grocery stores.

But the cost of the raw materials—especially pork—has been rising fast and eating into the margins.

“It's to the point where every other week I've got to think about raising my prices,” said Enriquez, who recently did mark up his prices 5 percent.

Business was good, but not as good as expected, at last weekend's Made in Hawaii Festival. Enriquez blamed it on a move to a less-trafficked area of the hall.

Enriquez, who started the company in the early 1990s with his wife, Lynne, said he's trying to counter the decline in sales by aiming for new customers, specifically supermarkets on Oahu, and has started running commercials on one television station to attract the new market.

While Uncle Louie's is sold in most Maui supermarkets, including Costco, the Maui-made sausages are available in only a few stores in Honolulu, such as Times Supermarkets, Tamura's and Don Quixote.

Enriquez has cut the work week at his 4,000-square-foot Kahului processing

plant to between 32 and 35 hours, something that will change if sales turn around.

It helps cut the electricity bill. It also means his 12 employees lose some pay, but not their jobs.

“I don't want to lay them off because once you lay them off you might lose them,” Enriquez said. “Everybody needs medical... it's really a tough situation.”

Janis L. Magin

ALOHA ISLAND CRAFTS

Each of Tammy Wong's hand-carved Hawaiian ipu is one of a kind.

Her business, Aloha Island Crafts, specializes in hand-carved, glazed ipu, or gourds, that are used as decorative lanterns, instead of their traditional use in Hawaiian chants and hula.

Wong says it takes her an average of two hours to design, crystal-glaze and heat each ipu, which are sold as candle lanterns or night lights.

Most of Wong's ipu feature cutouts of traditional Hawaiian designs including quilt patterns, hula dancer silhouettes, canoe paddlers and even the honu, or sea turtle.

She generates a lot of business in Japan, where hula is popular.

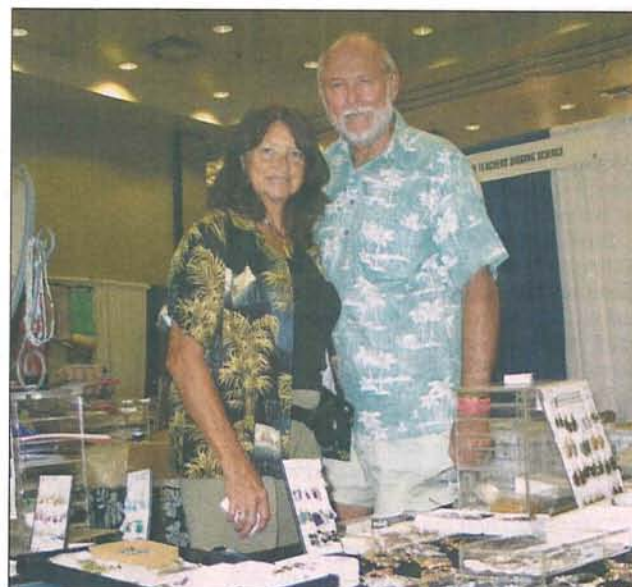
But here in Hawaii, or at least at the Made in Hawaii Festival, she has had to lower her prices to move some inventory.

Candle lanterns, which usually sell for \$55 each, were selling for \$50 last weekend. And the night light ipu that usually sell for \$70 each were selling for \$60.

“It's just been slower than we're used to,” Wong said. “It's the first time I had to lower my prices. We just never had to before.”

Wong does other shows to keep revenue flowing. Among her biggest draws is a show at the Navy Exchange.

Aloha Island Crafts launched about eight years ago when Wong was generating buzz in the wedding industry for her finely crafted ipu centerpieces. With each



CHAD BLAIR PBN

Fran and Wes Cummins of Two Teachers Digging Science Gemstone Jewelry & Fossils have seen business slow down dramatically. “July kind of just didn't happen,” Fran says.

wedding ordering up to 50 centerpieces, Wong realized she had a prized product and began marketing to retailers.

Her work is sold at such places as Alan Wong's Pineapple Room restaurant in Macy's at Ala Moana Center and the Dolphin Quest Gift Shop at the Hilton Waikoloa Village on the Big Island.

Linda Chiem

JOY ISHIHARA LABRADOR

The high cost of business eats away at Joy Ishihara Labrador's specialty pillows shaped like Spam musubi, sushi and shave ice.

To keep her namesake company afloat, she relies on good old-fashioned hard work and high volume.

She sells more than 1,000 pillows annually, has no employees and works at home. It's her full-time job.

“I'm just trying to absorb costs,” said Ishihara, a graduate of the University of Hawaii and Fashion Institute of Technology in New York.

Colored terry cloth and petroleum-based polyfill, used to stuff each pillow, have gone up in price. Overall, the cost of raw materials has doubled in the past five years, she said.

Despite that, Ishihara still buys bulk materials from Hawaii suppliers.

“I want to patronize local businesses,” she said.

Ishihara hasn't raised prices since opening her business a decade ago. Spam musubi-shaped products range from \$10 for a squeaker toy to \$30 for a 15-inch throw pillow. A rice-cooker-shaped pillow sells for \$35.

Most of her sales are at craft fairs, and her products are found online.

Specialty gift stores—including Vue Hawaii at Kahala Mall, Island Keepsakes in downtown Honolulu and Wabi-Sabi on Koko Head Avenue—also carry her work.

Cathy Cruz-George

AUGUST 22, 2008

SCOOPS



Superferry transport of choice for Maui exhibitors

Jill Painter Christierson, who sells clothing and accessories adorned with her hand-painted designs, was among Made in Hawaii Festival exhibitors who used Hawaii Superferry to transport their goods from Maui to Oahu last weekend.

"It was the only reason I came," said Christierson, who has operated J. Painter (aka Maui Export Co.) in Upcountry Maui since 1979. "As an artist I didn't feel comfortable packing my goods on an airline pallet. So I pretty well packed my Honda Element."

Other Maui businesses that went by sea instead of air included cheese-maker Surfing Goat Dairy and growers Alii Kula Lavender.

"We saved on freight and watched the Olympics on TV," an Alii Kula employee said.

Retooling a Web site adds marketing punch

BY JANIS L. MAGIN
PACIFIC BUSINESS NEWS

The proprietors of a Maui-based company that specializes in island-themed handmade Christmas ornaments decided years ago to market their products on the Internet.

So, 10 years ago, Judith and Morrie Cohen hired a Web designer to create a site for their company, Maui Pacifica, and left it at that.

The couple have been in business for nearly 20 years. Judith designs and makes almost every ornament, which can be an angel, a Santa or a shell. Morrie handles the computer work and packs and ships each order to clients, who include many of Hawaii's fine gift shops.

While the Web site — MauiChristmas.com — did the job of showcasing the handmade shell ornaments, it wasn't pulling in a lot of new business.

OBsolete Web site

"We did not develop it," Morrie said. "We didn't lose money on it but it sure wasn't an important part of our business."

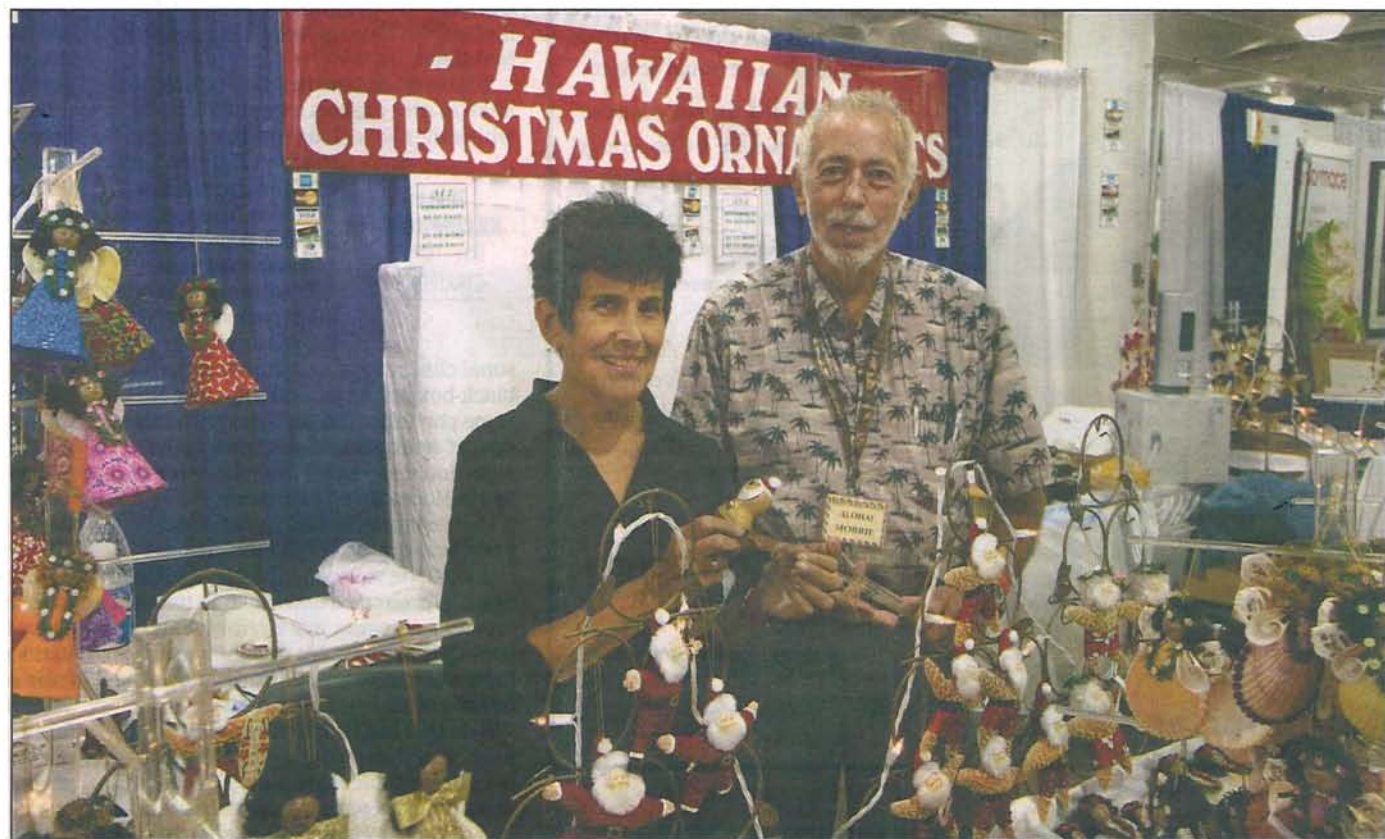
The couple realized their online store was obsolete back in January, when they met Web developers at a trade show on the Mainland.

The main issue was that the site wasn't effective for Web searches. When potential customers searched Google or other search engines for Hawaiian Christmas ornaments, they weren't being directed to the specific Maui Christmas Web site pages because the site was not designed to attract search engines.

"The old page design, the search engines really only searched for the home page," Morrie said. "The new way of doing it, the search engines search for each individual image and all the words associated with the image."

They knew that the company's site needed search engine optimization to be recognized by the robots that comb the Web for information, but they put off doing it for various reasons — like most small-business owners, they were too busy running the business to give it much attention. And it was expensive.

"The cost seemed prohibitive and it was hard to even think of spending \$400, \$500, \$600 per



RUBEN DULDULAO PBN

Maui Pacifica owners Judith and Morrie Cohen display their Christmas ornaments at last weekend's Made in Hawaii Festival.

month to have that done on a minimum basis," Morrie said.

After much consideration, the Cohens decided to take the plunge and hired a Mainland company that promised to revamp the Web site and have it up and running within a few weeks.

"We would like the Web site to be a larger part of our business," Judith said last week at the Made in Hawaii Festival in Honolulu.

Maui Pacifica has had a booth at Made in Hawaii every year for nine years, one of four Oahu craft and gift shows they attend annually.

UNREALISTIC TIMETABLE

The Cohens, attracted by the company's fee of \$100 per month for the first 12 months and no large upfront costs, soon realized the Web designers' timetable was unrealistic. The work took months, rather than weeks, and the site launched only at the start of this month.

They are spending another \$500 per month on search engine optimization and marketing, to get their product pages to the top of the page each time a poten-

Small-business issue

Updating a Web site to generate more business.

Strategies

- Invest in search engine marketing.
- Optimize searches by writing each product description as if there is no photo.
- Invest in good photography to showcase your products.
- Manage expectations about how long the process will take.

tial customer types in a search such as "Hawaiian Christmas ornaments" into a site such as Google.

"The more effort that you put into search engine marketing the higher you're going to place," said Justin Britt, vice president of Wasabi Marketing Elements in Hanalei on Kauai, who specializes in search engine marketing and Web site usability.

Optimizing a Web site for search engines is one of the most important

things a small business can do.

"I would say it's about 50 percent of what you should be doing with your Web site," Britt said. "The other half, why spend all this money on search engine marketing and getting yourself found if your Web site doesn't work?"

A major element of the MauiChristmas Web site is photography — customers want to be able to browse the ornaments to see what they're buying.

The Cohens decided to have the Web designers photograph all of their products, rather than doing it themselves, for a fee of about \$350.

"I just knew I wasn't going to sit down and photograph 50 ornaments," said Morrie, a former commercial photographer.

Writing descriptions was another issue. Instead of just listing the item number and the price — Maui Pacifica's ornaments cost about \$8 apiece — Morrie decided each piece needed a story.

"The advice that I got from the Web designer and the guy that works for him was, 'I want you to write it as if there is no picture there,'" he said. "That's what the

search engines will be looking for, so instead of just saying a young boy, it became a keiki kane."

It also took a lot of time. Although busy running the business, Morrie carved out an hour here and there to write each description — it took weeks for him to write more than 50 descriptions.

INVESTMENT PAYING OFF

After just a few weeks, all the work that went into building the new site appears to be paying off. One customer at Made in Hawaii liked what she saw on the site and came to the show armed with a list.

And the day before the Cohens left Haiku for Honolulu last week they shipped an \$8,000 order for a Hawaii-based company's four stores. The order was the result of a brochure they had made, using the new product photos the Web designers had shot.

"I feel that was directly a result of the Web site," Judith said. "Because at that time we didn't have any up-to-date pictures."