Introduction

Nest’s Makers United program is a multi-stakeholder initiative that connects and strengthens the wide diversity of makers across the United States, building a vibrant and inclusive maker community. The program identifies and supports makers who face greater barriers to expanding their market reach and accessing business development services that support growth. Leveraging the maker movement’s potential to generate opportunity for all makers, regardless of sex, race, economic means, or physical ability, Maker’s United is committed to an inclusive creative economy.

The program marries existing local government and small business programs with Nest-led educational resources. We help build local demand and use the power of major brands and retailers committed to US production to raise awareness and market access opportunities. In 2017, the US creative industry was valued at $44 billion with the future of craftsmanship and home-based production as a recognized subsection. Yet makers have far fewer resources available to them than small business owners in other sectors (e.g., technology). There is still a lack of awareness that the US Maker community is a booming sector ripe for activation, innovation, and development.

At the time this report was published, businesses are further challenged as they navigate the impacts of COVID-19. Among a cross-section of 85 US businesses in the Nest Guild, 52% experienced canceled orders and 79% had to pause or terminate employment—all of which amounted to a cumulative $2.9 million in lost revenue. To overcome this loss, businesses including many included in this report have shifted to produce hand-manufactured masks to generate much-needed employment and income.

Nest’s Landscape Report provides insight into the maker communities in Austin and San Antonio, highlighting the unique challenges entrepreneurs face in small business development within these two distinct markets. Through this report, we share insights that can be used to support a more inclusive creative economy for underserved and minority makers in both a pre-COVID-19, and particularly post-COVID-19, world.
Approach and Methodology

Nest included three primary data sources in this study:

1. Nest’s Makers United Landscape Survey for descriptive information on local maker communities in Austin and San Antonio
2. American Community Survey (ACS) conducted by the US Census Bureau for local population and housing comparisons
3. Bureau of Labor Statistics (BLS) for local employee and salary comparisons

Nest’s approach included qualitative data collected through facilitated focus groups and a series of semi-structured community stakeholder interviews as well as quantitative data from an extensive landscape survey. These collection tools help us understand the perceptions of the support for maker entrepreneurs and businesses in Austin and San Antonio.

Through our landscape survey, we surveyed a sample of individual maker entrepreneurs with special consideration for race, economic status, and physical ability. The target population in both Austin and San Antonio was low and moderate-income households with a focus on people of color, immigrant and refugee populations, individuals with disabilities, and the elderly. In addition, and as with all of Nest’s projects, women-owned businesses are significantly represented in this mix.

The survey was administered digitally using Qualtrics survey software. Makers were identified through in-person contacts at markets and fairs and by a local consultant.

The data collected from the landscape survey was aggregated to analyze trends in demographics and production practices among the makers. This report presents a descriptive representation of makers in the Austin and San Antonio areas. Public datasets from the United States Census Bureau and Bureau of Labor Statistics were used to establish comparisons to the local community generally (e.g., public statistics around individuals living in Austin to better contextualize the maker community within the city.)
Maker Landscape

Austin

94 surveyed representing 18 craft techniques
44% minority-owned and led
92% female-owned and led
Collectively employing 264 individuals with more businesses on average hiring contract employees

San Antonio

21 surveyed representing 17 craft techniques
70% minority-owned and led
95% female-owned and led
Collectively employing 70 individuals with more businesses on average hiring full time employees
Austin, Texas

The capital of Texas, Austin is now considered a majority-minority city in which no ethnic or demographic group exists as a majority of the city’s population. The representation of maker businesses surveyed in this analysis are led by owners who represent a diversity of backgrounds.

In the last decade alone, Austin’s creative sector grew 40% with programs like the Creative Economy Priority Program (CEPP) aiming to further invest in the creative economy of Austin. The average median age of an Austin resident is 33 and, similarly, the average maker is 37.
Makers in Austin

The majority (92%) of maker businesses surveyed in Austin are owned by women. Nationally, only 36% of businesses are owned by women, a comparison that showcases the benefit of a flexible work environment often characteristic of this type of cottage industry production.

Ethnicity Distribution

- Caucasian or white, 56%
- African American or Black, 15%
- Hispanic or Latino, 9%
- Mixed Races, 11%
- Asian or Pacific Islander, 9%
- Native American, 1%

Education Level Completed

- College Level Courses or Degree: 68%
- Post Graduate Courses or Degree: 21%
- Technical/Trade Degree: 9%
- High School Graduate: 2%
In my journey as a self-employed artist, I appreciate opportunities to do both challenging and creative work, while also having flexible time to take care of myself.—Kristen Saksa Juen
Focus Group in Austin

11 small businesses joined for an open forum on crafting in Austin. Key findings include:

1. Ethnic or global products don’t get the same response at the local markets which tend to skew young and white. Screening methods—like the use of Instagram—may not be the most inclusive approach particularly if you are trying to reach makers who may not yet have a digital marketing strategy.

2. Networking is critical in Austin to make it as a craft business. Attendees debated the divisions created by labels (ethnicity, gender, and training) as well as how to identify—as a maker, business owner, designer—and the importance of community to combat the isolation and challenges of “imposter syndrome.”

3. Other costs related to health insurance for independent makers, the cost of a workspace and eco-friendly materials pose challenges. Solutions like a shared workspace for makers would reduce this burden and allow for higher spending in other areas of business (labor and materials) and simultaneously support community building within the craft sector.
San Antonio, Texas

San Antonio has an active creative economy that has increased more than 20% since 2017 with employment within the sector increasing by more than 7.2% between 2016 and 2018. Today, nearly 27,000 people are employed in the industry.

Texas is the second most diverse US state, yet San Antonio is repeatedly ranked as one of the most economically segregated cities in the nation. Our snapshot of the maker community within that industry reveals the need for resources for makers to match pace with the growing pool of resources for other creative industries (e.g., culinary).

San Antonio’s maker community is more nascent than Austin with fewer resources, less opportunities to convene and/or sell product, and fewer available resources generally. Together these factors made it more challenging to identify makers we we recognized strong potential for growth.
Makers in San Antonio

Similar to Austin, the majority (95%) of maker businesses surveyed in San Antonio are owned by women who are on average slightly younger at 33.4 years old. Maker businesses in San Antonio are on average less established with 43% reporting to own an early-stage business.

Ethnicity Distribution

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caucasian or white</td>
<td>30%</td>
</tr>
<tr>
<td>African American or Black</td>
<td>20%</td>
</tr>
<tr>
<td>Hispanic or Latino</td>
<td>40%</td>
</tr>
<tr>
<td>Mixed Races</td>
<td>10%</td>
</tr>
</tbody>
</table>

Education Level Completed

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>College Level Courses</td>
<td>67%</td>
</tr>
<tr>
<td>Post Graduate Courses</td>
<td>27%</td>
</tr>
<tr>
<td>High School Graduate</td>
<td>7%</td>
</tr>
</tbody>
</table>
Focus Group in San Antonio

Small businesses joined for a open forum on crafting in San Antonio, as well. Key findings include:

1. San Antonio is experiencing a shortage of markets and fairs and makers do not travel to Austin because it’s challenging to know how to navigate the Austin market landscape.

2. Austin makers generally set higher price points for similar handcrafted product to compete in the Austin market. This makes traveling to sell at a San Antonio markets less attractive (customers will opt for the lower-price point for similarly product) and drains demand in the San Antonio area for a maker fair or market.

3. San Antonio is a familial community which can make it difficult to feel a sense of belonging if you are an immigrant or racial minority. Market opportunities that do exist cater to a certain “look” which forces some makers to turn to side markets that do not have competitive foot traffic.
Maker Profile: Blessed Designs

As the president of the Ethical Network of San Antonio, Sharmon Lebby advocates for ethical and sustainable business practices while encouraging others to think about their social and environmental impact. She does the same through her ethical fashion line, Blessed Designs, which sells graphic tees made from a hemp blend and accessories created using repurposed materials. Blessed Designs’ goal is to make pricing for sustainable fashion more accessible and sizing more inclusive.
Key Findings
The racial diversity of surveyed maker entrepreneurs speaks to the need for more intentional recruitment of diverse makers and possible deeper conversation around barriers to entry in addition to availability of resources that support makers of color in both cities.

**Comparison of the Racial Composition Compared to Area Population**

- **Caucasian or white**: Austin 51%, San Antonio 56%
- **African American or black**: Austin 16%, San Antonio 15%
- **Asian or Pacific Islander**: Austin 7%, San Antonio 9%
- **Hispanic or Latino**: Austin 14%, San Antonio 9%
- **Native American**: Austin 1%, San Antonio 0%
- **Mixed Races**: Austin 11%, San Antonio 10%
Race and household income were correlated across participating makers, with 31% of Latinx makers coming from lowest-income households (under $30,000) compared to only 12% of Caucasian makers. Additionally, 45% of Caucasian makers belonged to the highest-income households ($75,000 and higher) compared to only 25% of all minority makers including Latinx, Asian, and Black.

The median household income in Austin is significantly greater (31%) than San Antonio where majority of surveyed makers reported an average household income of $40,000 and under. In Austin, the majority of makers reporting an average household income of $55,000 and higher.

![Comparison of Median Household Income](chart)

The lowest-earning makers in our sample based on total household income earn, on average, less than the median household income in their community (based on zip code) This group, which represents 14% of respondents, is competing against more established peer businesses and steep market entry fees which creates a barrier to entry for makers who may still be early-stage and/or with fewer economic resources available.
The majority of makers are running mid-stage businesses and in most cases, are part of a two-income household (66%) and many (39%) hold at least one other job. Supporting access to financing is one of the top cited barriers to sustainable growth for business owners with 38% of leaders citing it as the most critical challenge. Similar trends in the handwork economy are seen across the US and even globally. The percentage of income from craft may represent 100% of a maker’s income but does not necessarily mean the business is profitable or the income is sufficient to live on.
Maker Profile: Social Justice Jewelry

Alaine Hutson blends social activism and jewelry to speak out against hate and discrimination. As an African American woman business owner, Alaine uses her business to help others build community and speak out about social injustice.
Craft and cottage industry production have long been a means to connect individuals to the local economy. Nearly a third (28%) of makers surveyed have been working at their craft for over a decade even though most (58%) have only just started using their craft as employment for themselves and others.

In Austin alone, small, local businesses in the creative sector has grown substantially, contributing more than $4.35 billion in economic activity annually and representing nearly 49,000 permanent jobs. San Antonio boasts a $4.8 billion creative industry. Not only are our maker businesses in both communities providing vital employment but the economic impact of increasing employment is significant.
Most of the individuals surveyed identified themselves as “MAKER” followed by “BUSINESS OWNER” and then “ENTREPRENEUR” and make a variety of products with many contributing across multiple product categories with the top three most popular categories mirrored between cities (Jewelry, Apparel, and Fine Art).
The vast majority (83%) of Austin and San Antonio makers sell products directly to consumer. This points to a potential opportunity for makers to expand to selling wholesale as there is less competition in the current market. However, at the time of this report, the global coronavirus pandemic is forcing many small businesses to reevaluate their sales strategy and further lean on direct-to-consumer sales in the face of business closures and social distancing guidelines. For this reason, the over emphasis on direct-to-consumer sales may be an asset.

Sales Channels

<table>
<thead>
<tr>
<th>Markets and festivals</th>
<th>Pop-ups and trunk shows</th>
<th>Independent Digital Storefront</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social Media/Instagram</td>
<td>Shared Digital Storefront</td>
<td>E-mail Marketing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Shared Physical Storefront</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Independent Physical Storefront</td>
</tr>
</tbody>
</table>
Maker Profile: Ino Scarf Boutique

Hatice O‘Leary sells scarves that she designs over Skype with her mom who is 83 and lives in Izmir, Turkey.

“Our scarf collection made us closer to each other although we are oceans apart. The creative process is so important these days, particularly in light of the coronavirus pandemic. It helps us to see and share the beauty in the world.”
As members of a traditionally creative field, many business owners in Austin and San Antonio are slow to apply a business lens to their home-based ventures. Connecting small-batch makers to the national marketplace is a complex problem, and the solution will fail if we cannot address barriers related to both supply and demand for handmade production. We hope to address this challenge by providing makers with training in the business operations (e.g., merchandising, pricing structures, and digital marketing strategy) needed to scale their small businesses sustainably and ultimately build profit-generating ventures that create new forms of employment for the community.

Despite the potential for Austin and San Antonio makers to benefit from local small business development programs, 41% of those surveyed felt connected to the business training resources available and only one in every three San Antonio makers know who to go to with questions about their business.
Local markets and fairs are the most commonly cited market access opportunity for makers in Austin and San Antonio with 89% reporting these as one of the most common and profitable sales channels in either city. Yet less than half (38%) of makers perceive their target customer as someone who actually lives locally.

Prohibitively high market costs as well as exclusive screening methods—e.g., the use of Instagram—as barriers to entry that may not represent the most inclusive approach particularly when makers do not have a digital marketing strategy, a commonly cited need.

More affordable fairs that have a lower barrier to entry would make participation more equitable for makers in the early stages of their business. There are a lot of opportunities for small businesses to showcase and sell their work but markets tend to be homogenous and insular making the need to encourage diversity and inclusion of utmost importance. Some markets in Austin, like #bossbabesATX and Frida Friday are already tackling this issue head on.
BUILDING AN INCLUSIVE MAKER COMMUNITY

While the public and private sectors see value in driving small business growth through investment in resources, training, and financial capital, the maker entrepreneurs and those from overlooked and isolated communities are left behind. They struggle to know where and how to secure capital investments or philanthropic support that will help sustain their business in its early stages and provide a platform to carry them through critical periods of growth.

Maker entrepreneurs in Austin and San Antonio have expressed feeling isolated, lacking the benefits of networking, collaboration, and a supportive maker community. Creative businesses in Austin and San Antonio can serve as the pathway for improving small business diversity. Representation at the decision-making level will provide better assurance of this.

Sense of Belonging within a Creative Community

Austin
- Agree or Strongly Agree: 69%
- Disagree or Strongly Disagree: 7%
- Neutral: 23%

San Antonio
- Agree or Strongly Agree: 37%
- Disagree or Strongly Disagree: 37%
- Neutral: 26%
Access to Resources

The following key insights were gleaned from conversations with local stakeholders to identify what was currently available to makers and where Nest could provide the most value to the community:

1. Training and education programs are predominately facilitated during the day when those who work day jobs cannot attend.

2. More affordable fairs that have a lower barrier to entry would make participation more equitable for makers in the early stages of their business.

3. Minimum employee requirements and other regulation for what constitutes a “small business” in these cities threatens to hold the creative industry back and deepens the disparity in terms of access to resources.

4. Rapid scale resources and coaching around investment are opportunities for increased resources.

5. Shortage of markets and fairs in San Antonio which drives makers to Austin where competition is high and leaves little demand for new markets back in San Antonio.
Impact of COVID-19

For businesses that paused or halted production, on average, 75% of production was impacted.

On average Makers United businesses are smaller than US businesses represented in the Nest Guild and appear to be more resilient, experiencing higher rates of paused or halted production but less overall projected loss in revenue.

- Percent of businesses who paused or halted production:
  - Makers United: 71%
  - US Guild Members: 80%

- Average decrease in overall sales compared to the same period in 2019:
  - Makers United: 70%
  - US Guild Members: 53%

- Average estimated loss in revenue in 2020 due to COVID-19:
  - Makers United: 56%
  - US Guild Members: 45%
Where We Go From Here

Nest’s main objectives for the Makers United Program and particularly the landscape analysis were to 1) gain critical insights into the maker communities in Austin and San Antonio; 2) understand the opportunities and challenges to growing this sector, and 3) bring visibility to underrepresented makers and the challenges they face.

Beyond landscape mapping, Nest plans to present a Local Resource Guide to include maker sales events and organizations and agencies that support local makers. These resources will be inclusive of maker spaces, local boutiques, education providers, membership organizations, training services, and financing access.

These and other insights highlighted in our report informed the design of capacity building workshops and market access strategies.

Nest’s Makers United Program was designed to help address the existing gaps discussed in this report; namely, inclusivity, business development support, and marketplace access that Austin and San Antonio makers seem to face. It is our hope that the findings of this report will help spur similar initiatives to strengthen the maker movement and its potential to generate wide-reaching, inclusive economic opportunity.

To learn more about Nest’s Makers United Project, please visit buildanest.org
Acknowledgments

MAKERS UNITED AUSTIN AND SAN ANTONIO
WAS GENEROUSLY FUNDED BY:

Hermès partnered with Nest to deliver workshops on Growing Online Sales and Brand Awareness and Storytelling to Makers United participants in Austin and San Antonio

Special thanks to program implementation partners:
eBay’s Retail Revival Program
Lily Trieu, Retail Strategist