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The Craft Subsector in Barbados **2015**

The Barbadian craft sector has evolved significantly throughout the years. In its infant stages the sector had the traditional cottage industry structure where artisans produced practical products for individual domestic use and later souvenir items for the tourist market, but has since shifted to factory-based operations producing goods for both the local and export markets. Today, tourists remain the primary target market for local artisans but the emphasis and focus of craft operators has extended beyond that traditional segment to include prospective clients both at home and overseas. Local craft operators have however failed to achieve the level of success in external markets as they have enjoyed at home.

The Crafts Industry is a creative sector producing traditional craft and functional wares for the informal and formal retail market. Though there is considerable potential that can be maximised, the sector continues to struggle to realise that potential and establish itself as a viable and vibrant economic sector for prospective entrepreneurs.

Research has shown that the tourist segment remains a captive market for craft, and there are possibilities for linkages with other sectors (hotel, fashion, furniture); however, many craft persons have been unable to realise significant benefits beyond limited production, retailing through craft fairs and exhibitions, and displaying products in the Pelican Craft Centre. This Centre, which was intended to be the leading shopping venue for crafts in Barbados, has itself been performing below expectations.

Global Trends

The global market for crafts items is quite extensive since 'craft encapsulates a wide range of products including the broad categories of 'gifts and accessories', and 'home accessories'. Global statistics for handicraft trade is difficult to estimate, however, based on the number of countries that have sought to harness the potential that exists in the sector, its huge economic and social importance is indeed evident.

Reportedly valued around US\$13.8 billion, the American crafts market is one of the largest and most important markets for craft in the world. Among its successful outputs, the US market is especially known for its unique and interesting creations, as well as those that have some strong historical component. The US market is surprisingly price-sensitive, and price per unit realised in this market tends to be lower than in other countries. In contrast for instance, German consumers tend to be more quality conscious, with emphasis on natural, authentic and high value handicrafts.

Several segments for growth within the craft sector as it pertains to the CARICOM Single Market & Economy that were identified in 2008 by the Caribbean Export still apply in 2010 and beyond:

- Cultural goods, spurred by growth in international tourism and an increased focus on interior decoration;
- "Global Style" products that combine ethnic elements with contemporary designs;
- Higher demand for recycled products
- Consumer preference for colour
- Increasing demand for pampering and personal care items
- Growing demand for high-end home accessories, particularly in Canada, Europe and the US.
- Emergent preference for products which are both decorative and functional, particularly in the category of home accessories and décor and products for the garden or outdoor living spaces.

Caribbean Export also noted that the market for gifts and decorative accessories is becoming increasingly fashion-oriented. Growth in tourism has fueled an increased demand for:

1. Cultural products
2. Decorative accessories for hotels and restaurants
3. Designer goods

4. Indigenous art
5. Unique and unusual souvenirs

Customization is becoming more important in this market. Some of the best selling items in craft markets globally are custom-made items with corporate identity, since these types of products give business companies an opportunity to present their identity in a creative form, while leveraging their in-house nation-building and corporate social investment objectives. This is an interesting and exciting trend that has emerged during the couple years.

Lastly, “eco-chic” has evolved as the mega-trend of the decade as more and more consumers are demanding planet-friendly products that are desirable, functional, and most of all pleasing to the eye.

Industry Overview

The limited data available on the sector does not allow for a very in depth review of its performance. However, it is evident that any increase in tourist traffic to the island during this time has not translated into an expansion of the craft sector. This has been exacerbated by the inability of local artisans to successfully integrate appropriate craft products, with their Barbadian uniqueness, into the growing tourism sector.

Employment

The BIDC's Employment and Investment Survey of manufacturing companies shows a total of ten active artisans at December 2015 employing a total of 106 persons – 22 males and 84 females. However it is accepted that this figure is not a true reflection of the total number of craft persons operating on the island since many artisans operate on a part-time basis.

Investment

Investment spending in this sector continues to fluctuate. In the BIDC-assisted firms surveyed, just over BDS \$86,990 was invested during 2015 compared to the BDS \$16,490 invested in 2014. Again because of the sector's unique structure, it is generally accepted that these wildly fluctuating values do not accurately reflect the true investment activity.

Exports

During 2015 the sector recorded the fourth consecutive decline in export earnings with exports valued at \$0.4 million, 21.0% lower than what was recorded during 2014.

The major export during the year was ‘Leather Articles’ all of which shipped to Canada. Analysis of the major exports over the last five years shows that the contribution to foreign exchange of the major exports within the handicraft sector has generally fluctuated over the last couple years, in some cases falling to negligible amounts. For example, Metal Ornaments exports which was as high as \$10,448 in 2011 fell as low as \$171 in 2013. During this current period, the majority of Barbadian craft exports were sold mainly to Canada and the US, and to a lesser extent, our closest Caribbean neighbours – St. Lucia, St. Vincent, Antigua and Grenada.

Imports

Craft imports are conservatively estimated at BDS \$14.8 million. Handbags, imitation jewellery and ceramics are the product groups registering the highest import values. It is worth mentioning that not all these products are actually “hand-made” crafts; however, trends in the data suggest implicitly that these items are highly demanded and there is therefore a substantial market for local craft persons to explore for further penetration. The main sources of these imports are the USA (BDS \$5.6 million), China (BDS \$2.8 million), and France (BDS \$2.1 million).

Constraints & Challenges

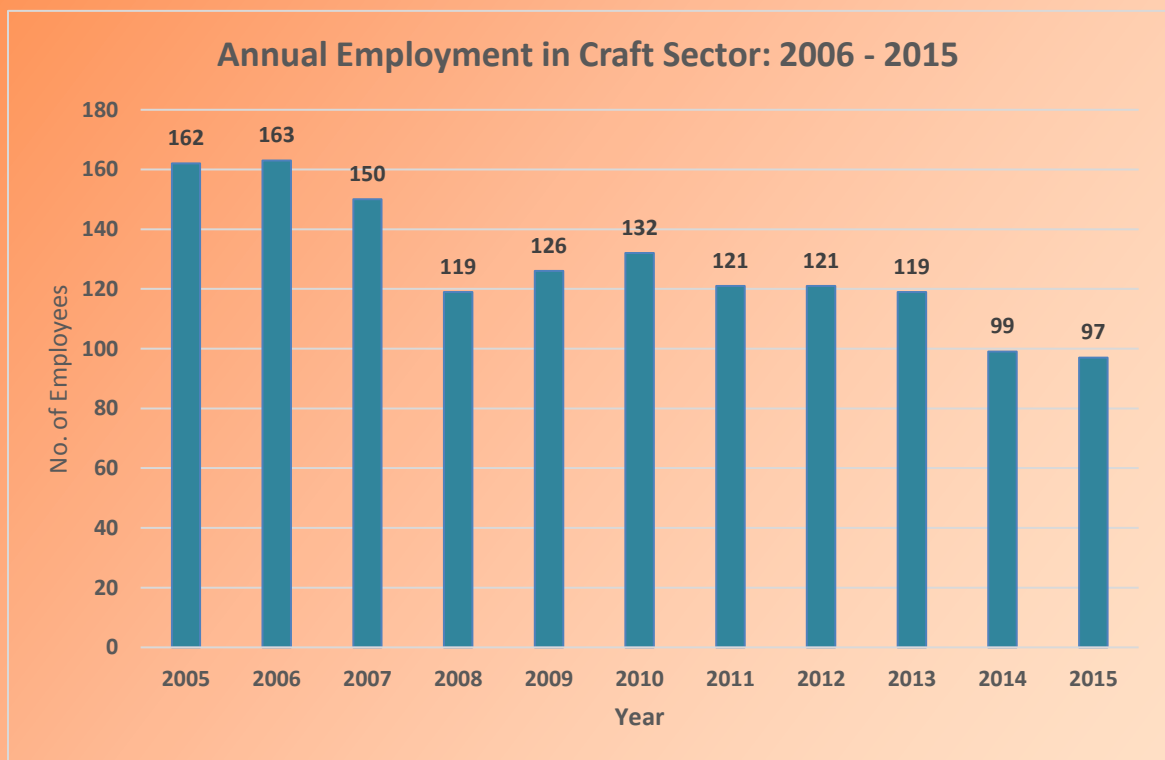
The number of craft persons fluctuates from year to year as several persons seek to make the leap from hobbyist to entrepreneur in the hopes of hewing success out of these efforts. For many of these artisans, growth is constrained by several factors, including high production costs, lack of adequate financing, limited design skills for innovation and product development; difficulty accessing appropriate and inexpensive raw materials; lack of adequate shelf space in retail outlets, inconsistent quality and intense competition from imported products. In addition to these problems, the craft sector also has certain inherent weaknesses that continue to hinder its progress. For example, the sector is confronted with:

- Lack of understanding of the role of product designers and product development and reluctance by some crafts persons to embrace product development therefore there is not enough creative talent in product designs.
- Insufficiency of certain raw materials and a decline of some local sources.
- Unrealised potential on a large scale.
- Inadequate recognition for crafts as an important area of economic activity.

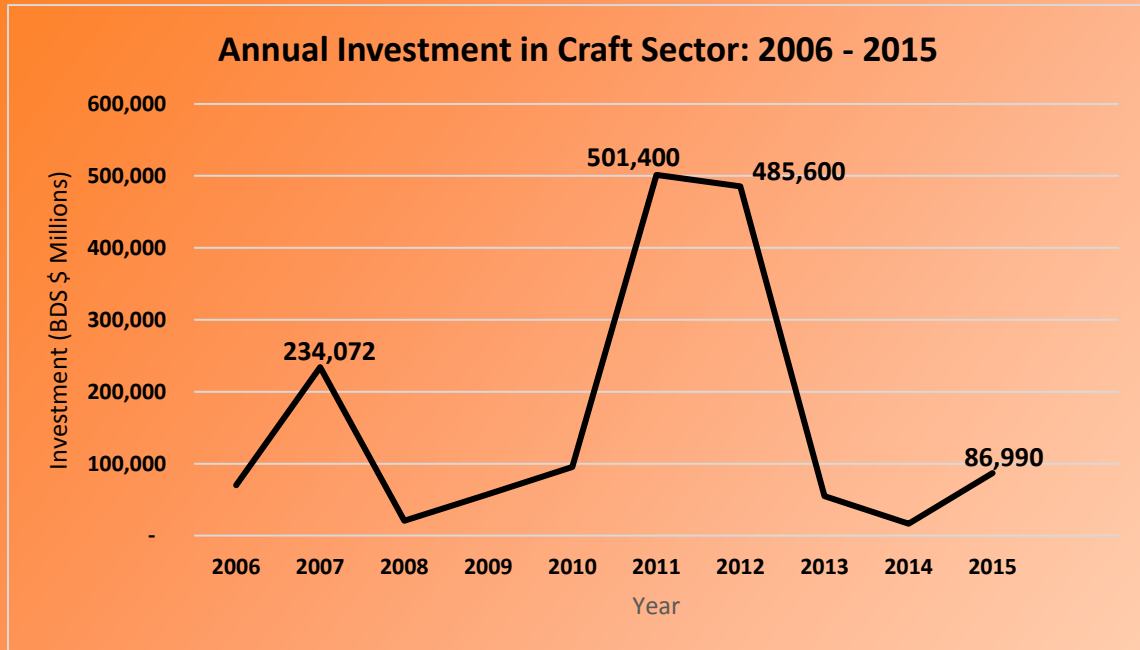
**Major Indicators
Craft Subsector**

	2011	2012	2013	2014	2015
No. of employees	121	121	119	100	106
No. of Males employed	36	37	36	24	22
No. of Females employed	85	84	83	76	84
No. of Enterprises	20	16	15	11	10
Domestic Exports (BDS\$M)	0.5	0.6	0.6	0.5	0.4

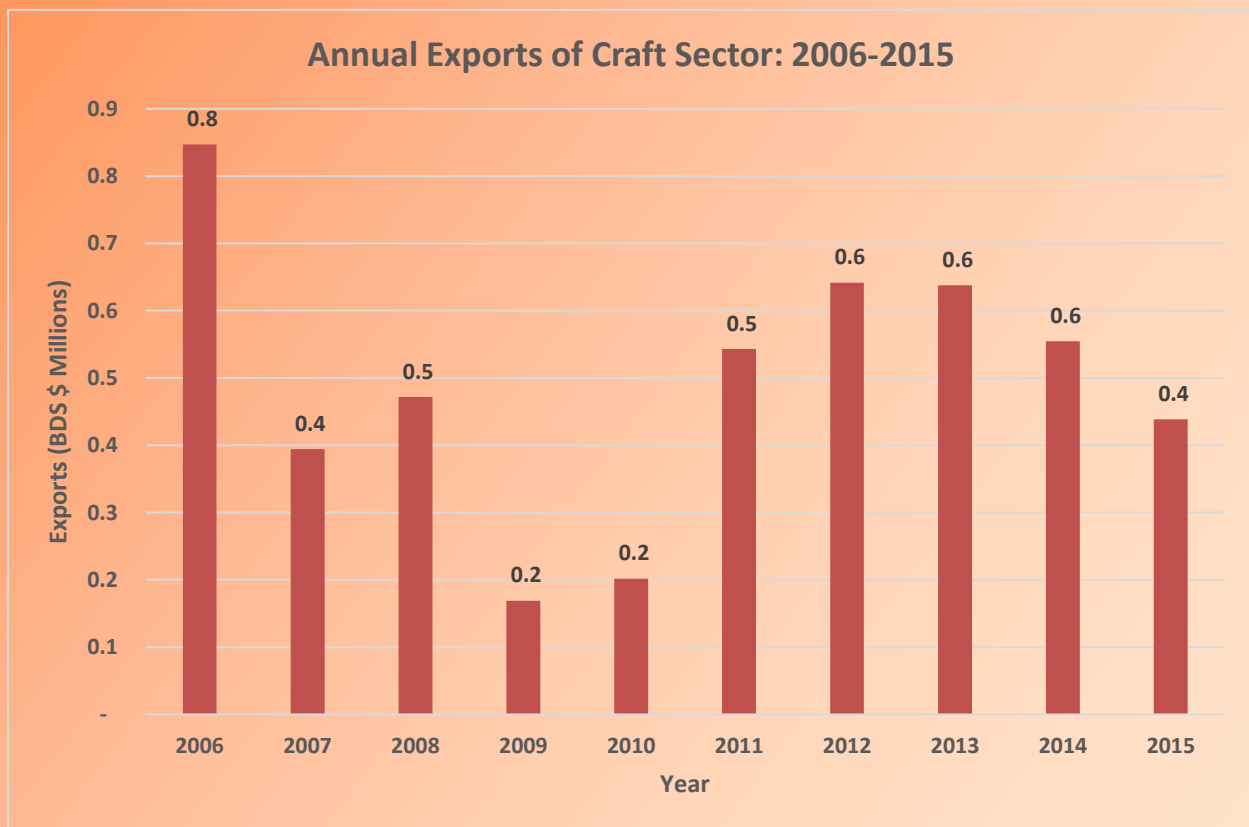
Source: BDC Employment and Investment Survey, Barbados Statistical Service



Source: BDC Employment and Investment Survey



Source: BIDC Employment and Investment Survey



Source: Barbados Statistical Service

Major Exports: 2011 – 2015

(BDS\$)

	2011	2012	2013	2014	2015
Ceramic Tableware	2,445	1,064	13,623	2,294	2,054
Handbags	6,399	36,492	21,657	55,124	14,505
Imitation Jewellery	2,952	8,717	821	2,004	3641
Metal Statuettes/Ornaments	10,448	11,941	171	221	1,200
Ceramic Statuettes/Ornaments	500	1,271	230	18,774	7372
Flags, Pennants & Banners	19,993	25,770	27,621	18,557	10,005
Collages & Decorative Frames	2,270	3,771	17,132	9,188	450
Leather Articles	310,042	435364	403,634	378677	389,920

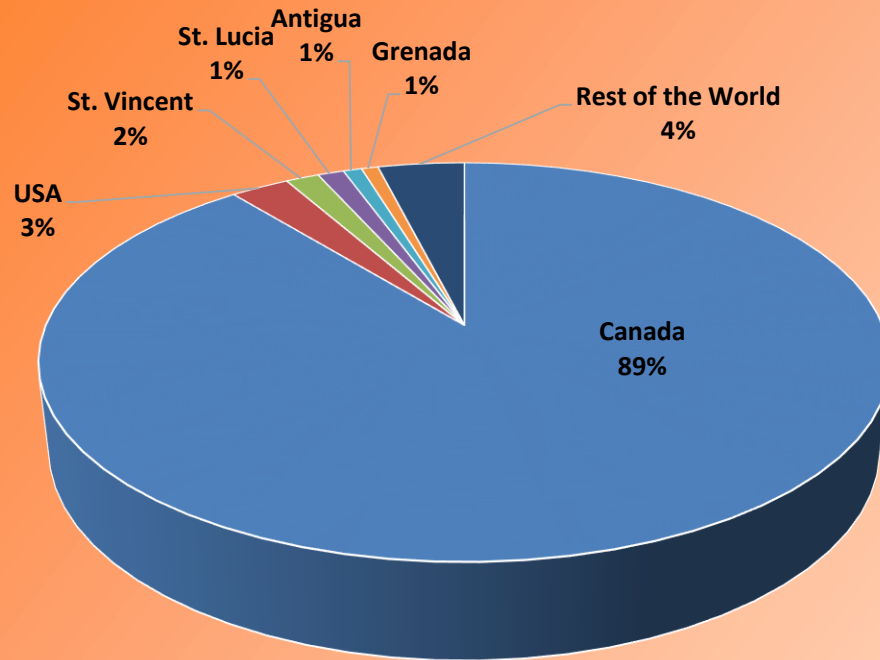
Source: Barbados Statistical Service

Competing Imports as at December 31st, 2015 (BDS \$)

Craft	Import Value
Leather/Patent Leather Handbags	\$3,421,505
Other Handbags	\$1,782,671
Imitation Jewellery of Metal	\$1,778,586
Ceramic Tableware/Kitchenware	\$1,297,235
Imitation Jewellery	\$1,290,687
Purses, Spectacle Cases & Wallets	\$1,199,947
Leather Belts and Bandoliers	\$600,821
Hats & Headgear	\$504,808
Statuettes of Ceramic	\$328,095
Flags, Pennants & Banners	\$324,689
Ceramic Household/Toilet Articles	\$185,810

Source: Barbados Statistical Service

Export Market for Barbadian Craft: 2015



Source: Barbados Statistical Service

- Lack of adequate marketing of products.
- Uncoordinated approach to marketing and inability to intercept opportunities.
- Informal networks and scale of operations.

Research has shown that in cases where craft producers place a great emphasis on 'tourist products' these products invariably are seen by consumers as lacking identity. Another handicap of repetitive reproduction of traditional designs and products is that it stifles innovation and creativity and limits the range of new products offered to very demanding consumers. Additionally, increasing imports of hand-crafted items could threaten the sector even further.

Among the plethora of constraints and challenges facing the local craft industry, a survey of the local producers revealed that their major concerns were mainly disappointing sales and market erosion from imported goods. The sector is also affected by the inability of operators to successfully integrate appropriate and unique "Barbadian" craft products into the growing tourism sector. In addition many of them are unable to adequately promote their craft as a branded product.

Above all else, one of the major challenges facing the local craft sector is the absence of a strategic focus. This certainly has implications for the continued growth and expansion of the sector. Out of this challenge therefore is an opportunity to identify a strategic approach for developing the craft sector holistically, addressing the major weaknesses and nurturing the potential that exist within the sector.

Emerging Opportunities

In addition to the strategic plan for the sector there is also an opportunity to enhance the performance of existing producers by exploring the viability of a common service facility to service the sector. This facility could be accommodated through a cluster initiative which is examined in greater detail below. It is also thought that there may be opportunities for utilizing underutilized raw materials like khus-khus grass, banana fibre, sheep skin, and coconut shell. The current global recession has negatively affected many businesses and has in a unique way opened the door for new and inventive things. This suggests that now may be the opportune time to create a paradigm based on innovation and upgrading rather than just continuing business as usual. This also creates an opportunity to undertake more research and expand the present design capacity. In

and development and expand the present design capacity. In addition, there are other opportunities for local producers and development agencies like the BIDC to consider such as:

Craft operators:

- Increasing market demand for authentic, exclusive and high-value Barbadian handcrafted quality products.
- Explore using recycled waste materials as a valuable cost-effective input.
- Improve knowledge/market information; global view of current fashion, interior design, product design to aid in product design.
- Balance uniqueness of indigenous value and cultural heritage with commercial value of product.

BIDC

- Establishing economic clustering through which small producers can cooperate to achieve economies of scale.
- Enhance creative skills in design and execution of design.
- Increase focus on technical training and skills development and transfer by lobbying Government support to introduce craft skills into the school curriculum.
- Introduce effective and affordable technological solutions to optimize performance and create sustainability.
- Strengthen the network of local partnerships to leverage marketing opportunities.
- Facilitate product development based on historical precedent – ensures authenticity in design and forefronting of cultural heritage.

Opportunities for local craft operators may also come in the form of greater access to training, marketing and exhibitions provided through local agencies such as the BIDC, BMA, the Crafts Council and even Caribbean Export. Implementing a credible quality mark could also enhance consumer confidence in the sector, and lastly, there exist significant potential for synergies with tourism, cultural and other creative industries.

Critical Success Factors

- Secure industry support.
- Secure adequate funding.
- Introduce product development initiative.
- Develop skills enhancement programme.
- Secure cooperation and integrated support of craft

- Secure cooperation and integrated support of craft producers and retailers.
- Develop and facilitate a long-term R&D strategy.

Cluster Initiative

The intention of this type of project is to involve various professional capabilities in the areas of design, technology, marketing and management along with external expertise; and synergise all these developmental activities to enhance the performance of producers within that cluster arrangement.

The goal of the cluster arrangement should be principally to empower artisans by making them active entrepreneurs/primary stakeholders so that they can upgrade their skills, acquire adequate infrastructure support and create centres of excellence through collective participation in the initiative and cooperation amongst themselves.

Outlook & Recommendations

The creative industries have been tagged by Government as the vehicle for greater economic diversity and sustainability in an economic environment that is increasingly becoming unpredictable and volatile. Embracing industries that fall outside the traditional boundaries is seen as a prerequisite for successfully riding the current of uncertainty that hangs over the more established 'engines of growth' like manufacturing and tourism.

Greater emphasis must be placed on further penetrating the tourist and local market niches and greater efforts made to increase exports of craft. The e-commerce initiative should allow for increased visibility and availability of Barbadian products in the export market.

It has been found that repetitions, lack of creativity and design knowledge, lack of competence in new designs or product development, has constrained the potential that exist in the sector and impacted on the quality of products offered to what is a very discerning consumer base. To foster a stronger and more positive performance of the sector, government through the BDC should seek to undertake several initiatives some of which should focus on:

- Training existing and potential artisans
- Research-led product development/production methods
- Utilising design and innovation to enhance product

- Utilising design and innovation to enhance product offerings
- Expanding the current market and implementing a hard core marketing strategy focused on branding "Barbados"
- Enhanced information sharing through workshops and seminars
- Educating local artisans in proper business skills and how to utilize appropriate technology
- Troubleshooting retail-related aspects of the sector

Recommendations for the strengthening and development of the sector would include:

- Implement cluster arrangement for selected Craft operators. Cluster development approach could be an ideal solution to promote the sector in Barbados. Clusters will provide round-the-clock infrastructure and common source facilities for developing handicrafts, besides being cost effective.
- Improve standards of creativity and innovation in the craft sector. Promote creativity through small grants to craft producers to facilitate innovation and experimentation with materials.
- Raise the profile of the sector – implement a full marketing and branding campaign to raise awareness of the sector.
- Explore the availability and utilization of additional raw materials.
- Cultivate a tourist craft market at Pelican through targeted promotional techniques.
- Improve the quality and value of locally crafted products; and explore the viability of establishing a design cluster to service the sector.
- Improve/bolster the operation of key craft suppliers through technical assistance. This in turn would impact positively on the sector's performance.
- Pursue joint promotional and entrepreneurial ventures, corporate alliances with other industries e.g fashion industry.
- Collaborate the BTA to promote cultural and creative tourism.