CRAFT FIRST PAPER

The Scope of the Craft Industry in the Western Cape

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Purpose and methodology

The purpose of this document is to provide an accurate and up-to-date assessment of the profile of the crafts industry and expected future trends, as part of the wider Western Cape Microeconomic Development Strategy process. It will inform the subsequent development of recommendations for interventions at a provincial level. The profile was developed through a review of existing reports, and supplemented by interviews with key role players in or related to the crafts sector.

Defining the crafts sector

Most sectors have in common the nature of their primary inputs and result in similar end products. In contrast, the crafts sector has in common the technique of handmade production. The Department of Trade and Industry's draft Customised Sector Programme is using the following definition of the crafts sector:

> *"The creation and production of a broad range of utilitarian and decorative items produced on a **small scale** with **hand processes** being a significant part of the value-added content. The production of goods uses a range of natural and synthetic materials."*
> - (ACTAG Report, 1994)

The crafts **value chain** includes design, provision of inputs, productions, services and distribution, retail and consumption. Value chain relations in the sector tend to be complex and contested, as producers do not necessarily have the skills to manage non-production activities such as distribution and marketing; intermediaries are often necessary, but resented, with perceptions of inappropriate distribution of margins within the value chain.

Materials, **specific techniques** and **product types** may vary significantly. Craft enterprises may use a combination of these materials, techniques and design styles to produce a range of products, rather than exclusively producing one combination. This results in far greater diversity than is contained in most other sectors. Craft products may also have very **different quality standards** and scales of production, and be positioned very differently within markets. **Market positioning** includes predominantly functional items, fashion-led items, gift and novelty items, corporate gifts, collectibles or Craft Art, souvenirs and socially responsible or fair trade items.

Those involved in the crafts sector also have very different **motivations**, including creative expression, entrepreneurship and profit generation, as well as survival, community development and poverty alleviation. This can create confusion of objectives and tension between divergent mindsets within the sector.

Current profile of the Western Cape crafts sector

Comprehensive and reliable information on the crafts sector is not readily available. However, the table below provides a summary of key statistics based on current estimates comparing the Western Cape and national figures[1].

[1] Sources: CCDI database, draft Customised Sector Programme of the Department of Trade and Industry, Crafts Sector Strategy workshop proceedings, October 2004

Table I: Key statistics for the Western Cape crafts sector

Category	CCDI producer database sample	Estimation for Western Cape*	Estimated national (% W.Cape of national
Number of producing enterprises	554	1,662	6,187 (27%)
Employment/ people engaged**	3,234	7,165	(15.1%)
Retail enterprises	216	348	580 (60%)
Retail turnover ***	-	R200m to R500m	-

*Based on the assumption that the CCDI database contains a third of enterprises in the crafts sector in the province.
** This is calculated based on estimates of #s of each enterprise type and average number of employees per enterprise type
*** Based on extrapolation from turnover of listed curio retail outlets in the province

All aspects of the crafts value chain are present within the Western Cape. However, retail is considered the dominant aspect of the value matrix (thanks to the large tourist presence and existence of a relatively affluent metropolitan area within the province), followed by production and design. Craft retail includes diverse product from across the continent and further afield and is primarily mid-to-high end, with the dominant forms of retail being commercial retail outlets, galleries and producer outlets.

Craft production is fragmented, with most producers operating on a micro or small scale. Production is oriented towards mid-to-high end pricing, with a very diverse product range. However, there is a dominance of homeware, fashion jewellery and accessories using textile, beads and ceramics, applying hand building, sewing and beading techniques with a contemporary design style.

Current interventions in the sector

Numerous national, provincial and local government entities and other support entities are currently involved in interventions that impact on the sector. Key implementation and funding entities are indicated below:

- *National* – the dti, Department of Arts and Culture, Department of Science and Technology, CSIR , Create SA/MAPPP-SETA, Department of Social Development, Department of Labour, DEAT, Arts Councils, National Lottery, National Development Agency, Umsobomvu Fund, DBSA, SA Heritage Resources Agency, National Research Foundation, Department of Public Works, Department of Enterprises and related state-owned enterprises
- *Provincial* – CCDI, Department of Economic Development and Tourism, Department of Arts, Culture, Sport and Recreation, Western Cape Cultural Commission, Wesgro
- *Local* – City of Cape Town, other LED programmes, universities (UCT, CPUT), schools
- *Other* – Donors (e.g. Ford Foundation, Kellogg Foundation, Aid for Artisans, Canadian International Development Agency) , NGOs and CBOs, private sector (e.g. Business Arts South Africa, Nedbank Arts and Culture Trust, Anglo American Chairman's Fund, Shuttleworth Foundation)

To date there has been inadequate coordination and diverse objectives (including heritage management, poverty alleviation and commercial enterprise development). These issues will be discussed in greater detail in the second report.

SWOT analysis

Strengths	Weaknesses
▶ Local design resources ▶ Relatively low barriers to entry ▶ Relatively diverse technical skills base ▶ Strong, growing and increasingly sophisticated domestic market ▶ Strong, diverse retail infrastructure, with some supportive retailers ▶ Home-based production ▶ Diverse product range that appeals to and services different markets ▶ Risk-taking intermediaries ▶ Proximity to export infrastructure ▶ Flexible production capacity ▶ Numerous craft producers run on commercial / entrepreneurial principles ▶ Potential financial viability ▶ Established experience and knowledge ▶ Established institutional support mechanisms	▶ Inadequate reliable baseline information on the sector ▶ Inadequate linkages with wider design skills ▶ Lack of information concerning the importance and application of design ▶ Lack of linkages between government and private sector initiatives ▶ Exploitation & suspicion ▶ Tendency to be supply rather than demand driven in production and interventions ▶ Lack of reliability in delivering on quality/brief/ budget/time ▶ Inadequate access to raw materials & enterprise finance ▶ Lack of market information ▶ Inadequate adaptability to current trends ▶ Lack of young people interested in craft ▶ Inadequate alignment of SMME support services to types of entities in the crafts sector and definitional confusion ▶ Weak advanced business skills and lack of interest by many craft producers in the "business" aspects of craft ▶ Fragmented interventions and funding sources ▶ Inadequate reach of interventions into rural areas of the province
Opportunities	**Threats**
▶ Sustainable livelihoods out of relatively low skills base and minimal capital input ▶ Consumer demand for handcrafted, unique, African-inspired products ▶ Corporate and government procurement demand – e.g. boutique hotels, new residential developments, boardroom furniture & accessories ▶ Scope for increased linkages and collaboration with related sectors in the province ▶ Design of handcrafted products that can improve quality of life ▶ Strengthening local fashion industry ▶ Numerous event-based marketing opportunities ▶ Available funding ▶ Opportunities in the local and international tourism markets ▶ Empowerment transformation of the sector, and resultant new energy and innovations ▶ Developing Proudly South African consumer awareness and purchasing ▶ Enabling environment (political will) ▶ Development of coherent policy framework and objectives ▶ African collaboration	▶ Individualistic mindsets of many crafters, inhibiting cooperation ▶ Creation of sustained negative perceptions because of orders not met, unreliable service etc. ▶ Potential high failure rates and rapid migration in and out of the sector ▶ Absence of clear and common objectives across all interventions in the sector ▶ Lack of an integrated approach to implementation of strategies and projects ▶ Developmental funding and grants tending to create "false economics" ▶ Cannot compete in export markets with other developing countries on volume, mass production and cost; also increase in import competition ▶ Replace of handcraft by industrialization and copying ▶ Weak intellectual property protection and extensive copying by competitors, in particular for collective IP

Conclusions and the way forward

Key **defining characteristics** of the Western Cape crafts sector include the following[2]:

- Strong retail and trade, with tourism and domestic consumption focus
- Relatively strong design resources within the province
- Relatively commercial orientation
- Contemporary design style and diverse product range, targeting higher-end consumers
- Diverse cultural influences
- Urban orientation and sophistication
- Proximity to strong export infrastructure (export agents, port, airport)
- Relatively established industry organisation and support structures such as the CCDI

Despite the absence of very accurate statistics on the sector, it is clear that it is making a meaningful **contribution to the provincial economy**, in particular in terms of enterprise development. It appears that the sector may be particularly important to women and new entrants to the formal economy as a "stepping stone" to other activities. It also has an impact in enhancing the attractiveness of the province as a destination by creating unique retail and cultural experiences.

It is likely that if all intervention in the sector was removed, the majority of developmental and grant-based projects would not be sustainable. However, many established commercial operations would likely continue to operate, but potentially with limited growth and transformation in terms of black participation in the sector. Employment and revenue generated would therefore be likely to decline or remain stagnant.

Further targeted and appropriate intervention (in particular within the small batch manufacturing component of the sector) would have the potential to significantly grow employment and revenue generated by the sector, but would be likely to require significant resource allocation in the medium term in order to be sustainable.

In terms of the way forward, this profile will inform the second report, namely the development of strategic recommendations for provincial government intervention.

[2] Sources include the 2005 Western Cape Provincial Manufacturing Technology Strategy Crafts Sector Report, interviews with the CCDI, dti and DAC

1 Introduction and purpose

The purpose of this document is to provide an accurate and up-to-date assessment of the profile of the crafts industry in the Western Cape and assess expected future trends, based on the available quantitative and qualitative information.

This analysis is conducted as part of the wider context of the Western Cape Microeconomic Development Strategy process. This profile will inform the second report, which will confirm the provincial vision for the crafts sector, develop a problem analysis of constraints and opportunities for the sector, identify gaps in current government interventions, and recommend additional priority interventions at a provincial level.

The emphasis of this profiling exercise has been on consolidation, targeted consultation and analysis. The profile was therefore developed through a review of existing reports, supplemented by interviews with key role players in or related to the crafts sector (*please refer to Annexures A and B for lists of documents and role players consulted*).

2 Defining the crafts sector

It is essential to explore the various elements that together define the crafts sector in order to understand what it has in common with other sectors and what makes it quite unique. These elements include what types of products are produced, why crafts products are consumed in various market segments, why individuals and enterprises become involved in the sector, as well as value chain relations.

2.1 Official definitions

Most sectors are defined by the nature of their primary inputs and result in similar end products. In contrast, the primary commonality in the crafts sector is the production process or technique i.e. that it is primarily a handcrafted process that involves a creative design element with limited or no mass production. In addition, craft often has an element of "functional art" and interpretation of heritage.

The Department of Trade and Industry's draft Customised Sector Programme is using the following definition of the crafts sector:

> *"The creation and production of a broad range of utilitarian and decorative items produced on a **small scale** with **hand processes** being a significant part of the value-added content. The production of goods uses a range of natural and synthetic materials."*
> - (ACTAG Report, 1994)

The Western Cape Provincial Manufacturing Technology Strategy has chosen to use the same definition, but with the removal of the term "small-scale".

2.2 The range of materials, techniques, styles and product types

Materials, specific techniques, styles and product types may vary significantly, as illustrated in the figure below. Craft enterprises may use a combination of these materials, techniques and design styles to produce a range of products, rather than exclusively producing one combination. This results in far greater diversity than is contained in most other sectors.

Materials

Examples:
- Raw natural fibres e.g. grass, reeds
- Textiles – natural and synthetic
- Other natural items – shells, semi-precious, and other stones,
- Clay
- Glass
- Fibre glass
- Wax
- Leather, fur/hides, bone, feathers
- Paper
- Paint
- Rubber, plastic and resin
- Wire and metal –pewter, silver, tin, copper, safety pins, etc
- Wood
- Recycled materials

Product type

Examples:
- Homeware e.g. bed and table linen, soft furnishings, furniture, wall hangings, pots, bowls, baskets, rugs and carpets, candles, candlesticks, crockery, glassware, pictures, mirrors, screens, sculptures, lights
- Jewellery e.g. necklaces, earrings, rings, belly rings, anklets, bracelets, cufflinks, pins/brooches
- Clothing and shoes
- Fashion accessories e.g. belts, scarves, bags, hair accessories
- Garden furniture and accessories
- Cards, notepads, albums, calendars
- Toys
- Figurines
- Christmas and other holiday/festive decorations

CRAFT PRODUCT

Design style

Examples:
- Traditional
- Culturally inspired
- Contemporary
- Fashion trend inspired e.g.
  - Colours
  - Patterns
  - Iconography
  - Themes
  - -

Technique

Examples:
- Carving
- Casting
- Decoupage
- Felting
- Hand-building
- Hand-painting
- Mosaic
- Needlework (beading, embroidery, quilting, crocheting, knitting)
- Sculpting
- Paper maché
- Pottery - throwing or coil work
- Weaving
- Welding

Figure 1: Elements combining to create a craft product

2.3 Market positioning and related drivers of purchasing decisions for consumers

Craft products may also have very different market positioning related to their quality, different scales of production and drivers of the purchasing decision for consumers. Craft producers are likely to specialise in one of these market positions, but may nevertheless be involved in more than one market niche with their different product ranges. Some illustrative examples of market segments and their characteristics are set out in the table below[3]:

Table 1: Indicative market positioning options for craft products

MARKET POSITIONING	CHARACTERISTICS
Predominantly functional items	*Quality:* Medium to high *Price point:* Medium *Types of retail outlets:* Homeware shops, department stores , garden centres *Scale of production:* Relatively large scale order fulfilment expected *Purchasing criteria:* Primarily purchased for functional characteristics and coordination with other household items, pricing relative to mass produced items
Fashion-led items	*Quality:* Medium to high *Price point:* Medium to high *Types of retail outlets:* Clothing and accessory retailers, department stores, boutiques, fashion houses *Scale of production:* Relatively large scale order fulfilment expected in most cases (may also be examples of production of once-off items as samples or "signature pieces" *Purchasing criteria:* Alignment with fashion trends and brand identity, pricing relative to mass produced items
Gifts and novelty items	*Quality:* Low to high *Price point:* Low to high *Types of retail outlets:* Markets, specialist gift stores, museum shops, homeware and department stores *Scale of production:* Smaller batch through to medium size orders *Purchasing criteria:* Emotive purchase, "story" linked to the product, coordination with other items not essential
Corporate gifts	*Quality:* Medium to high *Price point:* Low to medium *Types of retail outlets:* Primarily direct or online sales to corporate purchasing managers *Scale of production:* Medium to large, generally requiring customisation *Purchasing criteria:* Price, lead time from order to delivery, reliability, "story" linked to the product
Collectibles/ Craft Art	*Quality:* High *Price point:* Medium to high *Types of retail outlets:* Galleries, museum shops, producer outlet e.g. retail from studio *Scale of production:* Once-off or limited edition pieces *Purchasing criteria:* Uniqueness, creativity, familiarity with the artist, investment value
Cultural artefacts	*Quality:* Low to high *Price point:* Low to high *Types of retail outlets:* Markets, street traders, tourist outlets *Scale of production:* Small to medium-scale *Purchasing criteria:* Story behind the product, cultural affiliations (in cases where

[3] Adapted from draft Customised Sector Programme (2004) and HSRC report "The South African Crafts Sector" (2005)

MARKET POSITIONING	CHARACTERISTICS
	purchased by consumers with shared cultural heritage), perception of authenticity
Souvenirs/ Curios	*Quality:* Low to high *Price point:* Low to medium, some instances high *Types of retail outlets:* Markets, street traders, tourist outlets *Scale of production:* Small to medium-scale (mass produced curios may also be retailed through these outlets) *Purchasing criteria:* Association with travel experience
Socially responsible / fair trade	*Quality:* Medium *Price point:* Low to medium *Types of retail outlets:* Historically specialist fair trade outlets, increasingly also mainstream retail *Scale of production:* Small to medium scale *Purchasing criteria:* Social considerations are higher priority in purchasing decision than in other market segments, but price and style are still considerations

2.4 Motivations

Individuals and entities involved in the crafts sector have very different motivations. These include:

- Creative expression
- Entrepreneurship and profit generation
- Survival, community development and poverty alleviation

These motivations tend to result in different organisational forms, such as individual master craftsmen, projects, and small-scale manufacturers using handcrafting techniques[4].

This creates significant diversity in the sector, as well as confusion of objectives and tension between divergent mindsets within the sector. For those involved in the commercial aspects of the sector, it is difficult to establish reputations of professionalism. In contrast, those primarily involved in the sector for creative expression or developmental reasons may resist the pressure to respond to market forces and fashion trends.

These different motivations also create different modes of intervention by support organisations in the sector (government, donors, private sector, NGO and CBOs) with more extensive involvement in developmental efforts than tends to be found in sectors that are purely motivated by entrepreneurship and profit generation.

2.5 Value chain relations

An indicative value chain for the crafts sector is set out in the figure below:

[4] This analysis excludes hobbyists

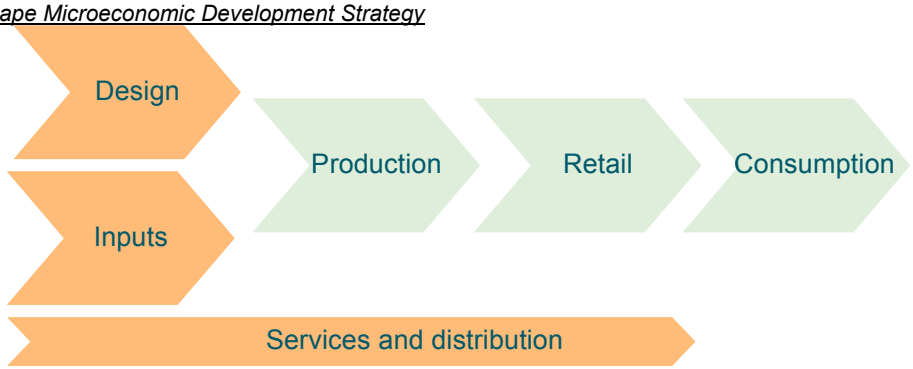

Figure 2: Proposed crafts sector value chain for the Western Cape[5]

Design is a core element of the crafts value chain. Without appropriate design and product development, craft may not be marketable. Design and inputs may interact to provide inspiration, or conversely design may dictate the required inputs. Design may either be conducted in-house by crafters themselves or by specialist designers.

Production can be at different scales, from once-off pieces through to small-batch manufacturing. Production may be home-based, project-based or in formal commercial premises.

Globally, the crafts sector has historically made extensive use of the **services of intermediaries and agents**. While many other sectors are in the process of trying to reduce the number of stages in their supply chains in order to become more cost-competitive (and are therefore reducing the role of wholesalers and distributors), intermediaries are still highly prevalent in the crafts sector. In many cases, they can play a vital role (in particular for exports) due to the following characteristics of the crafts sector:

- Many craft producers have strong creative skills, but limited business and market knowledge and/or interest; they therefore struggle to access markets or price their products appropriately
- Some crafters experience it as disruptive to the craft creation process to manage their own logistics and distribution; this is particularly the case for sole traders
- The small scale of production often requires consolidation in order to be more cost-effective and meet retailer requirements for order sizes
- In particular for project-based production, quality control and production process management might require input from a service provider, at least until internal capacity is developed

However, the role of intermediaries is often highly contested. Reasons for these concerns include the following:

- Craft producers are reluctant to share margins with intermediaries when they experience difficulty being price competitive and have small margins.
- There are allegations of exploitative practices, in particular in terms of the allocation of revenue and commission structures.
- Power relations may be unequal, in particular where producers are remote from markets or have inadequate understanding of business and market issues to challenge proposals put forward by intermediaries.
- Practices entrench these unequal relations, fail to build capacity and do not “demystify” business practices and market knowledge

[5] Adapted from the draft Crafts Customised Sector Programme prepared by the South African Department of Trade and Industry, 2005

Mark-up practices by intermediaries and retailers provide some indication of the accrual of value within the supply chain. For example, previous research by Kaiser Associates indicated the following mark-up bands within the UK market:

- Fair Trade Organisation (including intermediary functions): 300 – 400 %
- Importer: 50 – 100 %
- Wholesaler: 80 – 150 %
- Retail Chain: 200 %
- Departmental Store: 150 –400 %

3 Current profile of the Western Cape crafts sector

The section below provides both quantitative estimates and qualitative information on the current profile of the Western Cape crafts sector.

Notes on the limited availability of accurate information on the sector:

It is difficult to obtain accurate quantitative information about most elements of the sector. This has constrained the quantitative profiling of the sector. Comments on the potential data sources are provided below:

- *Stats SA* : The handcraft sector is not disaggregated in official sectoral statistics for employment and revenue (the "craft" category that is found within official statistics is a much wider category of artisans including builders)
- *SARS:* Many craft enterprises are not registered as tax payers, and customs & excise export statistics, which are aligned with the Harmonised Standards (HS) coding system, do not record handcrafted items separately from manufacturing items in almost all products (one exception of hand-woven carpets)
- *MAPPP-SETA:* Very few craft enterprises have registered with the SETA, and most are not required to register as they fall under the threshold
- *Regional Service Council levies records*: Companies are not necessarily categorised as craft producers (they may be categorised under other manufacturing sectors or community services), while sole traders may not have registered their premises for business purposes

In the absence of accurate information from these sources, the *Cape Craft and Design Institute* (CCDI) database has been used as the primary source from which statistical information has been extrapolated[6]. However, the database also has its limitations as a data source, as it is estimated to capture only a quarter to a third of enterprises in the sector, and has primarily been designed to capture contact information rather than for research purposes. These data limitations mean that it is not possible to accurately determine the scale of the sector's enterprise numbers, employment and revenue, as well as historical and future growth rates. Indications have therefore also been obtained where possible from industry experts.

Fortunately, qualitative information is more readily available thanks to reports prepared over the past 10 years and input from experts and role players. This qualitative information is vital for assessing dynamics within the sector including strengths and opportunities, and therefore informs the most appropriate interventions.

[6] In the absence of similar databases in other provinces, rough estimations have been made based on estimates by those involved in the sector and relative estimations compared to the CCDI figures.

3.1 Overview of activity within the crafts value chain in the Western Cape

There is activity within all aspects of the crafts value chain within the Western Cape, namely design, provision of inputs, production, services and distribution, retail and consumption. Retail is considered the dominant activity within the value chain within the province, followed by production and design.

3.1.1 Design

(*See also the section on linkages to the design sector*)

The Western Cape's craft design style is considered diverse and contemporary in comparison to many other provinces, thanks to its multi-cultural heritage and primarily urban orientation.

It is estimated that the majority of product design work is taking place in-house by owner-managers or by people employed for that purpose within larger operations. Until recently, the majority of product developed in the Western Cape was not highly aligned with current market style trends. This has changed to some degree in recent years through the activities of the CCDI, retailers and other intermediaries.

3.1.2 Inputs

It is estimated that there are 75 suppliers of crafts inputs in the Western Cape, compared to 436 nationally[7]. Given the diversity of inputs into the sector, this is a relatively concentrated supply base. The primary materials used by enterprises in the CCDI database are provided in the table below.

Table 2: CCDI producer database sample: primary inputs

Primary raw material	Number of enterprises
Textile	162
Beads	130
Ceramics	82
Wood	57
Paper	49
Natural Material	47
Leather	38
Metal	36
Wire	31
Glass	28
Plastic	21
Paint	19
Recycled	17
Wax	14
Tin	11
Semi-precious stones	2
Other	84

[7] Source: the dti, December 2004, final version pending (expected September 2005)

The percentages for these primary materials are illustrated in the chart below[8]:

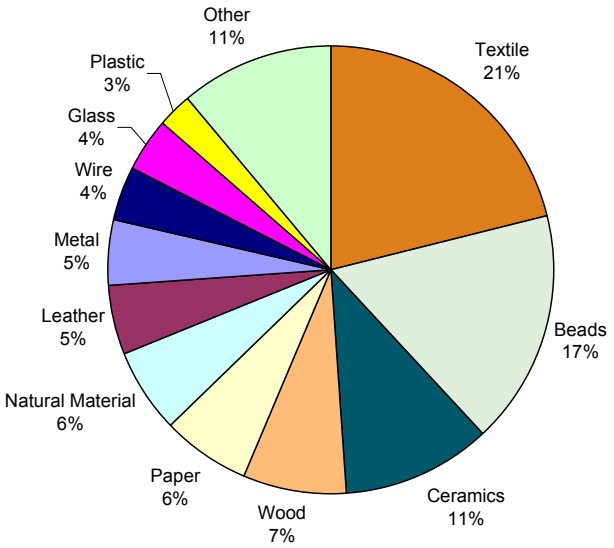

Figure 3: Raw materials used by the crafts sector in the Western Cape

The category "other raw materials" in the figure above includes the following:

- Paint
- Recycled material
- Wax
- Tin
- Semi-precious stones

In some cases, inputs can be crafted in their own right and provide additional opportunities for crafters e.g. handmade beads, textiles and paper.

The cost-effective purchasing of inputs in the Western Cape, as in many other areas, is inhibited by the limited purchasing power of small craft enterprises. In addition, many inputs are imported and are therefore subject to currency fluctuations and, in some cases, tariffs (as indicated in the table below).

Table 3: Current import tariff rates on key inputs

Input	HS Product code e.g.	Current import tariff range (%)
Textiles	5007-- 5101-- 5203-- 5208-- 5402-- 5501--	SADC countries: 0%-18% EU countries:0%-22% MFN countries: 0%-22%
Glass beads	701810	SADC countries:13% EU countries: 20% MFN duties: 20%:
Tanned leather: (bovine, equine, goat, sheep, swine, reptile, other)	4104-- 4105-- 4106-- 4107--	SADC countries: 0% EU countries: 0 -10% MFN duties: 0- 10%:

[8] CCDI producer database as at April 2005; crafters may use more than one material – only the input selected as the primary input is reflected in the table.

Input	HS Product code e.g.	Current import tariff range (%)
Wire (steel & copper)	7217-- 7314— 7408--	SADC countries: 0% EU countries:0%-5% MFN countries: 0%-5%

Concerns have also been raised by some crafters about monopolistic practices and market dominance by wholesalers of specific inputs, and difficulties in competing for inputs with mass production sectors (e.g. textiles, leather, and metal).

3.1.3 Craft production/creation

A large proportion of production is on a micro or small scale, with only a few medium sized operations. Production is an assortment of home/studio-based, project-based and formal commercial premises. The opportunity for home-based production can be advantageous for the participation of women in the crafts sector, given inadequate childcare facilities and expense of public transport in the Western Cape. On the other hand, this may limit the participation of these women in other business activities beyond production that cannot take place at home e.g. marketing.

The product range produced in the Western Cape craft sector is very diverse. However, it is estimated that the dominant product types include homeware, fashion jewellery, and ceramics, as indicated in the table below from the CCDI database sample.

Table 4: CCDI producer database sample: product types

Product	Number of enterprises
Jewellery	178
Fashion accessories - bags, belts, hats, etc.	167
Vessels - bowls, vases, bottles, etc.	135
Linen, curtains, cushions	133
Clothing and shoes	114
Tableware	94
Pictures and artwork	89
Lights, lamps, candles	88
Decorations	85
Frames, mirrors, wallhangings, screens	46
Other	201

The “other” category in the figure above includes the following:

- Cards, notes, albums
- Furniture
- Sculptures
- Other homeware - doorknobs, coat hooks, bathroom and desk accessories
- Toys, dolls and games
- Throws, quilts, blankets
- Rugs and mats
- Musical Instruments/drums
- Signs
- Clocks

The percentage share of the above ten product clusters within the CCDI sample is illustrated in the chart below:

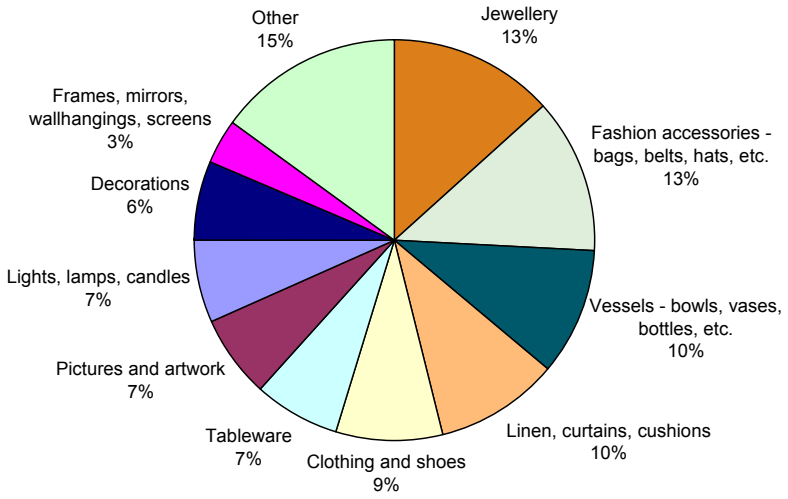

Figure 4: Product range produced by crafters in the Western Cape

The dominant production techniques, based on the CCDI database sample, are hand-building (which may cover various hand assembly techniques), sewing and weaving (as indicated in the table below).

Table 5: CCDI producer database: primary techniques used

Primary technique	Number of enterprises
Hand-building	273
Sewing	127
Beading	116
Hand-painting	52
Hand-throwing	20
Weaving	17
Decoupage	12
Embroidery	11
Screen-printing	11
Hand knitting	7
Other	38

In summary, production can be characterised as follows:

- **Mid-to-high end pricing**
- **Dominance of homeware, fashion jewellery and accessories**
- **Using primarily textiles, beads and ceramics**
- **Applying hand building, sewing and beading techniques**
- **A contemporary and multi-cultural design style**

While no objective and reliable estimates **of historical growth in crafts production** in the province are available, expert opinions from role players indicate that there has been growth in the past 10 years.

Further detail on the enterprises, employment and ownership within crafts production in the Western Cape are included in the remainder of Section 3.

3.1.4 Services, marketing and distribution

Marketing and distribution services are estimated to be relatively under-developed in the Western Cape. These services are conducted by, amongst others, commercial intermediaries, retailers, developmental service providers (government and other) as well as in-house service providers in larger craft operations.

In the Western Cape, there is no comprehensive database of intermediaries, agents and service providers[9]. However, indications are that in many cases they are linked to retailers and export agents.

The Western Cape has not escaped the global phenomenon of contestation of the role of intermediaries (see also Section 2.5) This has been exacerbated by the fact that historically there has been some racial polarisation whereby white individuals typically served as intermediaries and service providers for black producers.

A large proportion of informal traders may be operating in the "second economy", and face barriers to market entry because of inadequate provision of basic services, such as transport and communications. Research conducted by the CCDI has found that the proliferation of mobile telecommunication has improved access for producers in township areas, with over 80% of craft enterprises in these areas having access to a cellphone. However, landlines and computer facilities are less prevalent across many of the smaller producers across province, and create barriers to market participation.

Marketing activity to date has been relatively fragmented in the province. The diversity of craft product and design styles has created challenges in developing a recognisable "Western Cape Craft" identity, linked to the South African brand identity.

Exhibitions and expos are an important source of marketing that provides crafters with an opportunity to showcase their products and develop relationships with retailers both domestically and internationally. Events that have been used as marketing platforms to date include the following:

- "Beautiful Things"
- Design Indaba
- Decorex
- The South African International Trade Expo (SAITEX)
- Craft Imbizo
- Rooms On View
- Homemakers Expo and Cape Homemakers Expo
- The Christmas Gift Show

3.1.5 Retail

Types of retail outlets

As indicated earlier, retail is considered a relative strength of the Western Cape craft value chain, thanks to the large tourist presence and existence of a relatively affluent metropolitan area within the province. Types of retail within the province include the following:

- Direct retail by producers
- Craft and flea markets and festivals - the Western Cape has the highest number of town festivals of any province
- Street vendors
- Specialist outlets and boutiques

[9] The City of Cape Town Export Trade Directory has some related entries, and the CCDI has an informal and non-exhaustive list which it aims to develop into a more comprehensive database.

- Wholesaling and agents
- Galleries and museum shops
- Mainstream retailers e.g. homeware

The CCDI is in the process of completing a retail survey for the Western Cape. While data capturing is not complete, initial high-level analysis, as summarised in the graph below, shows the following proportions of retail types within the 216 completed responses:

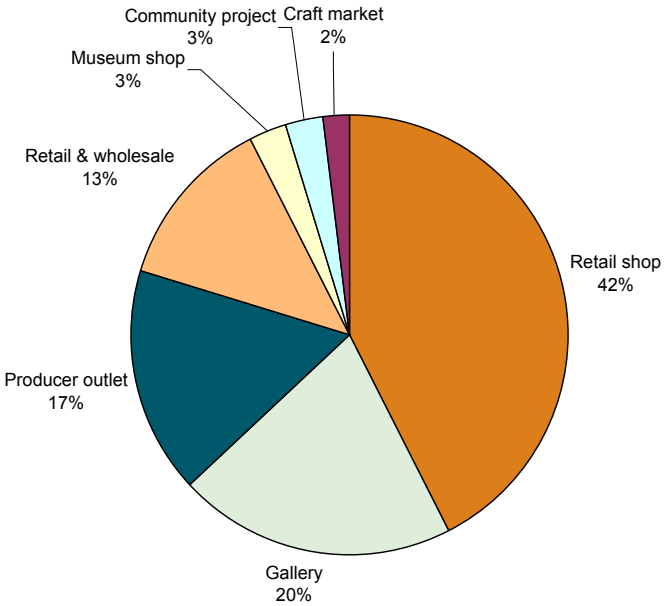

Figure 5: Types of retail outlets in the Western Cape

Origin of product retailed in the Western Cape

It has been estimated in reports on the industry that the majority of the Western Cape producers retail in the Western Cape, due to lack of market information[10]. There are exceptions to this, such as participation in crafts festivals elsewhere in South Africa (for example, in 1998, most traders at the Grahamstown festival had travelled from the Western Cape), and established exporters.

However, numerous reports have estimated that many retailers in the province predominately sell product that does not originate in the Western Cape. The initial findings of the retailer survey underway by the CCDI (as illustrated in the graph below) do show some retailers who stock no or limited Western Cape product, but a majority that carry 50% or more of Western Cape product (it is possible that the returned surveys are skewed towards those that are supportive of Western Cape craft). This would imply that there might be significant opportunities for expansion of Western Cape production to meet this retail demand, if retailer requirements can be met.

[10] Western Cape Provincial Manufacturing Technology Strategy Crafts Sector Report draft, 2005

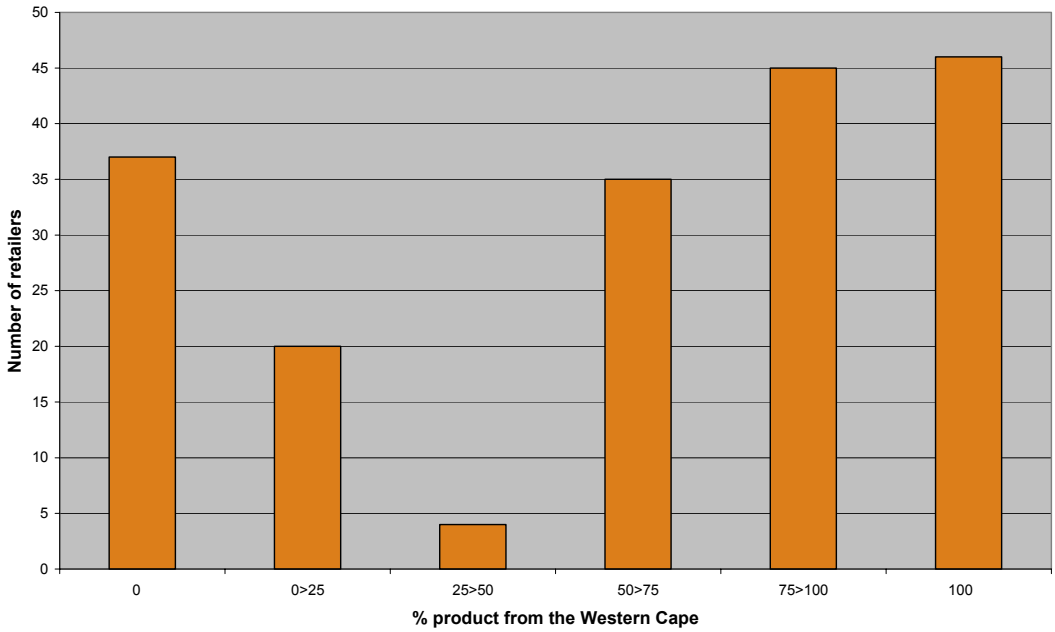

Figure 6: CCDI retailer survey responses: % of stock originating in the Western Cape

Retail market positioning and product range

Within this survey**, just over half of the retailers define themselves as exclusive or upmarket,** only 15% as mid-range, none as budget and 42% as "various".

The vast majority of retailers surveyed responded that they **stock a diverse range of craft product rather than a specialised product range**, as indicated in the table below.

Table 6: CCDI retailer survey responses: product focus

Input	# retailers	% total
Homeware & decor	11	5%
Novelties and gifts	3	1%
Tourist / curios	11	5%
Jewellery and fashion accessories	14	7%
Art / Craft Art	29	13%
Traditional / cultural	2	1%
Various	146	68%
TOTAL	216	100%

11 of the retailers surveyed reported that they **also serve as craft exporters**. However, this is not an exhaustive indication of export agents operating in the sector, as only retailers were targeted for the survey.

Retail turnover

Previous estimates of **turnover** for the Western Cape crafts sector were R100 to R170 million per year[11]. However, this figure may be far higher. While most craft retailers are not willing to disclose their turnover figures, some figures are available from listed tourism companies that have curio retail subsidiaries. For example, the turnover of the crafts and

[11] Audit of crafts in the Western Cape, 2000

curios retailing arm of Tourvest, Tiger's Eye, is in the region of R350 million a year. Tourvest estimated that the Western Cape contributes 50% of the total turnover of Tiger's Eye (i.e. R175 million), which would indicate that the turnover of this company alone would exceed past estimates for the Western Cape. Tiger's Eye estimated that it accounts for approximately 18% of craft retailing activity in South Africa (making the national estimate between R1.9bn and R2bn).

As an example of a project-based entity's annual revenue, the Living Landscapes Community Project in Clanwilliam (which also includes education and training, book sales, rock art guiding, catering and accommodation) generated R 64 019 from crafts sales in 2004, which accounted for approximately 21% of its revenue.

Exports

Exports are estimated to be a small proportion of total production. CCDI estimates that around 25 of the 554 producers on their database are exporting.

3.1.6 Consumers

No accurate craft consumption statistics are available. The majority of consumers of Western Cape handcrafted product are thought to be tourists (*please also refer to the section on linkages to other sectors, including the tourism sector*). However, there appears to be a gradual increase in domestic consumption, including homeware purchases (for example, the recent Conran Africa initiative through Woolworths resulted in turnover of approximately R3.5 million in one season)[12].

3.2 Enterprises

3.2.1 Producing enterprises

The table below shows the rough estimates of the number of craft producing enterprises in the Western Cape compared to other provinces. These estimates are now being used nationally as indicative figures for baseline purposes. Western Cape numbers have been extrapolated from the CCDI database as at April 2005, while other province's figures were based on rough estimates by role players in the National Crafts Workshop in 2004.

Table 7: Estimated number of enterprises operating in the crafts sector

Province	Rough estimates of # producing enterprises	% of national
Eastern Cape	400	6%
Free State	250	4%
Gauteng	1200	19%
KwaZulu-Natal	1500	24%
Limpopo	500	8%
Mpumalanga	500	8%
Northern Cape	75	1%
North West	100	2%
Western Cape	**1662**	27%
National	**6187**	100%

[12] This government-supported initiative was jointly developed with Conran and Woolworths, with extensive product development and order fulfilment support.

There are various potential **categorisations** for the **diverse organisation types** that are involved in crafts production.

- The national Crafts Strategy Workshop used the following categories[13]:
  - ***Informal**:* Unregistered, home-based businesses that generate a profit
  - ***Sole traders***: Individuals registered as provisional tax payers
  - Co-operative: A registered group of people that co-operate and share the revenue equally
  - ***Project-based**:* Grant funded community-based organisations, non-profit organisations and projects that have a developmental objective
  - ***Small batch manufacturers**:* Registered businesses that produce craft within a competitive market

- The draft Customised Sector Programme (CSP) uses the following categories which are not defined in a mutually exclusive way in terms of employee numbers:
  - Co-operative based
  - Project based
  - Small batch manufacturing
  - Sole trader & informal

- The official legal definition of SMMEs in the manufacturing and community services sector terms of the schedule attached to the National Small Business Act, Schedule A and amendments (which are expected to be updated shortly) **is as follows:**
  - In terms of the National Small Business Act, a "'small business' means a separate and distinct business entity, including co-operative enterprises and non-governmental organisations, managed by one owner or more which, including its branches or subsidiaries, if any, is predominantly carried on in any sector or subsector of the economy mentioned in column I of the Schedule and which can be classified as a micro-, a very small, a small or a medium enterprise by satisfying the criteria mentioned in columns 3, 4 and 5 of the Schedule opposite the smallest relevant size or class as mentioned in column 2 of the Schedule" (extract of amended schedule below)

Category (Column 2 in Schedule)	# Employees (Column 3 in Schedule)	Turnover (Column 4 in Schedule)	Gross asset value (Column 5 in Schedule)
Manufacturing			
Micro	5	R0.2m	R0.1m
Very small	20	R5m	R2m
Small	50	R13m	R5m
Medium	200	R51m	R19m
Community, social and personal services			
Micro	5	R0.2m	R0.1m
Very small	20	R1m	R0.6m
Small	50	R6m	R3m
Medium	200	R13m	R6m
Cooperative			

- The Draft Co-operatives Bill which is currently being finalised defines a co-operative as follows:

[13] October 2004

"an autonomous association of persons united voluntarily meet their common economic and social needs and aspirations through a jointly owned and democratically controlled enterprise organised and operated on co-operative principles ..

3. (1) For the purposes of this Act, a co-operative is deemed to comply with co-operative principles if—
(a) membership of that co-operative is open to persons who can use the services of that co-operative and who are willing and able to accept the responsibilities of membership;
(b) in the case of a primary co-operative, each member has only one vote;
(c) to the extent feasible, members provide the capital required by that co-operative;
(d) the return paid on member capital is limited to the maximum percentage fixed in accordance with the constitution of that co-operative;
(e) any surplus arising from a co-operative's operations is used—
(i) to develop its business;
(ii) to provide or improve services to members;
(iii) to provide for reserves to be set aside in a reserve fund, a part of which must not be divisible amongst the members;
(iv) to provide for the payment of interest on member loans or on membership shares;
(v) for community welfare or the promotion of co-operative enterprises; or
(vi) as a distribution amongst its members as a patronage return; and
(f) it provides education and training to its members and employees in the principles and methods of co-operation and in all fields relevant to the operation of a co-operative.

(2) Despite subsection 1(a), the constitution of a co-operative may restrict the persons eligible for membership if the restriction—
(a) reasonably relates to the business of a co-operative set out in its constitution and to the commercial ability of a co-operative to provide services to prospective members; and
(b) does not constitute unfair discrimination.
(3) Despite subsection (1)(b), the constitution of a secondary or tertiary co-operative may provide that the members have more than one vote.

Forms and kinds of co-operatives
4. (1) This Act provides for the registration of the following forms of co-operatives:
(a) a primary co-operative;
(b) a secondary co-operative; and
(c) a tertiary co-operative.
(2) Without limiting the number and variety of different kinds of co-operatives, a co-operative registered in terms of this Act may be, but is not limited to, a—
(a) housing co-operative;
(b) worker co-operative;
(c) social co-operative;
(d) agricultural co-operative;
(e) burial co-operative;
(f) financial services co-operative;
(g) consumer co-operative;
(h) marketing and supply co-operative; and
(i) service co-operative."

The table below provides estimates of the proportions of types of enterprises in the Western Cape compared to other provinces based on the CSP definitions, as these are the only

figures available[14]. The Western Cape figures are based on the ratios of enterprises captured in the CCDI database. However, this ratio can not automatically be assumed to be representative of all producers in the province. Based on these estimates, indications are that the Western Cape has a higher proportion of sole traders, as well as a lower proportion of developmental projects, than any other province.

Table 8: Types of enterprises in the crafts sector

Province	Developmental		Commercial	
	Co-operative based (#) % total	Project based (#) % total	Small batch manufac-turing (#) % total	Sole Trader & Informal (#) % total
Eastern Cape	(8) 2%	(100) 25%	(60) 15%	(232) 58%
Free State	(25) 10%	(62) 25%	(100) 40%	(63) 25%
Gauteng	(0) 0%	(300) 25%	(360) 30%	(540) 45%
KwaZulu-Natal	(225) 15%	(375) 25%	(150) 10%	(750) 50%
Limpopo	(25) 5%	(350) 15%	(25) 20%	(100) 60%
Mpumalanga	(0) 0%	(100) 20%	(125) 25%	(275) 55%
Northern Cape	(4) 5%	(11) 70%	(15) 5%	(45) 20%
North West	(1) 1%	(20) 20%	(10) 10%	(69) 69%
Western Cape	**(0) 0%**	**(199)12%**	**(366) 22%**	**(1097) 66%**

An indication of the **age of enterprises** on the CCDI database as of April 2005 is shown by the figure below:

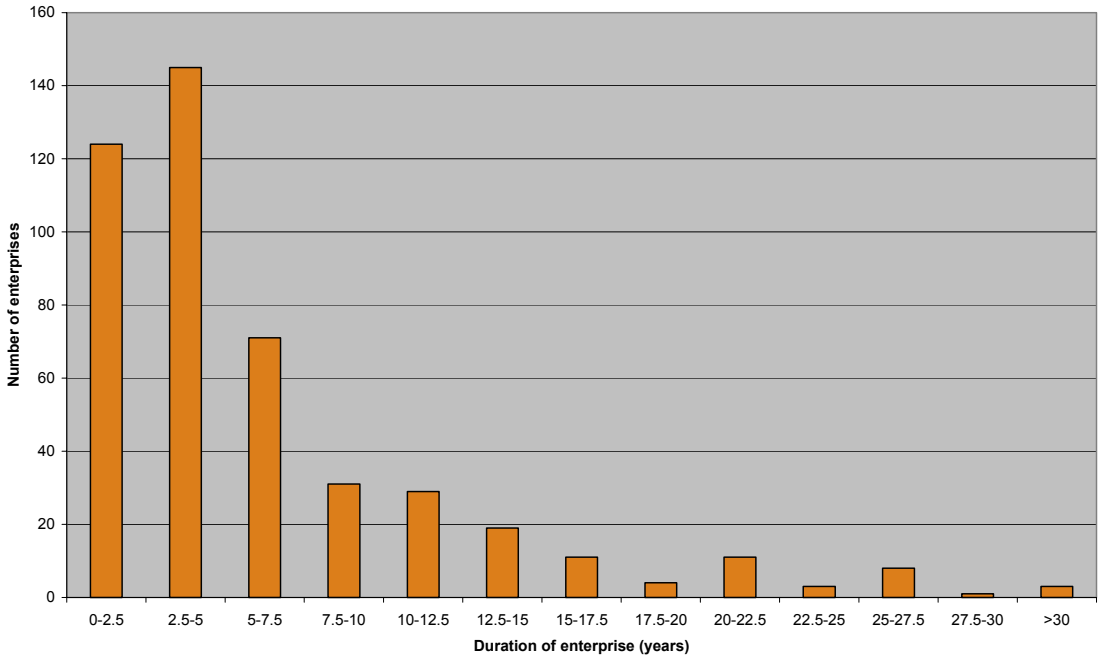

Figure 7: Length of establishment of enterprises registered on CCDI database

[14] Adapted from draft Customised Sector Programme, Western Cape figures updated from CCDI producer database as at April 2005.

The majority of enterprises in this sample are less than 5 years old. This trend could be related to numerous reasons (which cannot be confirmed), including:

- There may be a high failure rate of enterprises, which would indicate sustainability issues in the sector or people using the crafts sector as a testing ground and then moving into other sectors
- There may have been a growth in enterprise formation in the past 5 years, which would indicate a vibrancy in the sector (related to market conditions or successful intervention in the sector)
- Younger enterprises may be more likely to register on the CCDI database to secure support, as they perceive a greater need for support during their initial years in operation.

This lifespan compares to the following estimated lifespans in the Cape metropolitan area[15]:

- Manufacturing: average of 11.7 years, median of 6.1 years
- Trade: average of 9.1 years, median of 5 years
- Community, social and personal services: average of 9.8 years, median of 6.1 years

In order to seek a better understanding of underlying issues relating to this pattern, additional analysis of some of the characteristics of the enterprises within each of these age categories (race of primary contact person and enterprise type) was conducted, as summarised in the table below.

Table 9: CCDI producer database: characteristics of enterprises by length of establishment

Length of establishment (years)	0-2.5	2.5-5	5-7.5	7.5-10	10-12.5	12.5-15	15-17.5	17.5-20	20-22.5	22.5-25	25-27.5	27.5-30	>30
Race (%)													
Black	36%	33%	41%	33%	26%	26%	10%	0%	20%	33%	14%	0%	0%
Coloured	28%	18%	13%	7%	4%	16%	10%	25%	10%	0%	0%	0%	0%
Griekwa	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Malay	0%	1%	1%	0%	0%	0%	0%	25%	0%	0%	0%	0%	0%
White	36%	47%	44%	60%	70%	58%	80%	50%	70%	67%	86%	100%	100%
Type of enterprise (%)													
Business	24%	19%	21%	26%	24%	32%	55%	25%	9%	33%	38%	0%	0%
Community Project	6%	19%	15%	6%	14%	0%	0%	25%	9%	33%	13%	0%	33%
Sole trader	70%	62%	63%	68%	62%	68%	45%	50%	82%	33%	50%	100%	67%

This analysis indicates some increase in the proportion of black-managed enterprises in the younger enterprises, which could potentially be attributed to transformation of the sector over the past 10 years and related growth. No clear conclusions can be drawn with respect to the types of enterprise.

3.2.2 Retail enterprises

It is estimated that there are over 250 retail outlets, 45 craft markets and 53 galleries in the Western Cape that carry craft product (although not necessarily exclusively). These figures are placed in context of national estimates in the table below[16].

[15] Source: City of Cape Town, 2002 (based on Regional Service Council accounts)
[16] Adapted from draft Customised Sector Programme, Western Cape figures updated from CCDI retailer list as at April 2005 (retailer database is in the process of data capturing)

Table 10: Retail structure of the crafts sector

Province	Retail type		
	Galleries	Markets	Retailers
NATIONAL TOTAL	**198**	**107**	**580**
Eastern Cape	29	10	56
Free State	17	10	25
Gauteng	45	11	29
KwaZulu-Natal	19	22	59
Limpopo	4	0	25
Mpumalanga	19	4	40
Northern Cape	1	2	76
North West	11	3	20
Western Cape	**53**	**45**	**250**
W. Cape as % national	**27%**	**42%**	**43%**

3.3 Employment

As indicated earlier in this report, employment in the crafts sector is more difficult to determine than in many other sectors. This is related to the informality of much of the sector, the high proportion of temporary employment and the low level of organisation and unionisation. Indicative estimates from the Crafts Sector Strategy workshop of employment in crafts production are as follows:

Table 11: Estimates of employment by enterprise type

PROVINCE	EMPLOYMENT SIZE AND TYPE					
	DEVELOPMENTAL		COMMERCIAL		TOTAL	(% national)
	Cooperative (based on avg. size of 17.5 people)	Project (based on avg. size of 7.5 people)	Small batch manufac-turing (based on avg. size of 12.5 people)	Sole trader (based on avg. size of1 person)		
Eastern Cape	140	750	750	232	1872	5%
Free State	438	465	1250	63	2216	6%
Gauteng	0	2250	4500	540	7290	21%
KwaZulu-Natal	3938	2813	1875	750	9375	27%
Limpopo	438	2625	313	100	3475	10%
Mpumalanga	0	750	1563	275	2588	7%
Northern Cape	70	83	188	45	385	1%
North West	18	150	125	69	362	1%
Western Cape	0	1493	4575	1097	7165	21%

TOTAL	5040	11378	15138	3171	34726	100%

These figures are significantly lower than many previous estimates of employment in the sector (for example, the official figure provided by *South Africa Online* is over 1 million people employed in the sector), but are considered by key role players to be more realistic, although their accuracy is still open to debate.

Employment in the crafts sector in many cases is not full-time, and workers may not always be captured within current labour regulation. Average wage statistics are therefore not readily available. However, the CCDI has estimated an average wage of R1, 500 a month.

No figures are available for employment in non-production aspects of the value matrix (e.g. inputs, services and retail); however, many of these jobs may overlap with other sectors.

Below is an indication as to the distribution of the number of employees for each enterprise in the Western Cape in the CCDI database sample (which may not be representative). In terms of this sample, sole traders make up the majority of enterprises, although there are a few enterprises which employ over 100 people:

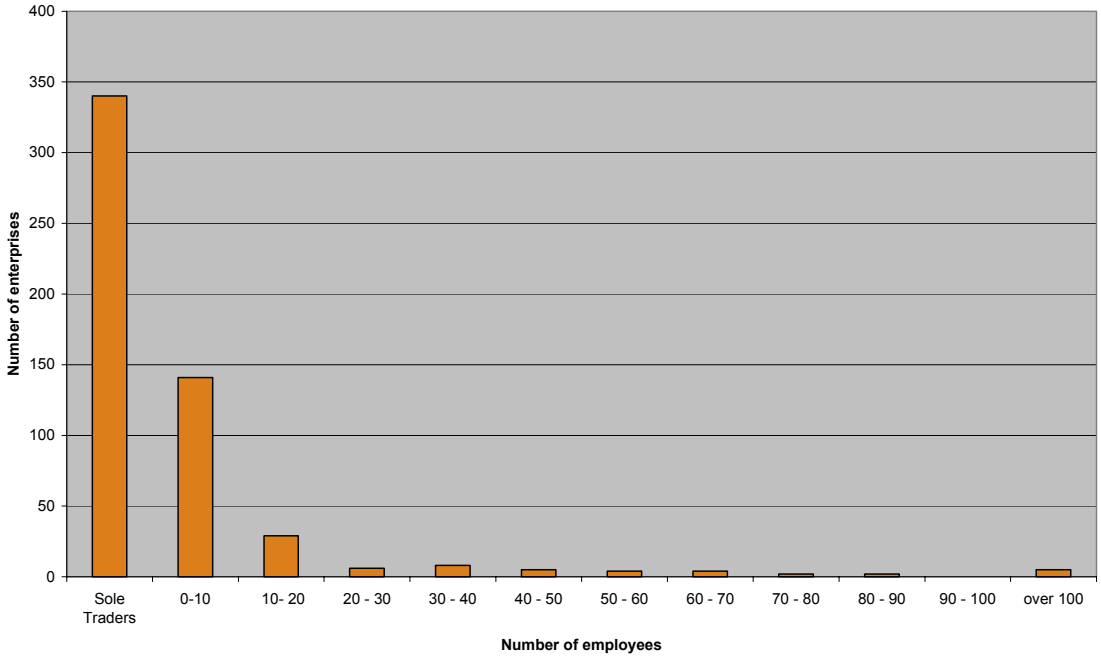

Figure 8: Number of employees per enterprise in CCDI database

It is not possible to derive meaningful average **labour-intensity or employment-output ratios** for the sector as a whole. For example, even within the "Conran Africa" range which was produced by 11 projects, there were significant variations in labour intensity – hand blown glass vases were highly labour intensive and wholly hand-crafted, the hand finished (potato print and beaded embroidery) were of medium labour intensity as CMT operations were used to assemble the cushions in order to make the product more cost-efficient, and ceramic mugs had a low labour intensity in manufacturing but very high labour intensity in product development[17].

[17] Interview with Vivian Thornton, Link Africa

For the numerous sole traders operating in the sector (estimated at over 60% of enterprises in the sector in the Western Cape), scope for expansion of output is likely to be limited to the amount of work an individual is willing to take on (the majority of sole traders may not be oriented towards growing into small-batch manufacturers).

3.4 Ownership, management and empowerment

The diverse cultural heritage of the Western Cape includes slave descendants, as well as those of San, Khoi, Xhosa and European ethnic origins. This creates the opportunity for diversity and innovation within the framework of "A Home for All", but these opportunities have not been utilised fully to date.

The various reports on the sector over the past 10 years have characterised the sector as racially segmented, with limited production by majority black-owned and managed operations, as well as many project-based operations have a high level of participation by black and coloured people, but white-managed.

No accurate and up-to-date ownership and management information is available to confirm or refute these statements. The CCDI database does not track ownership information, but does request that the race of the primary contact point is provided (in 81 of 554 cases no response was provided to this question). For the large number of sole traders, management can be equated with ownership. The table below sets out the race of the primary contact point in the CCDI database sample.

Table 12: CCDI producer database sample: Race of enterprises management

Race of primary contact person for organisation	Type of business			Overall (within 473 responses)
	Businesses	Community Projects	Sole Traders	
Black (African)	25%	41%	34%	31%
Coloured	10%	16%	24%	18%
Griekwa	0%	2%	0%	0%
Malay	1%	0%	3%	1%
White	58%	31%	33%	50%

This sample seems to indicate that the majority of sole traders are HDI (including African, Colouring, Griekwa and Malay), the majority of community projects are HDI-managed, while the majority of larger commercial businesses are still white-managed.

Craft trade in the Western Cape is thought to be dominated by non-South African citizens. Traders from elsewhere in the SADC region and Africa have created thriving trading operations primarily serving the tourist market. To a lesser degree, export trade involves individuals with linkages to the target export markets. This has led to some resentment from local crafters. However, it also may represent some interesting opportunities for skills exchange.

3.5 Skills

The crafts sector is often considered a sector with low barriers to entry, due to its limited capital requirements, scope for small-scale production and limited requirement for extensive formal qualifications. However, until recently, it was seldom acknowledged that significant skills and creativity were required to succeed in the sector, along with extensive business and marketing skills in order to sustain an enterprise in the sector.

An indigenous or traditional craft skills base is lacking in the Western Cape, due to the large proportion of immigrant communities (from early slave and colonial migration through to more recent growth in migration of Xhosa people from the Eastern Cape), resulting in removal from the source of skills, an erosion of the quality of skills and greater interest in cultural assimilation rather than retention of traditions. There are vestiges of some traditional skills in certain rural communities within the Western Cape (e.g. handcrafting of tools and making of *lappieskomberse*[18] in Genadendaal, weaving of reed mats on the West Coast), but there is limited interest from young people to learn these skills and the last bearers of these skills are dying out.[19] There are nevertheless some "non-traditional" skills present in the Western Cape which have been learned through community programmes and projects, in particular amongst women e.g. needlework skills. It is therefore necessary to utilise more formal programmes of skills development.

While many production skills and business skills can be taught, not all individuals will be capable of developing the creative ability, manual dexterity and entrepreneurial spirit required to succeed in the sector. Key skills required include the following:

Design skills:

- Understanding need (whether or not already expressed in the market)
- Interpretation of trends
- Design principles
- Design technologies e.g. 3D sketching, CAD/CAM
- Design for batch production

Technical skills, such as:

- Appliqué
- Beading
- Carving
- Casting
- Crocheting
- Decoupage
- Embroidery
- Felting
- Knitting
- Hand-building
- Hand-painting
- Mosaic
- Paper maché
- Pottery - throwing or coil work
- Quilting
- Sculpting
- Sewing
- Weaving
- Welding

[18] Traditional patchwork quilts made from scraps of old clothes
[19] Sources: Audit of Craft Assets in the Western Cape, 2000; interviews with W. Cape Department of Arts Culture, Sports and Recreation; Dean of Design Faculty, CPUT; Create SA-MAPP

"Basic" business skills:

- Literacy and numerous
- Financial management
- Communication and marketing
- Costing and pricing

"Advanced" business skills:

- Managing procurement of inputs
- Order fulfilment
- Distribution and logistics
- Human resource management
- Organisation design and change management
- Production design, management and quality control
- Export management

Techniques employed by the most enterprises in the Western Cape (based on the CCDI database sample) include the following:

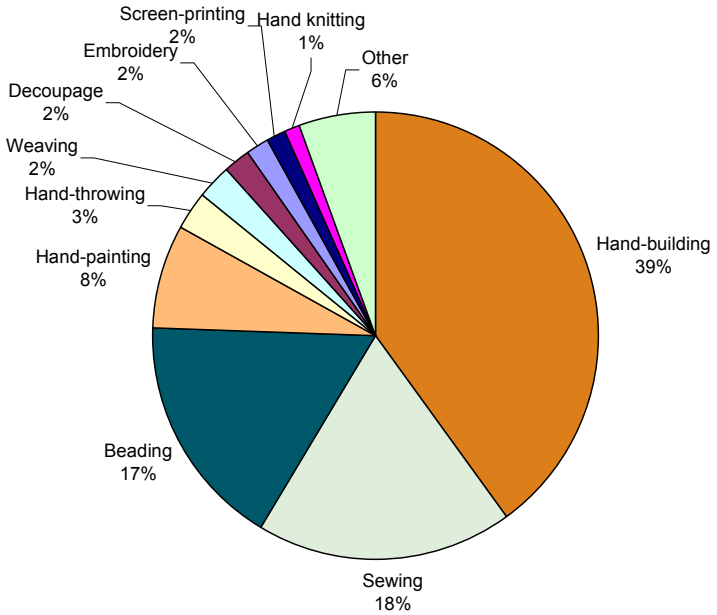

Figure 9: Techniques employed by the crafts sector in the Western Cape

Hand-building includes working with materials such as ceramics, wood, metal, wax and natural materials.

Other technical skills used include:

- Quilting
- Paper Maché
- Welding
- Felting
- Hand-carving
- Slip-casting
- Hand crocheting
- Mosaic

In the assessment of Create SA and the MAPPP-SETA[20], the Western Cape crafts sector is relatively sophisticated and skilled compared to other provinces (in part thanks to direct exposure to markets and interventions to date). **Major challenges remain the deepening of design skills and the whole range of both basic and higher level business skills.** It is currently debated whether it is more viable to:

1) Develop stand-alone design skills which can be provided to the crafts sector and other sectors as a service
2) Equip craft producers with "in-house" design skills

To date, more success has been experienced with the former.

Many of the required business skills are relatively similar to those required by other small-batch manufacturing and small-scale services sectors, and there are therefore opportunities for economies of scale in skills development.

Tertiary training institutions in the Western Cape include:

- University of Cape Town
- University of Stellenbosch
- University of the Western Cape
- Cape Peninsula University of Technology
- College of Cape Town and other FET colleges

Much current training is conducted in-house an on an informal basis. In addition, various small enterprise support agencies and NGOs provide related skills training.

3.6 Geographical location

It is estimated that both production and retail are concentrated in the Cape Metropolitan Area[21]. There are additional clusters in tourist nodes such as Hermanus, the Garden Route[22], West Coast and Overberg. The Cape Metropolitan Area has strong transport infrastructure which are advantages to the tourism industry and craft export initiatives. The table below sets out the distribution of the enterprises that are captured in the CCDI database (it is assumed that the database is skewed towards the Cape Town metropolitan area).

Table 13: Geographical distribution of craft enterprises in the Western Cape

Geographical location	Type of business			Total
	Businesses	Community Projects	Sole Traders	
Cape Town	79%	79%	83%	82%
Boland (Winelands)	6%	14%	6%	7%
Garden Route	6%	7%	5%	6%
Northern Cape	0%	0%	0%	0%
Overberg	8%	0%	4%	4%
West Coast	0%	0%	1%	1%

Within the Cape Metropolitan Area, enterprises registered on the CCDI database are concentrated in the Southern Suburbs and the townships along the N2:

[20] Interview with Monica Newton, Create SA/ MAPPP-SETA
[21] Audit of crafts in the Western Cape, 2000
[22] Audit of crafts in the Western Cape, 2000

Table 14: Geographical distribution of craft enterprises within the Cape Metropolitan Area

Geographical location	Type of business			Total
	Businesses	Community Projects	Sole Traders	
City Bowl	8%	3%	7%	8%
City Centre	3%	5%	1%	1%
Northern Suburbs	0%	0%	15%	17%
Route N2 Townships	18%	40%	23%	24%
South Peninsula	9%	9%	8%	10%
South Peninsula	9%	9%	8%	11%
Southern Suburbs	31%	19%	26%	28%
Waterfront	2%	0%	1%	1%

3.7 Industry organisation and representation

The industry is acknowledged by most role players to be fragmented and weakly organised, despite the existence of some guilds and associations[23]. Recent efforts by the CCDI, the establishment of the Craft Partnership and the creation of the Isibanya and Masizakhe forums have addressed this to some degree. However, the sector is still lacking a representative industry structure.

3.8 Comparisons and linkages to related sectors

3.8.1 Scale comparisons with other sectors

It is useful to reflect on the size of the crafts sector in comparison to other sectors in the Western Cape. The table below provides indicative comparisons with three other sectors that are considered important to the provincial economy[24].

Sector	Estimated # enterprises	Estimated employment	Estimated annual revenue / income
Agriculture	8,308 farming units (1991*)	211,808 (2002)	R51.3 billion (2001) gross income
Tourism	Not available	147,000	> R16.4bn***
Clothing	1,000	34,700	>R2bn
Crafts	1,662	6,187	R200 – R500m

* 1991 figures (no more recent figures are available)
**2002 figures
*** based on 2003 domestic and foreign tourism spend estimates

[23] Western Cape Provincial Manufacturing Technology Strategy
[24] Source: MEDS research reports (2005); Wesgro (2005)

These comparisons (while only indicative because of the data limitations) do suggest that in most respects the crafts sector is much less significant to the provincial economy than these other sectors, with the exception of small business development.

3.8.2 Linkages with other sectors

The crafts sector could potentially have complex and close relationships with related sectors that produce similar products, but without the same degree of handcrafting. Crafts producers face many similar challenges and may compete in similar markets to small-scale producers in these sectors. To date these relationships have not been optimised, as the majority of crafters have operated in relative isolation. Brief indications of current and potential linkages are set out below.

Clothing and textiles

Given that it is estimated that a large proportion of craft producers make use of textiles as inputs, it is likely that there are a range of challenges and opportunities that are shared with these sectors. While the scale of production is very different, similar issues may be faced around product development, adaptation to fashion trends and coping with the dominance of established brands.

Initial collaboration is already taking place, in particular with the fashion accessories and home textiles areas. For example, crafters have become involved in development of fashion accessory samples for SA Fashion week, embroiderers have been used to finish bed linen ranges, while Cut, Make and Trim (CMT) operations have been used to assemble cushions with hand finished panels for the "Conran Africa" range[25]. It is unlikely that there will be significant opportunities to use handwoven textiles in the mainstream of the textiles and clothing industry because of the production volumes required (although there may be niche opportunities with fashion design houses).

Furniture

While nationally the furniture industry is dominated by a few large manufacturers with primarily Eurocentric design sensibilities, the Western Cape is fortunate to have a range of design-oriented furniture producers and retailers, with high-end producers (such as Okha, Haldane Martin, Pierre Cronjé) as well a clusters of mid- to lower end producers (e.g. Paarden Eiland/ Salt River and Knysna areas). There are already some elements of handcrafting in the industry, in particular at the high-end (such as the woven seat for Haldane Martin's *Zulumama* chair[26]). However, there may well be additional opportunities, such as:

- Preparation of samples
- Inclusion of hand-woven panels in upholstery
- Beaded or wire-work panels
- Creation of handcrafted accessories to complement furniture items e.g. throws, scatter cushions, lamps, rugs

Precious jewellery

The Western Cape has one of the three major precious jewellery clusters in South Africa (along with Gauteng and KZN). Two large producers in the province - OroAfrica and S.A. Link – dominate production volumes, but it estimated that there are 300 to 400 smaller manufacturing jewellers in the province. There is also an extensive retail and related tourism infrastructure (e.g. Gem Africa, and various specialists in diamond and tanzanite jewellery,

[25] Some of these initiatives have also included enterprises in the Eastern Cape
[26] Interview, Mel Hagen, Dean of Design Faculty, CPUT

some of whom provide guided workshop tours). In other provinces, initiatives are underway to create greater exchange between fashion jewellery crafters and precious jewellery (e.g. Kgabane project), with resultant design innovations (e.g. precious metal wirework, combining beading and precious stones and metals). Opportunities for collaboration in the province may include:

- Product design
- Skills exchange
- Joint retail

Tourism

An estimated1, 5 million foreign tourists visited the Western Cape in 2003, with a total spend of R8.1 billion. Approximately 500,000 international tourists visited the Western Cape in the first quarter of 2004. The following breakdown of theses arrivals estimated by South African Tourism give an indication of the nature of tourism to the Western Cape:[27]

- *Origin of tourists*:60% from Europe, 23.8% from Africa and Middle East, 8.7% from the Americas
- *Purpose of visit:* 68.5% for holiday purposes, 16.4% to visit friends and relatives

Shopping is the dominant tourist activity in the province - 89% of tourists went shopping, while only 38% visited a cultural, historical or heritage site. For example, the V&A Waterfront was visited by 90% of visitors to the Western Cape [followed by Table Mountain (71%), the wine route (60%), the garden route (44%), and smaller percentages visiting Kirstenbosch, Robben Island, ostrich farms, townships, Cape Point and Cango caves].

A large proportion of craft retail is linked to tourism retail, which means that the craft industry is similarly affected by the seasonality of demand. Heritage sites create additional (small-scale) opportunities to link crafts with tourism e.g. the Living Landscapes Community Project in Clanwilliam).

The importance of the shopping experience to foreign tourists in the province implies that appropriate alignment of craft production and retail experiences could enhance the tourism perception of the province and potentially even draw additional visitors.

Design

There is extensive design activity in the province[28]. Many students of industrial and creative design are trained within the Western Cape (for example, the Cape Peninsula University of Technology produces approximately 150 design graduates each year; while the intention was originally to integrate practical participation in developmental and craft design into the curriculum, this has not been implemented to date). There are also a large number of designers freelancing in the Western Cape or working within manufacturing sectors such as textiles, clothing and furniture.

Numerous design-related events are hosted in the Western Cape, such as the Design Indaba and SA Fashion Week. These events have created opportunities for exchange with and exposure for crafts producers e.g. production of samples and fashion accessories, joint product development and participation in seminars. However, these opportunities and relationships have not been optimised to date.

Overall "lifestyle products" cluster

[27] South African Tourism, Provincial report – Western Cape (Q1 2004) January to March 2004
[28] Interview with Mel Hagen, Dean of the Design Faculty at CPUT, April 2005

While not a stand-alone sector, there may be an opportunity to link crafts with the overall "lifestyle" cluster, including fashion, food, wine and flowers. Events, festivals, collective branding and trade shows may be key ways to build these linkages in a mutually beneficial way.

4 High-level assessment of international market trends

This section provides a high-level overview of international market trends for craft products, with a specific focus on home textiles, fashion jewellery and accessories (as dominant product groups for Western Cape producers).

4.1 Major markets

The demand for craft product in international markets is difficult to gauge as conventional trade statistics do not distinguish between methods of production, but rather categorise products by sector or input materials. The following indications of demand are however available.

The **United States** is widely seen as the largest and most important market for craft in the world. This is due to a number of reasons including:

- Relatively high disposable income to collect cultural works
- Undergraduate and graduate degrees in craft disciplines, therefore greater awareness and education
- Number of cities that are large enough to sustain private galleries and large shows
- Significant trade shows hosted by the US, including the International Exposition of Sculpture Objects and Functional Art, in the Craft sector[29]

Elsewhere in North America, domestic demand in **Canada** is estimated at US$700 m annually, 60% of which is imported.

The **European Union** is the second largest market for crafts:

- Germany is the largest market for giftware in Europe.
- In 1999 £1,807.4 m of giftware items and £379.7 m of home furnishing items were imported to the UK from outside the EU.

4.2 Major producers/competitors

Major producing countries of crafts include China, India, Italy and other African countries. These countries produce crafts based on different competitive platforms:

- **China** and other South East Asian countries compete in low cost products due to low labour rates which allow highly competitive pricing. There is a trend towards US companies subcontracting orders to Asian companies for local retail.

- **India**'s craft industry (including carpets) earned US$1.68 bn in 1999/2000, with growth of 12% from the previous year. The greatest growth was in embroidered and crocheted goods. Employment by the handicraft sector is substantial, with an estimated 23 million craftspeople in India.

- **Italy** has over 100 000 craft producers that supply products of a high quality.

[29] http://www.canadiancraftsfederation.ca/pdfs/Trade%20Action%20Plan_English.pdf

- **Other African countries** are also competitors**.** For example, **Ghana**'s craft exports have grown significantly from US$ 2.6 m in 1993 to US$ 11.3 m in 2002, with main products including baskets, ceramics, wooden articles and musical instruments.

4.3 Supply and distribution trends

- There is a trend in supply towards greater homogenisation of products so that larger orders can be met.
    - For example, in South America, producers have made improvements in quality control and product development for the export market.
- Internet shopping is a growing trend, most noticeably in Germany and the US.

4.4 Demand and retail trends

The following trends are affecting the demand for crafts:

- Women are the most frequent purchasers of gifts in Europe and the US. As women gain greater financial independence they are able to purchase more craft items for themselves and as gifts.
- Demand is highly seasonal with the greatest demand for crafts over Christmas
- Ageing markets in the US and Europe mean that there are more occasions for which to buy gifts.
- The public is increasingly aware of fair trade, and social and environmental issues, which presents an opportunity for traditional crafts.
- There is a trend towards original, handmade goods and away from mass produced goods.
- Consumers are increasingly aware of design and aesthetics.
- In the US, consumers listed quality (25%), product style (22%), price (18%) and originality (18%) as the main factors in buying crafts.

Trends in fashion influence the crafts sector, by affecting demand trends for fashion oriented products, as well as crafts in general where fashion trends move towards a hand crafted, rustic look. Trends are set by fashion designers and change from season to season, therefore while the following is an indication of trends predicted for the current season, these will be outdated before long.

SPECIAL FOCUS: HOME TEXTILES IN THE USA AND EUROPE

United States of America

Overview
The US home furnishings category (comprising furniture & accessories, home textiles, house wares, home appliances, table-top, floor & wall décor, and consumer electronics) had a 1999-estimated wholesale value of $146 billion, with a 13.5% growth rate. Paradoxically, the dominance of mass-produced goods within the marketplace has created significant opportunity for handcrafted merchandise in many categories, as consumer look for interesting new products to consume. However, this opportunity is one filled with challenges for the handcrafters. For instance, handcrafted products in the above categories, which were imported from Africa, Central & South America, developing Asia (China, Pakistan, etc.) accounted for less than one-half of 1% of the total estimated US demand in 1999.

Price points
The recent recession in the United States has put significant pressure on most retailers, resulting in many liquidations and closures. As a result, in a highly competitive retail market, retailers push their suppliers to provide at lower cost. For many of the large "value" or discount retailers, they make profit from selling large volumes rather than high mark-ups on individual items – mark-ups in discount stores may be as low as 30%. On the other extreme, the very high end of the market (which is a much smaller but more lucrative side of the market) is more concerned about quality and branding than price.

The price trends in the US market indicate that most South African crafters are unlikely to be able to compete in the low end of the market. South African crafters therefore need to position themselves in the medium to high end of the market in order to be able to compete and make exporting worthwhile.

Imports
US imports of many home textile items rank first in global import rankings, including rugs, table linen, and window treatments (curtains). For example, US imports of synthetic rugs and cotton rugs represented 20% and 34% of global imports respectively. Cotton is a dominant material in imports.

Competition in the market
Products from China dominate the low-end segment. The South Asian countries, such as India dominate the 'low to mid' segment of the market. The price competitive, low end of the market is also a difficult one for SA suppliers due to the high costs of shipping, combined with SA's production costs. This makes it difficult for suppliers to be competitive in pricing.

Italy, France and Portugal dominate the high-end segment of the market. Branding has been the main source of competitiveness for these three countries as it is an integral part of the high-end product. Branding (associated with a 'tradition' of handcrafting excellence) is essential to transacting in the high-end market segment that is aimed at promoting exclusivity. Other smaller competitors include Guatemala, Egypt, Mexico and the Philippines.

Structure of retail
Craft retailing differs from region to region based on cultural and other contributing factors. As a result certain themes and designs that sell well in one area of the US, based on a regional appeal, might not sell well at other regions. For example, contemporary styles might sell well in metropolitan areas such as New York and Los Angeles while traditional designs sell well in states such as Connecticut, Massachusetts and Maine.

In recent years, the industry has faced many changes, including the consolidation among retailers through the growth of retail chains, catalogue showrooms, and TV home shopping networks; a decline in the number of wholesalers; reduced tariffs; increased imports; economic depression etc. Consumers in most categories have become very price sensitive. Western Cape crafters therefore need to be creative and focus on serving niche markets.

United Kingdom

Overview
The UK market for home furnishing products[30] was estimated to be worth £2.73 billion at retail selling prices in 2001, having experienced growth rates averaging 4% per annum between 1996 and 2001. The market has become an increasingly fashion-led market that is predicted to grow faster over the next few years due to the growth in the number of households and increasing spending capacity per capita.

Since 1999, the UK market for soft furnishings has benefited from increased consumer spending and is showing a great potential for crafters. Value growth has been stimulated by more frequent replacement cycles as fashion trends move towards increasingly contemporary designs and styles.

Price points
The table below gives an indication of the pricing structures in each market segment.

Outlet Type	Low End (£)	Medium End (£)	High End (£)
Fair Trade Organisation	< 10	10 - 25	25 - 50
Importer	< 10	10 - 20	20 - 40
Wholesaler	< 10	10 - 20	20 +
Retail Chain	< 5	5 - 25	25 +
Departmental Store	< 10	10 – 100	100 +

Imports
Significant growth in the UK importation figures for blankets, rugs and soft furnishings was experiences between 1997 and 2001. The highest volume of imports was in the cotton furnishings (floor rugs) and synthetic blankets categories. The United Kingdom's imports of blankets and rugs of synthetic fibres is ranked 8th in world imports. There was significant growth in UK imports of all categories of window treatments in 1997 – 2001. Categories of special interest (high volumes, high growth) were cotton and synthetic curtains & blinds, and cotton knitted products (high growth, low volume).

Competition in the market
As with the US market, products from China dominate the low-end segment and South Asian countries dominate the 'low to mid' segment of the market. Italy and France dominate the high-end segment.

Structure of retail and distribution
Retail and distribution is high sophisticated and segmented. Three categories of retail are most relevant to Western Cape producers (medium to high price points and low to medium product scale requirements)

- Specialist stores, e.g.:
  - ***Besmo:*** Importer/wholesalers and distributors of African giftware, tableware and decorative accessories, operates one large distribution warehouse and exports to numerous destinations in EU
  - ***Conran:*** 10 Stores in major global capitals, focus on innovative designer homewares, multiple purchasing channels – via mail order, on-line and in store
- **"High street" departmental fashion retailers, e.g.:**
  - **Liberty:** aimed at high quality, design-led merchandise, offers a mix of fabric, fashions, homeware, and gifts, driven by individuality, innovation and is considered a leader in design creativity and style
- Fair trade organisations, e.g.:
  - ***Traidcraft:*** most trading partners are community-based enterprises and associations of small producers, products sold through Fair Traders, catalogues and mainstream/independent retail outlets
  - ***Tearcraft:*** operate as the fair trade catalogue of Tearfund, focus on both traditional and modern gifts
- *Trade shows, e.g.:*
  - **Spring Fair – Birmingham (NEC):** A full spectrum of buyers attend the show, from those looking for small volume handcrafted to the high volume buyers
  - **Autumn Fair – Birmingham (NEC):** Retailers, wholesalers, manufacturers and distributors of gifts and home accessories from all over the world
  - **Design Interiors – Birmingham (NEC):** Top-end retailers and contract buyers from both the UK and overseas markets, interior designers, decorators, architects

[30] Home furnishings to be defined as the following - bedding, window dressings, bathroom and kitchen textiles, cushions and covers and table linen

- **DECOREX International (London):** Aimed at the top-end retailers and contract volume buyers from both the UK and overseas markets from especially the hospitality industry, as well as interior designers, decorators and architects

5 Current support by government and other entities

The matrix below provides a summary of current interventions that impact on the sector in the province, both those specifically oriented towards the crafts sector and wider interventions that impact on the sector (this list is not necessarily exhaustive and categorisations are indicative rather than definitive).

The diversity of entities involved in these interventions, and the lack of a common framework and objectives has resulted in weak coordination and fragmentation to date. Further detail on current and planned interventions is provided in the second report.

Entity	Programmes/ initiatives	Value chain aspects impacted						Key focus areas
		Design	Inputs	Services & marketing	Production	Retail	Consumption	
National government								
the dti	Strategy development Incentives - enterprise and market access support Support programmes through Small Enterprise Development Agency: enterprise and micro-financing, information, business development services, mentoring & training			✓	✓	✓		Economic growth, job creation, BEE, export revenues
DAC	"Investing in Culture" "Beautiful things"	✓					✓	Heritage and culture
National Arts Council	Funding and bursaries	✓			✓			Heritage and culture
SA Heritage Resource Agency & National Heritage Council		✓						Preservation and utilisation of heritage in cultural industries, protection of collective intellectual property
DST	Advanced manufacturing technology programme	✓	✓	✓	✓			Technology and innovation
CSIR	Advanced manufacturing technologies Manufacturing & materials Natural fibres unit Technology for Development	✓	✓	✓	✓			Technology and innovation
DOL		✓			✓			Skills development
CreateSA-MAPPP SETA	Development of unit standards Registration of accredited suppliers Special projects	✓		✓	✓			Skills development
Social Dev & NDA	Poverty alleviation programmes				✓			Poverty relief, rural development, broad-based empowerment
DEAT	Tourism Entrepreneurship Programme				✓	✓		Optimising linkages to tourism
National Lottery	Funding				✓			Social development and poverty relief
Umsobomvu, and other DFIs	Funding							Funding to target group enterprises (youth, BEE etc)
DBSA, DPE, DPW and	Infrastructure and utilities			✓				Extension of basic services

Western Cape Microeconomic Development Strategy

Entity	Programmes/ initiatives	Value chain aspects impacted						Key focus areas
		Design	Inputs	Services & marketing	Production	Retail	Consumption	
SOEs								
Provincial government								
CCDI	Product development Information sharing e.g. newsletter and briefings to Craft Partnership Market access facilitation Promotion, lobbying and advocacy	✓	✓	✓	✓	✓	✓	Creative design application, enterprise sustainability industry growth and transformation
DEDT	Funding of CCDI, setting of strategic direction				✓			Economic growth, job creation, BEE, export revenues
Wesgro	Trade information/referrals, Funding of African Art Factory			✓	✓	✓		Investment and export revenues
DACSR & WCCC (Cultural Commission)	Integration with arts, culture & heritage, funding of projects	✓			✓			Heritage and social development
Local government and semi-government								
City of Cape Town	Funding of research, trade house	✓			✓			LED, job creation, BEE, export revenues
Other local councils	LED projects, cultural villages and tourism-related linkages	✓		✓	✓	✓	✓	Socio-economic development and poverty alleviation
Universities	Design and production training Heritage / research/tourism projects e.g. Living Landscape							Linkages to related disciplines (e.g. archeology, design, heritage)
Schools	Basic cultural education as part of curriculum (not all schools)	✓					✓	Minimum skills levels, social development
Other								
Donors	Project funding	✓		✓	✓			Poverty relief and LED
NGOs & CBOs	Project funding	✓		✓	✓			Poverty relief and LED
Business entities and funds	Training, social development and poverty alleviation programmes, tourism linkages			✓	✓	✓	✓	Corporate social responsibility

6 SWOT analysis

The matrix below provides an assessment of strengths, weaknesses, opportunities and threats[31]:

Strengths	Weaknesses
▶ Local design resources ▶ Relatively low barriers to entry ▶ Relatively diverse technical skills base ▶ Strong, growing and increasingly sophisticated domestic market ▶ Strong, diverse retail infrastructure, with some supportive retailers ▶ Home-based production ▶ Diverse product range that appeals to and services different markets ▶ Risk-taking intermediaries ▶ Proximity to export infrastructure ▶ Flexible production capacity ▶ Numerous craft producers run on commercial / entrepreneurial principles ▶ Potential financial viability ▶ Established experience and knowledge ▶ Established institutional support mechanisms	▶ Inadequate reliable baseline information on the sector ▶ Inadequate linkages with wider design skills ▶ Lack of information concerning the importance and application of design ▶ Lack of linkages between government and private sector initiatives ▶ Exploitation & suspicion ▶ Tendency to be supply rather than demand driven in production and interventions ▶ Lack of reliability in delivering on quality/brief/ budget/time ▶ Inadequate access to raw materials & enterprise finance ▶ Lack of market information ▶ Inadequate adaptability to current trends ▶ Lack of young people interested in craft ▶ Inadequate alignment of SMME support services to types of entities in the crafts sector and definitional confusion ▶ Weak advanced business skills and lack of interest by many craft producers in the "business" aspects of craft ▶ Fragmented interventions and funding sources ▶ Inadequate reach of interventions into rural areas of the province
Opportunities	**Threats**
▶ Sustainable livelihoods out of relatively low skills base and minimal capital input ▶ Consumer demand for handcrafted, unique, African-inspired products ▶ Corporate and government procurement demand – e.g. boutique hotels, new residential developments, boardroom furniture & accessories ▶ Scope for increased linkages and collaboration with related sectors in the province ▶ Design of handcrafted products that can improve quality of life ▶ Strengthening local fashion industry ▶ Numerous event-based marketing opportunities ▶ Available funding ▶ Opportunities in the local and international tourism markets ▶ Empowerment transformation of the sector, and resultant new energy and innovations ▶ Developing Proudly South African consumer awareness and purchasing ▶ Enabling environment (political will) ▶ Development of coherent policy framework and objectives	▶ Individualistic mindsets of many crafters, inhibiting cooperation ▶ Creation of sustained negative perceptions because of orders not met, unreliable service etc. ▶ Potential high failure rates and rapid migration in and out of the sector ▶ Absence of clear and common objectives across all interventions in the sector ▶ Lack of an integrated approach to implementation of strategies and projects ▶ Developmental funding and grants tending to create "false economics" ▶ Cannot compete in export markets with other developing countries on volume, mass production and cost; also increase in import competition ▶ Replace of handcraft by industrialization and copying ▶ Weak intellectual property (IP) protection and extensive copying by competitors, in particular for collective IP

[31] Adapted from the Western Cape Provincial Manufacturing Technology Strategy Craft Sector Report (2005) and draft CSP (2005)

- African collaboration

7 Conclusions

7.1 Conclusions on defining characteristics of W. Cape craft

In summary, key defining characteristics of the Western Cape crafts sector include the following[32]:

- Strong retail and trade, with tourism and domestic consumption focus
- Relatively strong design resources within the province
- Relatively commercial orientation
- Contemporary design style and diverse product range, targeting higher-end consumers
- Diverse cultural influences
- Urban orientation and sophistication
- Proximity to strong export infrastructure (export agents, port, airport)
- Relatively established industry organisation and support structures (through CCDI and Craft Partnership), although the industry has a high degree of fragmentation

7.2 Conclusions on impact of the sector on the provincial socio-economic context

Despite the absence of very accurate statistics on the sector, it is clear that it is making a meaningful contribution to the provincial economy, in particular in terms of enterprise development and employment. It appears that the sector may be particularly important to women and new entrants to the formal economy as a “stepping stone” to other activities. It also has an impact in enhancing the attractiveness of the province as a destination by creating unique retail and cultural experiences.

7.3 Conclusions on potential consequences of no intervention or further intervention

It is likely that if all intervention in the sector was removed, the majority of developmental and grant-based projects would not be sustainable. However, many established commercial operations would likely continue to operate, but potentially with limited growth and transformation in terms of black participation in the sector. Employment and revenue generated would therefore be likely to decline or remain stagnant.

Further targeted and appropriate intervention (in particular within the small batch manufacturing component of the sector) would have the potential to significantly grow employment and revenue generated by the sector, but would be likely to require significant resource allocation in the medium term in order to be sustainable.

8 Way forward

This profile informs the second report, namely the development of strategic recommendations for intervention.

[32] Sources include the 2005 Western Cape Provincial Manufacturing Technology Strategy Crafts Sector Report, interviews with the CCDI, dti and DAC

ANNEXURE A: REPORTS CONSULTED

Reports reviewed included the following:

1. CCDI, Producers Database (as at April 2005)
2. City of Cape Town (2003), Cape Export Service Providers Database
3. Create SA/ MAPPP SETA (2004) Crafts Sector Strategy, National Workshop Proceedings
4. Cultural Strategy Group, (1998) Creative South Africa: A strategy for realising the potential of the Cultural Industries, prepared for the Department of Arts Culture, Science and Technology
5. Department of Arts, Culture, Science and Technology (2001) Craft 2001: A strategy to develop the South African Craft Industry
6. Department of Trade and Industry (December 2004) Draft Customised Sector Programme for the Crafts Sector
7. Department of Trade and Industry (2004) Sector Development Strategy and Plan, 2004 - 2008, Workshop Report
8. Elk, E. The South African Craft Sector (2005) Prepared for the HSRC
9. Kromberg, S. and Elk, E. (2000) Audit of Craft Assets in the Western Cape, report commissioned on behalf of the Western Cape Craft Partnership by the Western Cape Department of Economic Affairs, Agriculture and Tourism
10. Wesgro, (2001) The Craft Industry in the Western Cape, Business Sector Information Update

ANNEXURE B: ROLE PLAYER CONSULTATIONS

The following institutions were consulted during the preparation of this draft profile:

1. Cape Craft & Design Institute
2. CapeMac
3. City of Cape Town
4. Create SA/ MAPPP-SETA
5. Department of Trade and Industry
6. Design Faculty, CPUT
7. Link Africa
8. National Department of Arts and Culture
9. Provincial Department of Arts, Culture, Sport and Recreation
10. Wesgro