

In 2002, the majority of craftspeople in Ireland were using both direct (to the consumer) and indirect channels (via shops/galleries/agents) to access their market.

TYPES OF DISTRIBUTION CHANNEL USED BY CRAFT BUSINESSES			
2002 SURVEY	NORTHERN IRELAND	REPUBLIC OF IRELAND	TOTAL
Direct Only	26%	26%	26%
Indirect Only	1%	7%	6%
Indirect and Direct	73%	66%	67%
Total	100%	100%	100%

- The qualitative research confirms that craftspeople continue to feel aggrieved at the levels of commission being charged by retail outlets and galleries, and a number are seeking to further develop their direct sales opportunities as a consequence.
- Craftspeople are very conscious of the commercial exposure of being dependent on a few sales channels only. This was a key challenge which craftspeople felt they faced in 2002, and one which they hope to address in 2003.
- Many emphasised their vulnerability from depending on direct sales only from their own studio and therefore only in their local area. Even craftspeople using retail outlets in their locality felt vulnerable.
- Certainly, the number of craftspeople stating that their retail contacts had 'kept them afloat' in 2002 would suggest that using direct sales channels is advantageous during a downturn.

OVERALL USAGE OF DIRECT SALES CHANNELS			
2002 SURVEY	NORTHERN IRELAND	REPUBLIC OF IRELAND	TOTAL
From own studio	100%	99%	99%
From own retail outlet	41%	30%	31%
Via retail craft fair	55%	65%	63%
Via own mail order	24%	23%	24%
Via the internet	23%	26%	25%

OVERALL USAGE OF INDIRECT SALES CHANNELS			
2002 SURVEY	NORTHERN IRELAND	REPUBLIC OF IRELAND	TOTAL
Specific retailer	55%	66%	65%
Sales through gallery	44%	36%	38%
Via agent/wholesaler	23%	16%	17%
Via architects/interior designers	23%	18%	19%

INDIRECT SALES CHANNELS RANKED NO. 1 IN IMPORTANCE BY CRAFT BUSINESSES*	
	2002 SURVEY
Specific retailer	56%
Sales through gallery	14%
Via agent/wholesaler	3%
Via architects/interior designers	4%

*no useful 2001 comparison



This summary is based on The Irish Craft Industry 2002 Report which is published on-line at www.ccoi.ie/publications. It highlights the results of extensive independent qualitative and quantitative research undertaken in early 2003. Specifically, the aim of the study is to support CCoI in keeping up to date with changes in the dynamics of the sector and the challenges and opportunities facing craftspeople.

For the first time since its introduction in 2000, the survey was circulated to a sample, rather than the full population on the CCoI Register. The purpose of using a stratified sample was to increase the accuracy of year on year comparisons of sectoral performance. The total 2002 response to the survey of 69% is well above the 35% received in 2001.

THE IRISH CRAFT INDUSTRY 2002 – A SUMMARY

A sectoral analysis commissioned and published by the Crafts Council of Ireland

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The craft sector in 2002 recovered slightly from the drop in turnover in 2001. Following a period of concern in 2001, craftspeople have recovered a sense of cautious optimism for the future. Overall, 70% of craft businesses increased their turnover in 2002. A minority experienced "excellent" sales over the year. Nonetheless, the performance of the industry in recent times serves to underline its exposure to the global economy. Craftspeople profess themselves to be very dependent on tourist trade, or on the luxury goods market at home, both areas very vulnerable to downturn.

Many of the challenges identified by craftspeople in 2002 are recurring issues. Aside from the environmental challenges, the difficulties arising in the 2002 research include:

- Difficulties accessing the craft customer where businesses are rurally based
- The conflict of supplier/retailer interests
- The perceived lack of human resources coupled with a reluctance to 'let go' of the quality issue by employing others, and the resulting limits on production capacity
- The lack of time for marketing and product development.
- Increasing competition from imports, while at the same time a low level of Irish exported craft
- Within exports, a significant dependency on US and UK markets – both vulnerable to currency fluctuations
- Reliance on reactive marketing through word of mouth
- Lack of economies of scale in small businesses, putting pressure on margins.

Despite the growth of sales in 2002, and despite the fact that some business principals were keen to maintain their sales at a consistent level, craftspeople still focused, when interviewed, on negative factors which they felt were impeding growth. Most compared 2002 with their recollections of the 'good times' of the 1990's, a decade which saw annual double digit growth of the industry and its turnover. At the same time, there is acknowledgement that growth at earlier rates is not sustainable. In general, the research confirms that the Irish craft sector is a highly cyclical sector, whose growth is intimately linked to the performance of the economy as a whole.

For those who maintained a stable business throughout 2002, it seemed to be existing customers, whether domestic retailers or international buyers through Showcase, who assisted them in keeping a relatively steady stream of orders. Developing new customers and markets was not a priority for 2002, and many craftspeople appear to have postponed such activity until 2003.

For further information, download the full report from the publications section of the CCoI website: <http://www.ccoi.ie/publications>

In 2002, the craft sector had a higher representation of women than men. As the table below shows, this characteristic has been common to the sector for the past three years.

GENDER OF CRAFTSPEOPLE (2000 – 2002)			
	2002 CRAFT REGISTER	2001 SURVEY	2000 SURVEY
Male	46%	48%	47%
Female	54%	52%	53%
Total	100%	100%	100%

As in previous years, the most highly populated disciplines for Irish craft are textiles, ceramics, woodworking and jewellery.

PROFILE OF THE SECTOR BY CRAFT DISCIPLINE			
	2002 CRAFT REGISTER	2001 CRAFT REGISTER	2000 CRAFT REGISTER
Ceramics	20%	23%	20%
Furniture	7%	6%	8%
Glass	7%	5%	7%
Jewellery	12%	12%	11%
Metal Working	5%	5%	5%
Mixed Media	3%	2%	3%
Paper	3%	2%	3%
Stone	3%	2%	2%
Textiles	19%	20%	21%
Wood	11%	12%	10%
Other	9%	11%	10%
Unknown	1%	1%	0%
Total	100%	100%	100%

*Note that in this and all subsequent tables rounding may affect the total figure.

The table below shows the proportions of craftspeople on the Register from the two parts of Ireland, North and South.

LOCATION OF CRAFTSPEOPLE			
	2002 CRAFT REGISTER	2001 CRAFT REGISTER	2000 CRAFT REGISTER
Republic of Ireland	87%	85%	86%
Northern Ireland	13%	15%	14%
Total	100%	100%	100%

Approximately one third of businesses have been established for longer than ten years. 20% of businesses have been established in the past 3 years, suggesting that the sector is 'refreshing' itself on an ongoing basis.

The table below shows that there are fewer start up companies in the North than in the Republic of Ireland. It also suggests that, for at least a third of businesses in the craft sector, there is perceived to be a continued potential for growth, and optimism for the future.

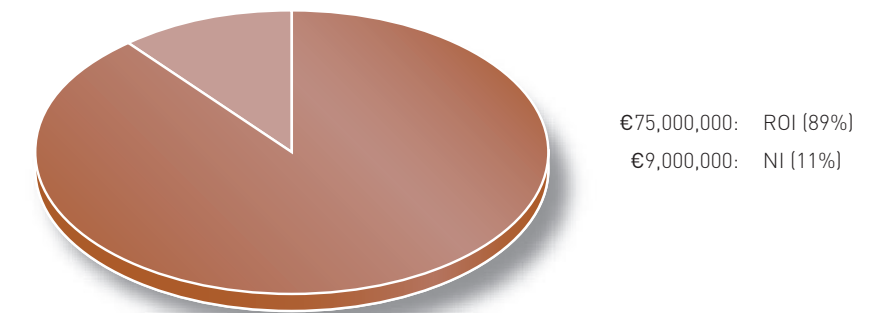
STAGE OF BUSINESS DEVELOPMENT OF CRAFT BUSINESSES			
2002 SURVEY	NORTHERN IRELAND	REPUBLIC OF IRELAND	TOTAL
Start up	11%	18%	17%
Growing	26%	34%	33%
Stable	60%	37%	40%
Declining	3%	11%	10%
Total	100%	100%	100%



PROPORTION OF INCOME DERIVED FROM CRAFT BUSINESS			
2002 SURVEY	NORTHERN IRELAND	REPUBLIC OF IRELAND	TOTAL
Less than 50%	22%	26%	26%
51% - 99%	13%	19%	19%
100%	65%	54%	56%
Total	100%	100%	100%

In 2001, for the first time in a decade, the sector experienced a fall in turnover. This year's research shows that there has been a slight recovery from 2001, and that the sector grew modestly in 2002. In general, the picture told by the statistics is also born out by craftspeople's perceptions of the sector. Craftspeople still believe that the craft industry is growing, but at a very slow rate.

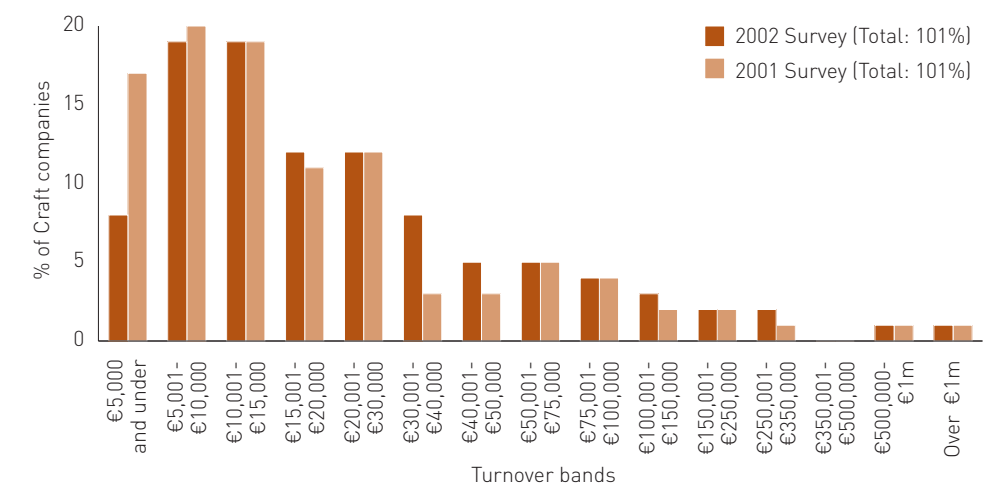
The figure below shows that the approximate total income to Irish craft in 2002 was €84 million, with approximately 89% of the sector's turnover being made by companies based in the Republic of Ireland.



In 2002, sales overall increased from approximately €76 million (note that the figure for 2001 has been recast from the earlier research, based on the new information gathered through the CCoI Register update in early 2003) to €84 million.

CHANGES IN GROSS INDUSTRY TURNOVER FROM 2001 TO 2002			
2002 SURVEY	NORTHERN IRELAND	REPUBLIC OF IRELAND	TOTAL
Increase	57%	72%	70%
Decrease	43%	28%	30%
Total	100%	100%	100%

COMPARISON OF INDIVIDUAL COMPANY'S TURNOVER, 2001 - 2002



There is a stark contrast between the 68% of all craft businesses which have a gross turnover of €30,000 or less, and the 4% of craft businesses which have a gross turnover in excess of €250,000.