





# GLOBAL MARKET ASSESSMENT FOR HANDICRAFTS

VOLUME I

FINAL DRAFT

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.



## FOREWORD

This paper was written as part of the Accelerated Microenterprise Advancement Project (AMAP) Business Development Services Knowledge and Practice (BDS K&P) research initiative. The AMAP BDS initiative's major objective is "integrating micro and small enterprises into productive value chains to create wealth in poor communities."

The research draws on experience and insights from:

- Interviews with leading handicraft buyers in the United States, the European Union, and the Caribbean, including importers and retailers currently sourcing from Haiti, those who have done so in the past, and those who source handmade products from other destinations;
- Interviews with market experts, such as product development consultants, designers, enterprise development consultants, and marketing specialists who work with handicraft producers in developing countries;
- Discussions with market experts and USAID at a roundtable conducted in Washington, D.C., on April 12, 2006; and
- Existing literature on the handicraft market and home accessory industry.

This study provides an overview and analysis of the global market for handicrafts and the key trends that affect producers in developing countries, with the ultimate objective of offering practical recommendations for the Haitian handicraft sector. This paper represents Volume I of the *Global Market Assessment for Handicrafts* study and includes Chapters I and II. Chapter I covers the global market for handicrafts and key industry trends and Chapter II focuses on the end-market opportunities for Haitian products. The document is accompanied by a video: *Handmade in Haiti: The Perspective of Global Buyers*, which presents an overview of the U.S. market for handicrafts and buyer perspectives on Haitian handicraft products.

Volume II of this study (Chapters III–V), to be prepared jointly by DAI and ACDI/VOCA, focuses on the supply-side constraints to Haitian handicrafts and offers recommendations for the development of a competitive strategy.

This paper benefited from the intellectual guidance of Jeanne Downing at USAID and was prepared under the technical supervision of Lara Goldmark of DAI. Annex I lists the many experts and buyers kind enough to share their time with the authors. In addition, the following roundtable participants deserve special recognition: Emiliano Duch, Randy Eller, Karen Gibbs, Colleen Pendleton, Guillermo Ricarte, and Alden Smith.



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## EXECUTIVE SUMMARY

Handicraft production is a major form of employment in many developing countries and often a significant part of the export economy. With increased globalization, however, products are becoming more and more commoditized, with artisan producers facing increased competition from producers all over the world, particularly in China and other Asian countries.

The home accessory market, often used to estimate the demand for handcrafted goods, is strongly influenced by fashion, consumer purchasing patterns, and economic conditions in end markets. Keeping up with frequently changing market trends presents a major challenge for handicraft exporters, and many observers fear that the advance of globalization has intensified this challenge and the precarious nature of work and existence in artisan communities everywhere. However, globalization combined with growing markets for home accessories—especially in the United States, Canada, and Europe—also creates many new opportunities. In particular, the demand for “cultural goods” is projected to grow with rising international tourism and an increasing focus on interior decoration, and as a reaction (notably in upscale markets) to the homogenization of mass-produced products. Naturally, new opportunities bring new challenges: handicraft producers must be more responsive in adapting designs to buyer requirements, provide timely production and delivery, and improve quality and efficiency in view of increased price competition and consumer expectations.

This study provides an analysis of the global market for handicrafts and reveals the following trends in the marketplace that impact handicraft producers in developing countries:

- **There is a growing market for home accessory products, particularly in the high-end segment.** It is expected to grow not only in Western markets but in all regions as middle-class populations expand rapidly, particularly in China and India. This trend suggests that there are numerous and expanding opportunities for artisans in developing countries to create products for these markets.
- **China and India—along with several other Asian countries—currently dominate handicraft production worldwide, and are likely to continue to do so for the foreseeable future.** Their position is based largely on low-cost, high volume, Western-designed goods.
- **Many buyers and consumers seek unique products made in countries other than China.** While the market for purely indigenous designs is limited, “global style”—products that combine ethnic elements with contemporary designs—is a growing category and represents an opportunity for handicraft producers.
- **Low-end (priority on low prices) and high-end (priority on high quality) markets are expanding, while the middle (moderate quality at moderate prices) is relatively stagnant.** Whereas competition at the low end is strong and requires significant production capacity, the “luxury” market tends to focus more on distinctive designs, higher quality, and smaller quantities with greater flexibility in pricing.
- **Distribution channels in end markets are shortening.** Large and, increasingly, mid-size retailers are importing directly, while small (and many of the mid-size) retailers continue to purchase merchandise principally, or entirely, from domestic wholesale importers. As this trend continues, many wholesale importers are losing important clients and many independent retailers are struggling to compete in a marketplace dominated by lower-priced “big-box” stores. However, there is evidence that savvy small retailers can compete with distinctive, high-end products. It is important to note that the vast majority of importers, both wholesale and retail, rely on the services of foreign exporters and agents, which many market experts see as critical to the success of handicrafts in developing countries.

- **The large, direct-import retailers often operate in ways that present barriers to micro and small enterprises.** Their purchase orders typically require high production capacities, strict delivery dates, and specific labeling, packaging, and packing. Advance deposits are unusual, delayed payment terms are customary, and charge-back penalties for mistakes are common. While similar barriers exist with some wholesale importers, many order smaller quantities, offer prepayments to fund production with balances paid upon delivery, and have fewer requirements that could result in charge-backs.
- **Buyers of all types prefer multiple product options to choose from, flexibility to make design modifications, and, above all, reliable partners.** There are countless sources of product in the world vying for attention; what buyers seek most are items that sell from a producer who can deliver.
- **Home accessories and décor, gifts, and products for garden and outdoor living spaces are “hot,” with forecasted continued growth, as are products that are simultaneously decorative and functional.** These categories present extensive opportunities for handicraft producers.

Drawing on findings from the marketplace analysis and using Haiti as the basis for the market assessment, this study concludes that handicraft producers in developing countries should pursue the following strategies in order to compete in the global marketplace:

1. Focus on markets and channels in which there is less direct competition with high-volume, low-cost producers of “industrial” handicrafts, for example, the independent retailer market by way of wholesale importers. Rather than competing directly with China, identify and sell to market niches such as high-end home accessories and the importers whose smaller orders are declined by large craft factories.
2. Develop more products that embrace the concept of global style in order to both access the large and growing demand for contemporary design and remain distinctive in the marketplace. Opportunities for handicrafts exist in all market segments, but are most abundant for products that fit comfortably into people’s homes *and* bring an authentic indigenous element into their lives.
3. Look to local and regional markets for opportunities that may have been overlooked and can serve as a springboard to larger and more competitive markets.
4. Constantly upgrade skills and techniques, including detailed handiwork, quality (especially finishes), product development, and customer service to remain competitive, difficult to imitate, and appealing to work with. Investments to reliably deliver modest quantities of unique, high-quality goods destined for higher-end retail stores are advised over those intended to improve the ability to compete with low-cost, high-capacity producers.

# I. THE GLOBAL MARKET FOR HANDICRAFTS

## DEFINITION AND ROLE OF HANDICRAFTS

Handicrafts are unique expressions of a particular culture or community through local craftsmanship and materials. With increased globalization, however, products are becoming more and more commoditized and artisans find their products competing with goods from all over the world. It is no longer possible to look at traditional artisan communities and their products in isolation from global market trends and competition. Handicrafts are part of a much larger home accessory market, which includes handcrafted, semi-handcrafted, and machine-made goods. The home accessory market is strongly influenced by fashion trends, consumer purchasing patterns, and economic conditions in end markets. In many cases, artisans are out of touch with those end markets, which presents a challenge to those seeking to export their products.

The response of consumers to handicrafts is unpredictable and lends itself less to research and generalization than does the response to other products. “Consumers buy handicrafts because they like to feel connected with indigenous traditions and cultures in a global and increasingly commoditized world.”<sup>1</sup>

## COMMONLY ACCEPTED DEFINITIONS

Handicrafts are an important productive sector and export commodity for many developing countries (see Box 1.1). The growth of international markets for home accessory products and an increased interest in global goods have opened up new market opportunities for artisans. Despite widespread production, however, there is a lack of common definition of handicrafts, although various attempts have been made to characterize this broad and rather unstructured sector.<sup>2</sup> The most common themes in the definitional debate center on how the product is made, especially the importance of handmade vs. machine-made production;<sup>3</sup> the significance of

### Box 1.1: Role of Handicrafts in Developing Economies

Today, in many developing nations, handicraft production is a major form of employment and in some countries constitutes a significant part of the export economy. Observers of the handicrafts sector predict that the escalating number of small businesses turning to handicraft production is unlikely to decline significantly in the future. More specifically, artisans have been identified as the second largest sector of rural employment after agriculture in many regions of the world.

Handicraft production crosses all sectors of the modern global economy—from pre-industrial to industrial and post-industrial. Artisan production has thrived because handcrafted products offer distinct advantages: minimal start-up capital, flexible work hours, the ability to work at home, and freedom to manage one’s own business. Unlike many other forms of labor, artisan production can also enable a degree of labor autonomy for those who have limited access to the cash economy.<sup>†</sup> As a means of livelihood, handicrafts provide an ideal avenue for creative, independent entrepreneurs.<sup>††</sup> In addition, they offer opportunities for seasonal employment and small production runs, and the sector is often a default occupation for producers who have limited other options for employment.

Sources:

\* Herald (1992) cited in Seung-Eun and Littrell, 2003, p. 357.

\*\* Basu (1995) cited in Seung-Eun and Littrell, 2003, p. 357.

† Scrase, 2002, p. 1.

†† Morris and Turok, 1996, p. 4.

<sup>1</sup> Interview with Mimi Robinson.

<sup>2</sup> Mikkelsen and Hagen-Wood (1998) explain how attempts to define the handicrafts sector are made difficult by its broad and amorphous nature. Handicrafts cover the use of a vast number of different materials, skills, tools, and techniques, and may include a wide range of products, from individual objets d’art of unique cultural and ethnic significance to functional and decorative wares produced on a semi-industrialized basis.

<sup>3</sup> Some literature argues that handicrafts translate into part of a culture and industry that applies local raw materials and hand tools to produce items that portray an artisan’s talent in a way different from machine-made or mass-produced counterparts. (ICCIM, 2000.)

artistic qualities of the product vs. simple crafts;<sup>4</sup> and the motivation for production, which may be rooted in culture and tradition or due to economic reasons. Agreeing on a proper definition for handicrafts becomes especially important in view of the growing mechanization and commoditization of handicraft production, notably in China.

According to buyers, handicrafts are “**products significant to the country where they are made, due to skill, tradition, culture, and local materials used.**”<sup>5</sup> Therefore, buyers argue that most of the products made in China (and in countries seeking to emulate China’s production capabilities) are not handicrafts, even though many are partially or fully handmade. “China will produce anything that you will ask, better than anyone else, and at a better price, but these are not unique handicrafts like those being produced in other countries.”<sup>6</sup>

The following definition, adopted in 1997 by the United Nations Educational, Scientific and Cultural Organization/Information Technology Community (UNESCO/ITC) Symposium on Crafts and the International Market, is also helpful because of its breadth and depth in capturing the diversity and complexity of the handicraft sector:

Artisanal products or handicrafts are those produced by artisans, completely by hand or with the help of hand-tools and even mechanical means, as long as the direct manual contribution of the artisan remains the most substantial component of the finished product. Their special nature derives from their distinctive features, which can be utilitarian, aesthetic, artistic, creative, culturally attached, decorative, functional, traditional, and religiously and socially symbolic and significant. They are made of sustainably produced raw materials and there is no particular restriction in terms of production quantity. Even when artisans make quantities of the same design, no two pieces are ever exactly alike.<sup>7</sup>

## **CHALLENGES ASSOCIATED WITH DEFINITIONS AND DATA COLLECTION**

Most researchers acknowledge that the lack of a consensus on the definition of handicrafts is a major problem related to tracing the development of handicrafts as a recognized industry,<sup>8</sup> which limits data collection that would provide information on the economic significance of the sector.<sup>9</sup> Handicraft products are not identified separately in the main international system for trade statistics, the Harmonized Commodity Description and Coding System (HS), and, therefore, reliable trade data at an international level do not exist. Thus, most artisanal products exported today are not independently counted in international trade statistics and are invisible in international trade flows. The difficulty has been to define artisanal products for the purposes of the HS and to identify criteria that can be applied uniformly to distinguish such goods from their machine-made counterparts. Handicrafts trade data sometimes exist for individual countries if governments make an effort to track them; however, international comparisons and analysis of trade flows are complicated. There are several ways to collect data on handicrafts, each of which offers some insights.

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<sup>4</sup> Some resources consider handicrafts as objects made largely by hand, sometimes partly by machine, with the objective of adding visual appeal to the product made. (Craftsbridge, no date).

<sup>5</sup> Interviews with Ernest Owens and Mimi Robinson.

<sup>6</sup> Interview with Ernest Owens.

<sup>7</sup> ITC, no date(a).

<sup>8</sup> Dormer (1997) cited in Fillis, 2004, p. 61.

<sup>9</sup> Mikkelsen and Hagen-Wood, 1998.

- **Classifying products by raw material.** In the *Methodological Guide to the Collection of Data on Crafts* published by UNESCO (1990), products are listed primarily according to the materials used and, in certain cases, combining the material and the technique with corresponding HS codes identified for each product category.<sup>10</sup> Using this classification, it is possible to identify and analyze a country’s exports in certain product categories. Categorizing products by raw materials is important also because this is how industry experts who work with handicraft producers—in particular, designers and product development consultants—talk about products.<sup>11</sup> Materials have always been important in the home accessory industry because of the industry’s close relationship with fashion, and they have become even more significant recently as designers and producers combine different types of materials to create unique, “eclectic” products.
- **Classifying products by market segment.** From the end-market perspective, the key market for handicraft products is home accessories (also referred to as the “home décor” or “home accents” market, which tends to overlap with the “gifts” and “garden” product categories). It is not easy to determine the share and contribution of handmade versus machine-made products within these markets. Despite this limitation, most studies use market data for home accessories as a proxy for the handicrafts sector, primarily because few other statistics exist for the global handicrafts market.

The 2004 Universe Study of the U.S. market by *Home Accents Today* magazine (Smith, 2004) divides the home accessories market into 10 product categories: accessories and gifts, accent furniture, portable lamps, wall décor, collectibles, area rugs, tabletop and tabletop accessories, lighting fixtures, permanent botanicals, and soft goods. Alternatively, the 2005 European Union (EU) Market Survey of Gifts and Decorative Articles, produced by the Centre for the Promotion of Imports from Developing Countries (CBI, 2005), looks at products made from specific materials that are typical of these countries: candles, woodware, wickerware, artificial flowers and fruits, ceramicware, glassware, metalware, and boneware. Additionally, the ITC classifies artisanal products under creative industries with the following market segments: clothing and accessories, decoration (interior and exterior), household items, gifts, toys, and stationery. Ultimately, classifying products by market segment is practical because this is how most buyers view the market, how large retailers assign buying responsibilities, and how consumers think about their purchases.

This study uses market data for the home accessory industry in the United States and Europe to understand the market dynamics, style trends, and growth of particular product categories, and to determine potential market opportunities for Haitian products.

## THE GLOBAL MARKET FOR HANDICRAFTS

To understand the end market for handicrafts, it is important to know how the home accessory industry is segmented and organized. Each handicraft product that originates with artisan producers is based on one or a combination of several raw materials listed in the table below, and ends up in one of the home accessory market segments shown. Table 1 illustrates handicraft product flow using data from the United States home accessory market. Starting from the lefthand side, column one lists the most common raw materials used by handicraft producers, as classified by the ITC; column two

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<sup>10</sup> The main categories include basket/wicker/vegetable fiber-works, leather, metal, paper, pottery, soap, textiles, wood, various animal/mineral/vegetable materials (this category includes materials in craft production that are either very specific to the country, region, or area; are rare; or are difficult to work, such as stone, glass, bone, horn, shells, or a combination), and extra categories (these categories refer to different materials and techniques applied at the same time such as decorations, jewelry, gold/silversmith wares, musical instruments, and toys). (ITC, no date(b).)

<sup>11</sup> This is perhaps similar to identifying artists by their medium.

shows illustrative examples of products frequently produced by artisans; column three divides the end market by segments into which these products flow; and column four lists the key retail outlets for each market segment, including their sales volumes and growth patterns.

Producers may not know the end market categories into which their products flow, nor are they likely to have detailed information about trends and retail channels. Having access to this information and targeting products toward a particular channel from the start can help increase access to markets. It allows producers to estimate the demand for specific products and understand which categories consumers are buying most. It can make them aware of trends and provide ideas for unique products and market niches. In addition, analyzing the sales and growth patterns of various retailers can help pinpoint the most likely buyers for their products. Finally, information on consumer purchasing patterns and the performance of various retail channels can offer insights about appropriate price points and one's competitive position.

**TABLE 1: HOME ACCESSORY MARKET SEGMENTS**

Raw Material (as classified by ITC)	Illustrative Product Examples	Home Accessory Market Segment (2004 U.S. market share)	Top U.S. Retail Stores (2004 sales in \$ millions and 2005 growth projection)
Basket, wicker, and vegetable fibers	Baskets	Accessories and gifts (22%)	<ul style="list-style-type: none"> <li>• Home accent/gift stores (\$6,500; 4.2%)</li> <li>• Direct-to-consumer channel (\$2,500; 9%)</li> <li>• Discount stores/off-price retailers (\$2,275; 6.4%)</li> <li>• Lifestyle stores (\$700; 8.6%)</li> <li>• Department stores (\$660; 0.8%)</li> <li>• Craft/fabric stores/chain (\$445; down 3.4%)</li> <li>• Interior designers (\$425; 2.4%)</li> <li>• Traditional furniture stores/chain (\$320; 6.3%)</li> <li>• Home improvement centers and warehouse clubs (\$150; 2%)</li> </ul>
	Handbags		
Metal	Picture frames (of wood and metal)		
Leather			
Paper	Wall décor items		
Pottery		Accent furniture (21%)	<ul style="list-style-type: none"> <li>• Traditional furniture stores/chains (\$3,100; 6.5%)</li> <li>• Lifestyle stores (\$2,850; 7%)</li> <li>• Discount stores/off-price retailers (\$2,175; 6.4%)</li> <li>• Home accent/gift stores (\$2,050; 6.1%)</li> <li>• Interior designers (\$1,120; 1.3%)</li> <li>• Home improvement centers and warehouse clubs (\$575; 3.5%)</li> <li>• Department stores (\$535; down 0.6%)</li> <li>• Direct-to-consumer channel (\$450; 11.1%)</li> </ul>
Wood	Boxes		
Soap	Decorative accessories		
Textiles	Ornaments		
Stone	Vases		
Glass	Candles	Portable lamps (11%)	<ul style="list-style-type: none"> <li>• Discount stores/off-price retailers (\$1,360; 4%)</li> <li>• Home improvement centers and warehouse clubs (\$1,260; 4.9%)</li> <li>• Lamp and lighting stores/chains (\$1,180; 0.8%)</li> <li>• Home accent/gift stores (\$952; 2.2%)</li> <li>• Lifestyle stores (\$510; 5.3%)</li> <li>• Direct-to-consumer channel (\$435; 5.7%)</li> <li>• Traditional furniture stores/chain (\$410; 5.4%)</li> <li>• Department stores (\$300; down 1.7%)</li> <li>• Craft/fabric stores/chain (\$170; 0%)</li> </ul>
Bone	Candle-holders		
Horn			
Shells	Ceramics		
Combination of different materials and techniques	Sculptures		
	Masks		

Raw Material (as classified by ITC)	Illustrative Product Examples	Home Accessory Market Segment (2004 U.S. market share)	Top U.S. Retail Stores (2004 sales in \$ millions and 2005 growth projection)
	Bowls and dishes	Area rugs (9%)	<ul style="list-style-type: none"> <li>Discount stores/off-price retailers (\$1,650; 4.2%)</li> <li>Lifestyle stores (\$1,060; 2.8%)</li> <li>Home improvement centers and warehouse clubs (\$610; 3.6%)</li> <li>Traditional furniture stores/chains (\$565; 3.2%)</li> <li>Floor covering stores (\$509; 2.2%)</li> <li>Direct-to-consumer channel (\$470; 4.3%)</li> <li>Home accent/gift stores (\$405; 2.5%)</li> <li>Department stores (\$305; down 1.6%)</li> </ul>
	Furniture		
	Embroidered and sewn textiles	Wall décor (9%)	<ul style="list-style-type: none"> <li>Discount stores/off-price retailers (\$1,625; 4.3%)</li> <li>Home accent/gift stores (\$785; 3.2%)</li> <li>Direct-to-consumer channel (\$690; 4.3%)</li> <li>Traditional furniture stores \$540; 5.6%)</li> <li>Lifestyle stores (\$515; 3.9%)</li> <li>Home improvement centers and warehouse clubs (\$445; 3.4%)</li> <li>Craft/fabric stores/chain (\$355; down 2.8%)</li> <li>Interior designers (\$155; 3.2%)</li> <li>Department stores (\$118; down 1.7%)</li> </ul>
	Papier mâché		
	Jewelry	Lighting fixtures (7%)	<ul style="list-style-type: none"> <li>Home improvement centers and warehouse clubs (\$1,635; 3.7%)</li> <li>Lamp and lighting stores (\$1,505; 3.3%)</li> <li>Discount stores/off-price retailers (\$415; 3.6%)</li> <li>Home accent/gift stores (\$172; 1.7%)</li> <li>Interior designers (\$153; 1.3%)</li> <li>Direct-to-consumer channel (\$130; 3.8%)</li> </ul>
	Musical instruments		
	Toys	Tabletop and tabletop accessories (7%)	<ul style="list-style-type: none"> <li>Lifestyle stores (\$975; 1%)</li> <li>Home accent/gift stores (820; 1.8%)</li> <li>Discount stores/off-price retailers (\$775; 1.9%)</li> <li>Department stores (\$630; 1%)</li> <li>Direct-to-consumer channel (\$615; 2.4%)</li> </ul>
		Collectibles (6%)	<ul style="list-style-type: none"> <li>Home accent/gift stores (\$1,790; down 2.2%)</li> <li>Direct-to-consumer channel (\$1,300; 3.8%)</li> <li>Discount stores/off-price retailers (\$515; 1%)</li> </ul>
	Soft goods (5%)	<ul style="list-style-type: none"> <li>Discount stores/off-price retailers (\$980; 3.1%)</li> <li>Home accent/gift stores (\$630; 2.4%)</li> <li>Lifestyle stores (\$555; 3.6%)</li> <li>Direct-to-consumer channel (\$415; 3.6%)</li> <li>Department stores (\$335; 1.5%)</li> </ul>	
	Permanent botanicals (4%)	<ul style="list-style-type: none"> <li>Craft/fabric stores/chain (\$855; 1.1%)</li> <li>Home accent/gift stores (\$450; 1.1%)</li> <li>Discount stores/off-price retailers (\$295; 1.7%)</li> <li>Direct-to-consumer channel (\$203; 1.5%)</li> <li>Lifestyle stores (\$140; 0.7%)</li> </ul>	

*Accessories and gifts* is the largest market segment, with a projected 5.2 percent growth in sales for 2005. This segment includes a variety of products, from baskets and boxes to photo frames, bookends, candles, and home fragrance products, and offers the most opportunities for handicraft

producers. Gift purchases, in particular, are projected to grow significantly in the future.<sup>12</sup> The market for vases, on the other hand, is becoming saturated.<sup>13</sup> The market for baskets is particularly competitive; over 95 percent of the product is made in China, Vietnam, Indonesia, and Bangladesh, leaving little room for higher-priced producers except in high-end and one-of-a-kind items.<sup>14</sup>

**Accent furniture** is the second largest market segment, with a 2005 projected growth rate of 5.6 percent. It offers opportunities for products made of many materials, including metal, wood, natural fibers, glass, or various combinations.<sup>15</sup> Though often a matter of semantics, accent furniture most often refers to the smaller, more unusual “statement” pieces in a room.

The **portable lamps** segment was projected to grow 3.1 percent in 2005. Some buyers believe this category presents opportunities for developing-country producers through the combination of local materials to produce unique lamps. For example, metal or ceramic bases can be combined with paper or textile shades.<sup>16</sup>

The **area rugs** segment was projected to grow at 3 percent and will continue to remain strong as the popularity of hardwood (and imitation hardwood) floors persists among consumers.

**Wall décor**, with a growth projection of 3.4 percent, is one of the most popular product categories, according to buyers and industry resources. It includes many decorative and functional items such as wall art, mirrors, picture frames, and coat hooks. According to *Home Accents Today* magazine, “contemporary wall décor is still the hottest thing on the market and people just can’t get enough.” Wall décor vendors see growth as furniture retailers put more emphasis on accessories.<sup>17</sup> This segment is likely to continue to be very popular and offers many opportunities for developing-country producers.

The **lighting fixtures** sector (non-portable lights such as wall sconces) was projected to grow 3.3 percent in 2005. Home improvement centers, warehouse clubs, and specialty lamp and lighting stores hold 75 percent of the market for this product category.

**Tabletop** was projected to grow only 1.4 percent, and our research shows that it is a very brand-driven product category, thus offering few opportunities for handicraft producers. However, artisans can sell unusual **tabletop accessories** and serving pieces such as carved wooden bowls, stone or papier mâché napkin rings, and horn-inlaid salad utensils.

**Collectibles**, a very broad and overlapping category defined as decorative or useful items for which there is a demonstrated secondary market, has a projected flat growth rate, while **soft goods** (home accessory textiles such as throws, decorative pillows, and top-of-bed items that can be made by many artisans in developing countries) were projected to grow 2.7 percent in 2005. **Permanent botanicals**, more commonly known as artificial flowers and plants, are sometimes handmade from silk and were projected to grow 1.2 percent in 2005.

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<sup>12</sup> Interview with Randy Eller.

<sup>13</sup> Interview with Mark Phillips.

<sup>14</sup> Interview with Carla Peters.

<sup>15</sup> For example, some Ukrainian producers are able to offer furniture pieces that combine wrought iron with glass or leather.

<sup>16</sup> In Vietnam, U.S. buyers are sourcing ceramic lamp bases; in Haiti, a small producer creates unique lamps from hand-hammered metal and wood bases with paper shades.

<sup>17</sup> Kox, 2005.



According to a recent survey of retailers, the three most popular product categories are mirrors/wall décor, lamps, and accent furniture.<sup>18</sup> These are the top products retailers will add to their inventories in 2006, along with decorative pillows and throws. The products that retailers will likely reduce in 2006 are top-of-bed accessories, candles, and bath and body items. Another notable growth trend is seen in the popularity of *garden/outdoor décor items*. This category includes products from most of the above categories—for example, sculptures, planters, and outdoor furniture—and opens up new market opportunities for producers.

In addition to home accessories, the market for *jewelry* has been growing as a result of its expanding availability at all retail levels. Jewelry has become an affordable luxury for fashion-forward women and men, as well as a favorite gift item in all price ranges. In 2000, the U.S. consumer market for fine and costume jewelry rose 5 percent over 1999 levels to \$39.8 billion; today, the United States is the largest market for jewelry in the world.<sup>19</sup> It is followed by the EU, with total sales in 2003 estimated at \$25 billion, an increase of 8 percent between 1999 and 2003.<sup>20</sup> According to retailers, although ceramics and glass have historically been their number one selling category, it is now jewelry and other fashion accessories such as belts and handbags.<sup>21</sup>

Jewelry is typically divided into fine jewelry<sup>22</sup> and costume jewelry, which is considered a fashion or personal accessory.<sup>23</sup> Costume jewelry in particular is a fast-growing market, one that is perhaps more accessible to artisans in developing countries than the market for precious and semi-precious materials. For example, in the United Kingdom, the demand for costume jewelry grew 18 percent between 2004 and 2005,<sup>24</sup> and in the EU it represented 15 percent of total jewelry sales in 2003, accounting for nearly half of all jewelry items sold in volume terms.<sup>25</sup> According to market experts, the costume jewelry market holds significant potential for developing-country producers because of the variety of local materials that can be used and the opportunity to apply local skills and creativity to design unique fashion accessories.<sup>26</sup> In addition to non-precious metals and plastics, costume jewelry often uses such natural materials as wood, shell, bamboo, leather, beads, horn, and recycled materials. It includes a variety of product categories, such as accessories for women (necklaces, pendants, earrings, rings, bracelets, brooches, and so on), hair accessories (hair clips, head bands, hair pins, ribbons), accessories for men (tie pins, necklaces, rings, cufflinks), and accessories for children (hair ornaments, rings, necklaces).<sup>27</sup> Although developing-country jewelry exports are dominated by China, Thailand, and India, other handicrafts producers—Philippines, Vietnam, Pakistan, Morocco, and Brazil, for example—have been able to take advantage of the growing costume jewelry market

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<sup>18</sup> Smith, 2006a.

<sup>19</sup> “Jewelry Sales Reach \$39.8 billion.” [http://retailindustry.about.com/library/bl/q2/bl\\_um041701.htm](http://retailindustry.about.com/library/bl/q2/bl_um041701.htm)

<sup>20</sup> CBI, 2004a, p. 5.

<sup>21</sup> Interview with Karen Gibbs.

<sup>22</sup> Fine jewelry is made of precious and semi-precious metal and stones and is usually used for formal occasions.

<sup>23</sup> Costume jewelry is made of less valuable materials, including base metals, glass, plastic, and synthetic stones, in place of more valuable materials such as precious metals and gems.

<sup>24</sup> Costume Jewelry – UK, MINTEL Reports, September 2005. <http://reports.mintel.com/Sinatra/reports/index/&letter=3/display/id+125742&anchor=a125742>

<sup>25</sup> CBI, 2004a, p. 5.

<sup>26</sup> The *EU Jewelry Market Survey* (CBI, 2004a) identified the following distinguishing factors that jewelry exporters can capitalize on: skills (specially made jewelry, created by unique metalworking, finishing, or material combinations), country (jewelry that is distinctive to its country of origin), material (the use of unique natural materials or the use of a unique combination of materials), and design (jewelry of unique or specific design from a culture).

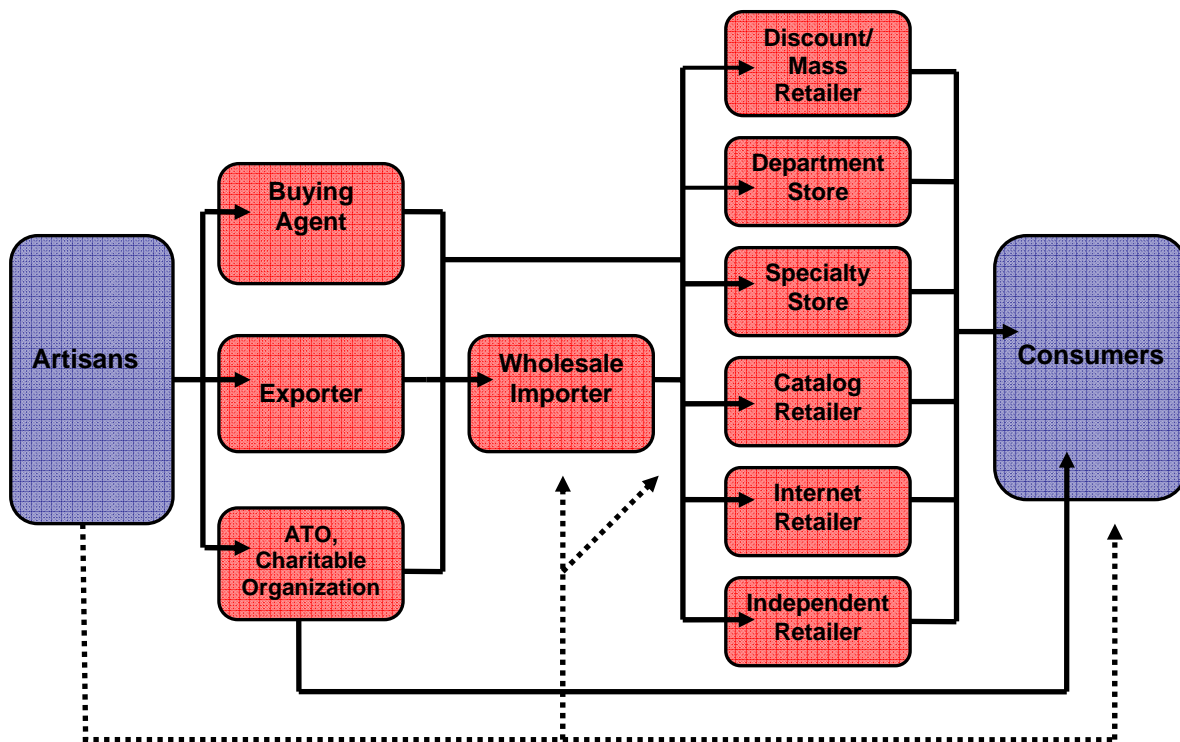
<sup>27</sup> The Philippine Fine Jewelry and Fashion Accessories Industry, <http://www.philexport.ph/fashion.html>.

and increase their exports. Home accent/gift stores (including tourist shops), discount stores,<sup>28</sup> and department stores—in addition to traditional jewelry stores,<sup>29</sup> which focus on fine jewelry—account for the majority of all jewelry sales in the United States.

## PLAYERS AND CHANNELS

In this section, we review the landscape of players and channels in the global handicrafts market. Figure 1 illustrates in very general terms how the market is organized and is applicable to the majority of handicrafts produced in developing countries and sold in the United States and Western Europe (differences between these two end markets are discussed later).

**FIGURE 1: HANDICRAFT MARKET CHANNELS**



The box on the left represents *artisans*—craftspeople who are working independently or in groups to sell their products in local markets and to exporters and foreign buyers. They may also be subcontracted by exporters or other artisans, or work directly as employees of export companies.

A *buying agent* is an individual or company, usually based in the producing country or in some cases within a region (such as West Africa), that is responsible, on behalf of an importer, for all interaction with the artisans: communication, samples and ordering, production oversight, quality control, labeling, packing, inland freight, payments, and so on. An agent typically works for a commission

<sup>28</sup> Wal-Mart is the largest jewelry retailer in the United States, according to the Unity Marketing report on the jewelry market, as referenced in “Jewelry Sales Reach \$39.8 billion”. ([http://retailindustry.about.com/library/bl/q2/bl\\_um041701.htm](http://retailindustry.about.com/library/bl/q2/bl_um041701.htm))

<sup>29</sup> Jewelry stores represent the single largest retail channel for jewelry, accounting for just under 60 percent of the total retail market in the U.S., according to the Unity Marketing report on the jewelry market, as referenced in “Jewelry Sales Reach \$39.8 billion”. ([http://retailindustry.about.com/library/bl/q2/bl\\_um041701.htm](http://retailindustry.about.com/library/bl/q2/bl_um041701.htm))

paid by the buyer or artisan, or possibly both, and is viewed by wholesalers and retailers as essential to the success of their imports.

*Exporters* are businesses located in the producing country that manufacture and export products in large quantities. In the handicraft sector, they may hire artisans to work in-house, or outsource much of the production to artisans working in their homes, completing the final tasks (such as assembly, finishing, quality control, labeling, and packaging) in-house. Typically, these companies require significant production financing and are more experienced with export procedures and requirements than individual artisans.

*Charitable organizations* are largely nonprofit groups, in either the artisans' country or the destination market, that perform a few or many of the functions of an exporter, importer, buying agent, and retailer. They may receive private or public funding, and they are often guided by a mission such as poverty alleviation or improved healthcare. Some are faith-based.

Also worth noting is the role of the alternative trade organization (ATO; also known as fair trade organizations). Most ATOs work directly with artisans to better serve their goal of ensuring fair wages, safe and ethical employment practices, and environmentally sustainable production. In addition to acting as local intermediaries, ATOs may also act as importers, wholesalers, agents, and retailers. They sell through all types of retailers as well as directly to consumers through their own stores, websites, or catalogs. Although both charitable organizations and ATOs are often very important to the artisan groups they work with, they represent a relatively small portion of the total flow of handcrafted goods in Western markets. ATOs are also included below as a sub-category of independent retailers and their role is discussed further in that context.

*Wholesale importers* range from small “mom and pop” start-ups to very large, well-established companies with their own production and distribution facilities. Some are structured businesses with significant financing, while others have grown out of personal travel and operate on a shoestring budget. They purchase, import, and wholesale products to all types of retailers. Some also function as buying agents working on commission when profit margins are too thin.

Most developing-country handicrafts pass through one or more intermediaries before reaching wholesale importers, retailers, or consumers. While there certainly are direct purchases from the artisans, as indicated by the dotted lines, the relative volume of these transactions is negligible.

## **RETAILERS**

Toward the right side of Figure 1 are a number of different types of retail channels. The salient characteristics of each are described below, including descriptions of how they tend to operate, examples, data on sales trends,<sup>30</sup> and assessments of their potential from the point of view of developing-country handicraft producers.

*Discounters/mass retailers* are high-volume, fast turn-over “big-box” stores that sell a variety of merchandise (sometimes including groceries) at lower than conventional prices. Checkout is centralized and service is kept to a minimum. These companies import the majority of their merchandise directly through their own sourcing agents and sometimes from exclusive overseas production facilities. In the United States, they typically have thousands of locations, and some have expanded internationally as well. This channel is the second largest in home accessory sales, with an

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<sup>30</sup> U.S. market sales data are used unless otherwise specified.

estimated volume of \$12.6 billion in 2005.<sup>31</sup> The leading retailers in this category are Wal-Mart (\$5.8 billion in home accessory sales in 2003), Target (\$1.2 billion in 2003), and off-price retailer TJX Companies (\$530 million in 2003). All three have buying agents in China and source the vast majority of their home accessory goods from developing countries.<sup>32</sup> **While many producers and intermediaries dream of making big sales through this channel, the reality of doing business with discounters/mass retailers can be challenging, risky, and short-lived (see Box 1.2).**

*Department stores* are large retailers such as Macy's, Bloomingdales, and Sears that operate nationally or regionally and sell a wide range of merchandise arranged in separate departments, each with its own salespersons and checkout service. They focus primarily on apparel, shoes, and accessories, and though they have traditionally purchased through wholesale importers, many sell items in volumes sufficient to support container-size orders. This allows them to import an increasing percentage of their merchandise directly (with agents) from overseas producers. Department stores are currently experiencing a round of consolidation and have been losing ground in competition with discount stores. Total home accessory sales were estimated at \$3 billion in 2004, with growth projected to remain flat in 2005. Some experts predict the demise of the department store position in the home accessory market because of the shrinking middle market segment, a trend discussed below. **Overall, department stores are not a promising channel for developing-country producers; home accessory sales represent a small and declining share of their overall business, and these stores have not traditionally sourced from artisans for their home goods.**

*Specialty retailers*, such as Crate & Barrel, Pier 1 Imports, and Pottery Barn, are focused on either a single category of merchandise or a few closely related categories. Some offer low prices with limited service, while others seek to differentiate themselves through higher-quality service. They vary in their target audience, having segmented the market in terms of not only product type but also demographics, and may be either regional or national. While they may continue to purchase some products from wholesale importers, most have significantly increased their direct purchases to eliminate a layer of expense. Included in this category is a new fast-growing group of retailers called *lifestyle stores*, which target a specific consumer profile and market a "style image" along with their goods.<sup>33</sup> Lifestyle retailers carry several types of products, such as accent furniture, portable lamps,

#### Box 1.2: Small Producers and "Big-Box" Stores

The term "big-box" was coined in reference to the physical layout of mass retailers like Wal-Mart and Kmart, but it often used loosely to include large department stores, supermarkets, home improvement stores, and warehouse clubs. Because of their high-volume sales and large number of retail locations, big-box stores typically do not order less than a 40-foot container from a producer and require thousands—or tens of thousands—of nearly identical units. Relatively few developing-country producers (outside of China) are able to fill orders of this magnitude. In addition, big-box buyers have demanding requirements for timely delivery, quality and packing specifications, and they may apply charge-backs (deductions from the payment) if their requirements are not met. Because profit margins are typically thin, this can result in a financial loss for the producer. A further challenge is the delayed payment terms sought by most large retailers (30 to 90 days after a shipment is received). Combined with a reluctance to finance production, such terms can present an insurmountable barrier for producers. For those producers who are able to meet the production requirements and access the financing needed, there remains a risk that the sale is a one-shot deal—a product with a short life-span or a cheaper supply elsewhere.

Source: Interview with Randy Eller.

<sup>31</sup> Based on estimated 2004 sales of \$12.1 billion and a projected growth rate of 4.6 percent to \$12.6 billion in 2005. The largest channel is home accent/gift stores. (Smith, 2004, p. 5.)

<sup>32</sup> Interview with Jackie Peters.

<sup>33</sup> According to the 2004 Universe Study by *Home Accents Today* (Smith, 2004), this channel has strongly influenced younger consumers in defining their own styles.

area rugs, wall décor, and soft goods, along with some combination of small appliances, gourmet foods, apparel, jewelry, or personal care items. Examples of this type of store include large chains such as Anthropologie as well as smaller independent retailers (Auto and Room & Board in New York). Nearly a quarter of the households that purchased home accessories in 2003 bought them through this channel. The lifestyle channel also captures a high percentage of high-income households (those earning \$75,000 or more).

Home accessory sales for the specialty and lifestyle channel were estimated at \$7.4 billion in 2004 and were projected to grow at the rate of 5 percent to \$7.8 billion in 2005. Stores in this category look for unique products that are not available at mass retailers; thus, they are often interested in sourcing from developing countries and new suppliers. Some continue to purchase products from U.S. producers, but market experts estimate that as many as half of the products in this channel are imported directly from developing countries.<sup>34</sup> **The fast growth of these stores and their heavy focus on home accessory products make them potentially strong customers for handicraft producers; however, the volume and delivery requirements can be similar to those of the discounters/mass retailers.**

*Catalog and internet retailers* sell primarily through one or both of these two channels; they include Sundance Catalog, Smith & Hawken, and L.L. Bean. While some of these retailers sell large volumes in various categories, others are not big enough to support container-size orders; thus, product is sourced both directly and through wholesale importers. Although most chain and department stores are multi-channel retailers—they also sell through the internet and mail-order catalogs—retailers that sell primarily through these two channels differ because they do not need to spread inventory across numerous retail locations, allowing them, among other advantages, greater flexibility in the quantities they order. While nearly all catalogs also sell over the internet, a minority of internet retailers also sell through mail-order catalogs.

Catalog and internet retailers are often referred to as the direct-to-consumer channel, which includes television sales. In 2004, these categories' home accessory sales grew 8.1 percent, to \$7.2 billion, and were projected to grow another 6.1 percent in 2005.<sup>35</sup> Jupiter Research forecasts that U.S. total online retail spending will increase from \$81 billion in 2005 to \$95 billion in 2006, and to \$144 billion by 2010.<sup>36</sup> A high percentage of younger consumers, including Hispanics and African-Americans, are buying home accessories through this channel. **Although estimates are not available, it is clear that a significant volume of handicrafts may pass through this channel, particularly certain categories such as jewelry.**

*Independent retailers* constitute a broad category intended to capture all of the following: small retailers with one or only a few stores, tourist shops, art galleries, museum and zoo stores, flower shops, coffee shops that sell handicrafts, garden stores, alternative trade outlets, and other relatively small retailers with sales volumes too small to support container-size orders.

These retailers may focus on any number of categories, from gifts and home accessories to clothing, garden products, and holiday items. Relatively few import products themselves; the majority purchase merchandise from wholesale importers and receive shipments from domestic warehouses. Art galleries can be the exception because they tend to sell one-of-a-kind items and purchase both directly

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<sup>34</sup> Interview with Jackie Peters.

<sup>35</sup> Examples of catalogues in addition to those cited above include Lillian Vernon, Red Envelope, and Spiegel; TV shopping networks include HSN and QVC; internet retailers include Art.com, eBay, and 1-800-flowers.com. Second-hand or used products sold on eBay are not included in figures. In addition, online sales of traditional retail channels have been growing, spurring such retailers as Neiman Marcus, Nordstrom, and Saks to expand their online capabilities.

<sup>36</sup> [www.jupitermedia.com/corporate/releases/06.02.06-newjupresearch.html](http://www.jupitermedia.com/corporate/releases/06.02.06-newjupresearch.html).

from foreign artists and dealers and from domestic importers.<sup>37</sup> **While individually these retailers represent relatively small sales, collectively they are the largest distribution channel for handicrafts. Many differentiate themselves from larger retailers by the more unusual and handcrafted nature of their product lines.**

For handicraft producers, the independent retail channel has traditionally been a large and constant outlet for their products. However, many of these businesses have been challenged by the low prices and increasing quality and design capabilities of big-box stores (such as Target's Global Bazaar). Whether the independent retailers will ultimately survive is a key question in the industry and is particularly important for handicraft producers. Some market experts believe that although independent retailers are currently losing ground, the pendulum will eventually swing as they forgo competing on price and instead offer unique products, services, and shopping experiences to their customers.<sup>38</sup> The growth of the luxury market, discussed below, will likely create new niche market opportunities for independent retailers and handicraft producers alike. Some are already doing well by focusing on products not offered by mass retailers and not easily replicated. Following are examples of independent retail stores in the U.S. market:<sup>39</sup>

- **Home accent and gift stores** comprise the largest independent retail outlet category for home accessories, with estimated 2004 sales of \$14.6 billion and projected 3.1 percent growth to \$15 billion in 2005.<sup>40</sup> These stores are local or regional companies that carry gift items, accent furniture, tabletop items, and decorative pillows, among other products. A number of small lifestyle stores also fit the independent retailer category. **This channel presents opportunities for developing-country producers because of the retailers' typically more usual product mix, smaller unit quantities, and fewer production requirements.**
- **Museum stores**, which include retail stores at museums, zoos, and parks (such as the Smithsonian and San Diego Zoo), are frequent buyers of handicrafts. They are not able to order large volumes, but tend to be stable buyers and open to sourcing from developing-country producers (zoo stores in particular). However, most must sell primarily products that are directly related to current exhibits in order to maintain their tax-exempt status. Consequently, the market for Haitian products, for example, would be limited to museums that have an exhibition on themes related to Haiti.<sup>41</sup> According to the Museum Store Association in the United States, in 2002, net sales of individual museum stores ranged from less than \$5,000 to \$17 million, with median net sales at \$137,457.<sup>42</sup>
- **Alternative trade organizations** and fair trade retailers purchase primarily from artisans (typically through development projects or agents), fair trade importers and exporters, charitable organizations, and other ATOs. In addition, certain specialty shops, while not dedicated fair trade retailers, may be interested in a particular culture or cause and purchase small amounts of fairly traded handicrafts as a way to support artisans and raise consumer awareness. In the United States

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<sup>37</sup> Interview with Tony Fisher.

<sup>38</sup> "While the mass retailers can appeal to mass-market tastes and provide mass-produced good, it is up to the small retailer to develop customer loyalty by appealing to niche tastes of the customer, creating an atmosphere bursting with excitement and providing great service." ("Viewpoints," 2005.)

<sup>39</sup> Smith, 2004, p. 3–5.

<sup>40</sup> Smith, 2004, p. 4.

<sup>41</sup> Interview with Andrea Snyder.

<sup>42</sup> These statistics are based on Museum Store Association members, approximately 1,600 institutions that include museums, aquariums, zoos, libraries, and parks. (<http://www.museumdistrict.com>).

and Canada, Ten Thousand Villages is perhaps the most widely recognized ATO, with more than 160 retail locations and sales of \$22.8 million in 2005 (about half of which were wholesale).<sup>43</sup> Interviewees for this report believe this channel has the potential to grow as consumer interest in environmental sustainability, fair wages, and worker conditions increases. However, they also note that the **current size of the ATO/fair trade retail and wholesale market is relatively small, fair trade handicrafts are often perceived as having lower quality,<sup>44</sup> and the influence of “fairly traded” on consumer buying decisions is secondary to design and price.** This last observation holds true even for Sundance Catalog and Ten Thousand Villages, where customers might be more likely to purchase “out of solidarity” with the artisans—ultimately, the product itself must be valued for the price paid.<sup>45</sup> In 2004, total fair trade sales in North America (including Mexico) grew by an estimated 30 percent over 2003 to \$359 million. In 2005, the total sales of fair trade products in the 25 EU member states were estimated at €660 million (approximately US\$780 million), which represents a sustained annual increase of more than 20 percent over the five previous years.<sup>46</sup>

While it is unclear whether these figures are based on retail, wholesale, or a combination of both, it is nonetheless important to note that the Fair Trade Federation (FTF) estimates that as much as 85 percent of the North American sales were coffee, cocoa, sugar, and tea and that the balance includes jewelry and apparel as well as handcrafted home accessories.<sup>47</sup> Acknowledging that many importers, retailers, and charitable organizations observe fair trade practices without obtaining formal certification (and are thus excluded from the data), and that fair trade sales are surely higher than reported, one still concludes that the ATO/fair trade channel remains very small relative to other retail and wholesale channels.

**Box 1.3: The Direct Sourcing Phenomenon**

More and more large retailers are opting to source directly, bypassing U.S.-based importers. When Pottery Barn was purchased by Williams-Sonoma in 1986, 95 percent of the products were purchased through wholesale importers. Today, 80 percent is directly developed and imported via in-country agents working with producers.

*Source: Interview with Scott Donnellan*

**RECENT CHANGES AND NUANCES IN HOW THE DISTRIBUTION CHANNELS WORK**

Any discussion of market channels must acknowledge the trend toward multi-channel businesses. Nearly all discounters, mass retailers, department stores, and specialty stores—as well as more and more independent retailers—have retail websites, and some have mail-order catalogs as well. In addition, catalog and internet retailers are opening “brick and mortar” locations in addition to operating wholesale divisions. Wholesale importers are launching websites and/or opening retail locations to offset a decrease in sales to large retailers. And a few exporters hoping to capture a

<sup>43</sup> Ten Thousand Villages, Annual Report (April 1, 2004–March 31, 2005). [www.tenthousandvillages.com/pdf/Annual%20Report%200405.pdf](http://www.tenthousandvillages.com/pdf/Annual%20Report%200405.pdf)

<sup>44</sup> Interview with Mimi Robinson.

<sup>45</sup> Interviews with Marie Wintriss and Doug Lapp.

<sup>46</sup> Fair Trade Advocacy Office, 2005.

<sup>47</sup> FTF, 2005.

greater percentage of retail prices have established their own wholesale/retail websites<sup>48</sup> and are moving to open overseas outlets.<sup>49</sup>

Perhaps a more significant change is the shortening of distribution channels as layers of intermediaries are eliminated through direct sourcing. Global production has become commonplace for larger retailers, and many see the trend extending to smaller companies as well.<sup>50</sup> The competitive nature of today's markets demands that any company capable of going direct to drive down costs should do so whenever feasible. However, in the world of handcrafted products, "direct" rarely eliminates the role of the buying agent or exporter. There nearly always is a third party responsible for overseeing production. Even very large retailers prefer to work with an intermediary in the country of origin. And for merchandise made entirely or near entirely by hand in small lots in developing countries, there still remains an essential role for wholesale importers as well as for the exporters and buying agents on whom they themselves rely.

The overall trends in European distribution channels follow patterns similar to those in the United States: the popularity of discount chains, a shrinking middle market (dominated by department stores), and the ongoing battle of survival for many of the independent retail stores.<sup>51</sup> One notable difference is that independent retailers have been able to maintain a somewhat stronger position in Europe, largely because of consumer and government support of independent stores and various limitations on the expansion of big-box stores.<sup>52</sup> In addition, owners of independent retail stores in Europe tend to be more comfortable importing directly from producers (having, in general, more frequently traveled and interacted with foreigners)—thus gaining a price advantage over U.S. independent retailers, the majority of whom purchase from domestic wholesaler importers.<sup>53</sup>

Depending on which definition one uses, Western Europe is comprised of 18 countries, which is to say 18 independent sub-markets, a degree of complexity that is sometimes overlooked when comparisons treat the United States as one market and Europe as another. Although wholesale importers and large retailers in the United States may focus on certain regions, the majority are national in distribution and sales. By contrast, large retailers in Europe tend to have fewer store locations and wholesale importers are likely to be country-specific, therefore leading both to require smaller quantities than their American counterparts.<sup>54</sup> **Thus, while Europe has broad distribution**

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<sup>48</sup> Haitian exporter Drexco ([www.drexco.com](http://www.drexco.com)) is one example.

<sup>49</sup> Interviews with Pierre-Richard Sam and Randy Eller.

<sup>50</sup> Interview with Mark Phillips.

<sup>51</sup> Interviews with Colleen Pendleton and Frederic Alcantara. The *EU Market Survey for Gift and Decorative Articles* (CBI, 2005a) distinguishes the following as the key types of retail stores that sell home accessories in the EU: **variety stores**, which traditionally offer a wide range of cheap products, but recently have been experiencing fierce competition from supermarkets and discount stores; **furniture and home interior specialists**, which offer a "lifestyle solution" (similar to "lifestyle" stores in the United States) and carry a variety of home accessory products; **garden centers**, which sell accessories for gardens and outdoor living spaces (a growing category); **department stores**, which, as in the United States, are experiencing competitive pressures from discount and specialty retailers such as IKEA; **mail-order houses** that focus on direct-to-consumer catalogue sales; and **supermarkets and hypermarkets**, which are increasingly tapping into the gift and decorative articles market.

<sup>52</sup> In much of Europe, zoning laws limit the expansion of large retailers, providing some security for small retailers. (Lewis, 2004.)

<sup>53</sup> Another difference between the EU and U.S. markets is the impact of taxes, specifically the European value added tax (VAT). Markups in the EU and United States are similar, but in much of Europe, a 17–20 percent VAT is added, which importers must take into consideration when pricing out a product. This is part of the reason why India and Asia—with low prices and shipping costs—are prime product sources for Europe.

<sup>54</sup> Interview with Ton Haas.



for mass-produced products, producers typically must identify separate importers for each country to purchase handcrafted items.<sup>55</sup>

## PRICE SEGMENTS

Market segments within the handicraft industry tend to vary with individual products. In their 1996 book, *Handmade Money*, Morris and Turok identified four basic artisan markets:<sup>56</sup>

- Functional wares: items made in a workshop or small factory that mass-produces handmade goods such as pottery, tiles, or furniture for national or export markets;
- Traditional art: ethnic crafts marketed locally by creating interest in the culture and by maintaining high quality;
- Designer goods: sometimes based on local crafts but always redesigned by foreigners to suit fashion trends in the export market; and
- Souvenirs: inexpensive, universal trinkets or simplified traditional crafts made for local retail or sold through international development agencies as tokens of good will.

Market experts interviewed agree that these are still the main market segments for handicraft products. **Mass-produced functional goods** fall mostly into the low-end market and are sold primarily through the big-box stores. **Traditional art** is usually higher in quality and sold in mid- to high-end markets, primarily in small chains and independent retail stores. **Designer goods** are typically sold in the high-end market segment by interior designers and high-end furniture and specialty stores. **Souvenirs** are mostly found in low-end markets at souvenir and gift shops in resort and vacation areas, and at some specialty stores and big-box chains. Table 2 lists some key product characteristics for each market segment.<sup>57</sup>

**TABLE 2: PRICE SEGMENTS FOR HANDMADE GOODS**

Segment	Price Range Example	Key product characteristics	Examples of U.S. retail stores
Luxury/High-End (terms used interchangeably)	\$200–\$1,000 retail and up for a wall décor item	<ul style="list-style-type: none"> <li>• Very high quality</li> <li>• Product looks like artwork that belongs in a wealthy setting</li> <li>• Innovative design</li> <li>• High-quality packaging, labeling, and marketing materials</li> <li>• Purchasing priorities are design and quality</li> </ul>	<ul style="list-style-type: none"> <li>• Neiman Marcus</li> <li>• Saks Fifth Avenue</li> <li>• Expensive independent stores</li> </ul>
Middle	\$75–\$200 retail for a wall décor item	<ul style="list-style-type: none"> <li>• Product must have value and be affordable</li> <li>• Purchasing priorities are: <ul style="list-style-type: none"> <li>#1 design</li> <li>#2 price</li> <li>#3 quality, which must match the price<sup>58</sup></li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Pier 1 Imports</li> <li>• Crate &amp; Barrel</li> <li>• Cost Plus World Market</li> <li>• Sears</li> </ul>

<sup>55</sup> Interview with Colleen Pendleton.

<sup>56</sup> Morris and Turok, 1996, p. 2.

<sup>57</sup> These divisions are very intuitive and differ with each product and within each retail channel. This table was developed based on the perceptions of buyers and market experts interviewed; it is intended to be illustrative.

<sup>58</sup> Quality, according to buyers, is related to the quality of finish and materials used, level of craftsmanship, consistency among units, and packing for efficiency and damage control.

Segment	Price Range Example	Key product characteristics	Examples of U.S. retail stores
Low-end	Under \$75 retail for a wall décor item	<ul style="list-style-type: none"> <li>• Lower-end, cheap, and readily available</li> <li>• Might have a good look, but quality is lacking</li> <li>• Cheaper materials (e.g., iron instead of brass)</li> <li>• Lower-quality finishes</li> <li>• Purchasing priorities are: <ul style="list-style-type: none"> <li>#1 price</li> <li>#2 design</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Target</li> <li>• Wal-Mart</li> <li>• Kmart</li> <li>• Home Goods</li> </ul>

One of the key trends in the home accessory market today in both the United States and Europe is its increased polarization, meaning the low-end and luxury market segments are growing while middle markets are stagnating or shrinking. At the low end, cheap imports are driving down average retail prices, leading to consumer expectations of better quality at a lower price.<sup>59</sup> In the United States, where houses tend to be larger than elsewhere, consumers are purchasing more and more home accessories, which, with the exceptional growth of discount stores, are becoming increasingly disposable. These market developments translate into increased competitive pressures on producers to improve quality and delivery while cutting costs through cheaper labor and more efficient production. Such shifts in consumer purchasing patterns are reflected in the changes taking place in distribution channels, as noted above: discount chains are growing while many mid-level department stores and independent retailers are struggling to maintain revenues.

**Box 1.4: China Direct**

“China will produce anything you ask, better than anyone else and at a better price.” It has achieved a new level of price/quality competitiveness, allowing buyers who import directly from China to retail products at prices few importers working in other countries can match. A Cheyenne brand lamp, for example, produced in China and sold by Home Depot, Target, and Bed, Bath & Beyond, sells at retail for \$59.99. A similar lamp produced in Haiti for a wholesale importer might wholesale at this price, resulting in a retail price as high as \$150.

Source: Interviews with Ernest Owens and Jackie Peters.

At the high end, such stores as Neiman Marcus and Saks Fifth Avenue are already among the fastest-growing retail chains. Many consumers are purchasing unique accent pieces in luxury stores to adorn the cheaper, larger items they have purchased at a mass-merchandiser. According to a study by Unity Marketing, “the future of retail is serving the luxury market through 2010–2015.”<sup>60</sup> Research conducted by *Home Accents Today* shows that 122 million Americans have the financial means to afford luxury goods.<sup>61</sup> In Europe, consumers of home accessory products also increasingly favor unique, high-end items, though they tend to have smaller homes and are more minimalist in their furnishings. Market experts reason that this leads to greater selectivity, with a focus on quality over quantity, a direction the U.S. market may be moving in over the next decade as high real estate prices trigger a trend toward smaller homes.<sup>62</sup> With greater selectivity in purchases of home décor items, American consumers are expected to spend more on gifts, opening up opportunities for both high-end

<sup>59</sup> Smith, 2004, p. 3.

<sup>60</sup> As referenced in Smith, 2004, p. 4.

<sup>61</sup> According to the Bureau of Labor Statistics, “of the 111 million U.S. households, about 27.9 million have an income of \$75,000 and above, 15.7 million have incomes of \$100,000 and above, 10.1 million are making \$100,000 to \$149,000 and 5.6 million are making \$150,000 or more.”

<sup>62</sup> Interviews with Karen Gibbs, Colleen Pendleton, and Randy Eller.

home accessories and new creative gift products. **The luxury market segment covers all product categories and offers excellent opportunities, current and future, for handmade products.**

### KEY IMPORT MARKETS

The global market value for home accessory products is estimated to be at least \$100 billion,<sup>63</sup> with key markets being the United States, Germany, France, the United Kingdom, Spain, the Netherlands, Japan, and Hong Kong, followed by a number of additional West European countries. The United States is the largest, with total home accessory retail sales valued at \$67.5 billion.<sup>64</sup> Although the total value of the EU home accessory market is difficult to estimate because categories for data collection differ, collectively Europe is regarded as the second largest market, not far behind the United States. Several statistics offer insights: in November 2005, the EU-25 market for gifts and decorative articles was valued at €10.8 billion (approximately US\$13 billion.);<sup>65</sup> in 2003, the EU-25 market for household and furnishing textiles was approximately \$31.6 billion (\$6.3 billion in imports, of which \$3.4 billion came from developing countries)<sup>66</sup> and the market for furniture was roughly \$86 billion (\$29 billion in imports, of which \$5.6 billion came from developing countries).<sup>67</sup> It is important to note, however, that these numbers suggest a greater distribution than actually exists: 82 percent of the furniture imports in 2003 from developing countries came from Asia, 46 percent of which were produced in China.

Although this paper looks primarily at the U.S. and European markets for home accessories as a proxy for handicrafts, it should be noted that market experts predict growth in other markets for these products. Over the next decade, the greatest increase in consumer purchasing power is expected to occur in Asia. According to the McKinsey Global Institute, “the consumer landscape will change and expand significantly. Almost a billion new consumers will enter the global marketplace in the next decade as economic growth in emerging markets pushes them beyond the threshold level of \$5,000 in annual household income—the point when people generally begin to spend on discretionary goods. From now to 2015, the consumer’s spending power in emerging economies will increase from \$4 trillion to more than \$9 trillion—nearly the current spending power of Western Europe.”<sup>68</sup> In China, interest in European home accessory products has been growing, and some believe it will itself become a strong market for handicraft products from developing countries as Chinese consumers become more sophisticated and interested in unique products for the home. These changes mean that in the future, handicraft producers will need to think more globally; buyers at trade shows are no longer coming only from the United States and Europe but, increasingly, from places like Japan, China, and Eastern Europe. This requires exhibitors to prepare product information and pricing in multiple languages and currencies, and to be ready to ship anywhere in the world.

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<sup>63</sup> Interview with Randy Eller.

<sup>64</sup> Estimate based on 2003 value of \$61.8 billion plus a projected 8.3 percent increase by 2005. (Smith, 2004.)

<sup>65</sup> Because there are few data available for the gifts and decorative accessories market, the 2005 *EU Market Survey for Gifts and Decorative Articles* (CBI, 2005a) uses statistics for housewares and furniture to estimate the market size. The overall market for handicraft products could be higher since the estimate does not include products such as textiles, toys, tableware, and kitchenware.

<sup>66</sup> CBI, 2005, Household and Furnishing Textiles.

<sup>67</sup> CBI, 2005, Domestic Furniture.

<sup>68</sup> Davis and Stephenson, 2006.

Market experts also predict that domestic and regional markets will grow in developing countries, opening up new opportunities for producers to increase sales.<sup>69</sup> In some developing markets, such as El Salvador, there is already a growing preference for local and regional home décor items over Asian goods. In recent years, Peruvians have been increasing exports to Colombia, Ecuador, and Bolivia, where there is a demand for their handicrafts.<sup>70</sup> Some interviewees believe that this trend in fact offers the opportunity for handicraft producers to first “work out the kinks” in nearby markets before entering the more complex, competitive, and demanding U.S., Canadian, and European markets. Local and regional markets may offer greater flexibility to experiment with product styles, quality, and finishes, as well as to better manage the growth of their businesses.

## KEY EXPORT MARKETS

**China** holds a dominant position as an exporter in the global home accessory market, and most industry experts agree that this trend is not likely to change in the near future. In April 2005, China produced an estimated 70 percent of all home accessory products sold in the United States.<sup>71</sup> Because of China’s enormous production capacity and low labor costs, producers from other countries can rarely compete on price and volume. State-of-the-art equipment and rising productivity allow Chinese producers to deliver large product quantities quickly, on time, and at low prices.<sup>72</sup> These companies excel at mechanizing the production process (cutting, sorting, packing, and so on) and using advanced technologies for machine finishing and coloring. Such innovations enable Chinese producers to create, by machine, near-exact copies of handcrafted designs brought in from other countries. According to buyers, it is now possible to produce almost any product more cheaply and efficiently in China than anywhere else in the world. In addition to efficient production and assembly routines, Chinese factories are able to accurately provide and streamline labeling, barcoding, and packing according to a buyer’s inventory management system and exact specifications. Receiving products ready for sale significantly reduces costs in the destination market where labor is more expensive.<sup>73</sup> However, few developing-country producers have the capacity to offer these highly desirable services; those that do are typically located in Vietnam, India, Indonesia, the Philippines, and Mexico in addition to China).

Some of China’s other key success factors are cited by buyers as useful lessons for artisans all over the world. These include a strong work ethic, good communication with minimal language problems, consistent efforts to improve quality and service, and a willingness to work with foreign design teams and follow instructions to make product adjustments—a concession handicraft producers in other countries are sometimes unwilling or unable to make.

Currently, global demand for Chinese products is so high that some Chinese factories are said to be turning down orders for lack of skilled workers, leading them to open production facilities in other countries, such as Vietnam, to take advantage of available skilled labor. China’s dominance in the

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<sup>69</sup> Interviews with Colleen Pendleton, Karen Gibbs, and Mimi Robinson.

<sup>70</sup> PROMPEX, 2004.

<sup>71</sup> Interview with Ernest Owens.

<sup>72</sup> A standard order size for large buyers fills one or more 40-foot containers. Though they may sometimes consolidate shipments, large retailers tend to purchase in large quantities. A producer’s capacity to fill a 40-foot container increases its appeal to large retailers and gives it an advantage over smaller suppliers. Though 20-foot containers are sometimes used (particularly in India, where roads limit size), they are less economical to ship (for example, shipping a 20-foot container from Ukraine to the United States costs \$3,500, while a 40-foot container costs \$3,500 and holds twice the cargo).

<sup>73</sup> Impeccable customs documentation and good port facilities allow Chinese producers to take advantage of the regulation that allows exporters to pre-clear containers for customs even before they reach the United States.

market has also led to the rise of other Asian producers. As its share of global production has increased, so have the minimum order quantities of Chinese factories, presenting a significant challenge for small and mid-size importers that are unable to place large, multi-container orders. Instead, these buyers are turning to other producers of home accessory products, such as Vietnam and India, which offer lower minimums and comparable labor costs and have demonstrated their ability to deliver.

A developing trend in the marketplace is a “China backlash” from both from buyers and consumers. Concerned about customer perceptions, long order lead times, and the propensity for designs to quickly find their way into competing stores, buyers are increasingly articulating an interest in product sources outside of China. Further, many buyers (particularly from high-end retailers) actively seek unique products and materials that can help differentiate their brands. And while consumer purchasing decisions are seldom made based on the country of manufacture, many people shopping at high-end stores expect to see labels reflecting diverse countries of origin.

**Vietnam** in particular is emerging as an alternative to China: pricing is comparable, labor is skilled and hardworking, quality and delivery are good, and producers have low minimum order requirements. Its home accessories industry is enjoying government support and benefiting from investments in infrastructure and transportation. In 2004, Vietnam exported \$300 million in handicrafts to the United States, an amount that is expected to grow to \$1.5 billion within five years.<sup>74</sup> Large retailers from both the United States and Europe are increasingly turning their interest to Vietnam in search of “a different look,” yet expecting goods to be produced with skill levels equal to those in China.<sup>75</sup> Increasingly popular Vietnamese products include accent furniture, lacquerware, woodenware, ceramics, and items accented with eggshell. Because the country is in the early stages of developing its own home accessory products for the international market, Western designers are often needed to adapt existing products. While buyers have noted variances in the quality of finishing and packing, market experts believe that Vietnamese products have great potential because of their unique look and artistic qualities, especially in the high-end segment.<sup>76</sup>

**India** has long been a strong handicraft producer and is becoming an increasingly important exporter for decorative products. Handicraft exports to the United States amounted to \$1.9 billion in 2003, having shown a consistent 15 percent annual growth rate over the previous decade. In 2002, India held a 10 percent share of global handicraft exports,<sup>77</sup> and in the past three years this sector has grown 4.7 percent annually. The Indian government has begun focusing on increasing handicraft exports by investing in design capacity and showcasing Brand India. According to international buyers, when compared to Vietnam, India has difficulties with shipping and delivering product on time (delivery may take as long as six to seven months). This is in part due to poor road infrastructure, which supports only 20-foot containers (half the size of the more common and cost-efficient 40-foot container). However, India has broad producer skills and, like Vietnam, low minimum order quantities and its own, distinctive look.<sup>78</sup>

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<sup>74</sup> Smith, 2006b.

<sup>75</sup> These include home accent companies, such as John-Richard, Toyo, Maitland-Smith, Interlude, The Phillips Collection, and Napa Home and Garden, as well as major mass merchants—Costco and Target.

<sup>76</sup> Smith, 2006b.

<sup>77</sup> India Brand Equity Foundation, 2004.

<sup>78</sup> India's main handicraft product categories, accounting for 63 percent of total handicraft exports, include art metalware, woodware, hand-printed textiles, hand-knotted and embroidered textiles, leather goods, stoneware, and carpets and floor coverings.

Other emerging Asian producers—**Indonesia, Thailand, Cambodia, and Philippines**—each offer compelling products and skill sets, but overall are less competitive than China, India, and Vietnam. Buyers affirm that while these countries have much to offer, prices tend to be comparatively high and many items can be made more cheaply in either China or Vietnam. **Indonesia's** exports of handicrafts have in fact declined, from \$449 million in 1999 to \$443 million in 2002, despite the efforts of the Association of Exporters and Producers of Indonesian Handicrafts to boost exports. One problem is a limited understanding of foreign markets (on the part of producers) stemming from an insufficient capacity to conduct market research. One buyer who had visited Indonesia several years ago recently returned in search of new product opportunities, but found that Indonesian home accessory products had not advanced—prices increased while craftsmanship remained the same.<sup>79</sup>

Several African producers—**Ghana, South Africa, Mozambique, Malawi, Kenya, and Tanzania**—offer a number of successful handicraft products on the world market. In the opinion of market experts, South Africa and Ghana have the highest export capacity and most competitive designs and quality. Their success is based on consistent delivery and the ability to sustain sales based on established relationships. Ghana's handicraft exports<sup>80</sup> increased significantly, from \$2 million in 1995 to \$14.9 million in 2001, with buyers in Europe and the United States that include Pier 1 Imports and the TJX Companies.<sup>81</sup> However, Ghanaian producers still have difficulty keeping up with market trends and designing products for Western tastes and lifestyles. In 2002, handicraft exports dropped to \$11.3 million. In addition to dated designs, one buyer noted that product quality often suffers from deficient technologies such as water-based polishes and insufficient drying of wood during the rainy season, which causes mold and cracks.<sup>82</sup>

In Latin America, **Peru, Mexico, Colombia, Honduras, Guatemala, Bolivia, and El Salvador** are the main exporters of handicrafts. Market experts identify Mexico, Peru, Columbia, Honduras, and Guatemala as countries with particularly strong export capacity based on the number of exporters able to handle large order volumes in their own facilities or through subcontracting to smaller producers. Mexico and Peru are considered the leaders in product quality and richness of design. Guatemala also has excellent designs, but prices tend to be less competitive.<sup>83</sup> Buyers single out Peru as being especially responsive to market demands, citing the availability of skilled agents and exporters, artisans experienced in exporting to the United States, relatively stable and competitive prices, the ability to deliver products on time, good quality control, a willingness to make changes according to buyer requests, thorough packing and labeling, good communication skills, and the capacity to produce items in large quantities. In 2005, Peru's handicraft exports were estimated at \$40 million<sup>84</sup> to markets including the United States (39 percent) and Ecuador (11 percent).<sup>85</sup> A large portion of its success in increasing handicraft exports is attributed to the ability of Peruvian exporters to work together in associations and strategic alliances (an estimated 40 percent work this way). This reduces production and delivery times while increasing the production capacity of each producer.

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<sup>79</sup> Interview with Mark Phillips.

<sup>80</sup> Key products include baskets, musical instruments, and woodware.

<sup>81</sup> ITC, 2005, p. 30.

<sup>82</sup> Interview with Peter Wilson.

<sup>83</sup> Interview with Colleen Pendleton.

<sup>84</sup> PROMPEX, 2005.

<sup>85</sup> Key handicraft products from Peru include bijouterie (39 percent), wood and painted glass goods (20 percent), pottery (13 percent), fur goods (11 percent), textiles, painting and collage, musical instruments, toys and gifts, basketwork, and wax candles.

## TRENDS FOR THE UPCOMING DECADE

### IMPACT OF GLOBALIZATION

World markets are becoming increasingly integrated as a result of improvements in technology, more competitive transportation and communication costs, and reduced trade barriers. Globalization has accelerated a trend that is not new: the growing commoditization of handicraft production. At various times in history, mass-produced factory items have replaced goods that were formerly made exclusively by artisans. As early as in the 19th century, centers like Paisley in Scotland grew around the production of machine-made versions of handcrafted textiles such as the highly prized shawls of Kashmir in India.<sup>86</sup> Today, many observers fear that the advance of globalization has intensified the precarious existence of artisan communities through increasing global competition, the mass production of craft goods, and rapidly shifting trends in fashion, cultural taste, and aesthetics.<sup>87</sup> The doomsday scenario involves a continuing downwards spiral in retail prices, shortening of product life cycles, and the squeezing out of most small producers.

From a different perspective, globalization has opened up significant new market opportunities for handicraft producers. A recent study of India's handicraft sector argues that the risk that handcrafted products will be phased out due to competition from mechanized industries is overblown. In fact, demand for handmade global and cultural goods has and will continue to grow with increased international and domestic tourism, growing interest in interior decoration, greater spending on home furnishings, and as a reaction (especially in upscale markets) to the homogenization of mass-produced goods.<sup>88</sup> It is true that new opportunities lead to new pressures, however. Handicraft producers are being asked to adapt products to buyer requirements, offer more timely production and delivery to exact specifications, and improve production efficiency and quality. They compete not only with other suppliers in their own countries, but also with producers and whole industries in other countries, which may be receiving a higher level of direct or indirect government support.

### RAPID CHANGES IN MARKET TRENDS

A key characteristic of today's global home accessory market is the speed with which fashion styles, product designs, and colors change, resulting in increasingly shorter product life cycles. Ten years ago, some products could be kept in stock for years; today, a typical life cycle is six months. As retailers strive to stay ahead of their competition, new products replace old ones with greater frequency than in the past. Producers, in turn, are forced to keep abreast of trends and constantly develop new designs and products.<sup>89</sup>

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<sup>86</sup> Herald, 1992, p. 13.

<sup>87</sup> Scrase, 2003, p. 449.

<sup>88</sup> Liebl and Roy, 2003, p. 5371.

<sup>89</sup> "To be successful you had better be forward thinking and not just rely on what has always worked. It is said that most of us have a fear of change, and now change is just about the only constant." ("Viewpoints," 2005.)

Such rapid changes in the market have minimized the role of intellectual property protection for this industry. Copyright protection of designs is simply not cost-effective for short life cycles (and is easy to circumvent with slight modifications). Because imitation is common in the home accessory industry, a company's best competitive strategy is to continually introduce new designs, which in turn contributes to the speed with which the market changes.

Market experts predict that industry changes will become even more rapid in the future because of instant communications, competition among retailers and wholesalers, and easier and faster travel. In the next 5–10 years, the product life cycle could shorten to as little as three months. This will put more pressure on all producers to deliver product samples and orders quickly lest they go out of style. For developing-country producers, this trend will be a significant challenge and will increase the importance of access to market information and the ability to comply with buyer requirements (see Box 1.5).

#### TOWARD CONTEMPORARY MINIMALISM

For at least several years to come, the market is expected to continue moving away from indigenous (also known as ethnic or traditional) designs toward more contemporary styling (see Box 1.8 for style definitions and examples). Market leaders in the United States such as Pottery Barn and Crate & Barrel have defined the contemporary category for American consumers, creating such a demand for minimalist design that even Pier 1 Imports, long known for its “ethnic look,” is following suit.<sup>90</sup> European retailers adopted similar simple shapes, clean lines, and neutral colors more than a year before they began appearing across the Atlantic.<sup>91</sup> This is not to say the market for indigenous products will disappear; on the contrary, there will always be a demand for authentic handicrafts from around the world. For the foreseeable future, however, this market will remain relatively small in the United States, Canada, and Europe.

While opportunities for purely indigenous designs may be limited, the potential for products that accent contemporary styling with indigenous elements is certainly not. Labeled as global (or world) style, the combination of contemporary and ethnic designs is considered a firmly established and

#### Box 1.5 Key Buyer Requirements

##### Quality

- Materials (e.g., cardboard, paper, or silk used for a lamp shade; type of wood used for a utensil)
- Craftsmanship—how well the product is made (e.g., sewn or glued)
- Finish (e.g., type of polish or paint used; accuracy of color; how finely metal edges are filed)
- Consistency—handcrafted items must be consistent in design and dimensions, though not identical
- Packing and shipping—is it packed well, in clean materials that prevent damage; is it cost-effective to ship?

##### Design

- Is the basic design in line with style trends—lines, shapes, color, and finish? Is the product unique, functional?
- Is it designed to be high quality at low cost using available and affordable materials? Is the producer willing to modify the design according to the buyer/designer's specifications?

##### Price

- Is it priced right for the buyer's customers?
- Will it be profitable for the buyer's company?
- Is the producer willing/able to negotiate?
- Is pricing consistent across products?
- Will prices increase in the near future?

##### Capacity

- Can the producer meet the buyer's minimum quantities? Maximum quantities?
- Will the producer be able to handle a quick re-order?
- Can the producer reliably subcontract to meet production requirements?
- Does the producer have access to sufficient inputs?

##### Delivery

- Can the producer deliver on time, as ordered, with few major glitches that demand the buyer's time and attention?
- Are there any unforeseen expenses?

##### Business Skills

- Buyers need responsive communication (in a language they can read and speak)
- Is there an individual, such as an agent, who can oversee production, delivery, and payments?
- Does the producer follow through, meet deadlines and expectations?

<sup>90</sup> Zaragoza and Watt, 2006.

<sup>91</sup> Europe is generally considered to be at least a year ahead of the United States in terms of fashion trends (see Box 1.6 for more discussion).



growing category, one that presents new and expanding opportunities for handcrafted goods. When enhanced by innovative product development, artisan designs, materials, and techniques can greatly improve the appeal of a contemporary item by softening its textures and creating a unique look. Demand for such distinctive products is on the rise, as evidenced by Target’s Global Home and Global Bazaar product lines and the popularity of the National Geographic collection.

The growth of the high-end market in particular presents opportunities for developing-country producers to introduce handmade goods with contemporary styling—sophisticated, stylish products from artisans around the world. Rather than competing for access to the limited market for purely indigenous products, handicraft producers can adapt traditional designs and skills to complement the broad offerings of the expanding luxury market where larger profit margins and distinctive world styling often converge.

#### THE PUSH TO DIFFERENTIATE

As the luxury market segment grows, consumers have shown a willingness to pay more for unique products. Retailers such as Restoration Hardware, Pottery Barn, and Crate & Barrel are certainly popular but often carry surprisingly similar products. The result is that the offerings in many stores, large and small, often tend to look alike. This trend has increased consumer appreciation in the United States, Canada, and Europe for distinctive design, with a premium placed on products that are not mass-produced and exhibit a cultural identity.<sup>92</sup> Buyers are increasingly interested in items that are unusual in design and materials, such as a novel treatment (for example, the torched metal produced in Haiti at the direction of an Aid to Artisan designer); a distinctive embellishment, such as hand beading or embroidery; a combination of materials (for example, wood and metal, or metal and stone); or a layering of colors, patterns, and textures. In their homes, many consumers are using an eclectic style, choosing a variety of individual pieces for different rooms rather than uniform sets of furniture throughout the house.<sup>93</sup> According to *Home Accents Today*, product diversity remains the key to a retailer’s success. As a

#### Box 1.6: Regional Differences in Style

In both the United States and Europe, trends and preferences vary across regions. Urban areas tend to be more fashion-forward, northern regions more industrial, southern provinces more apt to decorate with bright colors. What sells in one place because of its modern styling may not match typical home décor in another. Often these variances are minor, allowing for products to be designed with a broad market in mind. Between the United States and Europe, however, the differences are more notable. It is widely acknowledged that many trends in product development, particularly colors, begin in Europe and reach the United States about a year later. This makes European trade shows a good place to preview future trends in the United States. Interestingly, the disparity is less pronounced in higher-end “luxury” markets where trends tend to be more global. By contrast, cultural orientation and references are not as universal: the United States focuses more on Latin America whereas Europe looks toward Africa, India, and Asia for its design inspirations.

Source: Interviews with Randy Eller, Karen Gibbs, Ton Haas, Geraldine Hurez, and Carla Phillips.

#### Box 1.7: Designing for Survival

The only way for the artisan to survive is to tap into his or her own indigenous culture to find what is really unique. Most cultures have indigenous designs and often have abandoned them, but they should instead incorporate these into products used today—as elements, accents. For example, the border on a scarf or shawl. It is the accent that makes the product unique, and it is drawn from their culture, their traditions. Contemporary products and contemporary functionality are important—products that fit into people’s lives and homes, but have a wonderful, indigenous element to them. “When it works, it really works.”

Source: Interview with Amber Chand.

<sup>92</sup> According to the *EU Market Survey for Gifts and Decorative Accessories*, “there is a growing demand for products with a personal and emotional touch. Consumers are willing to pay a higher price for unusual and special products. EU-consumers value the style, quality of construction, and functionality of the product. Consumers are looking for one-of-a-kind items, which personalize their homes.” (CBI, 2005a.) A preference for truly handmade products is growing in both the United States and Europe, with Europeans tending to be more receptive to products exhibiting a cultural identity because of their international travel and the strength of their fair trade movement and related marketing.

<sup>93</sup> Cox, 2005, p. 42.

**BOX 1.8: THE WORLD OF HOME ACCESSORY STYLES**

**Traditional** is a term that must be placed in context. In the United States or Europe, it refers to styles that are Western in origin and were developed before the end of the 19th century. Styles in this category also may be referred to as classic and may seem outdated or old fashioned to some, yet timeless to others.

**Indigenous**, also known as **ethnic** or **traditional** (in a different sense), refers to products that are not European or Western in origin. Typically, "indigenous" refers to time-honored artisan products that have been made for generations and are culturally specific, meaning that their design is recognizably from a particular region or people. It has evolved into a design accent—a style that is inspired by, but not necessarily produced by, indigenous cultures. (See the column on the left for examples of indigenous products).

**Contemporary** (or **casual contemporary**) is a term used to mean "styles that are currently popular." In today's marketplace, this translates into smooth lines, a sharp and sleek look, little or no detail and decoration, and a simple and clean finish. In other words, minimalist. *Home Accents Today* describes contemporary as "design featuring geometric shapes and simple frames, where dark finishes and metallic accents lend a hip element while simplicity rules with basic shapes and designs." (See the middle column for examples of contemporary style products).

**Modern** (not shown) differs from contemporary, although the two terms are sometimes confused or used interchangeably in conversation. Industry reports and designers distinguish modern style as a look that originated with mid-20th century industrial design.

**Indigenous (Traditional)**

**Contemporary**

**Global (Contemporary with Indigenous Accents)**

**STOOL/BENCH**



Source: Eziba



Source: Target



Source: Eziba

**WOOD BOX**



Source: Pier 1 Imports



Source: Guild.com (Artful Home)



Source: Cost Plus World Market

**HAITIAN METALWORK**



Source: Julio Balan, Haitian artisan



Source: Unknown Haitian artisan



Contains mixed materials  
Source: Hansie Duvivier, Haitian artisan

**Global style (or world style)** includes elements from both indigenous and contemporary design, such as an intricate, indigenous border on a simple, contemporary handbag or piece of furniture. Once considered exotic, use of indigenous designs has evolved into its own global style category. According to industry reports, the appeal of such products lies in the fact that you “can take a good look [in a global style mirror] and picture yourself as a world traveler, even if you’ve never been any place more exotic than Twisp” (a small town in the state of Washington). In marketing its Global Bazaar Collection, retailer Target encourages its customers to “Show off your sense of adventure. Get inspired by the exotic, eclectic and authentic... Create rooms that roam the world, yet feel very much like home.” Along with much of Pier 1’s product offering, Target’s Global Bazaar and Global Home product lines illustrate well the idea behind this blend of indigenous and contemporary design. (See the column on the right for examples of global style products).

**Indigenous (Traditional)**

**Contemporary**

**Global (Contemporary with Indigenous Accents)**

**MIRROR**



Source: Eziba



Source: Pottery Barn



Source: Pier 1 Imports

**PILLOW**



Source: Craft4less.com



Source: Pier 1 Imports



Source: Pier 1 Imports

**SIDE TABLE**



Source: Ten Thousand Villages



Source: Pottery Barn



Source: Pier 1 Imports

result, even mass merchandisers such as Target have begun to feature multiple countries and cultures in their product development.<sup>94</sup> Buyers from all market segments maintain that such global thinking in design is an important way to stand out in the marketplace, and that telling the story behind a unique feature or accent (through marketing materials such as hang-tags) can help consumers distinguish a retailer from its competitors.

For handicraft producers able to create and deliver quality products at competitive prices, this push to differentiate creates many fresh opportunities. On the other hand, working with new materials and techniques may require additional skills, highlighting one advantage of collaboration among artisans. Such cooperation can be difficult, however, especially if different materials must travel between facilities—a small variance at one stage can result in ill-fitting parts at another, increasing production costs, delivery delays, and irregularity among finished goods.

### ...CHANNELS KEEP GETTING GET SHORTER

As noted, distribution channels are contracting as more and more retailers source directly from foreign producers. In all market segments, large retailers are skipping over domestic wholesale importers to work directly in the country of origin, but rarely without in-country assistance, which leads to an expanded role for local buying (export) agents. Countries and regions where skilled services are available have a major advantage as buyers quickly grow weary of communication, production, and delivery problems. Local agents can identify and inspect potential suppliers, facilitate orders, oversee production and quality control, help source inputs, consolidate orders and arrange shipping, and handle documentation and financial transactions. Perhaps most important, agents can maintain communication with buyers and add a degree of professionalism and confidence.

The capacity to consolidate small orders from a variety of producers in order to take advantage of economical international shipping—while also delivering on time and meeting all production, labeling, and packing specifications—becomes increasingly important as distribution channels shorten, and adds a significant level of complexity to the role of an agent. In recognition of this fact, international shippers such as United Parcel Service (UPS), DHL, and FedEx are piloting new services tailored to less-than-container-load imports. Two of the companies interviewed are already taking advantage of these new programs in Kenya and Mexico.<sup>95</sup> (See Box 1.9.)

Though the market for wholesale importers has undeniably diminished as large retailers increasingly move to direct sourcing, it is yet unclear whether this trend will affect the entire marketplace. The vast majority of U.S. independent retailers, including small regional store chains—which all combined represent the single largest distribution channel for home accessories with an estimated sales \$15 billion in

#### **Box 1.9: Trade Direct with UPS**

Trade Direct<sup>SM</sup> is an integrated solution that takes your products door to door. UPS will pick up or receive your shipments, provide consolidation for air, ocean and ground freight, transport your shipment to the destination country, handle customs clearance, deconsolidate into individual shipments, drop them into either the UPS package or less-than-truckload (LTL) network, and deliver them directly to your customers – all through a single tracking and freight management system. Other services offered include warehousing, inventory management, order fulfillment (pick, pack & ship), returns management, customer call center, and detailed reporting.

*Source: Susan Rosenberg, UPS Supply Chain Solutions, [www.ups.com/content/us/en/bussol/index.html](http://www.ups.com/content/us/en/bussol/index.html)*

<sup>94</sup> Target's Global Bazaar introduced a limited time (January–February 2006) collection of nearly 1,000 items, including pillows, vases, pottery, lamps, mirrors, and furniture from Asia, Africa, Latin America, and Europe.

<sup>95</sup> Interviews with Gloria Delaney and Lee Carter.

2005<sup>96</sup>—continue to purchase from domestic wholesalers. A number of the wholesale importers interviewed had record sales at the New York International Gift Fair in February 2006,<sup>97</sup> and a few even argue that savvy independent retailers will benefit from increasing competition between large retailers whose profit margins and product differentiation will dwindle.<sup>98</sup>

## GROWTH IN ONLINE SALES

Online sales growth is expected to have a significant impact on consumer shopping patterns in most sectors, including home accessories. A distinction should be made, however, between importer-to-consumer and retailer-to-consumer online sales. Because of the artistic nature of handicrafts, consumers often want to see and touch the products. Thus, some market experts believe that online sales of home accessory products will increase significantly for traditional retailers where the consumer can first see and compare the product in a store. But it remains a point of debate whether this trend will equally benefit non-brick and mortar sellers of handcrafted products. The online success of businesses such as Sundance Catalog and Overstock.com (with Worldstock, its developing-country handicraft division), among others, argues otherwise. Experts also note that growth is likely to be more pronounced in certain categories. Larger and less disposable items, such as furniture and lamps, exhibit a pattern of lower online sales than smaller, less expensive home accessory items<sup>99</sup> and gifts.<sup>100</sup>

## WHERE TO, TRADE SHOWS?

As the market landscape evolves, many people are questioning the role trade shows (or “trade fairs”) will play in the future. Some argue that their importance is waning with the growth of direct sourcing and online sales—buyers no longer need to attend shows when so much can be accomplished by internet and with direct visits to producers. Others claim there are simply too many shows scheduled too closely together, largely because organizing them is a lucrative business. This puts a strain on both exhibitors and buyers, many of whom have become very selective in which ones they attend. Whereas in the past retailers may have walked numerous trade shows, today most attend only a few per year, usually in January. Shows that are frequently missed because of crowded schedules or limited budgets must develop new revenue sources, such as inviting the general public to attend “cash-and-carry” days that further diminish appeal to the trade. Other shows have become regional in their draw, attracting smaller

### Box 1.10: Trade Shows Help Identify New Suppliers

TJX Companies (TJ Maxx, Marshalls, Home Goods, AJ Wright, Winners, TK Maxx, Home Sense, and Bob’s Stores) is constantly looking for new suppliers and products, primarily at trade shows. If its buyers see an interesting product, they obtain contact information, then send an in-country agent to visit the producer for more information and samples. Some of those agents themselves may have attended the same show. “I can’t imagine not having trade shows—some people are so small you would never find them if you didn’t go.”

*Source: Interview with Susanne Schulman.*

<sup>96</sup> Smith, 2004.

<sup>97</sup> Interviews with Catherine Keena and Jonathan Williams.

<sup>98</sup> Interviews with Martha Evans and Randy Eller.

<sup>99</sup> For example, in 2004 the direct-to-consumer channel had a significant share in sales of accessories and gifts, wall décor, tabletop and tabletop accessories, collectibles, and to some extent soft goods. Meanwhile, the direct channel had a significantly lower share of sales in accent furniture, portable lamps, area rugs, and lighting fixtures.

<sup>100</sup> Because the market for gifts is expected to increase in the coming years, it is likely that the share of online sale of gifts will increase as well.

businesses with significantly lower sales volumes. At the same time, classic shows like the New York International Gift Fair, America’s Mart in Atlanta, Georgia, and Ambiente in Frankfurt, Germany, have continued to expand their national and international importance, and a number newer shows, such as the Las Vegas Market, have gained in prominence.

Despite these conflicting views, the majority of those interviewed believe that trade shows will continue to thrive. They offer buyers the opportunity to see, touch, and compare product samples from numerous producers, and to research many options in one location over a short period of time. This year’s key shows have been strongly attended, with sales up over previous years. They remain essential not only for discovering new suppliers and products, but also for observing trends and assessing competitors. For small producers, they provide a venue at which to identify potential importers for multiple markets, and for agents an opportunity to promote their services.

“There are too many, and there are good and bad ones—those that are trending up (New York) and trending down (San Francisco). But the sheer numbers of those who attend is staggering.”<sup>101</sup> In the United States, the Las Vegas and New York shows are currently increasing in size and importance, while San Francisco and High Point<sup>102</sup> are seen to be in decline; Atlanta and New York remain the largest shows for gifts and handicrafts. Internationally, Ambiente and Tendance in Frankfurt are considered the most important shows (from the perspective of U.S. and European buyers) for consumer goods,<sup>103</sup> followed by Maison et Objet in Paris, INDEX in Dubai, and several in India, China, and elsewhere in Asia.

#### **HEIGHTENED AWARENESS OF ENVIRONMENTAL AND SOCIAL CONCERNS**

In recent years, there has been a growing awareness of and concern over fair labor practices, the safety and health of workers, and environmentally sustainable production in developing countries. These issues are expected to increase in prominence over the next decade, especially as continued growth in Chinese manufacturing will have an increasing local, regional, and global environmental impact—an issue China is only just starting to address. Europeans in particular have been vocal proponents of fair trade and environmental protection, advancing international discourse on the impacts of global trade. This dialogue is increasingly resonating with consumers and becoming an important consideration for importers and retailers in the United States, Canada, Europe, Japan, and elsewhere.<sup>104</sup>

For handicraft producers, this means improving production processes and paying attention to quality, safety, and working conditions. Long distances from end markets no longer relieve buyers from the responsibility of ensuring that their production processes are in compliance with local labor, health, and environmental regulations, and many companies have developed their own minimum requirements. Retailers such as Bed, Bath & Beyond have long vendor compliance manuals that include an application and independent verification by a third party. These manuals can specify workers’ rights, labor conditions, and required record-keeping. If products are sourced through an

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<sup>101</sup> Interview with Catherine Keena.

<sup>102</sup> The Las Vegas Market is expected to be the key show for the high-end home furnishings/home décor market, replacing High Point International Home Furnishings Market. This is partly due to the attractiveness of Las Vegas as a new destination.

<sup>103</sup> Ambiente 2006 hosted 4,580 exhibitors from 87 nations and more than 147,000 trade visitors from 132 countries, a 4 percent increase over the previous year.

<sup>104</sup> However, for many buyers price is still the most important sourcing decision and many make note of social issues only when it helps with product marketing. Market experts see this changing in the future.

importer, that importer is typically responsible for ensuring compliance.<sup>105</sup> For producers this means that they can receive a site visit at any given time and should be prepared to demonstrate compliance at every step of the production process.

## THE FUTURE COMPETITIVE LANDSCAPE... IS IN ASIA

Many players in the market are concerned about what has been labeled the “China threat.” Certainly handicraft producers from other countries are severely challenged to compete with the low prices, high production capacity, and consistent quality of Chinese craft producers. And China is expected to continue to grow and dominate markets because of its technological and price advantages. Observers note, however, that its strategic interests are already migrating to higher-cost, more technology-intensive products: China’s growth industries are expected to be electronics and automobiles.<sup>106</sup> Asia as a whole will capture a larger share of global economic activity, with the most dramatic shifts likely to be in manufacturing and information technology services.<sup>107</sup>

In the home accessories sector, the quality of home décor products made in China continues to improve. And while currently most product development is driven by Western designers, some experts believe China will soon become skilled at understanding Western tastes and market trends and will begin creating its own competitive designs.<sup>108</sup> There are talented Chinese designers graduating from Western universities who will be able to fuse traditional Asian designs with contemporary styles (global style). However, the market distinguishes between mass-produced “industrial handicrafts” and more authentic items handmade by producers in developing countries. Such unique handcrafted products carry more appeal in high-end markets. Experts believe that other Asian countries, such as Cambodia, Vietnam, and India, will more likely be able to produce handicrafts for the luxury market.

Thus, despite China’s overwhelming competitive advantages, many experts believe that the “China threat” to developing-country handicraft producers is overstated. Buyers do and will continue to look at other countries as potential suppliers in their endless search for unique and marketable products. Many seek new resources outside of China for a number of reasons—the quest for greater product differentiation, the need for lower minimum quantities, interest in faster order turnaround, and a simple “China fatigue” on the part of both consumers and buyers. Interviewees predict that the strongest competition over the next five to 10 years for artisan goods will likely come from leading handicraft producers in other Asian countries such as Vietnam, India, and Cambodia. But opportunities will also open up for other developing-country artisans who are able to identify,

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<sup>105</sup> There are no official certifications in place for producers and most of the compliance verification is done by site visits. This is a common role for agents, who visit producers and observe and monitor their production processes and worker conditions, both before orders are placed and during production.

<sup>106</sup> “China’s economic policy makers, however, are not content with China being the global center for labor intensive manufacturing. While industries establishing labor intensive production capacities in China will be promoted in order to create jobs for China’s growing population, the real focus of China’s industrial policy lies on the promotion and establishment of higher value added, technology intensive industries.” (European Commission, 2004, p. 237.) In China’s exports to the EU, “the share of products which require high-skill labor has grown by around 70% between 1995 and 2002 to a share of 20% of exports in 2002 while the share of products of low-skill industries fell by ten percent-points to less than 30%.” (European Commission, 2004, p. 254.)

<sup>107</sup> “As a consequence of economic liberalization, technological advances, capital market developments, and demographic shifts, the world has embarked on a massive realignment of economic activity. Today, Asia (excluding Japan) accounts for 13 percent of world GDP, while Western Europe accounts for more than 30 percent. Within the next 20 years the two will nearly converge. Some industries and functions—manufacturing and IT services, for example—will shift even more dramatically.” (Davis and Stephenson, 2006.)

<sup>108</sup> “Viewpoints,” 2005.

produce, and deliver for various market niches, particularly high-quality, global style products for the luxury market.



## II. OPPORTUNITIES FOR HAITIAN HANDICRAFTS

### HAITI AND THE MARKETPLACE

*“I have yet to see another culture with same level of artistry and creativity. It’s amazing, impressive.”<sup>109</sup>*

This is a common refrain among industry experts familiar with Haiti. At one time, handcrafted products from Haiti could be found in nearly all market channels, from tourists buying in local markets to specialty retailers and discounters sourcing through wholesale importers as well as directly from Haitian export companies. Neiman Marcus, Pier 1 Imports, Smithsonian Museum, Sundance Catalog, TJ Maxx, Wal-Mart, and numerous independent stores are among the many clients Haiti’s handicraft producers have worked with. During the 1970s and 1980s, export companies were growing in number, production capacity, and market access. But today, only a handful remain, operating at less than half of previous levels. For the entire sector, and for artisans in particular, this abrupt downturn has created an economic gap that charitable organizations, development agencies, and ATOs are working hard to fill. What has changed? As we saw in Chapter I, China, India, and other Asian countries have come to dominate global handicraft production with low prices, tremendous capacity, and increasing quality. In Haiti itself, years of political and social unrest, poor economic policy, and embargos on its trade and foreign aid have taken a toll. By the early 1990s, nearly all businesses—large and small—had experienced a precipitous decline in sales and profits and encountered many new challenges, not the least of which has been a volatile environment in which to operate. From the perspective of one American businessman whose craft factory closed, “this soured many people on Haiti.... What we created over there was devoured by their problems, their system, their situation.”<sup>110</sup> Despite the widely admired creativity and skills of Haitian artisans, buyers turned elsewhere to find more reliable and less expensive suppliers, often with Haitian designs in hand.

Yet against the odds, artisans in Haiti have continued to produce for Western markets. Today, a number of wholesale importers source furniture, accessories, décor, baskets, and other gift, home, and garden products from Haiti. Country Originals in Missouri has been importing from Haiti for more than a decade, working with exporter ACE Basket to develop and produce metal, wood, stone, and natural fiber products as part of its wholesale collection sourced throughout Latin America and Asia. After more than 30 years, and despite recent hardships in Haiti, Jeremie Corp. in Georgia still maintains a presence while expanding its purchases from India, China, and the Philippines. Gloria Delaney, owner of Dwelling in Connecticut, holds a backlog of orders for wooden bowls she orders from Einstein Albert, an artisan with a renewable plantation of fast-growing obechi wood. And a number of other wholesale importers in the United States, Canada, and Europe—along with charitable organizations, ATOs, and Aid to Artisans—continue to develop, produce, and ship handcrafted products from Haiti, though many at reduced levels from years past. At its peak, from 1980 to 1985, the handicraft sector was dominated by four or five craft factories that collectively shipped an estimated 40 to 50 containers per week. “Today, one container a week would be good news to an export company.”<sup>111</sup>

What attracts buyers to Haiti despite the difficulties of doing business there? For many of those interviewed, it is familiarity and a sense of commitment. The U.S. companies active in the Haitian handicraft sector are nearly all wholesale importers sourcing products through long-standing relationships

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<sup>109</sup> Doug Lapp, buyer for Ten Thousand Villages.

<sup>110</sup> Jim Carroll, owner of Jeremie Corp.

<sup>111</sup> Regnault, 2003, p. 153.

that have overcome the many obstacles that deter newcomers. Most, however, have also expanded their buying in Latin America, Africa, and Asia in search of lower prices, more reliable quality and delivery, and fewer impediments to conducting business. A recent \$50,000 order from World Market Cost Plus might indicate a potential resurgence of interest from direct-import retailers, but a closer look reveals that the purchase would not have taken place without support from Aid to Artisans. While the product is appealing to this large retailer, operating in Haiti is less so and required both an active advocate and a sympathetic buyer. For most large retailers, the country is simply no longer on their radar as a source for handcrafted products. To understand where Haitian handicraft sector is today, this chapter will first look at changes in the wholesale and retail landscape over the past two decades and the purchasing behaviors of buyers, then focus on Haiti itself, as viewed from the marketplace.

## CHANGES IN THE LANDSCAPE

Figure 1 in Chapter I presented the overall landscape of the many players and channels in the global handicrafts market. Simplifying this diagram illustrates more clearly the characteristics of the key market channels for handcrafted products entering the United States, Canada, and Europe. First, let us consider two trends previously discussed that have affected the flow of all imported products:

- Businesses have become multi-channel. Nearly all discounters, mass retailers, department stores, and specialty stores—as well as more and more independent retailers—have retail websites, and some have mail-order catalogs as well. Some catalog and internet retailers have opened “brick and mortar” locations (such as L.L. Bean) and operate a wholesale division selling to other retailers. Wholesale importers, to offset a decrease in sales to large retailers, have launched websites and/or opened retail locations. And some exporters hoping to capture a greater percentage of retail prices have created their own websites<sup>112</sup> and seek to open local—even overseas—wholesale and retail outlets.<sup>113</sup>
- Distribution channels have shortened as layers of intermediaries are eliminated through direct sourcing. Global production has become commonplace for larger retailers, and many observers see the trend extending to smaller companies as well. The competitive nature of today’s markets demands that any company capable of going direct to drive down costs should do so whenever feasible. However, it is worth noting again that in the world of handcrafted products, direct rarely means “directly from the artisan.” Regardless of the type of buyer, there is nearly always an intermediary (an export company or buying agent) in the country of origin responsible for overseeing production and delivery. And for merchandise made entirely or near entirely by hand in small lots in developing countries, the wholesale importer remains an essential intermediary as well.

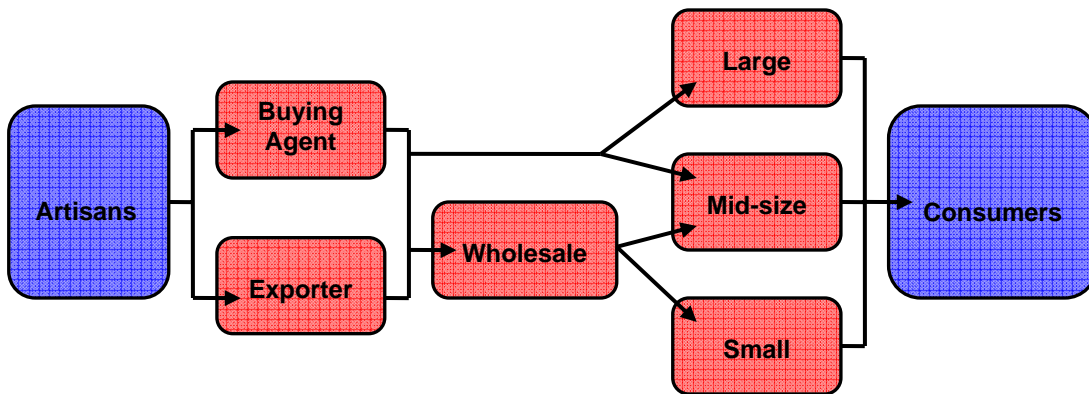
Recognizing these two changes in the landscape, we can greatly simplify our graphic representation of market channels and players by grouping retailers by their ability to buy direct—meaning, in this case, to eliminate the wholesale importer in their sourcing of products. The ability to buy direct is generally governed by size. The greater the volume of sales, in terms of units sold, the more likely a retailer will be able to operate internationally and take advantage of economies of scale. Thus, placing retailers into three general size categories and depicting only the *dominant* channels through which handicrafts reach Western markets creates Figure 2:

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<sup>112</sup> Haitian exporter Drexco ([www.drexco.com](http://www.drexco.com)).

<sup>113</sup> Interviews with Patrick Boucard and Randy Eller.

FIGURE 2: DOMINANT HANDICRAFT MARKET CHANNELS



Loosely defined:

- **Large retailers** move enough volume to support container-size orders, enabling them to take advantage of economies of scale in production, shipping, warehousing, and so forth.
- **Small retailers** buy limited quantities that are often too small to make even overseas consolidation of orders cost-efficient, and thus purchase largely through domestic wholesale importers.
- **Mid-size retailers** fall in between; some move sufficient volume of a few products to support container-size orders, while others purchase mostly in limited quantities through wholesale importers.

While this is a considerable simplification of a complex market with many different players, it allows us to more clearly identify the dominant flows of product. With large retailers, a diminishing role for wholesale importers is a reality. Competition in the marketplace dictates that costs be minimized, in part by eliminating layers of intermediaries. Small retailers, however, are continuing to purchase mainly from wholesale importers, principally because direct importing is not an economical option. Thus, despite the hype about “independents” going direct to overseas suppliers, most still find it either too daunting to try or too inefficient and troublesome to undertake more than a few times<sup>114</sup> (although new domestic fulfillment services for foreign vendors may begin to change this—see Box 2.1). Retailers that fall into the mid-size category may import directly when practical, but will also purchase from wholesale importers, particularly lower-volume items. And as Figure 2 illustrates, nearly all importers interviewed for this report—large retail and small wholesale alike—stated not only that they rely heavily on buying agents and exporters in the countries where their products are made, but that purchases are virtually impossible to manage otherwise.

**Box 2.1: New Ways to Import Small Quantities**

Lee Carter Company at one time shipped to independent retailers from a warehouse in San Francisco, after importing all of its handcrafted merchandise. Today, the firm drop-ships directly from its facility in Mexico to the client in the United States using a FedEx pilot program that appears set to expand into other Latin American countries.

*Source: Interview with Lee Carter.*

<sup>114</sup> Interviews with Scott Donnellan and Catherine Keena.

Based on this convention of large, mid-size, and small retailers, and with minor flows of product removed, Figure 2 reveals that the majority of handcrafted products travel one of just several routes from the artisan to the consumer, with at least one intermediary playing an essential role for the retailer. In the United States, Canada, and Europe, consumers purchase the bulk of handcrafted products through retail stores, catalogs, and websites that source through wholesale importers, exporters, and buying agents. Though purchases made directly from artisans certainly represent an important revenue stream for those individuals, such transactions are negligible when compared to the volume of product flowing through the dominant channels depicted above. This of course applies primarily to developed Western markets; regional and local markets may vary in structure.

Figure 2 reveals where the dominant channels in Haiti's handcraft value chain have likely broken down over the past two decades. Demand in Western markets for handcrafted products that could be produced by Haitian artisans has continued to grow among consumers and, hence, in all retail channels. Production capacity is not limited by skilled labor because there is no shortage of Haitian artisans searching for employment.<sup>115</sup> But the closing or reduced operations of exporters and a notable lack of qualified intermediary businesses, such as buying agents, have left importers without the critical services needed to successfully source product. Although there are a number of significant challenges to doing business in Haiti today, buyers assert that diminished exports from the handcraft sector stem not so much from a lack of demand, but rather from a lack of infrastructure. "The big missing link in Haiti is the agents and exporters."<sup>116</sup>

## **PURCHASING**

How do buyers find, evaluate, and purchase products? Individual buyers differ within and among companies, and perhaps more so between wholesale importers, small stores, and large retailers. At a large company, a buyer may purchase a given category for a few years, then be replaced by someone who is unfamiliar with the product line and wants to "clean house" with new merchandise and suppliers. At a small company, the buyer might be an owner who has grown weary of keeping up with trends and shifts in the marketplace and instead prefers to stick with what has worked in the past. Wholesale importers have been known to base all purchasing decisions on the demands of a few key customers, or abruptly alter direction to pursue new markets and business opportunities. On the whole, however, the process of finding, evaluating, and purchasing products is fairly straightforward.

### ***Searching for Products***

*"All importers are constantly looking for new sources."<sup>117</sup>*

At the buying offices of the large retailers as well as many smaller ones, samples, calls, emails, written offers, and CDs arrive every day from agents, importers, exporters, and producers from around the world. Most buyers are open to new offers from untested suppliers producing in unfamiliar places—competition demands that they always be looking for products that are fresh and unique. But in reality, these buyers receive such an overwhelming volume that unsolicited offers, though welcome, often receive little attention. "So many things come in that not everything is looked at. There has to be a catch."<sup>118</sup> A call from a familiar agent or vendor advocating for a particular product or a message from a supplier referencing a specific item viewed at a recent trade show is often the

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<sup>115</sup> Interviews with Haitian craft factories ACE Basket, Drexco, and MetalArt.

<sup>116</sup> Lori Grey, National Sales Consultant for Aid to Artisans.

<sup>117</sup> Randy Eller, President of Eller Enterprises.

<sup>118</sup> Susanne Schulman, buyer for Home Goods (TJX Companies).

best guarantee of a response. Samples are appreciated (and rarely returned), but may go unopened for weeks or even months. Many buyers from large retailers now prefer to review a digital offer before requesting samples and additional information, and some even provide a template for producers to follow.<sup>119</sup>

Buyers from small retailers generally search for new products at trade shows and purchase inventory from wholesale importers. Though they may be interested in what a foreign producer has to offer, they will likely either pass the information on to one of their domestic suppliers or pass on the opportunity altogether. It is difficult to delineate the line between mid-size companies that can work directly with foreign suppliers and small retailers that purchase exclusively from domestic wholesalers. But in the experience of those interviewed during this study, there are few small retailers that currently import directly from foreign suppliers, with one exception: “suitcase importers” who travel to the artisan’s country, purchase in small quantities, and carry the merchandise back with them. These buyers are able to acquire unique items at very competitive prices, but tend to be seasonal and unpredictable.<sup>120</sup>

Several trade shows in the United States and Europe have begun to bring direct-import opportunities to small and mid-size retailers by showcasing foreign suppliers, much to the dismay of wholesale importers. However, show operators continue to market these exhibitors primarily to distributors, mass merchandisers, and volume buyers.<sup>121</sup> Two other developments in the direct-import world are Chinese vendors opening U.S. showrooms to offer product from “virtually every category of consumer goods,”<sup>122</sup> and domestic fulfillment services for foreign manufacturers. As yet, the foreign showrooms still cater to volume buyers and few handicraft producers have contracted fulfillment services, but these are certainly trends to watch.

Wholesale importers are a large and fragmented segment of the industry, serving retail customers of all types and sizes, from galleries and “mom and pop” shops to regional retailers, department and specialty stores, and even discounters and mass merchants.<sup>123</sup> These companies typically exhibit at one or more trade shows, and most are open to talking with potential new suppliers. As with large retailers, buyers for wholesale import companies typically travel to the countries where the products are made to meet with exporters, buying agents, and the artisans themselves. While some focus on well-established relationships, many others will take every opportunity to discover new items and resources to further expand and differentiate their product offerings. Exclusivity is a key factor in their ability to compete and provide value to their customers, and prices must accommodate their expenses and profit margins in addition to those of a retailer.

### ***Reviewing Offers***

Buyers, much like consumers, look first at the design of a product. Is it fashionable, unique in the marketplace, functional? More often than not, decisions are based on an intuitive reaction. The second consideration is either quality or price, depending on the target consumer. At the higher “luxury” end, quality (especially the finish of a product) should be faultless and accompanied by good presentation (packaging, labeling, marketing materials). Prices should be reasonable, but tend to correspond to the

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<sup>119</sup> Interviews with Marie Wintriss and Nicole Hagerman.

<sup>120</sup> Interviews with Catherine Keena and Colleen Pendleton.

<sup>121</sup> Sources LA ([www.sourcesla.com/home.htm](http://www.sourcesla.com/home.htm)) and Global Connections ([www.nyhometextiles.com](http://www.nyhometextiles.com)).

<sup>122</sup> *Home Accents Today*, 2005.

<sup>123</sup> With a corporate restriction on travel to Haiti, buyers from TJX Companies are presently sourcing Haitian handicrafts from several exporters through domestic wholesale importers.

product category and retail setting. “It’s not always about price point. It’s what you are getting. People are not price resistant as long as the value is there.”<sup>124</sup> At the mid-level of the market, price tends to be the second priority: affordability and good value for the quality. At the lower end, price is the dominant consideration, sometimes even more than design and often at the expense of quality.

For volume buyers, an essential consideration is whether there is sufficient quantity of an item. A retailer with hundreds or thousands of locations or a catalog/internet company with high volume sales will likely require thousands, perhaps tens of thousands, of near-identical units. Bed, Bath & Beyond has more than 700 stores and tries to put the exact same items in each—with sufficient inventory.<sup>125</sup> This volume requirement may exceed a producer’s capacity for production, quality control, storage, and financing, which may compel the buyer to look elsewhere. “You can’t spend too much time on small people because the bang for your buck is not there, unless the product is really special.”<sup>126</sup> Having multiple products of interest that can combine to fill a container may help overcome this obstacle.

For wholesale importers, the issue of production capacity rests more on economical freight than on individual quantities. There are numbers below which items may not be worth the effort and expense to stock and promote, but the larger concern is minimizing per-unit costs of shipping. If a wholesale importer can consolidate from many small producers to fill a container, production capacity will tend to be less of a concern. One wholesale importer interviewed ships entirely by air from Kenya, taking advantage of a new discount service from DHL, because it takes too long to fill a container and the artisans lack the storage space and ability to wait for payment.<sup>127</sup>

There are a number of other considerations that influence a buyer’s decisions, including:

- A producer’s ability to maintain the exclusivity of a customer’s designs;
- A producer’s record for delivery (on time, as ordered, with consistent quality);
- To whom and into which markets a producer currently sells or has sold;
- The participation of a reliable agent or other qualified intermediary; and
- The labor and environmental conditions under which products are made.

This last concern falls under the banner of corporate social responsibility (CSR), which continues to grow in importance, especially for companies that operate under their own ethics guidelines and are careful to avoid public scandal. Retailers often ask the buying agent or the wholesale importer to verify that certain standards are met, such as safe working conditions, reasonable pay within the local context, low environmental impact, and sufficient record keeping. At Associated Merchandising Corporation, a wholly owned subsidiary of Target Corporation and one of the key buying agents for TJX Companies and other discount retailers, personnel in offices around the world assemble profiles that assess suppliers on a variety of CSR measures. A department dedicated to vendor compliance is tasked with monitoring and suspending production should violations occur.<sup>128</sup>

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<sup>124</sup> Elizabeth Howitt, owner of Eco-Brazil.

<sup>125</sup> Interview with Allen Hembree.

<sup>126</sup> Susanne Schulman, buyer for Home Goods (TJX Companies).

<sup>127</sup> DHL provides Gloria Delaney, owner of Dwelling, with competitive shipping rates from foreign producers to her U.S. warehouse, and from there to her clients. “It takes 3–4 days from anywhere in the world—you can’t beat it.”

<sup>128</sup> Interviews with Peter Wilson, Zea Armstrong, and John Grant.

## ***Product Development***

*“Access to markets is critical, but artisans don’t always have the designs, style, etc. for the U.S. market, so the importer must have a hand in creating the product.”<sup>129</sup>*

Product development occurs in many different ways, but is usually directed in part or entirely by the buyer. Many large retailers have specific concepts in mind based on customer preferences and various trend indicators from around the world. They develop their own designs, then look for vendors to execute them at the best possible prices. Even at discounters such as Home Goods and Cost Plus World Market, where buyers often react to offers in lieu of initiating product development, the process is frequently collaborative. Buyers see an item they like, suggest changes or adaptations, then review samples from the producers. With the exception of repeat orders and purely ethnic items (such as tribal masks), it is rare for a product *not* to be “tweaked” for U.S. and European markets.

At the wholesale importer level, buyers fall more or less into two groups: those that prefer to alter little in order to preserve cultural authenticity, and those that pursue a broader audience by merging indigenous skills and design with contemporary aesthetics (as noted in Chapter I, this is often referred to as “global style”). Markets for both exist, but opportunities for contemporary designs with indigenous accents are far greater in both the United States and Europe. “In general, there is less of a market for non-functional items with a very strong ethnic appearance.”<sup>130</sup> More often than not, this translates into active participation in product development by Western buyers, designers, and consultants. Casey Riddel, owner of the retail store It’s Cactus in Carmel, California, and its wholesale arm Beyond Borders, is regarded by many as having achieved a successful balance between indigenous designs and contemporary styling. She gathers ideas from trade shows, other retailers, open markets—essentially from everywhere she travels, sketchpad in hand—and sends her designs and photos to the artisans, who then interpret these in their work. She also adapts original designs from the artisans themselves. The result is a broad selection of products that are distinctive in their handiwork and origin, but contemporary enough to fit into a wide range of retail stores and consumer homes. While she offers some purely ethnic pieces, the majority fall into the global style category.<sup>131</sup> Many of the other wholesale importers interviewed confirmed that their approach to product development is very similar: they adapt indigenous motifs and applications to create unique, contemporary products that offer broad market appeal.

### **Box 2.2: The Product Development Process**

The recent purchase of Haitian metalwork by Cost Plus World Market began with a floral bowl designed by Frederic Alcantara (a product designer from France) for Aid to Artisans. The buyer took the design, flattened it into a form suitable for wall décor, and sent drawings. The artisans’ subsequent interpretations then formed the basis of a \$50,000 order for wall décor, votive holders, and coat hooks.

*Source: Interview with Lori Grey.*

### **Box 2.3: Designing for Global Style**

At many companies, particularly smaller ones, the owner and/or employees perform most of the design work; at larger companies, however, product development consultants are hired to provide fresh designs that acknowledge current and upcoming trends. Four such designers were interviewed for this study, two of whom have consulted for Aid to Artisans. All concur that the biggest market opportunities for handicraft producers in developing countries lie in merging indigenous designs with contemporary aesthetics and functionality.

*Source: Interviews with Ton Haas, Frederic Alcantara, Carla Peters, and Mark Phillips.*

<sup>129</sup> Amber Chand, owner of The Amber Chand Collection and co-founder of Eziba.

<sup>130</sup> Doug Lapp, buyer for Ten Thousand Villages.

<sup>131</sup> A selection of the Haitian metalwork offered by Beyond Borders can be viewed at [www.itscactus.com/shoppingBrowse.aspx?showType=category&prodType=all&is\\_beyond=1](http://www.itscactus.com/shoppingBrowse.aspx?showType=category&prodType=all&is_beyond=1).

## Terms

The terms that accompany a purchase order may be as simple as a price, delivery date, and payment schedule, or very detailed with pages of definitions, specifications, and conditions for production. They may also specify remedies for defective merchandise, delivery delays, noncompliance with local laws and labor practices, violation of license or intellectual property agreements, and other issues. Of critical importance in such contracts are the conditions under which an order can be canceled or expenses might be deducted from payment, commonly referred to as charge-backs. Although practiced by many companies to legitimately cover the costs of supplier mistakes, charge-backs are most often associated with large retailers that are sometimes accused of using unjustified deductions to maximize profits. The terms of a purchase order can be so specific—such as where label is placed—that many producers and agents assume charge-backs are inevitable; the greater concern is whether they will add up to a financial loss. Charge-backs can also be used as a payment mechanism in cooperative marketing arrangements between buyer and seller.

For most handicraft producers in developing countries, however, the primary concern (after prices) is payment. Producers typically want to know how much buyers will prepay for an order, and how quickly after delivery they will pay the balance. With larger companies, a prepayment, or deposit, is rare. “We typically work on net 60 days and generally do not offer prepayment, except in rare cases such as one-of-a-kind artists or the women in Bosnia.”<sup>132</sup> (For the recent Cost Plus World Market order of Haitian handicrafts, Aid to Artisans had to step in to advance money to the artisans). Larger companies prefer to purchase with a credit period (known as “net” or “dating” terms), where final payment is delayed after a shipment is received, typically 30, 60, or 90 days. The wait may be further extended by defining the point of delivery as their domestic warehouse rather than in the possession of a foreign freight forwarder, adding shipping time to the credit period. These terms shift financial burden to the producer and often present a formidable obstacle that is insurmountable without third-party financing. While banks and some development organizations can sometimes provide this service, in many situations financing is inaccessible, unreliable, and/or too expensive, leaving the artisans with few options to fund production for orders with net terms and no prepayment.

Among wholesale importers, however, paying a deposit with an order is a far more common practice. Terms are often 50 percent down with the balance paid upon delivery to a local agent or freight forwarder. For smaller artisan groups or in well-developed relationships, prepayment can even be as much as 100 percent of the purchase price. On the other hand, importers that purchase regularly and over a long period of time from a producer may also seek to reduce the upfront payments and even work on net terms as the producer becomes better able to self-finance production.

### KEY ATTRIBUTES

Opinions on the key attributes of a successful handcrafted item or source of product tend to converge. Ultimately, buyers desire products that can sell from suppliers that can deliver.

#### Box 2.4 Lack of Finance

In Haiti, the biggest problem is money to finance production. There is no working capital available. Haitian banks charge high rates and take too long to decide, and Florida-based banks do not make loans on Haiti-related business activities. No one will take paper on Haiti.

Source: Interview with Alix Pasquet.

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<sup>132</sup> Marie Wintriss, Merchandise Manager for Sundance Catalog.



### ***Key Product Attributes***

Design, quality, and price are the three key product attributes by which buying decisions are made, for both companies and consumers. Interviews revealed that one important aspect of design, particularly in home accent products, is functionality. While an item can be purely decorative, especially if it is unique and well made, product development in general is more successful when designs are both functional and decorative. For example, hand-hammered metalwork from Haiti may be appealing as wall décor, but it is both appealing and functional as a picture or mirror frame. This combination helps handcrafted products compete with manufactured goods in perceived value. Product designers tend to do well when they direct artisan talents into creating novel designs with innovative functionality. “You can do a bowl in many ways that can highlight a primitive elegance that you can’t find anywhere else in the world.”<sup>133</sup>

Other important product attributes include:

- A story—information about the origin of a product’s design, the way it is made, or the artisans and their culture;
- Options—multiple sizes, colors, prices, and so on;
- Packaging—a unique and attractive presentation; and
- Ease of shipping.

While for some retailers providing the story behind a product may have little impact on sales (customers do not read it),<sup>134</sup> for others it is essential. “It’s extremely important and very helpful in selling my type of products. Cost Plus does it, and it is especially good in gift stores.”<sup>135</sup> A hang-tag (attached label or card) is the ideal format because it is easy to read and less likely to be lost before sale. A story of struggle—the hardship case that pleads for sympathy and charity—works better for cause-related retailers than in the general marketplace. Instead, the idea is to provide context and information that helps a customer relate to and talk about a product.

Buyers often put together collections of products with a specific scheme of price points and presentation in mind. They look to match some items, differentiate others, and achieve a color palette that may follow a market trend or is particular to their region or customers. Products offered with multiple size, price, color, and other options help buyers to envision and assemble their collections,

#### **Box 2.5 Decorative and Functional**

Contemporary functionality is important. Artisans have the skills and techniques, but the importer has the knowledge of current fashions and lifestyles. For example, in Cambodia, artisans created a beautiful handbag sample, but it had no pockets. Consumers today need a place to put their cell phone.

*Source: Interview with Amber Chand.*

#### **Box 2.6 Hang-tags**

“Telling a story on a hang-tag is very important. It’s like a brand. People are willing to pay more because of it.”

*Source: Susanne Schulman, buyer for Home Goods (TJX Companies).*

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<sup>133</sup> Jim Carroll, owner of Jeremie Corp.

<sup>134</sup> According to Marie Wintriss, Merchandise Manager at Sundance Catalog, people rarely read product descriptions in catalogs and online (which she notes is different from brick and mortar retail). They look at the picture and place an order if the image is compelling and the price is right.

<sup>135</sup> Lee Carter, owner of Lee Carter Company.

and can enhance a producer's value by offering an assortment large enough to leverage ordering, shipping, and marketing efficiencies.

Packaging provides the opportunity to create a unique and appealing product presentation (such as a hand-woven bag for a bracelet) and to protect the product during transport (such as a clear plastic envelope for a handmade card). It can be as simple as a ribbon around a candle, a colorful label, or a hang-tag. All of these details raise the perceived value for both the buyer and the consumer. In addition, products that are designed for ease and efficiency of packing and shipping are of great interest to buyers, particularly those from distant locations where the cost of shipping can be a significant obstacle.<sup>136</sup> Expenses related to freight and damages are always a concern.

Ultimately, the most important attribute of a product is the income it earns; a good buyer is able to consistently source profitable items from reliable suppliers. Knowing in advance the criteria on which a buyer will base his or her decisions helps the producer to present with a greater potential for success.

### ***Key Producer Attributes***

*"It's frustrating to fall in love with a product and they can't deliver."<sup>137</sup>*

Buyers agree that communication and the ability to deliver are the two most important producer attributes, and that delivering goods as ordered and on time is the most critical. This means producing per design and agreed price, ensuring consistent quality within the tolerances provided, following instructions for labeling and packaging, and consigning the order to the freight forwarder by the agreed date. For many artisans, these can be difficult conditions to meet. In Haiti and other places struggling with numerous obstacles—including violence and thievery, poor government and infrastructure, inflation and currency fluctuations, and unpredictable labor and supplies of raw materials—a producer's ability to deliver may be severely limited without outside assistance. Poor quality in particular "can be a nightmare because you know the artisans are working on a tight budget and it's difficult to return or charge-back ... and if you don't have product to sell because of bad quality, you can't ship orders and it's very bad for business."<sup>138</sup>

Interviewees emphasized that poor communication results in frustration, diminished interest, and sometimes cancelled orders. Too often, requests for product information, samples, and production updates receive no response. Not only is this maddening for busy buyers and assistants, but it can impede their ability to avoid cancellations when the silence stems from a reluctance to relate bad news—particularly at larger firms that tend to have more strict terms and consequences. Buyers understand that delays and mistakes are sometimes unavoidable, but point out

#### **Box 2.7 One Strike and You're Out**

Gloria Delaney, the owner of a wholesale importer of handicrafts from Africa, Haiti, and elsewhere, sets a clear policy from the beginning: a supplier can make one mistake. If he makes more than one mistake, he will be dropped. Her investment in product, shipping, marketing, and warehousing is significant, so if a supplier sends goods more than once that cannot be sold, she will never do business with him again. However, that artisan also knows that if he gets it right, she will stick with him and he will be able to make a good living.

*Source: Interview with Gloria Delaney.*

<sup>136</sup> Geraldine Hurez, an EU sales consultant for Aid to Artisans, explains that shipping is a critical factor for European buyers when considering products from Latin America and the Caribbean. Products from Haiti, she notes, tend to be heavy, bulky, and/or fragile, thus making them expensive to transport.

<sup>137</sup> Marie Wintriss, Merchandise Manager for Sundance Catalog.

<sup>138</sup> Elizabeth Hewitt, owner of Eco-Brazil.

that producers have a far better chance of a positive outcome if they communicate quickly and honestly when problems arise.

A commitment to agreed terms, especially exclusivity, is another attribute valued by buyers. It is not uncommon for designs to be passed around, or for a producer to sell one client's products to another without modification. While tolerable when the clients are in different markets (such as Europe and the United States), it can considerably diminish a buyer's interest in working with a producer when the clients are in direct competition. Buyers may terminate a relationship, sometimes without the producer understanding the reason why. Good designs are, naturally, copied in the marketplace; it is an indicator of success that forces buyers and suppliers to be constantly moving forward in their product development. However, when the culprit is a buyer's own supplier, the likely result is a swift reduction in orders.

In summary, a good producer is reliable. Buyers do not waste time and money because the marketplace is too competitive to deal with troublesome suppliers. Whether a relationship is based on years of ongoing orders or short-lived "open-to-buy dollars," a buyer will think carefully before pledging resources to suppliers who have disappointed in the past or instill little confidence in the future.

## **HAITI: VIEW FROM THE MARKETPLACE**

*"I could sell eight times what my Haitians deliver, but they can't supply me, so I don't promote their products as much. It's frustrating."<sup>139</sup>*

Having discussed markets, trends, the purchasing behavior of buyers, and key product and producer attributes, we now look at the specific case of Haiti. This is a view from the marketplace, based on interviews with retailers, importers, and market consultants who are familiar with Haitian handicrafts and handicraft production worldwide. Volume II of this global market assessment will discuss the Haitian handicraft sector and the constraints and opportunities of various value chain actors from a Haitian perspective, based on in-country interviews and analysis.

## **BACKGROUND**

Haiti gained its independence from France in 1804 following 13 years of revolt by plantation slaves brought from Africa—it was the world's first black republic and the second oldest republic in the Western hemisphere after the United States. Haiti was excluded from the first regional meeting of independent nations in Panama in 1826, and did not receive U.S. diplomatic recognition until 1862. Over the course of its 200-year history, the country has experienced numerous changes of government (22 between 1843 and 1915), periods of intense political and economic disorder, several dictatorships, and repeated international intervention. A multinational peacekeeping force is in place today (MINUSTAH – the United Nations Stability Mission in Haiti).<sup>140</sup>

Haiti is the least-developed country in the Western hemisphere and one of the poorest in the world. Comparative social and economic indicators show it falling behind other low-income developing countries since the 1980s, and Haiti now ranks 150th of 175 countries in the United Nation's Human Development Index. The country's economic stagnation is largely the result of "earlier inappropriate economic policies, political instability, a shortage of good arable land, environmental deterioration, continued reliance on traditional technologies, under-capitalization and lack of public investment in

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<sup>139</sup> Leslie Mittelberg, owner of Swahili Imports.

<sup>140</sup> U.S. Department of State, [www.state.gov/r/pa/ei/bgn/1982.htm](http://www.state.gov/r/pa/ei/bgn/1982.htm).

human resources, migration of large portions of the skilled population, a weak national savings rate, and the lack of a functioning judicial system.”<sup>141</sup> Eighty percent of the population lives in abject poverty and two-thirds of all Haitians depend on small-scale subsistence farming.<sup>142</sup>

In May 2000, following elections that were tainted with irregularities, international donors suspended nearly all aid and loan disbursements totaling more than \$500 million at the start of 2003. In early 2005, Haiti paid its arrears to the World Bank, paving the way for a resumption of aid flows. The injection of cash is alleviating but not ending the nation's severe economic problems, among them rampant inflation, a lack of investment, and a severe trade deficit.<sup>143</sup>

In 2005, Haitian exports of all products were estimated at \$391–\$416 million, about 80 percent of which flowed to the United States, Haiti's largest commercial partner.<sup>144</sup> Estimates for handicraft exports for that year range from less than \$10 million to as much as \$40 million (based on interviews with craft factories and approximations of the combined formal and informal markets). At the sector's peak between 1980 and 1985, it is estimated that 40–50 containers of handcrafted products were shipped each week.<sup>145</sup> Thousands of artisans were employed, many by factories that had been developing the industry since the 1950s and were able to combine the originality of handmade art with the organization necessary to produce and ship large quantities at competitive prices. These factories invested heavily in product development and trained workers in a broad range of skills and techniques, enabling some to then establish their own independent businesses.<sup>146</sup>

By the 1990s, the political situation and an embargo on exports had significantly diminished the viability of most industries in Haiti. Yet many of those who are familiar with the situation believe that the handicraft sector, which by some estimates includes as many as 400,000 artisans,<sup>147</sup> remains one of the few promising sectors in Haiti's devastated economy.

## PRODUCTS

Artisans in Haiti produce a range of items for both domestic and export markets. Fashioned from local and imported raw materials, most fall into the categories of gifts, home furnishings, and accessories. Following is an overview of the foremost Haitian handicrafts, organized by the materials from which they are made.

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<sup>141</sup> U.S. Department of State, [www.state.gov/r/pa/ei/bgn/1982.htm](http://www.state.gov/r/pa/ei/bgn/1982.htm).

<sup>142</sup> CIA World Factbook, [www.cia.gov/cia/publications/factbook/geos/ha.html#Econ](http://www.cia.gov/cia/publications/factbook/geos/ha.html#Econ).

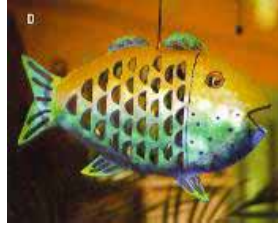
<sup>143</sup> CIA World Factbook, [www.cia.gov/cia/publications/factbook/geos/ha.html#Econ](http://www.cia.gov/cia/publications/factbook/geos/ha.html#Econ).

<sup>144</sup> U.S. Department of State, [www.state.gov/r/pa/ei/bgn/1982.htm](http://www.state.gov/r/pa/ei/bgn/1982.htm)); CIA World Factbook, [www.cia.gov/cia/publications/factbook/geos/ha.html#Econ](http://www.cia.gov/cia/publications/factbook/geos/ha.html#Econ)

<sup>145</sup> Regnault, Chantal. *Artisans of Haiti*. Aid to Artisans, 2003. Page 153.

<sup>146</sup> Regnault, Chantal. *Artisans of Haiti*. Aid to Artisans, 2003. Page 93.

<sup>147</sup> Aid to Artisans. "Global Giving Donations Can Help Continue Vital Work with Artisans." [www.globalgiving.com/pfil/1003/projdoc.doc](http://www.globalgiving.com/pfil/1003/projdoc.doc).

**I.1****I.2****I.3**

**Sheet metal.** Perhaps the product most recognizably Haitian, it is also among the country's newest. Dating back to the 1940s, it originated with Georges Liautaud, who started making cemetery crosses from recycled oil drums cut and decorated with hand tools.<sup>148</sup> Today, sheet metal products range from wall décor and sculptures to paneled room screens, vases, and bowls. Designs originate from buyers as well as from the artisans, who often create very distinctive, indigenous pieces. The products are typically finished in either paint or varnish. Increasingly, new raw material is imported as sources of used metal drums become more limited. "A lot more can be done in metal—it's a big market."<sup>149</sup>

**I.4****I.5****I.6**

**Wrought iron.** Using primarily imported rebar sourced from the construction sector, artisans solder and weld together chairs, tables, candle holders, and various decorative items that may then be wrapped in natural materials such as palm leaves. Some are painted; others are varnished or left natural. Although competing more directly than sheet metal products with metalwork from other countries (such as India), Haiti continues to have many opportunities for wrought iron products, often in combination with cut and decorated sheet metal or other locally sourced materials.

<sup>148</sup> Regnault, 2003, pp. 75–93.

<sup>149</sup> Gloria Delaney, owner of Dwelling.

I.7



I.8



I.9



**Papier mâché.** Papier mâché is a popular craft in countries celebrating carnival. The town of Jacmel is particularly well known for its colorful masks, sculptures, and wall pieces—especially animals, real and imagined. Since the late 1970s, Haiti's papier mâché craft has blossomed into an art form attracting many dealers and collectors.<sup>150</sup> Although overall the export market is currently fairly limited, product designer Ton Haas notes that local and regional demand is strong and the creativity of Haitian artisans presents opportunities to develop new products such as bowls, ornaments, and children's items. As it has done with other Haitian crafts, Aid to Artisans has sent product design consultants to help artisans create new applications for papier mâché, including mixing the craft with other raw materials. Materials are both local and imported.

I.10



I.11



I.12



**Natural fibers.** There is perhaps more global competition in basketry and other natural fiber products than in any other handicraft. "Baskets are very difficult indeed. In Europe, over 95 percent are from China, Vietnam, Indonesia, and Bangladesh. The last 5 percent are from other countries, so there is little room in the market."<sup>151</sup> Still, several U.S. wholesale importers have successfully developed innovative, higher-end designs in Haiti such as weaving in aromatic vetiver vine and recreating traditional French style paniers. The full range of products includes wreaths, birdhouses, baby cradles, saddle bags, ornaments, handbags, and furniture made from local grasses, leaves, sisal, vines, and coconut shells. The raw materials are locally sourced and largely renewable.

<sup>150</sup> Regnault, 2003.

<sup>151</sup> Carla Peters, owner of Tuyu.

**I.13****I.14****I.15**

**Wood.** "Einstein's bowls are spectacular."<sup>152</sup> A highly sought-after artisan with his own gommier (obeechi) tree plantation in the Southwest Peninsula, Einstein Albert creates beautiful, high-quality bowls and serving utensils that sell in high-end stores. Other products made by Haitian artisans from local and imported woods include furniture, boxes, sculpture, cutting boards, trays, and candleholders. As a raw material, however, wood poses an environmental problem; Haiti is less than 10 percent forested (some reports state that the remaining vegetation cover is as low as 2 percent).<sup>153</sup> Einstein Albert's gommier plantation is believed to be one of the few sustainable wood sources in the country.

**I.16****I.17****I.18**

**River stone.** Using simple hand tools, artisans sculpt local stone into a variety of primarily decorative items such as statuettes, garden objects, and paperweights. One local designer/producer has used stone sculptures to create unique lamp bases. While several wholesale importers have remarked on the quality of Haitian stonework, others note the high cost when compared to Kenyan and Indian soapstone carvings.<sup>154</sup>

<sup>152</sup> Gloria Delaney, owner of Dwelling.

<sup>153</sup> Eimer, 2004.

<sup>154</sup> Interviews with Gloria Delaney and Geraldine Hurez.

**I.19****I.20****I.21**

**Beads and sequins.** Decorated bottles and Vodou flags are the best-known products made from the beading arts, but other items include alter pieces, dolls, wall hangings, and ornaments. Most of the materials are imported, and many of the designs are considered ethnic or religious in nature. As an experienced wholesale importer noted, if there is one as yet untapped craft in Haiti, it might be adaptations of Vodou flags.<sup>155</sup>

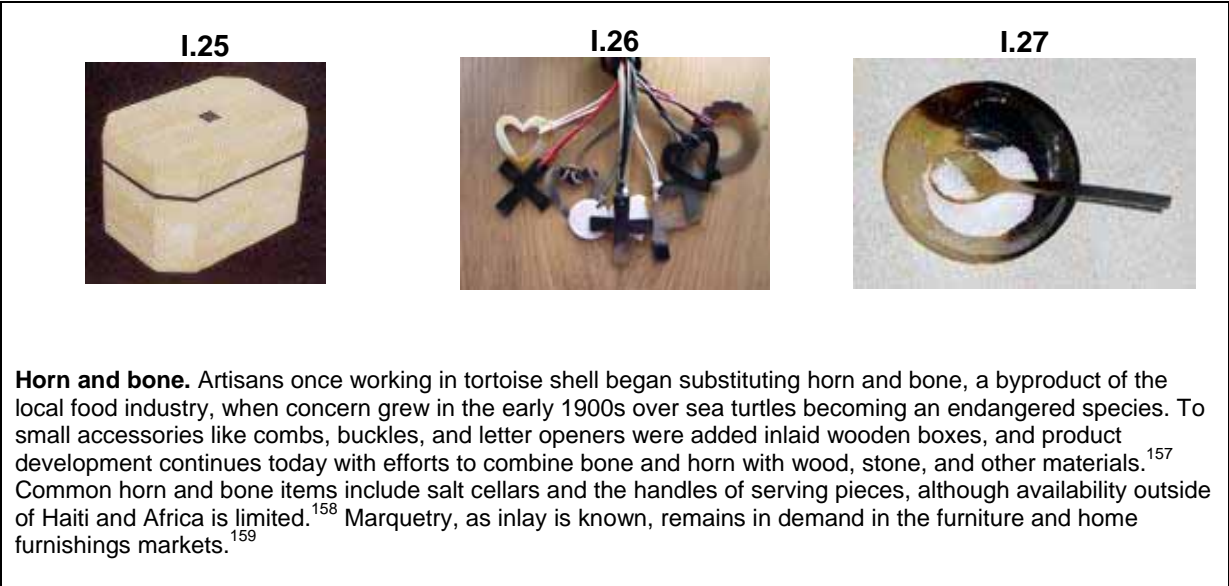
**I.22****I.23****I.24**

**Textiles.** Embroidery, crochet, and appliqué combine colorful fabrics with skilled needlework to create linens, pillows, dolls, and other textile products. Although markets for these traditional handicrafts have dwindled, several interviewees believe there may be opportunities in finely embroidered table linens.<sup>156</sup>

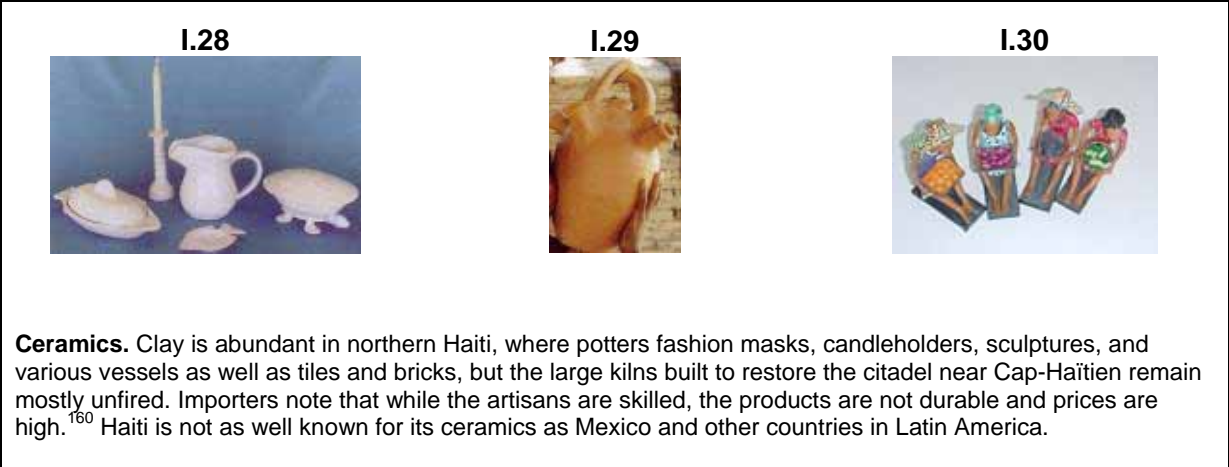
<sup>155</sup> Interview with Doug Williams.

<sup>156</sup> Interviews with Kathy Ross and Geraldine Hurez.





**Horn and bone.** Artisans once working in tortoise shell began substituting horn and bone, a byproduct of the local food industry, when concern grew in the early 1900s over sea turtles becoming an endangered species. To small accessories like combs, buckles, and letter openers were added inlaid wooden boxes, and product development continues today with efforts to combine bone and horn with wood, stone, and other materials.<sup>157</sup> Common horn and bone items include salt cellars and the handles of serving pieces, although availability outside of Haiti and Africa is limited.<sup>158</sup> Marquetry, as inlay is known, remains in demand in the furniture and home furnishings markets.<sup>159</sup>



**Ceramics.** Clay is abundant in northern Haiti, where potters fashion masks, candleholders, sculptures, and various vessels as well as tiles and bricks, but the large kilns built to restore the citadel near Cap-Haïtien remain mostly unfired. Importers note that while the artisans are skilled, the products are not durable and prices are high.<sup>160</sup> Haiti is not as well known for its ceramics as Mexico and other countries in Latin America.

**DEMAND**

Demand for Haitian handicrafts is difficult to quantify. For some products, it looks to be greater than the sector can currently deliver, though perhaps not as strong as prior to the political unrest and trade embargo. For others, demand appears weak, although with a reduction in violence and improvements in the business environment the potential may be significantly higher than present export levels suggest. Given that the turmoil that has severely impacted Haiti’s trade took place during the same decades China and other Asian countries emerged to dominate global handicraft production, any

<sup>157</sup> Interview with Pierre-Richard Sam.  
<sup>158</sup> Interview with Gloria Delaney.  
<sup>159</sup> Interview with Sammy Mehdy.  
<sup>160</sup> Interviews with Doug Williams and Gloria Delaney.

assessment of the size and nature of market demand for Haitian handicrafts is likely to be based more on conjecture than reliable data. However, a number of sizeable wholesale importers regularly purchase 40-foot containers of handicrafts from exporters in Port-au-Prince and sell Western-designed Haitian handicrafts to thousands of retailers across the United States.<sup>161</sup> Most of those clients are independent stores, but orders have also recently been placed by large retailers like TJX Companies (for the Home Goods stores) and Cost Plus World Market, certainly an encouraging indicator of potential demand.

While U.S., Canadian, and European demand for “global style” handicrafts (contemporary designs with indigenous accents) is growing, purchases from Haitian producers remains relatively stagnant.<sup>162</sup> This may be attributable to a combination of limiting factors that include political and social turmoil, expensive energy and raw materials, lack of producer financing, poor infrastructure, and limited product development capabilities. Currently, few artisans or craft factories are actively seeking new clients, and few importers view Haiti as an appealing and viable resource for handcrafted products.

In terms of purely indigenous designs, it is evident that U.S. demand is limited to select retailers among tourist shops (primarily in south Florida), galleries, museum stores, independent stores, and ATOs.<sup>163</sup> In Europe, the demand for “ethnic” Haitian items is similarly limited.<sup>164</sup> The Caribbean and its tourist markets, on the other hand, may represent a sizeable market for indigenous designs, an opportunity Haiti is well placed to take advantage of, as noted in Chapter I.

#### **BUYERS ON HAITI**

*“Haiti probably has the most talented population of artists per capita in the Western hemisphere.”<sup>165</sup>*

*“Artisans are wonderful, individuals are quite talented ... but the country is a mess.”<sup>166</sup>*

*“I have yet to see another culture with the same level of artistry or creativity—it’s amazing.”<sup>167</sup>*

*“Don’t waste time and money unless you can get product out.”<sup>168</sup>*

*“Haiti is considered to be the art center of the Caribbean.”<sup>169</sup>*

*“Everything is a problem in Haiti.”<sup>170</sup>*

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<sup>161</sup> Each of the surviving exporters claims three to five key U.S. customers, all wholesale importers such as Country Originals, K&M, and Heritage Collections.

<sup>162</sup> Interviews with Haitian craft factories ACE Basket and MetalArt.

<sup>163</sup> Interviews with Lee Carter, Jonathan Williams; interview with The Crafts Center at CHF International by Tolulope Olofinbiyi, 2005.

<sup>164</sup> Interviews with Geraldine Hurez and Carla Peters.

<sup>165</sup> Interview with The Crafts Center at CHF by Tolulope Olofinbiyi, 2005.

<sup>166</sup> LeeCarter, owner of Lee Carter Company.

<sup>167</sup> Doug Lapp, Buyer for Ten Thousand Villages.

<sup>168</sup> CarolCampbell, Product Development Consultant.

<sup>169</sup> Colleen Pendleton, Export Promotion Consultant.

<sup>170</sup> Casey Riddel, owner of Beyond Borders and It’s Cactus.

Interviews with buyers and consultants familiar with Haiti reveal that while the marketplace may recognize the talent and potential of Haitian artisans, it is frustrated by the obstacles and realistic about business prospects there. Buyers see possibilities for unique, innovative products for the gift and home accessories market, but few can afford the time and expense of dealing with Haiti's problems.

### *Haiti's Strengths*

Interviewees were quick to answer when asked about the strengths of Haiti's handicraft sector. By far the most common response was appreciation of the creative talent of its artisans. Buyers and consultants view Haiti's unique artistry—a great sense of color and boldness in design that draws on a “free artistic vision” and “wild imagination”<sup>171</sup>—as a tremendous asset. No other group in the Caribbean or Latin America offers such a distinctive flair in the design and production of handcrafted products; some believe Haiti may possess the most talented population of artists per capita in the Western hemisphere.<sup>172</sup> There exists a strong tradition in craft that has developed a singular expression of its African roots, colonial experience, struggle for independence, island culture, and mix of religions—including prevalent Vodou beliefs and practices. The result is a sector in which little effort is needed to generate creative products. For many, the question is not whether Haiti can produce a product for export, but who has the ability to commercialize it.

Haiti's other strengths include skilled, labor-intensive handiwork; a large and flexible workforce; proximity to the United States and several of its large ports; the Caribbean tourist market at its doorstep; and a unique (and, for many, exotic) history that can be celebrated and promoted. With thousands of artisans looking for employment, the potential production capacity for handicrafts is substantial. Under present conditions, however, there is concern that these skills are disappearing as artisans are forced to find other means of income.<sup>173</sup>

### *Haiti's Weaknesses*

Buyers and consultants are just as quick to catalog the many weaknesses of Haiti's handicraft sector, and their lists are strikingly similar. For importers, the greatest challenge in Haiti is a lack of trade infrastructure, in particular agents and exporters with whom they can reliably conduct business. There are, to be sure, stories of success: a California wholesaler/retailer who has worked successfully with 17 Haitian sheet metal artisans for many years, hiring a former Boston taxi driver as her agent;<sup>174</sup> a home accessories importer in Missouri, who has been producing and importing products from Haiti for more than a decade, visits every six months and praises the expertise of Haitian exporter ACE

#### **Box 2.8: The Importance of Agents**

Based in Texas, Maharani is wholesaler with 35 years of importing primarily from India, Pakistan, and Thailand, but also from several Latin American countries. Its products are handmade and typically ordered in small quantities from artisan groups. The role of an agent, or “middleman,” is critical to its business success. Buyers from the company have traveled to Haiti and found products of interest, but their Haitian agent departed and delivery subsequently became a problem. The owner notes that he remains open to importing from Haiti, but only “if there is a good supply ... and an export agent.”

*Source: Interview with Ratilal Shah.*

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<sup>171</sup> Interview with Tony Fisher.

<sup>172</sup> Interview with The Crafts Center at CHF by Tolulope Olofinbiyi, 2005.

<sup>173</sup> Interviews with Patrick Boucard and Pierre-Richard Sam.

<sup>174</sup> Interview with Casey Riddel.

Basket,<sup>175</sup> a Connecticut importer who sells to Neiman Marcus and high-end specialty stores and reports that Drexco, another well-known exporter of handicrafts, “is fantastic.”<sup>176</sup> But more often than not, these praises are eclipsed by stories of frustration, failed attempts, and negative impressions that dissuade the curious from making inquiries. Those who have found success acknowledge that doing business in Haiti is more difficult than elsewhere, in large part because of a perceived lack of basic business skills. Accurate or not, this is the view from the marketplace.

A scarcity of agents and apparent lack of commercial expertise go hand in hand. As discussed previously, few companies import directly, in an absolute sense, from artisans in developing countries. Those who indicate they work directly usually enlist a local agent to handle communications, oversee production, carry out financial transactions, and manage the packing and shipping of orders. In Haiti and elsewhere, this agent may be an export firm, an experienced trader or salesperson, a charitable organization or development agency, or, as is the case with importer Beyond Borders, a former Boston taxi driver. Companies rely on one or sometimes several of these intermediaries to handle some or nearly all aspects of doing business in a foreign country. Without these key players, most would suspend purchases because there are simply too many challenges for companies to surmount from afar, particularly in a troubled nation like Haiti. As one wholesale importer commented, businesses “won’t go there because there is no one to stay close to the artisans and direct them. They go to India and China because there is good oversight.”<sup>177</sup>

#### **Box 2.9 Lack of Follow-Up**

Located in Connecticut, Dwelling imports from many countries including Haiti, and sells to high-end retailers. The owner believes Haitian handicraft production could be “fantastic,” but there is no one who is professional, who follows up. “They need to understand the business world to make good use of their talent.”

*Source: Interview with Gloria Delaney.*

What specific business skills are lacking? In order of those most frequently listed by interviewees, they are:

- Ability to communicate in English or by email, and to be responsive;
- Market awareness and information;
- Organization and managerial skills;
- Quality control, including proper packing;
- On-time delivery;
- Ability to calculate costs and price product export;
- Literacy among the artisans; and
- Knowledge of banking and finance.

As one industry consultant emphasized, a strong business foundation is absolutely essential: “If artisans do not know how to run a business, it doesn’t matter how good the product is—they are

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<sup>175</sup> Interview with Doug Williams.

<sup>176</sup> Interview with Gloria Delaney.

<sup>177</sup> Jim Carroll, owner of Jeremie Corp.

doomed to failure.”<sup>178</sup> Swahili Imports, located in Oregon, compares Kenya with Haiti and notes that the Kenyans are far more entrepreneurial and business savvy, and they speak reasonable English and check their email. They are “thinking more into the future ... which translates into reorders.”<sup>179</sup>

The biggest problems that Ten Thousand Villages (an ATO with more than 160 retail locations in the United States and Canada) faces in Haiti are the artisans’ lack of understanding of U.S. markets and an absence of good business practices, such as competitive pricing and on-time delivery. However, several interviewees speculate that the lack of business skills in Haiti may simply be cultural, particularly among the artisans, who take an “overly relaxed approach” to commerce.<sup>180</sup>

Certainly the expertise exists, as exemplified by Georges Celcis, arguably one of Haiti’s most experienced handicraft exporters,<sup>181</sup> who helped build a handicraft company that enjoyed 25 years of success prior to the embargo. But many wonder if the educated, entrepreneurial individuals who have these skills have left the country, or, as in the case of Georges Celcis, are operating on a much smaller scale. The prevailing opinion is that “anyone with anything going for them has left—there’s been a huge exodus of talent.”<sup>182</sup> Those who remain have found other means of income and, given past experience, have little interest in starting a handicraft business.<sup>183</sup> Because the majority of Haitians, including most artisans, have limited education, there is a severe deficiency in available commercial expertise. While largely true, this viewpoint is based primarily on experiences working with artisans either directly or through a development organization. The few interviewees who have worked with Haitian craft factories (which employ many these same artisans) such as ACE Basket, MetalArt, and Drexco have found that the business skills of these experienced exporters are very good.

Other weaknesses in the Haitian handicraft sector include:

- Expensive and irregular supplies of many raw materials;
- Lack of access to financing for production and marketing;
- High cost of living that translates into high-priced products;
- Lack of technology and skills to properly finish products;
- Unreliable electricity (which slows production or drives up costs with generators);
- A lack of an export culture—regulations, services, and a business environment streamlined for exporting;
- Political turmoil, corruption, and travel risks; and
- Poor inland transport.

For Aid to Artisans, marketing products from Haiti is more difficult than from elsewhere because, among other challenges, buyers are reluctant to visit, artisans cannot easily get visas to visit the United States, production and delivery are unreliable, and prices fluctuate. It is “hard to do business

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<sup>178</sup> Carol McNulty, Small Business Development Consultant.

<sup>179</sup> Leslie Mittelberg, owner of Swahili Imports.

<sup>180</sup> Interviews with Lori Grey and Gloria Delaney.

<sup>181</sup> Regnault, 2003, p. 153.

<sup>182</sup> Carol Campbell, Product Development Consultant.

<sup>183</sup> Interviews with Frederic Alcantara and Lionel Pressoir.

there... you have to be tenacious. The danger factor is partly why it's impossible to deal directly with artisans, why you need to work with [an export] company."<sup>184</sup>

## HAITI'S COMPETITIVE POSITION

Beyond the impediments listed above, Haiti finds itself in a position similar to that of many other developing countries trying to export handcrafted products to Western markets. It cannot compete with China on its terms: large capacity and low prices. Nor can it compete directly with India or other Asian countries on similar terms.

But Haiti has several key advantages, the most significant of which are its reputation for creativity and artistic skill and its geographic location. Both of these strengths can be leveraged in the context of upgrades elsewhere in the value chain, as many of our U.S.-based interviewees recognize. For Europeans, however, the Caribbean is less familiar and more expensive in terms of shipping than much of Africa and parts of Asia. "The cost of transport is the first thing [European] importers think about for Latin American and Caribbean products."<sup>185</sup> Thus the higher prices for product, as compared to Asia and Africa, create a disadvantage that is then compounded by a higher cost of shipping. For the European market, "special promotions help, such as assistance with the cost of shipping—it helps people to consider the product."<sup>186</sup>

There are many who believe that Haitian handicrafts can be most competitive in regional and local markets, and can in fact dominate the supply of handicrafts to Caribbean tourists and home furnishings stores as well as to the large community of foreigners now living in Port-au-Prince. "Don't focus on big export markets. Focus on selling to the Dominican Republic, hotels in Haiti where there are many foreigners now, and regional markets in the Caribbean."<sup>187</sup> At one time, Haiti was the premier supplier of handicrafts in the Caribbean. And still today, at gift shops that cater to exclusive resorts and cruise ships, its artisan products remain highly valued.<sup>188</sup> In Haiti itself, handicrafts are admired by Haitians and expats alike, and while in many developing countries producers sell in local markets only as a last resort, in Haiti the strong demand for handicrafts often brings the highest prices. Comité Artisanal Haïtien, a nonprofit craft association founded in 1973, has had particular success developing commercial ties to sell artisan products to the large community of foreign officials, peacekeepers, and aid workers.<sup>189</sup>

As noted in Chapter I, local and regional markets also offer artisans the advantage of a more forgiving environment in which to develop their craft, allowing them to experiment with designs, applications, production, quality, packing, and other details before attempting to enter the typically more demanding and competitive U.S. and European markets. "In Haiti, 20 percent of the artisans can

### Box 2.10: Local Potential

Titus de Boer, owner of Bamboo gallery in Turks & Caicos, maintains that the art scene in the Caribbean is almost nonexistent. Besides cheap tourist products from China, there are no genuine handicrafts except from Haiti, which has no real competition in the Caribbean market.

*Source: Interview with Titus de Boer.*

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<sup>184</sup> Doug Williams, President of Country Originals.

<sup>185</sup> Geraldine Hurez, EU Market Consultant.

<sup>186</sup> Geraldine Hurez, EU Market Consultant.

<sup>187</sup> Ton Haas, Product Designer.

<sup>188</sup> Interview with Hazel Rush and Titus de Boer.

<sup>189</sup> Interview with Doug Lapp.

export to the United States and Europe. The remaining 80 percent should focus on local and regional markets and opportunities ... a lot better in the long-run.”<sup>190</sup>

## HAITIAN DIASPORA

Within the development community, there is interest in exploring demand within the Haitian diaspora, given that some immigrant communities from other countries have represented strong markets for products imported from their former homelands. U.S. wholesalers and retailers that sell Haitian handicrafts, however, have found that Haitians living in the United States tend not to be good customers, particularly if they have recently emigrated. The principal objection is that prices are significantly higher than in Haiti.

The Haitian diaspora has spread across the United States and Canada, from Miami and Atlanta to Washington, Boston, New York, Chicago, and Montreal—among other cities. In addition to a resistance to prices, interviewees speculate that products from Haiti remind emigrants too much of the lives they have left behind. They moved to start anew and may not yet take great pride in their origins. “Perhaps in a generation or two ... Haitians will be interested, but it’s too recent.”<sup>191</sup> Research on diaspora groups from other countries<sup>192</sup> suggests that they exhibit a variety of purchasing and investment behaviors—while recent immigrants represent a limited and price-conscious “nostalgia” market, most are focused on assimilating into the American mainstream. Second- and third-generation immigrants tend to offer more promising markets for products from the homeland. Currently, most of the art and crafts from Haiti are purchased by Americans and Europeans.

## CONCLUSIONS

*“What vendors in third-world countries need is a constant source of income, not a big hit... Even if they succeed, then it’s over and there’s no guarantee of future orders. The goal should be to get a set of buyers they can depend on for years.”<sup>193</sup>*

Drawing on input from the marketplace and using Haiti as the basis for this market assessment, we reach the following conclusions regarding handicraft producers in developing countries with positions in global markets similar to that of Haiti.

The worldwide consumption of handcrafted goods is immense, with the greatest demand coming from the United States and Europe. It is expected to grow not only in Western markets but in all regions as middle-class populations expand rapidly, particularly in China and India. This trend suggests that there are numerous and expanding opportunities for artisans in developing countries to create products for these markets; in reality, however, China and India—along with several other Asian countries—currently dominate handicraft production worldwide and are likely to continue to do so for the foreseeable future. Their position is based largely on low-cost, high-volume, Western-designed goods. While certainly many unique, indigenous products are handmade throughout Asia, the dominance of the handicraft market derives from easily transferable skills to produce goods in large quantities, often wholly or in part by equipment engineered to replicate the handiwork of an artisan.

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<sup>190</sup> Jane Griffiths, Director of Product Development at Aid to Artisans.

<sup>191</sup> Tony Fisher, owner of Indigo Gallery.

<sup>192</sup> El Salvador (Miller, 1998) and Armenia (Kaia Miller, PowerPoint presentation delivered to DAI and USAID, February 2004).

<sup>193</sup> Lee Carter, owner of Lee Carter Company.

How, then, can relatively small handicraft producers from developing countries such as Haiti compete? First, by pursuing markets and channels in which there is less direct competition with high-volume, low-cost producers of “industrial” handicrafts, for example, the independent retailer market by way of wholesale importers. In other words, *you can’t compete directly with China, so don’t try.* These producers must:

- Identify and sell to market niches such as high-end home accessories and the importers whose smaller orders are declined by large craft factories.
- Develop more products that embrace the concept of global style in order to both access the large and growing demand for contemporary design and remain distinctive in the marketplace. Opportunities for handicrafts exist in all market segments, but are most abundant for products that fit comfortably into people’s homes *and* bring an authentic indigenous element into their lives.
- Look to local and regional markets for opportunities that may have been overlooked and can serve as a springboard to larger and more competitive markets.
- Constantly upgrade skills and techniques, including handiwork, quality (especially finishes), product development, and customer service, so as to remain competitive, difficult to imitate, and appealing to work with. “Anything which is difficult to produce is easy to sell”<sup>194</sup> is counsel worth keeping in mind.

This study has made note of a number of trends in the marketplace that affect handicraft producers, among them: large and, increasingly, mid-size retailers are importing directly while small (and many of the mid-size) retailers continue to purchase merchandise largely, or entirely, from domestic wholesale importers. As this trend continues, many wholesale importers are losing important clients and many independent retailers are struggling to compete in a marketplace dominated by lower-priced big-box stores. However, there is evidence that savvy small retailers can compete with distinctive, high-end products. The vast majority of importers, both large and small, rely on the services of foreign exporters and agents, which many market experts see as critical to the success of handicrafts in most developing countries.

The larger retailers that import directly often operate in ways that present barriers to micro and small enterprises. Their purchase orders typically require high production capacities, strict delivery dates, and specific labeling, packaging, and packing. Advance deposits are unusual, delayed payment terms are customary, and charge-back penalties for mistakes are common. While similar barriers exist with some wholesale importers, many order smaller quantities, offer prepayments to fund production with balances paid upon delivery, and have fewer requirements that could result in charge-backs. Buyers of all types prefer multiple product options to choose from, flexibility to make design modifications, and, above all, reliable partners. There are countless sources of product in the world vying for attention; what buyers seek most are items that sell from a producer who can deliver.

Home accessories and décor, gifts, and products for garden and outdoor living spaces are “hot” items with forecasted continued growth, as are products that are simultaneously decorative and functional. These categories present extensive opportunities for handicraft producers. Fair trade and “green” credentials, while important in a growing segment of the market, are seldom the driving force behind purchase decisions, though they do exhibit somewhat greater influence in Europe than in the United States. Low-end (priority on low prices) and high-end (priority on high quality) markets are expanding, while the middle (moderate quality at moderate prices) is relatively stagnant. And whereas competition at the low end is strong and requires significant production capacity, the “luxury” market

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<sup>194</sup> Ratilal Shah, owner of Maharani.



tends to focus more on distinctive designs, higher quality, and smaller quantities with greater flexibility in pricing.

Product development among handicraft producers is generally viewed as weak, with little innovation that recognizes current trends. Buyers remark (often with frustration) that they see few new ideas, a situation they suggest is due largely to isolation from end-markets. Artisans are often creative, but lack the flow of market information that is required to develop products for the United States, Canada, and Europe. Thus, investing in technologies that significantly increase capacity is seen as less a priority than upgrades in equipment, skills, and information access that will enable producers to reliably deliver modest quantities of unique, high-quality goods destined for higher-end retail stores.

When asked specifically about Haiti, the first and most common observation from those familiar with its handicrafts is *exceptional creativity* from perhaps the most talented artisans in all of Latin America and the Caribbean. Buyers see great potential that is severely limited by poor business skills, a shortage of qualified agents and exporters, expensive and unreliable inputs, deficient infrastructure for communications and transport, and a lack of hope for a better future. Following years of unrest and numerous impediments to business, Haiti today suffers from a poor image among importers; there are too many problems to be worth importers' interest and time. As a source of product, the country simply does not register on the map for most buyers.

Yet despite the many obstacles, Western-designed products are still shipped out of Haiti on a regular basis. One U.S. wholesaler with national distribution has more than 100 Haitian items in its current catalog, having imported handcrafted products for over a decade from one of several well-regarded Haitian exporters. While significantly below its peak in the early 1980s, current handicraft exports demonstrate that a market still exists and that Haitians are capable of producing for it. Sources for this study also point to the large, underemployed artisan workforce and Haiti's proximity to the United States, as well as to the large Caribbean tourist market, as assets that can be developed. As many of those interviewed expressed, "it could be fantastic there, but they need to understand the business world to make good use of their talent."<sup>195</sup>

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<sup>195</sup> Gloria Delaney, owner of Dwelling.



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## LIST OF WEBSITES

Name	Type	Website
A Greater Gift (SERVV)	Organization	<a href="http://www.agreatergift.org">www.agreatergift.org</a>
ADPAH (Association des Producteurs d'Artisanat d'Haiti)	Producer	<a href="http://www.catgen.com/adpah/EN/100000.html">www.catgen.com/adpah/EN/100000.html</a>
Aid to Artisans	Organization	<a href="http://aidtoartisans.org">http://aidtoartisans.org</a>
America's Mart (Atlanta Trade Show)	Industry	<a href="http://www.americasmart.com">www.americasmart.com</a>
Art-ickles.com	Retail	<a href="http://www.art-ickles.com/store">www.art-ickles.com/store</a>
Association of Caribbean States (ACS)	Organization	<a href="http://www.acs-aec.org/trade.htm">www.acs-aec.org/trade.htm</a>
Bob Corbett's Haiti Page	Other	<a href="http://www.webster.edu/~corbetre/haiti/haiti.html">www.webster.edu/~corbetre/haiti/haiti.html</a>
Caribbean Net News	Industry	<a href="http://www.caribbeanetnews.com/2004/02/03/arrivals.htm">www.caribbeanetnews.com/2004/02/03/arrivals.htm</a>
Caribbean Tourism Organization (CTO)	Industry	<a href="http://www.onecaribbean.org/information/categorybrowse.php?categoryid=242">www.onecaribbean.org/information/categorybrowse.php?categoryid=242</a>
Center for the Promotion of Imports from Developing Countries (EU)	Organization	<a href="http://www.cbi.nl">www.cbi.nl</a>
Centro Internacional de Agricultura Tropical (CIAT Latin America & Caribbean survey)	Organization	<a href="http://gisweb.ciat.cgiar.org/population/">http://gisweb.ciat.cgiar.org/population/</a>
CIA - World Fact Book - Haiti	Other	<a href="http://www.cia.gov/cia/publications/factbook/geos/ha.html">www.cia.gov/cia/publications/factbook/geos/ha.html</a>
Cost Plus World Market	Retail	<a href="http://www.worldmarket.com">www.worldmarket.com</a>
Country Originals	Wholesale	<a href="http://www.countryoriginals.com">www.countryoriginals.com</a>
Crafts Center (CHF)	Organization	<a href="http://www.craftscenter.org">www.craftscenter.org</a>
Crate & Barrel	Retail	<a href="http://www.crateandbarrel.com">www.crateandbarrel.com</a>
Design Within Reach	Retail	<a href="http://www.dwr.com">www.dwr.com</a>
Drexco	Producer	<a href="http://drexco.com/default.asp">http://drexco.com/default.asp</a>
Economic Commission for Latin America and the Caribbean (ECLAC)	Organization	<a href="http://www.eclac.cl/default.asp?idioma=IN">www.eclac.cl/default.asp?idioma=IN</a>
Elle Décor (Trend Alert)	Industry	<a href="http://www.elledecor.com/article.asp?section_id=13&amp;article_id=487">www.elledecor.com/article.asp?section_id=13&amp;article_id=487</a>
European Fair Trade Association	Organization	<a href="http://www.eftafairtrade.org">www.eftafairtrade.org</a>
Fair Trade Federation	Organization	<a href="http://www.fairtradefederation.org">www.fairtradefederation.org</a>
Fair Trade Resource Network	Organization	<a href="http://www.fairtraderesource.org">www.fairtraderesource.org</a>
Florida Customs Brokers & Forwarders Association	Organization	<a href="http://www.fcbf.com">www.fcbf.com</a>
Fondasyon Mapou	Organization	<a href="http://www.fondasyonmapou.org/">www.fondasyonmapou.org/</a>
FOSAJ (Fondation Sant D'A Jacmel)	Producer	<a href="http://www.fosaj.ht">www.fosaj.ht</a>



<b>Name</b>	<b>Type</b>	<b>Website</b>
Friends of the National Zoo	Retail	<a href="http://nationalzoo.si.edu/default.cfm">http://nationalzoo.si.edu/default.cfm</a>
George Little Management (trade shows)	Industry	<a href="http://www.glmshows.com/review/final/shows.html">www.glmshows.com/review/final/shows.html</a>
Habitat (European retailer)	Retail	<a href="http://www.habitat.net/uk/main_uk.htm">www.habitat.net/uk/main_uk.htm</a>
Haiti Innovation	Organization	<a href="http://www.haitiinnovation.org/">www.haitiinnovation.org/</a>
Haitian Art Society	Organization	<a href="http://haitianartsociety.org/">http://haitianartsociety.org/</a>
Home Accents Today (market reports)	Industry	<a href="http://www.homeaccentstoday.com">www.homeaccentstoday.com</a>
Horchow	Retail	<a href="http://www.horchow.com">www.horchow.com</a>
Indigo Gallery	Retail	<a href="http://www.indigoarts.com">www.indigoarts.com</a>
Institut National de la Statistique et des Études Économiques (INSEE Caribbean survey)	Organization	<a href="http://www.insee.fr/fr/insee_regions/guadeloupe/publi/pano_demographics.htm">http://www.insee.fr/fr/insee_regions/guadeloupe/publi/pano_demographics.htm</a>
International Fair Trade Association	Organization	<a href="http://www.ifat.org">www.ifat.org</a>
Internet Retailer	Industry	<a href="http://www.internetretailer.com">www.internetretailer.com</a>
It's Cactus	Retail	<a href="http://www.itscactus.com">www.itscactus.com</a>
Jeremie Corp.	Wholesale	<a href="http://www.jeremiacorp.com">www.jeremiacorp.com</a>
Lee Carter Company	Wholesale	<a href="http://www.leecartercompany.com">www.leecartercompany.com</a>
LL Bean ("Home" department)	Retail	<a href="http://www.llbean.com">www.llbean.com</a>
Messe Frankfurt (Ambiente Fair)	Industry	<a href="http://ambiente.messefrankfurt.com/frankfurt/en/home.html">http://ambiente.messefrankfurt.com/frankfurt/en/home.html</a>
Messe Frankfurt (exhibitors online)	Industry	<a href="http://www.productpilot.com/index.php?event=showIntro">www.productpilot.com/index.php?event=showIntro</a>
Museum Store Association	Organization	<a href="http://www.museumdistrict.com/index.cfm">www.museumdistrict.com/index.cfm</a>
Nature et Découvertes	Retail	<a href="http://www.natureetdecouvertes.com/pages/gener/index.htm">http://www.natureetdecouvertes.com/pages/gener/index.htm</a>
Nomad	Retail	<a href="http://www.nomadcambridge.com">www.nomadcambridge.com</a>
Organization of American States	Organization	<a href="http://www.oas.org/main/english/">www.oas.org/main/english/</a>
Pachamama (Haiti)	Organization	<a href="http://www.pachamamaworld.com/haiti.html">www.pachamamaworld.com/haiti.html</a>
Peruvian Connection	Retail	<a href="http://www.peruvianconnection.com">www.peruvianconnection.com</a>
Pier 1	Retail	<a href="http://www.pier1.com">www.pier1.com</a>
Pottery Barn	Retail	<a href="http://www.potterybarn.com">www.potterybarn.com</a>
Restoration Hardware	Retail	<a href="http://www.restorationhardware.com">www.restorationhardware.com</a>
Roost	Wholesale	<a href="http://www.roostco.com">www.roostco.com</a>
San Diego Zoo	Retail	<a href="http://www.shopzoo.com">www.shopzoo.com</a>
Seatrade Cruise Shipping Convention	Industry	<a href="http://www.cruiseshipping.net/index.html">www.cruiseshipping.net/index.html</a>
Smith & Hawken	Retail	<a href="http://www.smithandhawken.com">www.smithandhawken.com</a>
Sundance Catalog	Retail	<a href="http://www.countryoriginals.com">www.countryoriginals.com</a>
Swahili Imports	Wholesale	<a href="http://www.swahili-imports.com">www.swahili-imports.com</a>

<b>Name</b>	<b>Type</b>	<b>Website</b>
Target Corporation (TSS/AMC)	Retail	<a href="http://sites.target.com/site/en/corporate/page.jsp?contentId=PRD03-001092">http://sites.target.com/site/en/corporate/page.jsp?contentId=PRD03-001092</a>
Target Stores (Global Bazaar)	Retail	<a href="http://www.target.com/">www.target.com/</a>
Ten Thousand Villages	Retail	<a href="http://www.tenthousandvillages.com">www.tenthousandvillages.com</a>
Tesoros	Wholesale	<a href="http://www.tesoros.com">www.tesoros.com</a>
The Artful Home @ Guild.com	Retail	<a href="http://www.guild.com/servlet/Guild/GiftsResultsPage?mId=87&amp;refid=1427">www.guild.com/servlet/Guild/GiftsResultsPage?mId=87&amp;refid=1427</a>
The Peace Company (gifts)	Retail	<a href="http://peacecompany.com/store/cat_gifts.php">http://peacecompany.com/store/cat_gifts.php</a>
The Phillips Collection	Wholesale	<a href="http://www.thephillipscollection.com">www.thephillipscollection.com</a>
Two's Company	Wholesale	<a href="http://www.twoscompany.com">www.twoscompany.com</a>
Uncommon Goods	Retail	<a href="http://www.uncommongoods.com">www.uncommongoods.com</a>
Unity Marketing (market reports)	Industry	<a href="http://www.unitymarketingonline.com">www.unitymarketingonline.com</a>
Village Artisanal de Ouagadougou (Burkina Faso)	Organization	<a href="http://www.artisanat-burkina.com/EnHome.asp">www.artisanat-burkina.com/EnHome.asp</a>
Wal-Mart ("For the Home" department)	Retail	<a href="http://www.walmart.com/">www.walmart.com/</a>
West Africa Trade Hub (WATH)	Organization	<a href="http://www.watradehub.com">www.watradehub.com</a>
West Elm	Retail	<a href="http://www.westelm.com">http://www.westelm.com</a>
Williams-Sonoma (Furnishings)	Retail	<a href="http://www.williams-sonoma.com">http://www.williams-sonoma.com</a>
Women's Wear Daily (market reports)	Industry	<a href="http://www.wwd.com">www.wwd.com</a>
World Finds	Retail	<a href="http://www.worldfinds.com">www.worldfinds.com</a>
World of Good	Wholesale	<a href="http://www.worldofgood.com">www.worldofgood.com</a>
World Shops (fair trade data)	Organization	<a href="http://www.worldshops.org/fairtrade/factsandfigures/turnover.pdf">www.worldshops.org/fairtrade/factsandfigures/turnover.pdf</a>
Worldstock (Overstock.com)	Retail	<a href="http://www.overstock.com">www.overstock.com</a>

## ANNEX 1: EXPERTS INTERVIEWED

- 1. Frederic Alcantara**  
Product Designer  
(for Aid to Artisans, others) Interview date: February 15, 2006
- 2. Zea Armstrong**  
Account Manager  
Assoc. Merchandising Corp (AMC)  
Target Sourcing Subsidiary (TSS)  
Interview date: March 2, 2006
- 3. Patrick Boucard**  
Founder & Director  
Fondation Sant D'A Jakmel Interview date: January 31, 2006
- 4. Titus De Boer**  
Owner, Bamboo Gallery,  
Turks and Caicos  
Interview date: March 3, 2006
- 5. Carol Campbell**  
Product Development Consultant  
Interview date: January 3, 2006 and  
February 10, 2006
- 6. Patty Carpenter**  
Design consultant  
President, Continuum Home, Inc.  
Interview date: January 25, 2006
- 7. Lee Carter**  
Owner  
Lee Carter Company  
(importer/wholesaler)  
Interview date: February 9, 2006
- 8. Jim Carroll**  
Owner  
Jeremie Corp. (importer/wholesaler)  
Interview date: February 8, 2006
- 9. Amber Chand**  
Co-founder  
Eziba.com (importer/retailer)  
Interview date: February 15, 2006
- 10. Amy Chender**  
ABC Home (importer/retailer)  
Interview date: February 21, 2006
- 11. Deb Colburn**  
Owner  
Nomad (importer/retailer)  
Interview date: February 9, 2006
- 12. Barbara Czuprynski**  
Marketing Director  
Aid to Artisans  
Interview date: January 18, 2006
- 13. Gloria Delaney**  
Owner  
Dwelling (importer/wholesaler)  
Interview date: February 13, 2006
- 14. Scott Donnellan**  
Owner  
Roost (importer/wholesaler)  
(former buyer at Pottery Barn)  
Interview date: March 8, 2006
- 15. Randy Eller**  
President, consultant  
Eller Enterprises  
Interview date: February 7, 2006
- 16. Martha Evans**  
Sales Representative  
Jeremie Corp.  
Interview date: January 31, 2006
- 17. Tony Fisher**  
Owner  
Indigo Gallery  
Interview date: February 9, 2006
- 18. Karen Gibbs**  
VP Marketing  
Aid to Artisans  
Interview date: February 14 2006

- 19. John Grant**  
Account Manager  
Assoc. Merchandising Corp (AMC)  
Target Sourcing Subsidiary (TSS)  
Interview date: February 28, 2006
- 20. Lori Grey**  
National Sales Consultant  
Aid to Artisans  
Interview date: January 31, 2006
- 21. Jane Griffiths**  
Director of Product Development  
Aid to Artisans  
Interview date: February 10, 2006
- 22. Ton Haas**  
Product Designer  
(for Aid to Artisans, others) Interview  
date: February 17, 2006
- 23. Nicole Hagerman**  
Director  
Worldstock (Overstock.com)  
Interview date: January 25, 2006
- 24. Allen Hembree**  
Direct Imports Purchasing  
Bed, Bath & Beyond  
Interview date: February 23, 2006
- 25. Elizabeth Howitt**  
Owner  
Eco-Brazil (importer/wholesaler)  
Interview date: February 7, 2006
- 26. Geraldine Hurez**  
Consultant to Aid to Artisans  
(for EU markets, based in Paris)  
Interview date: February 21, 2006
- 27. Alan Kaufman**  
Buying Office  
Walt Disney Company  
Interview date: February 13, 2006
- 28. Catherine Keena**  
Consultant, Owner  
Keena Company  
Interview date: February 22, 2006
- 29. Miriam Lahage**  
Market consultant  
(former buyer, e-retail director for  
TJMaxx)  
Interview date: February 1, 2006
- 30. Doug Lapp**  
Buyer  
Ten Thousand Villages  
Interview date: February 15, 2006
- 31. Carol McNulty**  
Small Business Development  
Consultant, Former Importer  
Interview date: February 13, 2006
- 32. Sammy Mehdy**  
Buyer  
The Import Collection (importer)  
Interview date: January 30, 2006
- 33. George Menendez**  
Sack & Menendez (freight forwarder)  
Interview date: February 8, 2006
- 34. Leslie Mittelberg**  
Owner  
Swahili Imports  
Interview date: January 30, 2006
- 35. Silvia Moreira**  
Director  
La Asociación Gremial de  
Exportadores de Productos No  
Tradicionales (AGEXPRONT)  
Interview date: January 31, 2006
- 36. Randy Nakayama**  
President  
Toyo Trading Company  
(importer/wholesaler)  
Interview date: February 9, 2006
- 37. Ernest Owens**  
President  
Ernie Owens Designs  
Interview date: January 24, 2006

- 38. Alix Pasquet**  
Co-owner  
Bagatelle (craft factory in Haiti)  
Interview date: January 25, 2006
- 39. Colleen Pendleton**  
Export Promotion Consultant Mercury  
Marketing Services  
Interview date: February 10, 2006
- 40. Carla Peters**  
Owner  
Tuyu (product design firm,  
Netherlands)  
Interview date: February 22, 2006
- 41. Jackie Peters**  
Merchandizing Consultant  
Owner, Jackie's, Inc  
Interview date: January 24, 2006
- 42. Mark Phillips**  
Owner  
The Phillips Collection  
(product designer, importer)  
Interview date: February 7, 2006
- 43. Anne Pressoir**  
Export Manager  
Aid to Artisans, Haiti  
Interview date: January 30, 2006
- 44. Lionel Pressoir**  
Former owner of SOHVA  
(craft factory in Haiti)  
Interview date: April 14, 2006
- 45. Casey Riddell**  
Owner  
Beyond Borders (importer/wholesaler)  
It's Cactus (retail store)  
Interview date: January 16, 2006
- 46. Jean Ringwalt**  
Co-owner  
Mélange (importer/wholesaler)  
Interview date: May 8, 2006
- 47. Mimi Robinson**  
Product Designer  
Interview date: March 3, 2006
- 48. Emily Rosenfeld**  
Artist (overseas production)  
Interview date: January 30, 2006
- 49. Kathy Ross**  
Product Development Consultant  
Interview date: February 14, 2006
- 50. Hazel Rush**  
Buyer/manager, Retail store,  
The Palms Providenciales  
Turks and Caicos  
Interview date: February 20, 2006
- 51. Pierre-Richard Sam**  
Artisan, co-founder  
Association des Producteurs  
d'Artisanat d'Haiti  
Interview date: January 31, 2006
- 52. Susanne Schulman**  
Buyer  
Home Goods (TJX Companies)  
Interview date: February 24, 2006
- 53. Ratilal Shah**  
Owner  
Maharani (importer/wholesaler)  
Interview date: February 7, 2006
- 54. Penny Schild**  
Buyer  
The Import Company  
Interview date: January 30, 2006
- 55. Alden Smith**  
Program Officer  
Aid to Artisans  
Interview date: January 18, 2006
- 56. Becky Smith**  
Editor in Chief  
Home Accents Today  
Interview date: February 10, 2006
- 57. Andrea Snyder**  
Consultant  
Former buyer for the Smithsonian  
Interview date: March 3, 2006

**58. Kelly Weinberger**

Owner  
World Finds (importer/wholesaler)  
Interview date: January 26, 2006

**59. Doug Williams**

President  
Country Originals  
Interview date: February 9, 2006

**60. Jonathan Williams**

Owner  
Tesoros (importer/wholesaler)  
Interview date: February 15, 2006

**61. Peter Wilson**

Buyer  
TJX Companies  
Interview date: February 28, 2006

**62. Marie Wintriss**

Merchandise Manager  
Sundance Catalog  
Interview date: February 7, 2006