

# Challenges affecting small craft producer business growth and survival in South Africa

KM Makhitha

Department of Marketing and Retail Management  
University of South Africa (Unisa), South Africa

---

## Keywords

Craft industry, challenges, marketing strategy, growth and survival

## Abstract

*The purpose of this paper was to present the challenges affecting craft producers growth and survival in SA. Craft producers face many challenges that impede on their growth and survival. This paper therefore makes recommendations on what can be done to overcome these challenges. Conceptual analysis was accomplished through literature review to achieve the main critical research questions and to investigate the challenges and solutions on how to overcome these challenges. Government can play a major role in the development of craft producers. Although there are some government interventions in place, they are either ineffective or fail to reach the majority of craft producers. Craft producers should attend training on areas such as product design and development and marketing which will enhance their ability to market their products.*

---

## Introduction

The craft industry is important for sustainable development, employment creation and for economic growth; it is also a survivalist sector (Department of Labour, 2011:7; UN, 2010:65; UN, 2008:3). Many research projects have been launched by government as an effort to develop the industry. However, the industry remains small, yet still growing. It is perceived as an industry with low status value and goods cannot be sold at higher prices as a result. Craft businesses, especially craft producers, earn very low profit margins while others struggle to cover costs due to the high costs of raw materials and operations costs (Department of Arts, Culture, Recreation, Sports and technology, 1998:83).

The craft industry has a high level of diversity in comparison with other industries in SA. Raw materials, scale of production, product types and quality vary across the industry (Rogerson, 2010). Furthermore, the quality standards, scales of production as well as craft product positioning differ for different products (DTI, 2005). Craft producers with unique products face less competition and are able to sell their products in high numbers (Perreira *et al.*, 2006). The industry is highly fragmented with the majority of craft producers being sole traders or small informal producers and cooperatives. The industry is dominated by cheap imports from Asia and other African countries. The industry also serves international countries, with major purchasers being end consumers in the USA, Canada and the EU countries (Department of Economic Development, 2009). Therefore, overcoming challenges impact on craft products would help grow and sustain these businesses.

There is an increasing demand for craft products globally, especially for home accessories and décor, gifts and products for garden and outdoor living which are simultaneously used for decorative and functional purposes (USAID, 2006). The rise in consumers' disposable incomes and the tendency to accessorise and re-style homes with unique articles are the major driving factors of the surge in demand for crafts and decorative products (Frost & Sullivan, 2005). In SA, recent decades have seen the opening of many homeware stores such as PepHome, @Home, @Home living space, and Mr Price Home as well as Woolworths Artistic Collection department, which operate from inside the Woolworths branches. All these retailers sell handcrafted products, which create opportunities for craft producers targeting craft retailers. However, the opportunity may not be

realised unless the inherent challenges impacting on the growth and survival of small craft producers are addressed.

### **The composition of the craft industry in South Africa (SA)**

In SA, the number of craft producers increased by an estimated 40 percent between 2005 and 2009, with an average growth of eight per cent per year, which was attributed to growth in tourism (SouthAfricaWeb, n.d). This is an indication that there are growing market opportunities for craft producers both locally and internationally. However, such opportunities cannot materialise unless craft producers are competitive. Craft producers need appropriate marketing strategies to capitalise on the opportunities available in the market, especially the craft retail market. This requires craft producers to understand what the market (end consumers and retailers) is looking for and, more specifically, how they buy and why.

Craft production is usually initiated in regions where it is still regarded as a way of life. Craft product designs are traditional and functional in nature (Wesgro, 2000). Regions such as Gauteng and the Western Cape have the highest population of crafters because of urbanisation and the fact that they have an established tourism industry (Wesgro, 2000). The majority of craft producers are female (Department of Sports, Arts, Recreation & Culture, 2007). Most of the owners are adults, although a fair number of young people are active in the industry. Most craft producers are self-taught although some have taken art lessons at school or learned a craft from other people in the community.

The local craft market is composed of locally produced craft and includes domestic consumption, tourism-related sales and culturally based craft and craft retailers, which are the focus of this study. The local market has been affected by the growth in tourism and local consumption, which indicates that the craft industry depends to a large extent on the tourism and trade sectors. Growth in the craft market is also associated with the rise in local interest in SA craft fuelled by trends towards ethnic, rustic, earthy African styles and increasing national pride and the return of African values (Sellschop, Goldblatt & Hemp, 2005). The growth of the black middle class and its ability to earn and spend its income on goods and services has also impacted on the growth in this market (Wesgro, 2000).

The majority of craft producers are informal businesses and operate as an informal economy. The activities of the informal economy are unregulated by the state and are excluded from the national economic accounts (Petersen, 2011; Swaminathan, 1991). There are various types of craft producer businesses in SA consist of craft artists, start-up and emerging small batch producers as well as the micro established hand manufacturing businesses and exporting craft businesses. The start-up and the emerging small batch businesses constitute the majority of craft producers in SA and they operate informally while the other types of businesses are either registered as a close corporation; project based private company or a cooperative (Department of Sports, Arts, Recreation & Culture, 2007). Whilst the majority of craft producers are informal businesses, for them to receive support, financial and non-financial, they need to register their businesses and also pay for value added tax (VAT) (Makhitha, 2009) where appropriate. Furthermore the majority of craft producers sell their products using informal channels such as street hawkers and in some informal markets instead of selling through formal retailers (AusAID, 2011; Wesgro, 2000). However, craft markets operate informally while others operate formally with policies in place to regulate the markets (Van Wyk, 2003; Department of Arts, Culture, Science & Technology, 1998) which implies that some craft producers operate as formal businesses.

Craft products are sold through formal and informal retail channels. The formal retail channels consists of various retail outlets such as those in formal craft markets, and formal large and small retailers ranging from boutique shops and gift shops to large outlets in airports as well as national retailers such as Mr Price Home, Pep Home and Woolworths (Department of Sports, Arts, Recreation & Culture, 2007). The informal retail channels consist of those involving craft producers

selling directly to consumers as street hawkers such as those operating alongside the Tshwane Zoo in Tshwane, South Africa. Formal craft retailers consequently form an important part of the value chain. Retailers provide access points to the consumer market for most products (Collins & Burt, 2003). This makes selling to formal craft retailers and an understanding of the craft retail buying behaviour of great significance to craft producers since it will help them create competitive advantages for their businesses and gain access to a bigger share of the market.

Craft trade, and particularly trade in traditional crafts, is a major source of income for disadvantaged members of society, especially rural women (Perreira, Shackleton & Shackleton, 2006). There are low entry barriers, making it possible for crafters to enter an industry which requires minimal capital. However, the market is saturated with unscrupulous agents and importers (Department of Economic Development, 2009). Crafters understand the needs of local markets (Phillip, 2006) but they have little understanding and knowledge of how to make contact with buyers or of the quality of materials and the quantity required by the buyers. This has resulted in a lack of access to the market, creating over-dependence on the middleman, thereby leading to the exploitation of craft producers (Shackleton, Shackleton, Buiten & Bird, 2007).

According to the Department of Economic Development (2009:3) the craft industry has abundant human capital in terms of crafting skills yet it is under-performing in terms of return on investment. A well-developed craft industry could create more employment opportunities in the disadvantaged areas in South Africa. The domestic market is a significant driver of the growth of craft businesses (Perreira *et al.*, 2006:483). However, the industry is facing limited growth in the local market relative to external markets because of the low purchasing power of end consumers (Shackleton *et al.*, 2007:706). The majority of craft businesses are of a survivalist nature because of the oversupply of craft products that do not meet market demands (Rogerson, 2010:133). The industry's retail activity is also seasonal in nature since it is closely linked to tourism which is also affected by seasonality of demand (Kaiser & Associates, 2005:28).

### **Craft producers as SMEs**

Almost all craft businesses in South Africa fall into the DTI's definitions of Small, Medium, and Micro-Enterprises (SMMEs), as outlined by the National Strategy for Small Business Development (DTI, 1995:6). The small, medium and micro-enterprises (SMMEs) are generally referred to as the SMEs. The small and medium businesses (SMEs) play a vital role in the economic development of a country (Muhammed, Char, Yasoja & Hassan, 2010). They are important for economic growth through employment creation, skills development and poverty alleviation (Department of Sports, Arts, Recreation and Culture, 2007). SMEs fulfil a number of roles - ranging from poverty alleviation and employment creation to international competitiveness (Nieman, Hough and Nieuwenhuizen, 2003). According to Lekhanya, (2010), SMMEs have become a critical solution for starting and developing the standard of living in South Africa, owing to the low level of economic growth, high unemployment, and an unsatisfactory level of poverty in South Africa, particularly in the rural areas, SMEs are usually defined in terms of employment or the turnover that they generate (Rogerson, 1999). SMEs are defined as businesses with fewer than 250 employees or an annual turnover nationally of approximately R 50 million. Over 90% of all firms (including listed companies) in South Africa are being classified as SMEs. (Blueprint Strategy & Policy, 2005).

### **SMES and challenges**

Small businesses (SMEs) face many challenges that impact on their growth and survival. Although government initiatives have been established in some sectors, to support small businesses, SMEs still face challenges and are unable to grow their businesses. Overcoming these challenges will enable them to grow. Existing studies have listed number of factors that affect small business growth and survival. However, the most common challenge for small business is that they small in size and that they are owner managed. Owner-managers are responsible for all business activities involving

managing the business, purchasing, production, human resources, sales and marketing, financial management and so forth, which impact on their ability to perform these function efficiently and effectively. Functions receive lip service at the expense of business performance (Horgath-Scott, Watson & Wilson, 1996).

Huang and Brown (in Simpson & Taylor, 2002) found that small businesses consider marketing as their major challenge, followed by human resources, general management and production and operations. SMEs face challenges with marketing of their products, lack of understanding the market and cannot perform market need analysis. They are unable to segment the market and cannot successfully and effectively market their products (Van Scheers, 2011). SMEs face challenges such as marketing of products, locality, and lack of knowledge of the market (Radipere & Van Scheers, 2005). Lekhanya (2010) found that SMEs lack marketing knowledge and expertise and limited use of marketing strategies. Furthermore, Lewis, (2005) pointed to supply chain inefficiency a one of the most prevalent issues facing SMEs. According to (Thakkar *et al.*, 2008), SMEs face severe pressure to produce the “best” product, at the cheapest price, and with the shortest manufacturing lead time. Lack of access to finance has also been pointed out by many researchers as a major limitation for small enterprises affecting their survival (Rogerson 2001; Migiro & Ochola 2005). Financial assistance is also crucial for SMEs in order for them to improve their production (Jena 2010). They fail to embark on extensive marketing practices due to lack of finance (Chiliya, Herbst & Roberts-Lombard, 2009).

Most recently, Hyder and Lussier (2016) listed the inability of SMEs to prepare a business plan ineffective in acquiring and retaining of employees, capital inadequacy and lack of access to commercial land which increases cost of doing business. SMEs lack time, resources, technology or expertise to research and develop new business ideas and innovations (Chiliya & Roberts-Lombard, 2012). An investigating by Cant and Lightelm (2003) indicated that SMEs owners have no clue on how to run a business and have no underlying appreciation of business fundamentals. They lack the business experience needed to drive the performance of their businesses (Toohey, 2009)

The absence of effective management, entrepreneurial, managerial, & technical skills and the failure to get credit from both the suppliers and the banks are the most critical factors that lead to the SMEs failure (Phaladi & Thwala, 2008). The deficiencies in marketing, poor management competences, lack of skilled manpower, lack of innovative technology, and low efforts on R&D were also identified as factors leading to unstable growth and failures of SMEs (Grimsholm & Poblete, 2009). According to Van Der Walt (2008) in (Mnisi, 2014), there are many reasons behind the SMEs high failure rates including: lack of education and training; insufficient finance and bargaining power; finance costs; limited or no access to markets and poor products demand; trade regulations; and improper infrastructure. Brink and Cant (2009) also cited marketing strategies and deficiencies in marketing are some of the factors contributing to SMEs failure

### **SMEs and business growth and survival**

The GEM report (2008) have reported that SMEs in SA do not have a life span of more than 5 years. Brink and cant (2009) further estimated the overall failure rate of SMEs in SA at 70% to 80%. There is no universal definition of success; however, profits, turnover and financial assets have been associated with a business success (McCarton-Quinn & Carson, 2003). Due to lack of access to finance that limit SMEs ability to market their businesses, SMES fail to acquire new customers which limit their growth (Chiliya et al, 2009). The growth of SME is associated with a successful product-market strategy; how managers create and exploit market opportunities and cope with difficulties and a greater propensity to follow a strategy of focused differentiation and a lower propensity to compete on price (Horgath-Scott, Watson & Wilson, 1996). Marketing has been cited by researchers as having impact on the survival and growth a SMEs (Gbolagade, Adesola, & Oyewale, 2013; Hassan, Qureshi, Sharif & Mukhtar 2013; Van Scheers, 2011).



### **Craft producers and the trends and development**

According to Sellschop *et al.* (2005), the demand for crafts has increased in the interiors of homes, hotels, restaurants and offices. Homeware stores such as Mr Price Home, @Home and PepHome have increased in SA. The décor magazines are also playing an important role in popularising handcrafted products (Sellschop *et al.*, 2005, Kaiser & Associates, 2005). The rise in consumer disposable incomes, together with the tendency to accessorise and re-style homes with unique articles, are the major driving factors in the surge in demand for crafts and decorative products (Frost & Sullivan, 2005). This presents opportunities for craft producers to sell to the retail market. However, they need an understanding of what the market needs and expectations are for them to design products and marketing strategies that matches the needs of retailers.

The growth in tourism in SA creates opportunities for craft producers. Hu & Yu (2007) note that tourists spend approximately one-third of their travel expenditure on retail shopping and textiles, with craft and apparel items accounting for a large portion of the consumer products bought. They buy products as souvenirs or gifts. Souvenirs are products bought when travelling to serve as a reminder of the travelling experience. Tourists also buy various products including, among others, crafts, antiques, clothing, jewellery, art, local foods, books, postcards and mementos (Swanson, 2004). They buy regional specialty arts and craft such as carvings, jewellery, glassware and non-regional arts and crafts such as paintings, or stuffed replicas of animals or toys (Wilkins, 2010). Increasing tourism has also influenced the demand for ethnic and culture-specific goods since tourists visit various places to learn about different cultures. Tourists furthermore learn about crafts, their origin, how the products are made, who made them, why, and what they are used for (Musa, 2005).

### **Research methodology**

This research used conceptual analysis as a principal qualitative research technique (Cronin, Ryan & Coughlan 2008). Conceptual analysis was accomplished through literature review to achieve the main critical research questions (Boghossian 2011):

*What are the challenges affecting small craft producers' growth and survival in South Africa?*

For the in-depth critical analysis and identification of themes to be achieved, existing literature on challenges facing SMEs were consulted.

### **Craft producers and Challenges**

One of the major challenge facing craft producers is lack understanding of what the market needs, which leads to an inability to formulate appropriate and competitive product and marketing strategies (Grobler, 2005). They often sell similar products that do not address market demands and they have difficulty in accessing the markets (Makhitha & Bresler, 2011; Hay, 2008; Department of Sports, Arts, Recreation & Culture, 2007). Craft producers also lack skills in product design, distribution and organisation management (DTI, 2005). This is detrimental to their success and survival since craft producers that succeed do so by designing products that new, relevant and meet the needs of customers.

Craft producers possess limited knowledge of the lifestyles and product preferences of their potential customers and the promotional strategies needed to target those (Littrell & Miller, 2001). This is due to the fact that they do not conduct market and environmental analysis crucial for a business to monitor changes in customer preferences and lifestyles. Craft producers copy each other's product designs and their products lack innovativeness and uniqueness (Urban-Econ Tourism (2010). It is due this and other reasons why they lack access to market.

The market also demands craft products that are unique, original, of good quality, new and unique. Craft producers are thus pushed to differentiate their products from those of competitors (USAID, 2006; Frost & Sullivan, 2005). However, craft producers in SA lack an understanding of what the market needs and are unable to formulate appropriate and competitive products and

marketing strategies (Grobler, 2005). Craft producers also lack skills in product design, distribution and organisation management (DTI, 2005). They possess limited knowledge about the lifestyles and product preferences of their potential customers and the promotional strategies needed to target these customers. This requires that craft producers understand the needs of the market and formulate appropriate marketing strategies for each market segment.

The demand for low-priced, machine-made products that are of higher quality is another trend affecting the craft industry in SA. Frost & Sullivan (2005) mention that for example the Chinese craft producers produce competitive machine-made crafts that are less expensive than the high-quality crafts of some craft producers in SA which create growth and survival challenges for SA craft producers. SA craft producers are unable to compete on price because of the high cost of raw materials. They also lack transportation, which increases the cost of making products available (Department of Sports, Arts, Culture & Recreation, 2007).

Basic education levels are low among craft producers (Urban-Econ Tourism, 2010). According to Wesgro (2000), the craft industry value chain is such that the black population constitutes the majority of craft producers who have the ability to produce craft products. However their lack of skills and limited access to resources affects their ability to match the quality standards and production capacity needed by their customers. Formal craft retailers have to deal with these informal craft producers who lack understanding of what they (craft retailers) are look for (Broembsen, 2011). They are also unable to identify market opportunities and, where they are able to identify the market opportunities; they are unable to pursue them because of their limited skills (Department of Sports, Arts, Recreation & Culture, 2007). Craft producers lack the required resources such as finance, machinery and factory or workshop requirements to run their businesses (Jena, 2010; Department of Sports, Arts, Recreation & Culture, 2007; Kaiser & associates, 2005). Furthermore, they experience challenges such as a lack of access to finance, transportation problems, inadequate workspace, limited access to raw materials, high costs of materials, machinery and equipment as well as the high price of raw materials, which makes it difficult for them to match the prices of international craft producers (Department of Sports, Arts, Recreation & Culture, 2007:10; Kaiser & associates, 2005; Wesgro, 2000; Department of Arts, Culture, Science & Technology, 1998).

Grobler (2005) investigated the level of understanding of consumer behaviour among people participating in community craft projects and the findings showed that project owner/managers lack an understanding of consumer behaviour. This in turn leads to the formulation of ineffective and inappropriate marketing and product strategies targeted at end consumers. The study emphasised the need for understanding consumer behaviour as a prerequisite for formulating competitive marketing strategies. Obiri (2002) conducted a study to investigate whether craft businesses adopt a market-led approach in marketing craft products. The findings revealed that the majority of craft producers deliver products based on personal inspiration instead of on what the market really wants. Hay (2008) also agrees that craft producers do not respond to market demands, which prevents them from accessing the market successfully.

Craft producers are driven by their desire to satisfy their artistic sensibilities, yet they find themselves in a situation where they have to balance their artistic vision and market demand. Some craft producers are more driven by the former, which implies that they fail to meet market demands since some of their artistic visions do not reflect what craft retailers and end consumers want (Obiri, 2002; Torres, 2002). As a result, some craft producers create products with no economic benefit derived from these products. For craft producers to derive an economic benefit, they need to gain an understanding of the markets (Hay, 2008).

In addition to these challenges, large retailers have market power that allows them to return any unsold goods during a certain period, which discourages some craft producers from selling to craft retailers; instead they opt to sell through flea markets and certain retail chains (Rogerson, 2000). Craft retailers are also known to exploit craft producers (Urban-Econ Tourism, 2010). These

challenges widen the gap between craft producers and craft retailers, making it difficult for the craft producers to sell their products through craft retailers. The developments in the craft industry have resulted in the commercialisation of the products, which means that craft producers have to create marketable products that meet the needs of the market (Hay, 2008).

### **Overcoming challenges**

For craft producers to grow and survive, they will need to overcome some if not all of the above challenges. Unless they do so, they will remain operating on bread line when they can grow in size. However, government, at national, regional and local levels will have to play a major role in the development of craft businesses by providing necessary support.

Craft producers need to take cognisance of the local and global trends affecting the craft industry in SA. They must be able to assess local and global trends and identify opportunities that might exist and also adapt their products and marketing strategies accordingly. Rankin (2007) studied the importance of product design by craft producers in SA and recommended that design interventions be put in place to assist craft producers in developing designs that match the needs of the market. Craft producers need to undergo training and development on designing and developing new products for such markets to ensure their enterprise growth and sustainability. Training should also include other areas of business management such as finance, management, and supply chain management that are important in running their businesses.

The advancement of technology has brought about changes in the distribution and, particularly, the delivery of products to end consumers (UN, 2008). In some countries, Internet shopping is a growing trend, particularly in Germany and the USA. UNESCO (1997) investigated the importance of Internet technology for craft businesses and indicated that the Internet does not require highly technical expertise and that it could be used to display products in the most appealing way. Craft end consumers use the Internet as a source of information while retailers are increasingly using the Internet as a communication tool (UNIDO, 2007:36; USAID, 2006). Since the USA and Canada as well as the European Union are the major export markets for SA craft products (Kaiser & Associates, 2005), the Internet could benefit producers, who could use it for communication and for order placement (UNIDO, 2007). For craft businesses, the Internet also provides opportunities such as online catalogues, learning design ideas, collecting market information and providing online videos of their products (Batchelor & Webb, 2002). In SA, craft producers lack access to the Internet to facilitate communication, co-operation, access to information and services and marketing (Department of Sports, Arts, Culture & Recreation, 2007). Government support could be sought in this regard with establishing a public website that craft producers could use to market their products. Government and its agencies could also broaden its support base and make support services accessible to craft producers. For example, government could extend its effort in providing marketing and financial support available to craft producers. Furthermore, government and its agencies could create channels of distribution for craft producers they can use to make their products available. For example, a craft market where craft producers can sell their products through the market. The cost of craft raw materials are higher, government could subsidise the purchase of craft raw materials so that local craft producers could be more price competitive compared to foreign craft producers. The establishment of the craft design centres in three major provinces: Gauteng, Kwazulu-Natal and the Western Cape, is crucial for marketing and training, particularly training in product development. The Gauteng, KZN and the Western Cape provinces are core market for the majority of craft enterprises (Wesgro 2000:4). The craft sourcing enterprise, which is still to be established, will serve as a distribution channel to bring the craft enterprise and craft buyers together (Department of Arts & Culture 2011). However, the enterprise is still to be established. The support mechanism of the craft design centres need also be strengthened to reach the majority of craft producers who currently receive no support from these centres. Government could also sponsor craft

producers, assisting them in creating catalogues, attending craft exhibitions and accessing the Internet.

There is increasing importance placed on cultural content in product development and the application of handmade processes to ensure that products are easily differentiated in the global markets (Kaiser & Associates, 2005:31). Craft producers could emphasise the culture of origin when designing and developing their products. For example, women in Mpumalanga or Kwazulu- Natal Provinces in SA could design products that reflect the culture of those regions to entice tourists who are visiting their areas. Craft product branding has also taken its toll in the world market. In countries such as the USA, craft producers are branding craft products with the name of the region where they are made. For example, craft products have stamps such as 'Made in Hawaii'. For some craft buyers, this is very important when buying crafts while for others it is only fairly important (Craft Council of Ireland, 2001:16). However, there is no positive local and international media coverage to promote craft producers, their products and brands. This is necessary to create more awareness of the craft industry and its produce (Jena, 2010:134; Department of Sports, Arts, Culture & Recreation, 2007:115).

There is also a heightened awareness of environmental and social concerns, which requires that craft producers improve their production processes and pay attention to matters such as quality, safety and working conditions (UN, 2010:65). Some retailers consider these aspects when evaluating suppliers (USAID, 2006:28). This awareness also creates opportunities for craft producers to produce traditional craft (Kaiser & Associates, 2005:31). Environmentally friendly products emphasise reducing, reusing and recycling of materials used in the production of craft products. Craft producers can benefit from being environmentally friendly since end consumers consider this aspect when buying crafts (Design Africa, 2008:31). The increasing number of trade shows and fairs as a vehicle for regional exchange and trade development has opened up opportunities for craft producers to access both local and global markets (International Labour Organisation, 2003:4). There are many craft exhibitions in SA and globally that specifically focus on craft products.

Craft buyers are interested in the story behind the crafting of the product. The social story is concerned with how a product is made, who made it, where it was made and the raw materials used, to satisfy fair trade principles. Craft end consumers, particularly international tourists, prefer the story behind the craft products, which is a selling tool for craft retailers. As a result, some craft retailers attach a swing tag which explains how the product was made and by whom (Design Africa, 2008:31). Craft producers operate in highly competitive environments and do not have the substantial market clout nor the monetary resources and expertise to build marketing campaigns to redress their shortcomings. Cooperatives are needed to create a marketing strategy that can position them against larger and more powerful competitors (Torres, 2002:232). Cooperatives operate on a local or regional basis, serving members in the chosen area. The importance of the craft cooperative is that it can link the production capabilities of its members with a wide array of markets. Cooperatives can help improve production efficiency and product quality and also decrease production costs (USDA, 2000:4, 6, 7). Craft producers, as a cooperative, can also approach government or its agencies for funding required for developing crafts catalogues. Product catalogues can also be distributed at exhibitions targeted at consumers and craft retailers. Craft producers need to consider working closely with associations, government agencies and departments, such as Handmade SA and the DTI, which offer support.

## Conclusion

The purpose of this paper was to present the challenges affecting craft producers growth in SA. The conducted research established that craft producers face numerous challenges such as lack of access to finance, lack of access to market, supply chain challenges and the fact that they have limited access to Internet. They need to overcome these challenges to succeed over their competitors. It is important that they devise strategies to overcome these challenges. Government, its agencies,



and private businesses could play an important role to support craft producers. The conducted research emphasize that support should be provided for them to market their products effectively, develop products that meet the needs of the market, and for them to gain access to market and finance. Craft producers also need support to overcome supply chain challenges and lack of Internet access. The conducted research concludes that unless the challenges are overcome, craft producers will continue to operate at breadline while they should expand their businesses.

## References

- AusAID. 2011. *Women and the informal economy*. Australian Government. Office of Development Effectiveness.
- Blueprint Strategy & Policy. 2005. *Promotion of Small and Medium Enterprises in the South African Chemicals Sector. Support for SMEs in the South African Chemicals Sector*. Prepared for Chemicals Summit NEDLAC.
- Boghossian, P. 2011. *Williamson and the a priori and the analytic*. *Philosophy & Phenomenological Research* 82(1):488-497.
- Broembsen, M. 2011. *Mediating from the margins: The role of intermediaries in facilitating participation in formal markets by poor producers and user*. Accessed 15 November 2013 at [http://www.tips.org.za/files/u65/role\\_of\\_intermediaries\\_in\\_facilitating\\_markets\\_-\\_marlese\\_von\\_broembsen.pdf](http://www.tips.org.za/files/u65/role_of_intermediaries_in_facilitating_markets_-_marlese_von_broembsen.pdf).
- Brink, A. & Cant, M. 2009. *Problems experienced by small businesses in South Africa*.
- Chiliya, N, Herbst, G. & Roberts-Lombard, M. 2009. *The impact of marketing strategies on profitability of small grocery shops in South African townships*. *African Journal of business Management*, 3 (3). 070-079
- Collins, A. & Burt, S. 2003. *Market sanctions, monitoring and vertical coordination within retailer-manufacturer relationships: The case of retail brand suppliers*. *European Journal of Marketing*, 37(5/6),668-699.
- Craft Council of Ireland. 2001. *Perceptions, attitudes and opportunities. Critical issues for Irish craft enterprises in 2001. The craft market report*. Accessed 15 November 2013 at <http://www.worldcat.org/title/craft-market-report-perceptions-attitudes-and-opportunities-critical-issues-for-irish-craft-enterprises-in-2001/oclc/52065517>.
- Cronin, P; Ryan, F & Coughlan, M. 2008. *Undertaking a literature review: a step by step approach*. *British Journal of Nursing* 17(1):38-43.
- Department of Economic Development. 2009. *Creating an enabling environment for the growth of KZN craft: KwaZulu-Natal integrated craft hub business plan. Final, April*.
- Department of Labour. 2011. *Labour market review: an investigation into the nature of employment relationships in the South African creative industry*. [Internet: [www.labour.gov.za](http://www.labour.gov.za)].
- Department of Sport, Arts, Culture & Recreation. 2007. *Gauteng craft development strategy: 2007-2012*. Internet:[www.sacr.gpg.gov.za/Framework.pdf](http://www.sacr.gpg.gov.za/Framework.pdf); downloaded 2013-12-04].
- Department of Trade & Industry. 2005. *Sector Development Strategy: Craft*. South Africa. Retrieved from <http://www.ccdi.org.za/research-and-publications/research/Customised%20Sector%20Programme%20for%20Craft.pdf>: 15.12.2016.
- Department of Arts, Culture, Science & Technology. 1998. *Cultural industries growth strategy (CIGS): The SA craft industry report*. South Africa. Retrieved from [www.gov.za/documents/download.php?f=70487](http://www.gov.za/documents/download.php?f=70487): 15.11.2016.
- Design Africa. 2008. *SIAO presentation*. November. <http://www.agoatoolkit.com/agoa/English/Select%20Products/Handicraft/Handicrafts%20Export%20Guides/05.pdf>.
- Frost, A. & Sullivan. 2005. *Market feasibility study and business development plan for the handicrafts Sector*. Export Promotion Council for Handicrafts, New Delhi, India, August. Accessed 15 November 2013 at [http://epch.in/projects/Handicrafts%20Final%20Report\\_August,%202005.pdf](http://epch.in/projects/Handicrafts%20Final%20Report_August,%202005.pdf).

- Gbolagade A, Adesola M.A, & Oyewale I.O (2013). *Impact of Marketing Strategy on Business Performance A Study of Selected Small and Medium Enterprises (Smes) In Oluyole Local Government, Ibadan, Nigeria*. *Journal of Business Management*. 11(4) 59-66
- Gilmore, A, Carson, D & Grant, K. 2001. *SME marketing in practice*. *Marketing Intelligence & Planning*, 19(1), 6-11.
- Grimsholm, E., & Poblete, L. 2009. *Internal and External factors hampering SME growth - A qualitative case study of SMEs in Thailand*. A dissertation submitted in fulfilment of the requirements for the degree of Master in Business Administration: International Management in the Faculty of Social Sciences at the Gotland University.
- Grobler, A.T. 2005. *Product development for community-craft projects in Mpumalanga*. Pretoria: Tshwane University of Technology. (Masters in Textile Design and Technology -dissertation).
- Hassan M.U, Qureshi S.U, Sharif S & Mukhtar A. 2013. *Impact of Marketing Strategy Creativity on Organizational Performance via Marketing Strategy Implementation Effectiveness: Empirical Evidence from Pakistani Organizations*. *Middle-East Journal of Scientific Research* 16 (2): 264-273, 2013
- Hay, D. 2008. *The business of craft and crafting the business: strategies for success in the rural craft sector*. [Internet: [www.tcd.ufl.edu/.../BusinesofCraftHandbook-lowresolution.PDF](http://www.tcd.ufl.edu/.../BusinesofCraftHandbook-lowresolution.PDF); downloaded 2013-12-04].
- Hogarth-Scott, S., Watson, K., & Wilson, N. 1996. *Do small businesses have to practice marketing to survive and grow?* *Marketing Intelligence & Planning*, Vol., 14 No., 1, pp.6-18.
- Hu B & Yu H. 2007. *Segmentation by craft selection criteria and shopping involvement*. *Tourism Management* 20:1079-1092.
- International Labour Organisation. 2003. *Promoting the culture sector through job creation and small enterprise development in SADC Countries: The Ethno-tourism Industry*. Seed Working Paper No. 50. Accessed 15 November 2013 at [http://www.ilo.org/wcmsp5/groups/public/@ed\\_emp/@emp\\_ent/@ifp\\_seed/documents/publication/wcms\\_117681.pdf](http://www.ilo.org/wcmsp5/groups/public/@ed_emp/@emp_ent/@ifp_seed/documents/publication/wcms_117681.pdf).
- Jena, P.K. 2010. *Indian handicrafts in globalization times: An analysis of global-local dynamics*. *Interdisciplinary Description of Complex Systems*, Vol., 8 No., 2, pp.119-137.
- Kaiser & Associates. 2005. *Craft first paper. The Scope of the Craft Industry in the Western Cape*. Retrieved from [http://www.weterncape.gov.za/other/2005/11/final\\_first\\_paper\\_craft.pdf](http://www.weterncape.gov.za/other/2005/11/final_first_paper_craft.pdf): 15.11.2016.
- Lekhanya, L.M. 2010. *The Use of Marketing Strategies by Small, Medium and Micro Enterprises in Rural KwaZulu-Natal*. An unpublished PHD dissertation thesis, Durban University of Technology.
- Littrell, M.A. & Miller, N.J. 2001. *Marketing across cultures*. *Journal of Global Marketing*, 15(1):67-86.
- Lussier, R.N & Hyder, S. 2016. *Why businesses succeed or fail: A study on small businesses in Pakistan*. *Journal of Entrepreneurship in Emerging Economies*, Vol. 8, No. 1, pp82-100.
- Makhitha KM & Bresler N. 2011. *The perceived marketing benefits of the 2010 FIFA World Cup for craft enterprises*. *African Journal for Physical, Health Education, Recreation and Dance*. Supplement: 232-252.
- McCarthy, A & Mavundla, K. 2009. *Craft as an economic enterprise: Strategies for alternative livelihoods in Kwazulu-Natal*. *Small Enterprise Development Agency (SEDA)*, 5(1):34-42. Retrieved from <http://www.seda.org.za/Publications/Publications/SEDA%20SBM%202009.pdf>: 15.11.2016.
- McCartan-Quinn, D. & Carson, D. 2002. *Issues which impact upon marketing in small firm*. *Small Business Economics* Vol., .21 No.2., pp. 201-216.
- Migiro A & Ocholla DN. 2005 *Information and communication technologies in small and medium scale tourism enterprises in Durban, South Africa*. *Information Development* 21(4):283-294.
- Mnisi, K.L 2014. *Entrepreneurial Support amongst Small and Micro Enterprises in the Greater Giyani Municipality*. Dissertation Tshwane University of Technology
- Muhammed, M.Z., Char, A.K., Yaso, M.R & Hassan, Z. 2010. *Small and Medium Enterprises (SMEs) Competing in the Global Business Environment: A Case of Malaysia*. *International Business Research*, Vol.,3 No.,1, pp. 66-75.

- Musa, P. 2005. *A strategy for developing local and traditional crafts by marketing local arts and crafts to tourists: The case of Musa Heritage Gallery. A paper presented at the 6<sup>th</sup> annual conference of the International Network for Cultural Diversity, Dakar, Senegal, 17-20 November.*
- Nieman, G., Hough, J. & Nieuwenhuizen, C. (2003). *Entrepreneurship: A South Africa perspective.* Pretoria: Van Schaik.
- Obiri, M.N. 2002. *Is market-led approach crucial to art and craft small and micro enterprises growth and sustainability in the Kwazulu-Natal Midlands? An unpublished masters dissertation, University of Natal.*
- Pereira, T, Shackleton, C & Shackleton, S. 2006. *Trade in reed based craft products in rural villages in the Eastern Cape. South Africa, Development Southern Africa 23(4):477-495.*
- Peterson, M.M. 2011. *Informal employment in South Africa: A critical assessment of its definition and measurement. An unpublished short dissertation, University of Pretoria.*
- Phaladi, M, & Thwala, W. 2008. *Critical success factor for small and medium sized contractors in North West province, South Africa. [online]. Available: [http://www.academicjournals.org/article/article1380555381\\_Thwala and Phaladi.pdf](http://www.academicjournals.org/article/article1380555381_Thwala%20and%20Phaladi.pdf) [accessed: 12 November 2014]*
- Phillip, T.K. 2006. *Enterprise Development on the Margins: Making Markets work for the Poor. An published PHD thesis, University of the Witwatersrand.*
- Radipere, S. & Van Scheers, L. 2005. *Investigating whether a lack of marketing and managerial skills is the main cause of business failure in South Africa. South African Journal of Economics and Management Sciences, 8 (4): 402.*
- Rankin C. 2007. *Development by design - an example in the South African craft industry: The due-south travel guide. Pretoria: University of Pretoria. [Masters-dissertation].*
- Rogerson, C.M. 2010. *The enterprise of craft: constraints and policy challenges in South Africa. Acta Academica 42(3):115-144.*
- Rogerson CM. 2001. *Growing the SMME manufacturing economy in South Africa: evidence from Gauteng province. Journal of Contemporary Management 19(2):267-291.*
- Rogerson CM. 2000. *Successful SMEs in South Africa: the case of clothing producers in the Witwatersrand. Development Southern Africa 17(5):687-716.*
- Rogerson, C. M. 1999. *SMME Infrastructure and policy in South Africa. [On line]. Available at: [http://196.4.93.10/compress/e-library/Infrastructure\\_Mandate\\_for\\_Change\\_1994-1999/Chapter\\_9.pdf](http://196.4.93.10/compress/e-library/Infrastructure_Mandate_for_Change_1994-1999/Chapter_9.pdf).*
- Shackleton, C.M., Shackleton, S.E., Buiten, E. & Bird, N. 2007. *The importance of dry woodlands and forests in rural livelihood and poverty alleviation in South Africa. Forest Policy and Economics, 9:558-577.*
- Sellschop S, Goldblatt W & Hemp D. 2005. *Craft South Africa. Pretoria: Macmillan.*
- Simpson, M. & Taylor, N. 2002. *The role and relevance of marketing in SMEs: Towards a new model. Journal of Small Business and Business Development, 9(4):370-382.*
- Southafrica Web. n.d. *Crafts in South Africa. Accessed 11 July 2016 at <http://www.southafricaweb.co.za/page/crafts-south-africa>.*
- Swanson KK. 2004. *Tourists' and retailers' perceptions of souvenirs. Journal of Vacation and Marketing 1(4):363-377.*
- Torres, A.M. 2002. *Marketing networks as a form of strategic alliance among craft enterprises. International Journal of Non-profit and Voluntary Sector Marketing, Vol.,7 No.,3, pp.229-243.*
- UN. 2010. *Creative economy: A feasible development option. Report No.3. Retrieved from [http://unctad.org/en/Docs/ditctab20103\\_en.pdf](http://unctad.org/en/Docs/ditctab20103_en.pdf).*
- UN. 2008. *The challenge of assessing the creative economy: Towards informed policy making. Creative report No. 2. Retrieved from [http://unctad.org/en/Docs/ditc20082cer\\_en.pdf](http://unctad.org/en/Docs/ditc20082cer_en.pdf): 15.11.2016: 15.11.2016.*
- UNIDO. 2007. *Creative industries and micro & small scale enterprise development: a contribution to poverty alleviation. [Internet: <http://www.unido.org.rtesources/publications/flagship-publications/annual-report/2007.html>; downloaded 2013-12-04].*

- 
- Urban-Econ Tourism. (2010). *Feasibility Study for Umbumbulu Arts and Crafts Trade Centre*. Quotation 38DED/2008. Retrieved from <http://www.kznded.gov.za/Portals/0/24.01.10%20Umbumbulu%20Craft%20Centre.pdf>: 15.11.2016.
- UNESCO. 1997. *International Symposium on crafts and the international markets*.
- USAID. 2006. *Global market assessment for handicrafts*. Vol. 1, Final Draft, July. Retrieved from [http://pdf.usaid.gov/pdf\\_docs/PNADN210.pdf](http://pdf.usaid.gov/pdf_docs/PNADN210.pdf): 15.11.2016.
- USDA. 2000. *The cooperative approach to Crafts*. Rural Business Cooperative Service Cooperative Information Report 33. Accessed 15 November 2013 at <http://www.rurdev.usda.gov/rbs/pub/cir33.pdf>.
- Van Scheers, L. 2011. *SMEs' marketing skills challenges in South Africa*. *African Journal of Business management*, Vol., 5 No.,13, pp.5048-5056.
- Van Wyk, I. 2003. *Elephants are eating our money: A critical ethonography of development practice in Maputaland, South Africa*. An unpublished masters dissertation, University of Pretoria.
- Wesgro. 2000. *Wesgro background on the craft industry in the Western Cape*. August. South Africa.
- Wilkins H. 2010. *Souvenirs: what and why we buy*. *Journal of Travel Research Online* First 19(20):1-9.
-