Skills Shortages

- 25% of craft enterprises reported that they were experiencing skills shortages in 2001, 34% in 2000.
- Respondents stated that they are currently experiencing skills shortages for themselves and/or their staff in the following areas:time management; understanding of and commitment to quality; expertise in production; finishing; advertising; internet marketing. Also, a number of respondents emphasised the difficulties in generating commitment from their staff.

Developmental Markets

Top Three Markets Most Like to Develop

	2001 Survey Craft Enterprises base 367		2000 Survey Craft Enterprises base 284	
Republic of Ireland	122	33%	110	39%
United Kingdom	103	28%	72	25%
North America	90	25%	90	31%

- Overall in the 2001 survey the falls in the proportion of businesses looking to the Republic of Ireland and the North America correspond to an increase in craft businesses looking to the European market. The popularity of Germany, Italy, Scandinavia and other European markets have all increased. In relation to the 'Rest of the World' some of the countries mentioned were Japan, China, Australia, Israel and the Far East.

Top Six Methods to Market for Irish Craftspeople

Method to Market	Ranked First		Ranked Second		Ranked Third		Ranked Fourth		Ranked Fifth		Ranked Sixth	
Direct to Customer via studio/workshop	197	46%	94	22%	57	13%	9	2%	1	0%	_	_
Direct to Customer via retail craft fair	82	19%	107	25%	61	14%	8	2%	3	1%	_	_
Direct to retailer	117	27%	81	19%	56	13%	9	2%	2	0%	_	_
Direct via agent/wholesaler	17	4%	22	5%	18	4%	27	6%	13	2%	_	_
Internet	3	1%	17	4%	30	7%	34	8%	26	6%	1	0%
Other	19	4%	14	3%	5	1%	2	0%	0	0%	2	0%

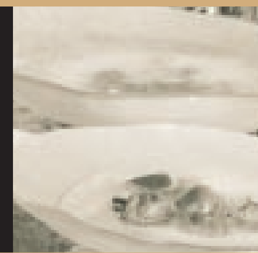
Methods to Market

- In line with 2000 results, selling direct to the customer via the studio or workshop was the most commonly used method to market by Irish craftspeople in 2001. It was ranked as a first choice by 46% of respondents and as a second choice by 22% of respondents.
- Also in line with last year's results, selling direct to the retailer, and selling direct to customer via retail craft fair, were the other most popular choices, with 46% and 44% of craftspeople ranking them as their first or second choice. As with last year selling direct to the retailer was the most popular of these options.
- In contrast to last year's results, the internet does not feature as the third most popular choice for craft enterprises. It would appear that this year respondents have focused slightly more on the traditional forms of getting their product to market and some have turned away from the internet as a channel. However, sales generated from the internet have increased from 3.5% in 2000 to 7% in 2001 of overall industry sales.
- Among the 'other' sales channels which respondents highlighted were the following, ranked in order of frequency: galleries and exhibitions, trade only shows and fairs, through intermediaries such as architects or interior designers and mail order.

The purpose of this 2001 report is to build on the knowledge first identified in wide ranging research conducted in 2000. Most importantly it will track changes in the craft sector, identify current issues and opinions and highlight areas that require CCoI input.

This document summarises information from the results of the quantitative and qualitative research undertaken in 2001 and highlights major changes from 2000.

A total of 456 questionnaires were received before the final cut off date of 15th October 2001. This equates to a response rate of 35% of the Crafts Council of Ireland Register of Craft Enterprise – an increase from 33% in 2000. The response rate is a reflection of both follow up reminders and of the importance that craftspeople place on this research.



THE IRISH CRAFT INDUSTRY 2001 – A SUMMARY

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

General Market

As in 2000 the majority of interviewees felt very positively about market growth and suggested that the craft sector has experienced significant growth of between 10% and 25% per annum in the last five to six years. Several interviewees described the mid to late nineties as being the most successful period the craft sector has ever experienced. The favourable economic climate and greater affluence combined with significant advances made in terms of craft skills and professional business approach were identified as the primary factors contributing to this sector growth. Other factors which interviewees identified as contributing to growth in the craft sector included:

- greater awareness of and appreciation for Irish craft and hand made pieces among consumers
- greater understanding, among the consumer base, of the skills and effort involved in producing the various craft pieces
- significant improvement in the craft sector skill base and resultant enhancements in terms of quality and variety produced
- emergence of an increasingly discerning customer with a higher degree of visual orientation and appreciation for design and creativity
- greater recognition in international markets for Irish craft
- greater access to the craft customer through increase in the number of retail outlets, craft fairs and exhibition centres
- greater levels of disposable income and a less price sensitive customer
- increasing interest and investment in both home and garden improvement/decoration
- increases in tourism in the mid to late 1990's.

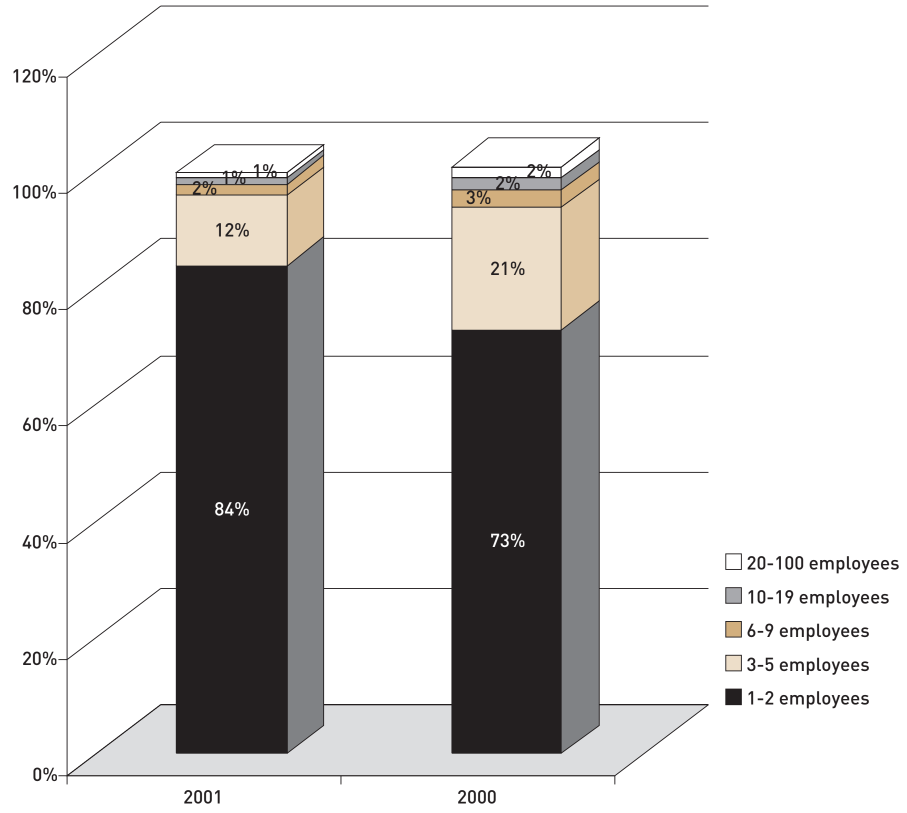
Concern was expressed over the performance of the craft sector in the last six to twelve months. The general perception is that the market has slowed down considerably in 2001. Factors contributing to this slowdown include:

- cancellation of several trade fairs due to the foot and mouth crisis
- reduction in tourist numbers due to the combined effects of foot and mouth, the slowdown in global markets and concerns over the Northern Ireland peace process
- conservatism on the part of buyers due to the global economic outlook
- absence of investment in innovation and research and development by the craft sector at large
- saturation of a limited market due to the high number of new entrants to the craft sector in very recent years
- increase in the cost of materials, wage costs and other overheads throughout 2001
- inability of the market to sustain the pace of growth experienced over the last 12 months
- increasingly demanding terms and conditions imposed by intermediaries such as credit terms, mark up on goods bought in, trade fair admission fees, etc.

Crafts Council of Ireland

PROFILE OF CRAFT ENTERPRISES

Respondents by Size of Enterprise 2001:2000



Note: In 2000 and 2001 the sample was devised taking craft discipline as the key characteristic of interest with which to match the proportions of the target population (the entire Crafts Council register) to those of the respondent sample. In 2001 the characteristic of number of full-time employees was also added to match the profile of respondents to the target population. While the table Predicted Annual Sales overleaf bears out the suggestion from these figures of a level of economic change within the Craft Sector from 2000 to 2001, nevertheless changes in employee numbers should also be viewed in the light of the somewhat different respondent samples in each year.

Response by Craft Discipline 2001:2000

Discipline Type	2001 Survey base 456		2000 Survey base 376	
Ceramics	03	23%	84	22%
Furnituremaking	28	6%	72	19%
Glassmaking	23	5%	64	17%
Jewellerymaking	55	12%	42	11%
Metalworking	22	5%	32	9%
Mixed Media Construction	7	2%	32	9%
Paperworking	8	2%	21	6%
Stoneworking	8	2%	12	3%
Textilemaking	91	20%	7	2%
Woodworking	54	12%	7	2%
Other	51	11%	3	1%
Not Stated	6	1%	0	0%
Total	456	*101%	376	*101%

* Note that in this and all subsequent tables some very slight rounding errors may occur

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FINANCIAL PROFILE

Financial Synopses 2001:2000

Sector Wide Turnover	2001 Survey	2000 Survey
Gross Industry Turnover	€91 million	€99 million
Domestic Sales Turnover	€69 million	€78 million
International Sales Turnover	€22 million	€21 million

The financial profile for 2000 and 2001 are predictions for year end sales. The Gross Industry Turnover figure fell by 8% in 2001. Predicted Domestic Sales fell by 12% and Predicted International Sales, rising as they did as a proportion of total sales, rose marginally by just under 5%. The general downward trend in these figures reflects the concerns of craftspeople as described on page 1, in particular predictions may be affected by economic pessimism due to September 11th given that the survey took place in September/October 2001. In 2002 craftspeople will be asked to confirm if their predictions for end of year sales had decreased as expected or whether the economic climate recovered enough to stabilise annual turnover by year end.

Turnover by Discipline 2001: Four Main Disciplines

Craft Discipline	Approximate Turnover	% representation on Crafts Council Register	Approximate % contribution to sectoral turnover
Ceramics	€16 – €20m	20%	18% - 22%
Textiles	€13 – €16m	20%	14% - 18%
Jewellery	€11.5 –€17.5m	11%	13% - 19%
Woodworking	€6 – €9.5m	10%	7% - 10%

Predicted Domestic and International Sales 2001

Predicted Sales	Domestic base 424		International base 378	
Under €12,697	168	40%	317	84%
€12,697 – €31,742	123	29%	36	10%
€31,743 – €95,229	79	19%	17	4%
€95,230 – €190,459	26	6%	4	1%
€190,461 – €317,433	14	3%	1	0%
€317,435 plus	14	3%	3	1%
Total	**424**	**100%**	**378**	**100%**

BUSINESS DEVELOPMENT

Length of Time Trading 2001:2000

Length of Time Trading	2001 base 446		2000 base 367	
Within last 12 months	27	6%	16	4%
1 – under 3 years	92	21%	76	21%
3 – under 5 years	80	18%	74	20%
5 – under 10 years	103	23%	78	21%
10 plus years	144	32%	123	34%
Total	**446**	**100%**	**367**	**100%**

GENERAL INFORMATION

Time Spent on Craft

- 75% of craft enterprises work full-time at their craft, that is, earn 100% of their income from their craft, or craft related activities.
- 13% work part-time, that is, earn 50%-100% of their income from their craft, or craft related activities.
- The remaining 12% earn less than 50% of their income from their craft or craft related activity.