

**BEING TEXT OF A LECTURE SERIES ON
MARKETING NIGERIAN CRAFTS INDUSTRY**

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1.0 OPENING REMARKS

Let me start by expressing my profound appreciation for the opportunity given to me to serve as one of the resource persons for this important occasion. I equally want to seize this forum to congratulate the National Council for Arts & Culture for the successful staging of the 3rd edition of the African Arts and Crafts Expo tagged “**AFAC 2010**”. The expo with a theme: **Growing the Rural Economy through the Crafts Industry** is an important landmark achievement in the continent quest for a sustainable and virile economy. The topic for discussion which is “Marketing Nigerian Crafts Industry” is an important aspect of business which will go a long way in achieving the objective of the forum as it will provide in-depth understanding of promoting import and export business of African Arts and Crafts to buyers world wide and it will enhance the capacities of participants in the area of requisite strategies for crafts marketing not only from the Nigerian perspective but African perspective generally. A good introduction to the field of marketing and its application to the Nigerian crafts industry can never be over-emphasized.

1.1. INTRODUCTION

Marketing is perhaps the most complex and challenging function performed by business firms. Every firm engages in Marketing. How well organizations perform this function ultimately determines their success or failure in the competitive marketing environment. As an indication of the growing importance of marketing, many crafts businesses lies solely on their marketing expertise for the business to thrive but what is marketing in itself and what functions do marketers performed in an effort to get rid of their surpluses?

When asked to define marketing most people would probably say that marketing is merely buying and selling or selling and promoting in order to increase sales. Marketing includes more than buying and selling, it involves whole lots of activities performed by an organization to direct the flow of needs satisfying goods and services from the producer to consumer or user.

Peter Drucker (1975) defined Marketing as the whole business seen from the point of view of its final result, customer satisfaction.

Ryam sees marketing as a bridge between production and consumption while, Jerome M.C. McCarthy defined Marketing as a way of managing a business, so that each critical decision is made with the prior and full knowledge of the impact of that decision on the customer.

Ferrell asserted that Marketing consist of individual and organizational activities aimed at facilitating and expediting exchange within a set of dynamic environmental forces.

America Marketing Association (1935) defined 'marketing as the performance of business activities that direct the flow of goods and services from the producer to consumer or user'.

All these definitions provide useful but practical perspectives on the nature of marketing. But the definition that serves our purpose best since it is however rooted in human behavior is as follows

"Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering and satisfying needs and wants through exchange process" (Kotler, 1991).

This definition rests on the following core concepts; needs, wants and demands, products (goods, services and ideas), value, cost and satisfaction; exchange, transactions and relationships; markets; and marketing and marketers.

One stage precedes and chronologically leads to its next concepts for instance needs, wants, and demands leads to the creation of products to satisfy them which is term to give value and satisfaction that could be obtained by the customer through exchange, transaction and other relationships.

2.0 MARKETING FUNCTIONS

Marketing is sometimes thought of as simply the process of buying and selling. Its task is much more extensive than this simple description. For a marketing system to be operative and effective, there are general functions which must be carried out:

According to (IMMP), Marketing functions are specific efforts dealing with modifying the total service or product package and the communications according to customer segments. The company operates with marketing functions to realize strategies. These marketing functions are required to satisfy the needs of the customer. In many other models they are seen as tools for competition against other companies.

Marketing functions are the on – the- ground techniques that a company uses in the practical marketing of products. There are basically two sets of functions. This includes communication functions and product functions.

Communication functions are specific efforts by marketers. In communicating with customers and finding information. Marketing communication and collecting market information are examples of marketing functions facilitating buying and selling. A company's advertising and market research agencies are part of its marketing channel. The communication function are about constructing the communications and promotional aspects for the market offering in question, collecting and processing the information from markets and arranging the

necessary communications often understood as part of communication in sales routine. Communication function comprises of personal selling, marketing communication, market information and functional communication.

Personal Selling Personal selling focuses on the sales person's abilities to conduct sales work effectively. Personal selling is about building and maintaining, essential business relationship.

Marketing Communication this functions are specific effort dealing with communicating with customers and finding information. Some examples which are:

(i) Advertising is used to create awareness, provide information, influence attitudes and remind customers about the company and its products. Advertising is typically conducted by specialists (advertising agencies) to support/complement other marketing communication efforts.

(ii) Public Relations: Common forms of PR include press releases and sponsorships. This gives the company an opportunity to introduce ideas, deliver message and information, announce changes and maintain dialogue with important stakeholders. PR helps to create and maintain the public image of a company.

Market Information market Information is about gathering, processing and delivering fundamentally important pieces of information to answer questions regarding things like competitive situation, supply information, customer values and preferences and the like. Market Information is needed for successful implementation of strategies and to give enough background knowledge about the market situation.

Functional Communication this is the communication involving efficient implementation of a marketing plan.

This includes the daily, monthly and other frequently conducted communication between the marketers company conducting the marketing efforts and its partners in the marketing channel. Functional communication includes also the transfer of documents between the parties.

Product Functions

Product Functions are specific efforts dealing with modifying the total service or product package to meet the requirements of a customer. Product functions include Product Planning or Product Development, Pricing and Physical Distribution.

Product Planning in the product planning, the product is tailored to meet the requirements of the end user. Product planning includes decisions regarding the product concept and possible modifications. These decisions are based on the strategic decisions and market information gathered on end-use requirements and customer preferences at certain markets.

Pricing The Pricing is one of the most critical decisions making process in the marketing planning. Companies can approach pricing differently based on their objectives. Pricing can also vary due to the stage of the product's life cycle. Pricing can be carried out by several methods, of which market-based pricing and value-based pricing are examples. Pricing is information dependent function that is dependent on understanding of the cost structure of production and reaching the customers, customer segments' preferences and competitor's market offering.

Physical Distribution Physical distribution is about planning and controlling the physical flow of goods. Strategic decisions determine how physical distribution should be arranged. Physical Distribution aims to provide the most flexible and efficient way to reach end users. Planning physical distribution includes gathering of information regarding possible modes, routes, costs and timetables.

Information flows are important part of the physical distribution-knowing the status of the inventory levels and the transportation itself in real-time is the ultimate goal. Nowadays also the physical distribution must be carried out in an environmental friendly way.

Furthermore, the marketer must also master the terms of delivery but determine e.g. the transfer of the ownership and the carrying of risks related to transportation.

For a marketing system to be effective, there are three general types of functions which it must provide.

- Exchange functions which comprise buying, selling and pricing
- Physical functions which comprises assembling, transport and handling, storage, processing and packaging, grading and standardization
- Facilitating Functions which comprises financing and risk bearing, market Information, demand and supply creation, market research.

Exchange functions are what are commonly thought of as marketing. It involves finding a buyer or a seller, negotiating price and transferring ownership (but not necessarily physical transfer). These functions take place at the "market"- that is, the physical meeting point for buyers and sellers at the point of production or via some other means of communication. At this point, formal or informal property rights are; important to ensure the reliable transfer of ownership and to guarantee legality.

Physical functions enable the actual flow of commodities through space and time from producer to consumer and their transformation to a form desirable to the consumer. Assembling or concentrating the product at convenient points allows it's economically transport. This is a valuable function which is often overlooked in the public perception of traders. Storage allows the commodity to be held until peak season demand, thereby stabilizing supply. Processing transforms the commodity into the products desired by the consumers. Grading and standardization allow the consumer to be more confident of the characteristics of the good being purchased.

Facilitating functions Financing and risk-bearing are two important facilitating functions. The owner of goods at any marketing stage must sacrifice the opportunity to use the working capital needed to buy those goods elsewhere. Or the owner must borrow that capital. In either case, capital must be provided by the trader or by some lending source-regardless, cost is involved-further, there is an implicit cost in the risk of losing all or part of that capital through theft, spoilage, mortality or changing market conditions. Without the willingness to provide the capital and to bear these costs, no stage of the market chain could function. Other facilitating functions enable producers to respond to consumer needs and thus provide goods in the locations, quantity and form desired.

These functions create the marketing environment, whose elements are:-

- Market and facilities: Including the entire physical infrastructure that a market may depend on.
- Market Information and Intelligence: Including informal and formal communication systems, and standard weights and grades on which market information depends.
- Institutional environment: Including the government policy environment, regulations and supporting legislation.

Tom Egelhoff stated that most people think marketing falls in with advertising. All advertising is a form of marketing but all marketing is much more than just advertising. He disclosed that marketers need to cover eight basic marketing functions. A marketing manager's chief responsibility is to identify the target market for products and services. To create an advertising or promotional strategy to appeal to the target market, select the proper media to expose the message to the customer that will hopefully result in a sale and profit to the company.

Marketing is the sequence of activities undertaken by an individual or an enterprise to persuade customers to buy his, her or its products for satisfying their needs and wants. Before planning or commencing production, an individual artisan or an enterprise must ascertain and understand the market demand by taking note of consumers' needs and interests. This is usually done by surveying and identifying:

- Market trends – which affect the function, style and colour of a product;
- Market channels – the routes by which products go from producer to consumers;
- Market outlets – the places which sell products to consumers; and
- Consumers – their customs, habits, fundamental needs and desires.

Only on the basis of such systematic study should an individual or an enterprise decide which products to make in order to satisfy the needs. Because artisans are more involved in commercial markets than visual artists, they are more likely to take into account the influences that market conditions exert on their activities and livelihoods. The business process can assist them in making decisions that will improve their business performance.

Visual artists are frequently active in ways outside the trends in the market. They may be less involved in commercial business cycles, or even uninterested. But they still have to think how their artistic actions affect their livelihood earnings. This may lead them to take decisions that move them closer to formal commercial business or away from it. In many respects, visual artists also may do market research, and follow certain basic business practices to survive in their specialized markets. For example, a painter may change his or her technique or style to suit the evolution of a creative process. A key customer or gallery owner may have valid marketing reasons for asking an artist to continue producing in a style he or she has chosen to discard. If the artist cannot persuade the gallery owner to accept the new style, then the opportunity for sales may be lost.

3.0 MARKETING FUNDAMENTALS

A practical marketing operation is based on three main activities:

Analysis – studying various components of the market environment before making any strategic decision. The qualitative and quantitative studies carried out usually relate to the market, its suppliers, competitors, customers, environment, products, distribution systems and modes of communication. The results of such studies provide valuable information, which assists an individual or enterprise to identify new markets, customers and products. These studies are known as market research.

Strategy and planning – using the market research results, an individual or enterprise may adapt an existing strategy, or create a new strategy for targeting selected market segments and positioning the products in the market within the reach of targeted consumers. This is known as marketing strategy. The individual or enterprise responsible for marketing must, in accordance with the strategy adopted, develop a business plan for implementation of the strategy. This business plan will incorporate an action plan for each business activity or service:

product development, production, costing and pricing, promotion, distribution, customer relations, and after-sales service.

Action – implementing the decisions taken in order to develop, make, promote, supply and serve the products made for satisfying the needs and interests of the customers.

These three activities form the basis of all commercial business, and are collectively known as the business cycle.

4.0 DEFINITION OF CRAFT PRODUCTS

Craft products encompass a vast variety of goods made of diverse materials. This diversity makes it incredibly difficult to give a satisfactory definition of the material content, technique of production and/or functional use of craft products. Yet, for a variety of reasons, a working definition of such products is sought by importers, exporters, customs and excise departments, or trade development agencies. Although there is no universally agreed definition of artisanal products, the following characteristics broadly applies to a wide range of the world's crafts:

- They are produced by artisans, either 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;
- 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;
- They are made from sustainable produced raw materials;
- 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.

Crafts are concerned with servicing, installation, maintenance and repair (of transport equipment, household goods or electric appliances, for instance). Services provided by artisans, whether working on commissioned projects or as design consultants, are, however, very much within the scope of this Guide, even though it's primary focus is on the business cycle of craft products. Artisanal products can be classified under broad divisions. These divisions are primarily based on the materials used, or a combination of the materials and the technique. The six main categories are:

- Basket/wicker/vegetable fibre-works;
- Leather;
- Metal;
- Pottery;
- Textiles;

- Wood

Further categories could correspond to various additional animal, mineral or vegetable materials covering those other materials used in craft production that are specific to a given country or region, are rare, or are difficult to work, such as: stone, glass, ivory, bone, horn, shell, sea shells, or mother-of-pearl. Finally, extra categories as contained in appendix I (page 28) could be considered when different materials and techniques are applied at the same time. This might be the case, for instance, for arms for ceremonial or decorative purposes or as theatrical properties, decorative items and fashion accessories, jewellery, musical instruments, toys, or works of art.

4.1 Characteristics of an artisan and a craft enterprise

Artisans may be defined as people who make products manually. They usually work individually, but can often be helped by family members, friends, apprentices or even a limited number of workers, with whom they are constantly in close personal contact. This contact generates a sense of community and attachment to the craft.

However, in order to include all business initiatives which contribute to the development of the sector, the use of the term 'artisan' will also cover those craft entrepreneurs who:

- Although not actively participating in production, specialize in research, market negotiations or product design and conception;
- Use machine tools or even machinery, without affecting the essentially hand-made nature of the work and the production process;
- Beyond the usual cottage or artisan unit, have associated in cooperatives or any other form of organization, formal or informal; and
- Manage or belong to micro-, small or medium-sized enterprises concerned with artisanal production.

4.2 Artisans and craft enterprises share many characteristics:

- Artisans generally perceive themselves as business people.
- Artisans are mainly successful in economic terms, although few achieve fame.
- They either learn their skills in the family or community in which they live, or receive skill training under government craft development initiatives. In developed communities, artisans make career choices, studying degree courses in the craft and visual arts areas in universities and colleges.
- Artisanal products are normally commercial, utilitarian objects used in many different ways.
- Artisans' prices are usually based on material and labour costs, although a small number of artisans may command premium prices, linked to good reputation.

- Artisanal products sell in exhibitions, retail outlets, street markets, fairs, tourist venues and export markets. They are frequently sold through entrepreneurs and middlemen, NGOs, and producers' and exporters' associations. Internet facilities and websites are also being increasingly used for marketing artisanal products.
- Most artisanal production is market-led: that is, production is geared to observed market needs and niches.
- Local communities in developing countries and countries in transition often regard artisans as lower-status social groups.
- Export consumers may have little understanding of tradition, aesthetic and production skills and processes in artisan manufacture.
- Export market enterprises often see artisans as low-cost production sources.
- Promotion is done through advertising and catalogues. An artisan's reputation for reliability and quality may travel by word of mouth.
- Relationships with middlemen and customers may range from nurturing to exploitative.

5.0 INTELLECTUAL PROPERTY

Intellectual property (IP) is the name given to property arising out of human intellectual effort. The output of human intellectual effort often manifests itself as new or original knowledge or creative expression which adds a desirable quality to a marketable product or service. Various elements provide intellectual output with attributes that, in one way or another, enhance the quality of life. These elements may be called human endeavor, ingenuity, creativity, inventiveness, flash of inspiration, sudden insight, or new insight into observed facts. They may or may not involve experimentation, trial and error, skill, team work, craftsmanship, aesthetic sensibility, and so on. They may involve solving a technical problem in making something with more desirable functional qualities, or result in creating something aesthetically pleasing, to satisfy a human need or want, be it utilitarian, sensory, social, cultural, mental, spiritual or religious. These value-adding or 'quality of life' enhancing elements are the basis of IP.

Intellectual property refers to creations of the mind: inventions, literary and artistic works, and symbols, names, images, and designs used in commerce. Intellectual property is divided into two categories: industrial property, which includes inventions (patents), trademarks, industrial designs, and geographic indications of source; and copyright, which includes literary works such as novels, poems and plays, films, musical compositions; artistic works, such as drawings, paintings, photographs and sculptures, and architectural designs. Rights related to copyright include those of performing artists in their performances, producers of phonograms in their recordings, and those of broadcasters in their radio and television programmes.

5.1 Some key characteristics of intellectual property

A key characteristic of any property, as it is generally understood nowadays, is that the owner of property has the exclusive authority to determine how that property is used. However, IP has many characteristics that are different from those of physical or tangible property.

Unlike physical property, which can be used or enjoyed by one or a limited number of people at any moment, intellectual output can potentially be used or enjoyed by an unlimited number of people, and without depriving its owner of its use or enjoyment. One key way of using IP assets is to permit their simultaneous use by a number of users, in exchange for payment. In IP jargon this is called licensing of IPRs. Such licensing can be done for different purposes, in different countries, for different lengths of time, by different users (called licensees) who may pay very different sums of money.

Physical property has value either as long as it is in demand or while it exists. IP has value only for the duration for which laws allow the intellectual output to be treated as property and provided it is still in demand in the marketplace. The owner of physical property has much greater control over it than the owner of intellectual output could ever have in the absence of the legal system of IP.

Depending on the type of IP, different rules govern its creation, the nature and scope of rights over it, and the duration and circumstances in which those rights can be put into practical use. There is a greater possibility of theft and disputes concerning ownership and use of IP than is the case with physical property. A physical object is stolen only if its possession changes hands, whereas IP is deemed by law to be 'stolen' if without permission of its creator or owner, it is copied, imitated, adapted, translated, displayed or used as an input or starting point for further inventive or creative endeavor. It is even possible for IP to be considered stolen when it is independently discovered or created! A forgery, counterfeit or pirated version, even if better than the original, is theft, as it is based on stolen ideas, expressions, concepts, or technologies. Understanding this is crucial to understanding the importance of the legal system of IP rights and their practical application in business strategy.

Just like physical property, IP has commercial value. Expenditure on or income from IP may be subject to taxation. Acquired IP assets may be shown on account books and balance sheets. IP assets may be insured. Income streams linked to IP assets may be securitized⁵ and used as collateral for borrowing money from banks and other financial institutions. More and more venture capitalists are interested in supporting only businesses that have taken adequate steps to protect their IP assets.

Property rights cannot be claimed until ownership has been established. Throughout most of the world, a set of laws provides exclusivity and ownership of

IP. This allows people to own their creativity and innovation in the same way that they can own physical property. The owner of IP can control and be rewarded for its use. This encourages further innovation and creativity to the benefit of everyone.

5.2 Why is intellectual property crucial in crafts and visual arts marketing?

All artisans and visual artists create IP assets. Their works may be protected by copyright. Many of them possess confidential information of commercial value, known as trade secrets. Some of them have a trademark. Most develop creative new or original designs. Some may even invent or improve a product or process used in their creative endeavor, which can be protected by a patent or a utility model.

There are, therefore, many practical reasons for artisans and visual artists to understand and use various types of IP. Some of these reasons are described below:

Earn more with greater security It is true that not every artisan can – or wants to – become an entrepreneur or manage an enterprise. Yet many need to earn a living from their creative output. The IP system makes it possible for them to earn more money in a secure way, in a number of different ways and for a longer period of time.

Exercise ownership of IP assets Crafts people and visual artists may work alone or in a group. They may be employed, or may employ others, and they may use or improve upon IP assets of others. Whether ownership of IP assets is individual or joint, it needs to be established unambiguously. This is a prerequisite before an artisan or visual artist, as the owner of IP assets, can exercise the rights that are associated with owning those assets (for example, to buy or sell assets, or to take action against theft or unauthorized copying or imitation of the business's image, trademarks, original designs, inventions, confidential business information or other IP assets). On the other hand, an artisan or artist who wants to use IP assets owned by someone else needs specific authorization to do so.

Enjoy exclusivity in the marketplace Artisans or visual artists who own trademarks, designs, patents, trade secrets, and so on have exclusivity over such IP assets. This means that they have the right to exclude all others from using those IP assets. Anyone else who wants to use the IP assets needs to have the permission of the owner. There are many types of rights associated with ownership of different types of IP assets. The owner has the option of permitting the use of IP assets, on payment, by allowing one or more types of rights to be used for different purposes by many people, or of limiting the number of users in a specified geographical area.

Expand commercial activities and exports The skilful use of IP assets may assist artisans and visual artists in almost every aspect of their business development and competitive strategy: from product design and development to marketing and product delivery, and from raising financial resources to expanding business and exporting.

Encourage creativity and economic growth The artisans' and visual artists' communities, as well as a country's economy, may benefit from the IP system. For example, in Australia the craft and visual arts sectors added approximately \$A 160 million to the national GDP in 1996–97. This was comparable to the value added by the record companies and distribution sector (\$A 162 million in 1995–96), but only 40% of the value added by the Australian performing arts industries (\$A 415.7 million in 1996–97).¹¹ Effective protection and use of IP assets owned by artisans and visual artists would not only enrich the cultural heritage of a country but also increase the contribution of the craft and visual arts sectors to their individual wealth as well as their country's GDP.

6.0 BASIC INGREDIENTS OF BUSINESS SUCCESS

A successful business is one that makes a bigger profit after understanding and meeting the needs of consumers better than its competitors. This can be achieved only if there is:

- A quality product;
- A distinctive brand; and
- Effective marketing

In other words, these are the essential elements that give a business competitive advantage over its rivals.⁹

6.1 What is a quality product?

Calling something a quality product usually implies that the consumer perceives it to be better than competing products because of its functional or technical attributes and/or because of its outward appearance and style. Such a perception could be reinforced by a lower price for the customer, or by greater success (and profit) for the producer or provider of the product.

6.2 What is a distinctive brand?

It is not always possible to ascertain the quality of a product by merely looking at it or even by examining it closely. Some of the qualities of the product may be ascertained only by using or consuming it and still others only by experiencing it. A consumer may not be able to make a rational choice between competing craft products without using, consuming, or experiencing all of them. This is generally not a practical option. It is possible to overcome this problem if the consumer has reason to trust the claims of a particular producer or provider.

How then does a consumer identify the producer or provider of a particular product that he or she wants to buy? To compete effectively, an artisan, craft enterprise or visual artist must achieve market recognition and respect for itself and its products. This is done by creating and nurturing an enterprise image linked primarily to the name of the proprietor, of the business or of its products.

The process of doing this is called branding. Branding in turn depends on creating and using a distinctive trademark. It may also rely secondarily on other types of IP such as industrial designs or patents. Basically, trademarks have three functions:

- An origin function – they indicate who is the producer of the product or service;
- A quality function – they are a guarantee of consistent quality; and
- An advertising function – they help in marketing products and bringing new products to the market.

In marketing jargon, trademarks become brands when they are able to convey something positive about the product to the consumer. The essence of a great brand lies in its capacity to foster the sales of a product by creating an emotional link with its customers.

6.3 What is effective marketing?

Marketing can be seen as a business philosophy that makes the customer the centre of the universe of the business or the pivot around which the business resolves. Effective marketing creates a demand for a product. To be effective, the marketing plan and strategy of a business must be based on sound and continuous market research so that the needs of consumers are fully understood. Only then should time, skill and other resources be invested in creating, testing, replicating and marketing new products, based on a coherent plan and strategy, for easy access at a price that is affordable to the consumers.

This will ensure that while the consumers' needs and expectations are fully met (or even exceeded), at the same time the producer or provider of the product is able to reap a reasonable profit on the net investment made.

7.0 10 STEPS TO FOLLOW BEFORE YOU START A CRAFTS BUSINESS

Being self-employed is the dream of many people running that daily 9-to-5 treadmill. If you've been mulling over the possibility of starting a crafts business, check out the ten recommended steps to follow before starting your business.

1. Think about why you want to start a Crafts Business

Maybe you want to turn a hobby into a moneymaking business. Perhaps you're just fed up with your day job and want to make the transition from working for someone else to working for yourself. Are you spending too much time at the office and feel a home-based craft business will give you more time with your family? Whatever the reason, and you might have more than one, sit down and give this question some serious thought.

2. Get Good Practical Experience

Opening a crafts business, especially if you plan to use it to replace your day job, isn't something that you just wake up one day and decide to do. If you want your craft business to be a success you need to have experience ranging from basic design to complete construction.

3. Go to School if you need to Hone Your Craft-making skills

It's never a bad idea to take a class in your field of arts or crafts to advance your basic skills. Watching the instructor and your peers just may show you a better way to set up your workbench, perform your craft or you may get a referral to a fantastic vender. It's also a great way to network, which can be helpful when growing your craft business.

4. Select Your Business Entity

Every choice and necessary business action you take in the start-up phase of your craft business can vary based upon the type of business entity you select. If you don't have any prior experience working for yourself, it's a hard decision. Luckily, you only have three choices from which to choose: sole proprietorship, flow throughs or corporation.

5. Identify Your Customer

Before you hit the drawing board you have to consider who your potential customers are. A starting point is the age old male versus female demographic. However, male or female is too broad - you can't stop there. Take this further by considering exactly what type of product you wish to handcraft.

6. Narrow Your Focus

When you first start your business, don't take on too much and be all over the map with your product line. Concentrate on what you do well and with time and experience expand from there.

7. Check out Your Competition

If you have too much competition, you don't necessarily have to abandon your dream - develop a niche that is not yet saturated. On the other side, if you don't have any competition, this may not be a good thing. It could be there is not enough of a market for your art or craft to make it a viable business.

8. Find Vendors

You need to find vendors that have wholesales terms so you can buy with a discount and establish terms. You also need this information because if you don't know how much your vendors are going to charge you for the raw materials to make your product, how can you set a reasonable retail price? This also helps you figure out many items you have to sell to realize your personal or financial goals.

9. Set up a Work Space

The great thing about most craft businesses is that they are ideally suited to operate as a home-based business. If that's your plan, look around your home and map out where you will store inventory, take care of the business details like bill paying and make your craft product. If you're planning to rent a shop, this expense needs to factor into the cost of doing business.

10. Write a Business Plan

Many business owners think they only need to prepare a business plan to get outside financing from a bank or other lender. Not true. A business plan is your roadmap to success. All craft businesses should have one so you can anticipate problems and come up with solutions.

8.0 HOW CAN I MAKE MY CRAFTS STAND OUT FROM OTHERS?

With a few tweaks, your designs for handmade crafts can stand out from the crowded crafts business marketplace.

- 1. Use stories.** People love stories. Create a story for each of the craft pieces you make and sell as a promotional tag or brochure. A story can make a craft special and add value.
- 2. Engage the senses.** Studies show sales go up when a product interacts with one or more of the customer's five senses: sight, sound, smell, touch, taste.
- 3. Use extra lighting.** Shining more light on your displayed items has proven to boost sales
- 4. Build a creative display.** An eye-catching display for your crafts business may take you a little extra time to build, but it will draw customers into your craft booth.

These are just a few of the many ways to make your craft business stand out.

8.1 How to Increase Perceived Value in Your Craft Business

Lots of newbie craft business owners start out under pricing their items because they think of their pieces as commodities. But here is something a craft artist must keep in their thoughts: a commodity is an undifferentiated item that can be bought anywhere.

A handmade craft item can be transformed from a commodity by shifting the value elements in your displays, packaging and marketing materials.

If you want higher profit margins for your craft business, you have to differentiate your products. This can be done in several ways:

1. Quality. People will pay more for a better experience. Producing the finest quality work will convey a promise of pride and pleasure.
2. Branding. Enhance your reputation as an artist by way of including testimonials, awards, reviews, and education in your promotional materials.
3. Delivery. Make it known that your item is available for immediate delivery.
4. Scarcity: Statements like “this is a one of a kind item” or “this is a limited edition series” will evoke the scarcity response.
- 5 Guarantee: Take away the risk from shoppers and guarantee their satisfaction or you will return their money.

8.2 More ways to increase perceived value of handmade crafts:

Unlike mass produced items, handmade collectibles increase in value over time.

Create a sense of urgency: “Usually at events like here, a piece like this sells and then it’s gone forever”

Offer a wide selection: “choose from six colors”

Create themed lines: create items in themes like cats or dolphins or butterflies or whatever other theme someone might collect.

Compare the item to something of far greater value, like “That’s just like being able to buy a museum piece for the price of _____”

Spruce up your packaging. It’s true that people will pay more for craft items that come with fancy packages.

Feature your displays. Shining display lights on items at trade shows has been shown to increase sales for craft business owners.

Issue a 'Certificate of Authority' with each item you sell.

Promote your craft business with photographs and videos. Include more than one photo for a craft item. Show it from different angles.

9.0 HOW TO MARKET AN ART AND CRAFT BUSINESS

You have a great craft product and now all you need is to find a way to get it in front of your customers. Since craft products are not necessities and are purchased for their beauty, the marketing is a bit trickier. You should be familiar with your target customer. Now you just need to know where that customer frequents when they need to shop for a gift or craft item. The following steps are to be followed in marketing Art and Craft Business:

Step One: Exhibit at craft shows and festivals. Have a standard booth set up that you can use over and over, including displays and signage. If you sell Christmas ornaments, display some on a Christmas tree and the rest in trays on a table top. If you sell photo prints, have some prints framed on your booth walls and place others in a file folder system. Make sure your signage is clear so people do not have to ask about pricing.

Step Two: Insert flyers or business cards in every shopping bag so happy customers can pass along your information to their friends and family or so they can purchase again.

Step Three: Collect email and snail mail addresses so you can keep an active mailing list. Contact your customers regularly to announce new products and sales.

Step Four: Create your own website with a shopping cart. Change the featured product frequently to keep the website fresh and to encourage repeat visitors. Make sure you have logical product categories and a search function. The check out function should be simple to use.

Step Five: Write a newsletter on your Web page to encourage regular visitors. Email out copies to customers to invite them back to your website.

Step Six: Experiment with pay per click ads and banner advertising on popular Web pages that your customers frequent. Track these results to see if they are successful for your products.

Step Seven; Pen articles for other websites, linking back to your own and providing valuable information. Become the expert in your field by putting your name out there frequently and publishing articles within trade magazine, trade websites and on posting boards. Always be helpful.

Step Eight: Start an annual event such as a Summer Blow out and Pre-Christmas shopping party where customers know you will be presenting new products. Always use the same date so clients can plan ahead.

Step Nine: Consider a craft mall where crafters exhibit year round and rent booth space by the month. This is ideal for the off months when there aren't many popular craft shows.

10.0 PRODUCT COSTING AND PRICING

10.1 Costing

Costing is the process of calculating all of the expenses involved in producing and marketing a product. Pricing is the process of determining the amount of money for which a product will sell, based on the costs of producing and marketing the product, balanced against what the market will bear.

The accurate costing and pricing of any product developed in an enterprise is very important, because it can affect the profitability of any sale, and the future of the enterprise itself. The usual method of costing is to calculate the direct production costs of manufacturing a product, and the overhead costs of manufacture:

- **Direct production costs** are those costs directly related to the manufacture of a product. Examples are raw material costs, equipment costs, labour costs for each component, assembly, finishing and packing. Labour costs are calculated based on the production time taken to make a product, multiplied by the hourly wage of the maker, or the notional hourly wage of the self-employed artisan or artist.
- **Overhead costs** are those attributable to the product but for which there is no direct relationship. They have two components. Fixed overheads include: rents; depreciation of machines and tools; taxes; wages for full-time production staff; loan repayments; insurance premiums; and pension schemes. Indirect overheads include: wages for support staff; equipment and vehicle operating costs; gas, water and electricity utility charges; postage; office stationery; sample-making costs; telephone, fax, telex, telegram and e-mail charges; business related travel; inflation; and contingency allowances. The calculation of overhead costs and their attribution to products on a percentage basis can be done in many ways. The following is the simplest method:

To calculate the percentage overhead cost per product, the monthly overhead costs should be divided by the total direct production costs for the month. The direct costs of any product + percentage overhead cost per product = Total product cost (incorporating a proportional allocation of overheads per product)

10.2 How to Price your Crafts

One of the most frequently asked questions are "How do I price my craft?" Let's look at a basic formula to use for pricing crafts.

The first step in pricing crafts is to calculate the cost of your materials. Cost of materials should include every little thing that goes into a finished piece, even if you have to estimate for things like paint or glitter or yarn.

Let's say you make Christmas ornaments and it costs you exactly N2.75 in materials to make one ornament.

The next step is figuring the cost of your labor. How much is your time worth? N10/hour, N15/hour, N20/hour or more? Whatever you choose for the value of your labor, multiply that hourly rate by the hours it takes to make the item. Don't fudge. You need to know this amount in order to learn how to price your craft.

For example, if it takes 1/2 hour to make a Christmas ornament and your hourly rate is N15, then your cost of labor is N7.50.

For our ornament example, add cost of materials (N2.75) to the cost of labor (N7.50). We now have a cost of goods of N10.25. Should the asking price of the ornament then be N10.25?

May be yes, may be no. What is certain is that N10.25 is the minimal amount of money you must earn back when pricing crafts like in this example.

10.3 How much are people willing to pay for my crafts?

We used a very basic formula for determining the least amount you must earn back when pricing crafts. But that's just a starting point. It guarantees you don't lose money.

Answering the question, "How do I price my craft?" means learning the maximum amount that people are willing to pay for your item.

If you are selling at craft fairs, pricing crafts will be different than it would be for selling to stores or on line.

To learn how to price your craft, you need to do some digging.

If you are selling to stores, check out stores that carry craft items like yours and note the retail prices.

If you are selling on line, do the exercise in Video and make a list of items like yours and what their closing bids were.

Always research prices for items like yours in the market you sell in.

If the average market price is lower than your cost of goods, you will lose money. Either find other items to make or find a way to lower your costs.

Most craft artists undercharge because they imagine they will sell more by lowering their prices.

But what happens is that customers see the low price on the craft and think the item is cheaply made. In many cases, practitioners have found that raising prices actually stimulated sales.

11.0 THE 6 LAWS OF CRAFT BUSINESS ADVERTISING SUCCESS

Craft business advertising is a science and an art. Companies often miss the fundamentals of advertising regardless of the size of their business. An understanding of the laws of advertising can reap huge rewards.

According to Small Business Administration, 5% of an entrepreneur's gross sales should be budgeted for advertising. The six laws are presented below:

1. Use One Message: A high response rate ad usually conveys a single message that is simple and compelling. Your craft business advertising needs to quickly communicate its core message in 3 seconds or less.

2. Add Credibility: It has become human nature to distrust advertising. Claims need to be real and credible. Roy H. Williams, best-selling author of the "Wizard of Ads" says, "Any claim made in your advertising which your customer does not perceive as the truth is a horrible waste of ad dollars."

3. Test Everything: Large businesses have a greater margin to waste capital and resources without testing advertising. Craft businesses do not have the luxury. Use coupons, codes, and specials to measure the headline, timing, and placement of your ad. Test only one item at a time and one medium. Testing can be as simple as asking every customer for several weeks how they heard of your business.

4. Be Easy to Contact: Every single brochure, box, email and all company literature should have full contact information including: website and email address, phone and fax numbers, and company address. It seems simple but is forgotten by most companies.

5. Match Ads to Target: Successful Craft business advertising speaks to one target market only. The ads should be targeted to a particular market. An ad in a

medical publication preached the cardio-vascular benefits of cross-country skiing to heart patients. Ads in women's magazines discussed the weight-loss and calorie burn from cross-country skiing. Focus the message to the target group.

6. Create Curiosity: Successful Craft business advertising does not sell a product or service; they create ads that generate interest and make the customer want more information.

Having a poor response is not the medium's fault. Often the problem is the message. Craft business advertising is not a quick fix solution to marketing your company. It takes planning, testing and constant exposure to have an impact on your small business. Done correctly, small business advertising can be a winning strategy.

12.0 MARKET RESEARCH

Market research is the gathering and analysis of data relating to marketplaces or customers, leading to more market knowledge and better-informed decision-making. It can provide artisans and visual artists with information about both general and detailed aspects of any marketplace into which they wish to enter – customer types, products, prices, market channels and outlets, promotional methods, trade fairs and exhibitions. Market research is not a one-time task, but an ongoing activity or a continuing journey. Most market research is done using a set of study tools (they are too detailed to cover in depth in this lecture). These essential tools also help to predict future trends and responses of the market segments and customer groups with whom the individual or enterprise wishes to do business.

13.0 MARKETING STRATEGIES FOR ARTISANS AND CRAFT ENTERPRISES

Market research gives an enterprise a set of relevant information that allows it to determine 'a strategy indicating the specific target markets and types of competitive advantages that are to be developed and exploited'.

For most artisans and craft enterprises in developing countries and countries in transition this means that they need to define their marketing mix:

- Identify a product for a target market (or a segment of a particular market). It may be that the enterprise can diversify into new product lines using existing technology and skills. It may have to invest in new technology and skills, to enable it to produce entirely new ranges of products. The 'new range' could include a new brand image, new packaging, new services and new way of maintaining or servicing customer relations. This may involve brand stretching, brand extension or the creation of new brands or trademarks for the new market or customer types.

- Calculate the price at which this product will sell. To penetrate certain markets profit margins may have to be kept low; for other markets the current trends may allow increased margins for certain periods. In yet other markets the rarity of a raw material or skill will permit pricing at the highest margins possible.
- Work out where to place or position the products in the market(s) by: attempting contact with new types of customers; competing with another maker; introducing the products to a new type of retail outlet in a totally new locality (new market channel); or developing an export market about which little is known. The enterprise should check whether it has the freedom to use an existing or proposed verbal trademark in an export market. It should also verify whether the trademark has any negative or undesirable connotations in the export market (if it does, then the enterprise will have to find a new trademark for use in that market). Creating or selecting a suitable trademark is just as important if the enterprise intends to position a product to target a new customer type, market segment or location. In addition to trademarks, new packaging and labeling may be required, and these too may have branding (trademark), industrial design or copyright implications.
- Establish the best way to promote the product to the consumer, depending upon the location in which the product is placed. Varying combinations of these factors will provide artisans and craft enterprises with a choice of actions to take and directions in which they might move in order to continue in business effectively. This is marketing strategy. Part of a marketing strategy might be to join or form a collective marketing association, or a registered marketing company, either of which would be able to:
 - Undertake market research as a body;
 - Offer and supply wider ranges of products to the market;
 - Negotiate business terms and conditions with greater authority than a single artisan or craft enterprise; and
 - Operate an IP strategy at lower cost and higher effectiveness: for example, by using a collective trademark to market the products of association members.

14.0 TEST MARKETING

Regardless of whether the enterprise is artisanal or artistic in nature, when samples are ready the product should be tested in the marketplace. This provides an ideal opportunity to:

- Make a short production run to ensure that all production procedures work easily;

- Allow a small number of end users to assess the product, its function and appearance; and
- Analyze any manufacturing faults, operating defects and image complaints that should call for changes before launching the product.

Visual artists do not usually conduct test marketing. Artists create without necessarily considering the commercial value of their works. This means that products are offered in the market as they are done. Any modification that might occur is a change in the next work, not the current one.

15.0 PRODUCT PROMOTION AND PRODUCT LAUNCH

When the test marketing phase is successfully completed, then the product may be promoted through whatever means the enterprise favours. Artisans and craft entrepreneurs most commonly use:

- Mailing out printed or CD catalogues;
- Exhibitions and trade fair showings (at local, national, regional or international level);
- A website;

Advertising media (such as specialized trade press or television), Visual artists would be most likely to:

- Distribute invitations to a private viewing of an exhibition, or the opening of a show, sent with a covering letter and a CV;
- Issue a brochure or CD as the exhibition catalogue;
- Invite arts reviewers to the private viewing and hand out press releases;
- Try to obtain a slot on a television arts show;
- Use a website.

16.0 MARKETING CHALLENGES OF THE NIGERIAN CRAFT INDUSTRY

The crafts industry is facing lot of marketing challenges in Nigeria. The marketing challenges come from many directions. At first sight, it would seem that machine-made products could easily be substituted for these essentially hand-made ones, especially in our knowledge-driven high-tech times: modern industry is enabling an increasing degree of mass customization and personalization of product offerings. Another challenge may come from the fact that the products of craftspeople and visual artists are not generally basic needs for consumers. As a result, consumption of these products may decline if consumer spending is down, especially during economic downturns.

A key strength of artisans and visual artists lies in their creativity and craftsmanship in expressing it. This gives their output a distinct traditional,

cultural or symbolic flavour, which arouses the interest and matches the emotional needs and aesthetic tastes of discerning customers in specialized niches of domestic and export markets. Even so, attracting and retaining consumers is a daunting task in an overcrowded marketplace, where consumers find ample choice and alternatives and where competitors are constantly searching for successful product trends.

Given today's instant information and communication facilities in Nigeria, coupled with the ease and speed of copying and imitation, the market is flooded with look-alike products or downright copies, which are also known as 'counterfeits' or 'forgeries'. The real challenge for craft business and visual artists is thus not just to produce and market winning new products that cater to changing consumer tastes, but also to prevent – or if unable to prevent then to effectively deal with – unfair competition or theft of their creative ideas. The intellectual property (IP) system is the best available tool for creating and maintaining exclusivity over creative and innovative output in the marketplace, albeit for a specified maximum period of time. The effective use of IP can also help artisans and visual artists to develop networks and relationships not only with end consumers, but also with all the links in the supply and demand networks.

Other challenges are the inadequate funding of the craft industry which remains the least supported in the country's quest for economic development. This is further demonstrated by the variety of trade restrictions at international level.

If artisans and visual artists are to get a fair return from their creativity in the marketplace, it is important for them to follow a planned and systematic marketing strategy which integrates the use of the tools provided by the system of IP rights. This must begin with a basic understanding of the principles of marketing and of the IP system, along with a broad recognition of the value of IP assets in marketing and practical guidance in making proper use of them.

The highly competitive nature of the marketing process compels each country to protect culture-based goods as a substantial part of its national cultural heritage. This is especially relevant for many developing countries and countries in transition, in which the role of the craft and visual arts sectors can prove to be pivotal for sustainable development and poverty reduction. For policy-makers in government, business and civil society in these countries, defending the interests of artisans, craft entrepreneurs and visual artists against unfair competition is becoming critical in order to underpin their commercial success and their contribution to individual and collective wealth creation, as well as to preserve cultural identity and diversity.

It is in the light of the above challenges facing the marketing of craft industry in the country that I draw up the following conclusion and subsequent recommendations:

17.0 CONCLUSION AND RECOMMENDATIONS:

In Conclusion, it is pertinent to state that, 'Growing the rural economy through the crafts industry "could only be achieved through effective marketing of Nigerian Arts and Crafts to buyers worldwide using the sound marketing strategies as discussed in the course of our lectures today. As part of the effort to improve market potentials of the Nigeria Arts and Crafts industry, the following recommendations were made:

1. Nigerians should support moves by the federal government to aid the development of the craft industry, which was relegated to the background.
2. Copy right commission should be reinvigorated to discharge its responsibility of protecting Nigerian crafts from unfair competition or theft of their creative ideas.
3. The intellectual property (IP) laws should be imposed on all erring craft business operators for copy right infringements and other copy right laws offences bedeviling the industry.
4. Government should encourage effective use of IP which can help artisans and visual artists to develop networks and relationships with not only consumers, but also with all the links in the supply and demand networks.
5. More encouragement should be given to craft men and visual artists to ensure that they get a fair return from their creativity in both the domestic and international market, as the current trend does not provide for creative thinking and meaningful breakthroughs.
6. Nigerians should try to change their negative attitudes towards made in Nigeria goods as against their preference for foreign goods which is having an adverse effect on the craft industry and the economy as a whole.

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Appendix I

Crafts to make and sell by products and Category		
Art Glass	Home & Garden Crafts to Make and Sell: candles, placemats, napkins, curtains, towels, potholders, coasters, fire screens, baskets, pillows, quilts, room dividers, coverlets, throws, wall hangings, carvings, floor rugs, lamps, chairs, swings, stained glass, birdhouses, wind chimes, clocks, mirrors, cutting boards, pottery, plant holders, window boxes, potpourris	
Basket Weaving		
Beading		
Candle Making		
Ceramics / Polymer Clay		
Crochet		
Cross Stitch		Clothing Crafts: dresses, shawls, blouses, aprons, suits, kimonos, children's clothing, men's and women's: shirts, vests, ruanas, sweaters, jackets, coats, painted sweatshirts, t-shirts
Doll Making		
Embroidery		
Fiber		Accessories You Can Make and Sell: handbags, purses, belts, sashes, babushkas, mittens, mufflers, house slippers, men's ties, men's and women's: scarves, hats, caps, bandannas, boots, sandals, moccasins
Floral	Interior Design Ideas: paintings, wall hangings, rugs, upholstery fabric, throw, curtains, passementeries, pillows, room dividers, screens, window frames, furniture	
Folk Art		
Gift Baskets		
Jewelry / Lapidary		
Knitting	Corporate: rugs, tapestries, wall hangings, sculpture, furniture, stained glass, paintings, batiks, folk art, carvings, flower arrangements	
Leather		
Metalsmithing		
Needlepoint	Kids Crafts to Make and Sell: stuffed toys, dolls, puppets, animals, teddy bears, wooden trains, puzzles, building blocks, toy boxes, kaleidoscopes	
Painting	Special Occasion Crafts: bridal gowns and shawls, baby blankets, greeting cards, Christmas ornaments, stockings, Easter bunnies, heart pillows for Valentine's day, wreathes	
Paper Crafts		
Plastic Canvas	Religious Crafts to Make and Sell: altar objects, vestments, tapestries, chalice palls, baptismal towels, banners, stoles, stained glass, candelabras	
Pottery		
Rubber Stamping		
Rug Hooking	Jewelry Crafts: earrings, bracelets, necklaces, rings, anklets, headbands, jewelry cases, leatherwork, nose rings	
Scrapbooking		
Sculpture	Other Inexpensive Crafts to Make and Sell: tote bags, duffel bags, backpacks, garment bags, saddle-blankets, musical instruments, dried flowers, book ends, confectionaries, key holders, seat covers	
Sewing		
Shellcraft		
Soap Making		
Stained Glass		
Tole / Decorative Painting		
Weaving		
Woodworking		

Source: ITC/WIPO (2003)