Introduction

This report represents the findings of a two-year-long research programme by Morris Hargreaves McIntyre into the market for craft, with a specific focus on contemporary fine craft. It was the first such study of the craft market to be undertaken in England.

The research explores the extent to which people in England wish to buy original craft objects. By craft we mean ceramics, wood, textiles, glass, metal, or unique furniture or jewellery, designed and made by living designer-makers, either in unique items or in small batch production contemporary craft objects. By contemporary fine craft we mean work that is described here as cutting-edge[1].

The statistics are based on data derived from a population survey, with a representative sample of 7,241 adults aged 16 and over living in England, and on qualitative research with 150 people. There is also quantitative information derived from *Making it in the 21st century*[2].

Key points

- The total market – existing buyers plus potential buyers – for buying original craft comprises a total of 11.3 million people (29 per cent of the population in England)

- 6.9 million people have already bought original craft, by designer-makers living or dead, but not necessarily craft that is contemporary, or cutting-edge in style

- There are 4.4 million potential buyers in the whole craft market of 11.3 million. They have not yet bought any original craft, by designer-makers living or dead, but aspire to do so

- There is the potential to increase the size of the market for original craft in general by 63 per cent – that is, by almost two-thirds

- We estimate that the total market for original craft is £883 million. This figure comes close to the estimate of £826 million in *Making it in the 21st century*

[1] For full terminology see page 6 of this executive summary

[2] McAuley, A and Fillis, I, *Making it in the 21st century: a socio-economic survey of crafts activity*, Crafts Council, 2003. This is the third 10-year socio-economic survey of professional makers in England and Wales to be carried out on behalf of the Crafts Council.

- An estimated 5.6 million pieces of craft were purchased by people living in England in an average year. Around 1.2 million pieces were bought in London and 4.4 million bought in the regions

- The total existing market for original craft is larger than the total existing market for original visual art by 2.1 million people

- The total potential market for original craft is larger than the potential market for original visual art by 500,000 people

- People in the potential market for craft and fine art are more likely to make craft their first purchase

- 7.3 million people, or 65 per cent of the total craft market, would buy work by living designer-makers, and would consider buying cutting-edge work, or contemporary fine craft, as well as any other type of original craft

- Of the 7.3 million people who would consider buying cutting-edge work, or contemporary fine craft, as well as any other type of original craft, 2.5 million (22 per cent of the total market for original craft) have not so far bought any original craft. These 2.5 million people are a predisposed market for contemporary craft and form the clear-cut potential market

- Of the 7.3 million people who would consider buying cutting-edge work, or contemporary fine craft, 4 million have already bought original craft by a living designer-maker

- The existing market for cutting-edge work, or contemporary fine craft, is larger than the existing market for cutting-edge visual art by 77,000 people

- There is enormous potential to increase the market for cutting-edge work, or contemporary fine craft, both through the development of serious collectors and through encouraging new buyers

- A lack of ‘subscription’ activity constrains the development of the market for contemporary fine craft. Subscription (explained on page 6) is the way artists or designer-makers accrue endorsement for their work through the actions of peers, dealers, collectors, curators and critics[3]

- Wholesale activity – direct from designer-maker to buyer dominates the market for craft

- The market for craft lacks a regulatory process; the retail system, which filters quality through selections made by knowledgeable dealers, is undeveloped

- The craft sector is very productive but designer-makers find it a constant struggle to find a market large enough to support them

- The sales of contemporary fine craft are constrained by the lack of a high-quality distribution network, both in London and in the regions

- One in six or 15.3 per cent of the 32,000 designer-makers based in England are making cutting-edge, or contemporary fine craft, work that is critically engaged and aimed beyond the domestic market

- Buyers – both existing and potential – showed more resistance to price for contemporary fine craft than existing buyers in the market for fine art or other luxuries

- The sector has very few strong brands by which we mean recognisable names either in retail, amongst dealers or designer-makers

- There are a range of proactive market development initiatives which could expand the market for contemporary fine craft.

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[3] \`Subscription’ is a concept developed to describe the fine art market, see Morris Hargreaves McIntyre, *Taste Buds: How to cultivate the art market*, Arts Council England, 2004

Background

The craft market is a healthy sector of the economy, with a market worth £883 million in sales. There are an estimated 32,000 makers for an existing market of 6.9 million people or 17 per cent of the adult population in England.

There are significant social factors that point favourably towards growth in the market for contemporary craft. Research by the Henley Centre identified trends such as connoisseurship and the desire for 'authenticity', which are likely to boost the craft sector[4].

Research aims and context

This work was commissioned to complement two significant studies. The first – *Making it in the 21st century* – explores the profile and economic contribution of designer-makers[5]. The second is *Taste Buds*, our 2004 research into developing the art market, whose findings are highly relevant to the craft market[6].

Several studies have been carried out to inform craft strategies in specific regions. We examine the whole market of contemporary craft made by self-defined professional designer-makers. In accordance with Arts Council England policy we place particular emphasis on the market for contemporary fine craft. This is work that meets the following criteria:

- contemporary craft work that is cutting-edge and ensures the highest standard of workmanship
- work that must not seek to reproduce or restore, but rather must be innovative in its use of materials and aesthetic vision
- work that not only reflects the signature of the individual maker, but also demonstrates investigation of processes and critical enquiry.

The research focus is on individual, private buyers living in England.

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[4] The Henley Centre, *The arts landscape in 2010*: a summary paper in, The Henley Centre, *Towards 2010 – new times, new challenges for the arts*, Arts Council England, 2000

[5] McAuley, A and Fillis, I, *Making it in the 21st century: a socio-economic survey of crafts activity*, Crafts Council, 2003

[6] Morris Hargreaves McIntyre, *Taste Buds: How to cultivate the art market*, Arts Council England, 2004

The research brief was to provide recommendations on how:

- the considerable work undertaken through the Crafts Council might be complemented to continue to build the entrepreneurial skills of designer-makers
- the sales of contemporary fine craft can be increased
- the market for contemporary fine craft can be developed.

Research structure

The report:

- analyses the factors that constrain the market for contemporary craft, with specific reference to contemporary fine craft
- identifies substantially more potential demand for contemporary fine craft than is thought to exist
- recommends how the market for contemporary craft might be developed

The research is in three main parts:

- **production** – what motivates designer-makers, of all kinds, to work, and how they operate within the market-place
- **supply and support** – how contemporary craft is distributed into the market-place, how the supply side of the sector works and how the sector is supported
- **demand** – who buys craft, why people buy and what they buy. How much existing and potential demand there is for different types of craft and the volume and value of the market

In addition, the introductory background gives some context to craft in Britain today. Finally, the report analyses what constrains the market for contemporary craft and makes recommendations.

Methodology

After an initial literature review and scoping study there was consultation with stakeholders and a population survey looking at buyers and potential buyers. We purchased questions in the Crafts Council's 2003 socio-economic study, *Making it in the 21st century*. We also conducted interviews and focus groups with representative groups of designer-makers, suppliers and existing and potential buyers. Further consultations were carried out to test the findings, the analysis and the recommendations. This involved talking to senior professionals and experts within the sector.

Terminology
We have adopted the following terminology.

- Designer-maker – people who define themselves as professional designers and makers of contemporary craft objects and unique or limited production of design objects
- Craft – work in ceramics, wood, glass, metalwork and textiles, as well as furniture and jewellery
- Original contemporary craft – work designed and made by a living designer-maker and produced as unique items or in limited batch production
- Contemporary fine craft – work that accords with Arts Council England's definition on page 4 of this report
- Cutting-edge – a term used in our population survey questionnaire to describe work which is encompassed by 'contemporary fine craft', genuinely innovative, in a manner which is critically engaged
- Critically engaged – aspiring to be recognised as making a unique and progressive contribution to critical debate
- Subscription – the process by which dealers, collectors, curators, critics and academics and buyers provide advocacy and endorsement for artists' (or designer-makers') work through exhibitions, critical appraisal and purchases.

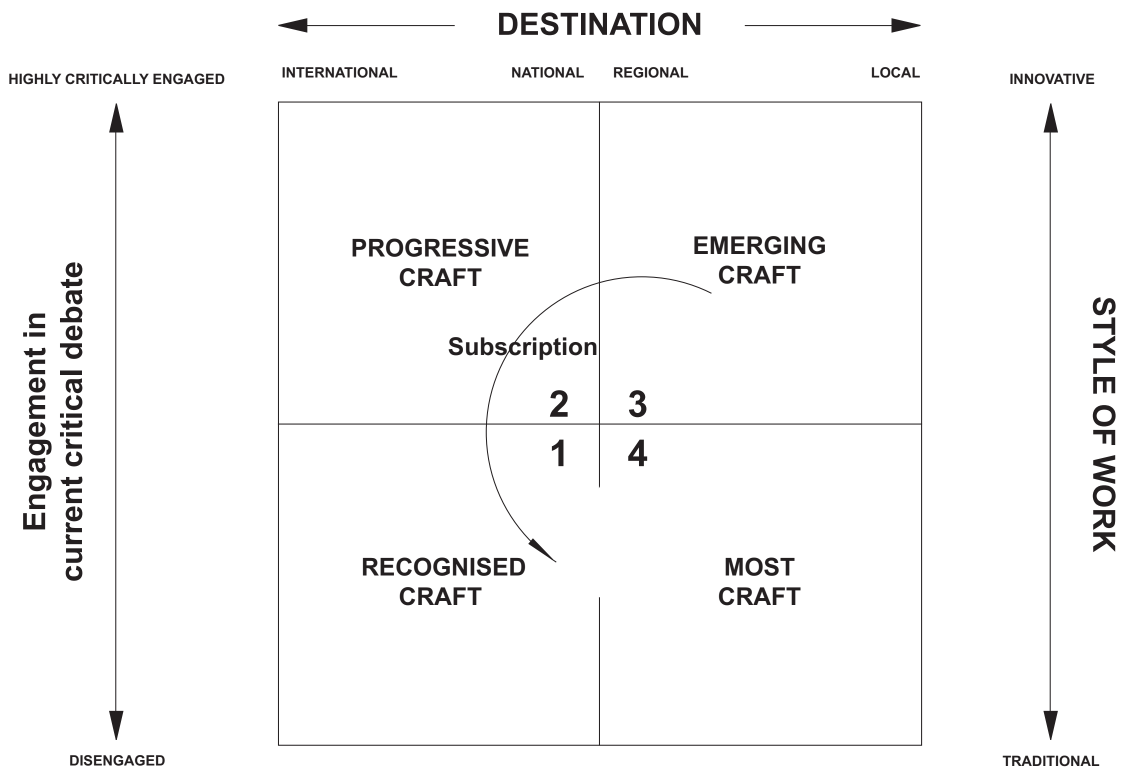
Understanding the contemporary craft sector
Craft has experienced a fluctuating status in Britain throughout the 20th century. In the 1920s and '30s, at the height of modernism, craft received much critical attention from the art critics of the time. The more recent past – the 1950s and 1960s – marked a period of celebration of mass production. When craft revived, it responded with a rural, anti-industrial image, which became the dominant image of the sector. The Crafts Council, set up in 1971, worked to challenge this rural, artisan image and advocated fine craft practice, bringing it back into a more progressive, urban context. Since the 1980s young contemporary fine craft designer-makers have tended to remain in urban areas. There is still substantial craft activity in rural areas.

Production

This section is about designer-makers; the quantitative data was drawn from *Making it in the 21st century*. The qualitative data was drawn from 20 interviews and three focus groups with designer-makers. There is a clear picture of a very productive sector in a constant struggle to find a market large enough to support it.

The contemporary craft production model

Our model describes different types of designer-makers in four segments. We also use its typology to describe the kinds of craft which they make.



© Morris Hargreaves McIntyre

The model identifies four segments of contemporary craft production. These are defined according to how critically engaged the work, or designer-maker is, and where the intended markets are for the work.

Segment 1 – Recognised craft and recognised designer-makers
Established designer-makers have work in significant public collections, and in solo exhibitions. They are concerned to be recognised for working in a fine art discipline and make for an international market. They make up 7.3 per cent of the sector.

Segment 2 – Progressive craft and progressive designer-makers
Designer-makers here are making themselves known for their cutting-edge work. Their work is beginning to be collected; it is intended for a national and an international market, but they sell at a range of outlets because of a shortage of dealers and high-quality outlets. These designer-makers make up 3.1 per cent of the sector.

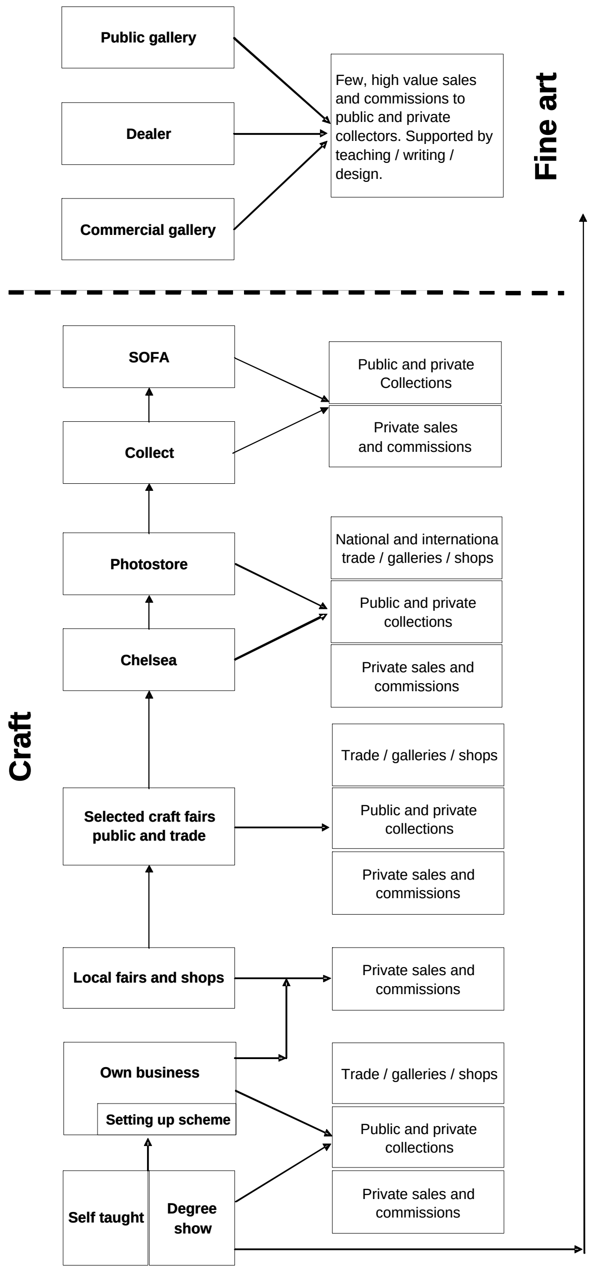
Segment 3 – Emerging craft and emerging designer-makers
In this segment there is work by emerging designer-makers seeking to be recognised as progressive. They face a battle for survival and this often means making commercial work that subsidises more challenging work. These designer-makers comprise 4.9 per cent of the sector.

Segment 4 – Most craft and most craft designer-makers
This segment contains the vast majority of professional designer-makers – people who are driven to live by their creativity. They are generally making non-critically engaged work and are selling mainly to a local market. There are many very successful entrepreneurs in this group who make a good living from sales and commissions. These designer-makers are 84.7 per cent of the sector.

Designer-makers' motivations and attitudes
Most designer-makers are motivated primarily by the need to create. The large majority of them measure their rewards as being independence and the satisfaction of being creative. The desire to pursue critical enquiry is often compromised by the need to make saleable or commercial work. As careers progress, income does not necessarily rise. Few expect to achieve commercial success from their work, and very few rely on selling as their main source of income. The most common source of additional income is teaching.

The testing time in designer-makers' careers appears to be within seven to ten years following graduation when they realise that their circumstances are not necessarily going to get any easier. At graduation, work can take designer-makers along four main routes: sole trader, design, public art and fine art. The routes they can take to different areas of the craft market is reflected in the supply route model.

The supply route model for the craft market



Designer-makers take very varied approaches to pricing; many say they do not know how they should price their work. Many sell at wholesale rates, because they regard the commission added by galleries as a factor that exacerbates the problems of developing the market.

There are, on the other hand, complaints among designer-makers about a lack of high-quality selling outlets with passionate and knowledgeable staff. Craft fairs are a very important route to market and attendance at the major high-quality fairs can account for a high proportion of annual income. Recognised and progressive designer-makers prefer to sell exclusively through galleries or by direct commission. For many of these designer-makers, commissions are financially significant and this increases with experience.

Most designer-makers feel there is scope to develop the market. There is a view that the market could be younger and more diverse. Lack of public education on craft, lack of sales outlets and a poor image of craft are seen by designer-makers as the main barriers to the development of the market.

Many designer-makers work independently of the arts funding sector. Professional associations and guilds are important sources of professional support, networks and routes to market, especially for mid-career and established designer-makers. There is the perception among designer-makers of an elite ‘inner circle’ of those who have benefited from Crafts Council support. Those who have received such support acknowledge its benefits to their career development.

Supply and support

The data for this section was gathered by developing several databases on supply outlets, and from interviews with 20 suppliers, as well as interviews and focus groups with designer-makers and commentators on the sector, such as Arts Council England and Crafts Council staff, critics, writers, and designer-makers with a vision of the sector as a whole.

Supply

The infrastructure for selling contemporary craft in England is far smaller than that for selling contemporary fine art. We found 512 contemporary craft galleries (compared to 1170 galleries selling contemporary art). There are far more in the south of the country than in the north and 233 of them also sell fine art. The Crafts Council lists 152 quality craft galleries and shops on its website.

There are 35 selected craft or design fairs in England and a further 307 unselected events or fair organisers; in the north and east there are very few of these events[7]. There is no comprehensive listing of high-quality craft fairs. There are at least 60 open studio events in England, many of which feature designer-makers.

With many designer-makers selling their own work direct to buyers, there is little clear distinction in the craft market between wholesale and retail. This means that retailers can be in competition with designer-makers and designer-makers are compelled to be their own artistic advocates.

Because of the low value and low volume of sales, suppliers are rarely able to impose exclusivity clauses on designer-makers. Also many designer-makers work in small-batch production in order to be able to generate a volume of goods cost-effectively. This means that designer-makers can be supplying similar products to a range of venues, often at different prices.

We classified supply outlets and described the characteristics of each type. These are:

Fine craft gallerists
Craft dealers
Membership galleries
Craft galleries
Subsidised galleries
Selected craft fairs
Unselected craft fairs
Craft shops/boutiques
Designer-makers as suppliers
Other commercial models.

Most dealers and gallery or shop owners are motivated by a passion for craft rather than any expectation of making a generous living from the business. Therefore, there is a problem in maintaining high-level craft galleries, with low volumes and comparatively low-value sales, while setting commission rates at a level that enables the development of a market from a very low level.

Some dealers also consider their role as being undermined by some of the subsidised galleries and by designer-makers who sell direct. Dealers and galleries spend very little on marketing, and are often in secluded locations. The result is a very undeveloped contemporary fine craft dealer sector.

[7] At selected craft fairs designer-makers apply to show and are selected against a set of criteria by a panel on the basis of the quality of their work. At unselected fairs designer-makers are able to purchase stands on a first come, first served basis.

Craft fairs are a vital route to market for designer-makers. The Crafts Council's annual Chelsea Crafts Fair is seen as one of the major selected UK craft fairs. The Crafts Council also runs Collect – 'the international art fair for contemporary objects'. This is seen as a successful new annual initiative to stimulate the sales of high-quality contemporary fine craft and provide much needed support for the role of galleries. In both 2004 and 2005 it achieved sales of around £1 million.

Dazzle – a jewellery exhibition with shows in London, Edinburgh, Manchester, Glasgow – is widely considered by designer-makers and collectors as a successful commercial model that has developed the market for contemporary jewellery and the careers of a significant number of jewellers.

Supply outlets' pricing policies are very inconsistent. Commission ranges between 33–300 per cent. Some price-sensitive collectors 'shop around' and often opt to buy direct from the designer-makers, particularly for more high-value works.

Open studios, of which there are around 60 events each year in England, are increasingly being recognised by designer-makers as an efficient route to developing a new market of regular craft buyers.

Support

The Crafts Council

The Crafts Council, founded in 1971, provides a range of support services for designer-makers of contemporary fine craft. It develops five touring exhibitions a year, publishes a magazine and has been operating two shops. It also has an education programme, collects and exhibits the Crafts Council national collection, and helps with the running of the Jerwood Applied Arts Prize.

The Crafts Council organises the annual Chelsea Crafts Fair and also takes stands at, and enables designer-makers to attend, international craft fairs. For the past two years it has presented Collect, at the Victoria & Albert Museum, London. Apart from Collect, most of the Crafts Council's emphasis is on helping designer-makers of contemporary fine craft find direct routes to market.

Arts Council England

Arts Council England was given responsibility for national strategy and funding for craft in 2001. It funds the Crafts Council and also funds public gallery spaces and subsidised contemporary fine craft centres, to develop craft exhibitions, educational activity and publications, and help support studio spaces. It also provides a range of direct and indirect support for individual designer-makers.

Regional initiatives help develop the market for contemporary fine craft.

Membership organisations

There are 106 craft membership associations. These are mostly in the south and south-west with far fewer in the north and east. They usually represent particular contemporary craft disciplines and are highly valued sources of support for designer-makers of contemporary fine craft, particularly those in mid-career.

These independent bodies perform a wide variety of functions, both for designer-makers and the buying public. Some have well-branded galleries and sales outlets. Craft membership bodies include Contemporary Applied Arts, the Association for Contemporary Jewellery and the Devon Guild of Craftsmen.

Demand

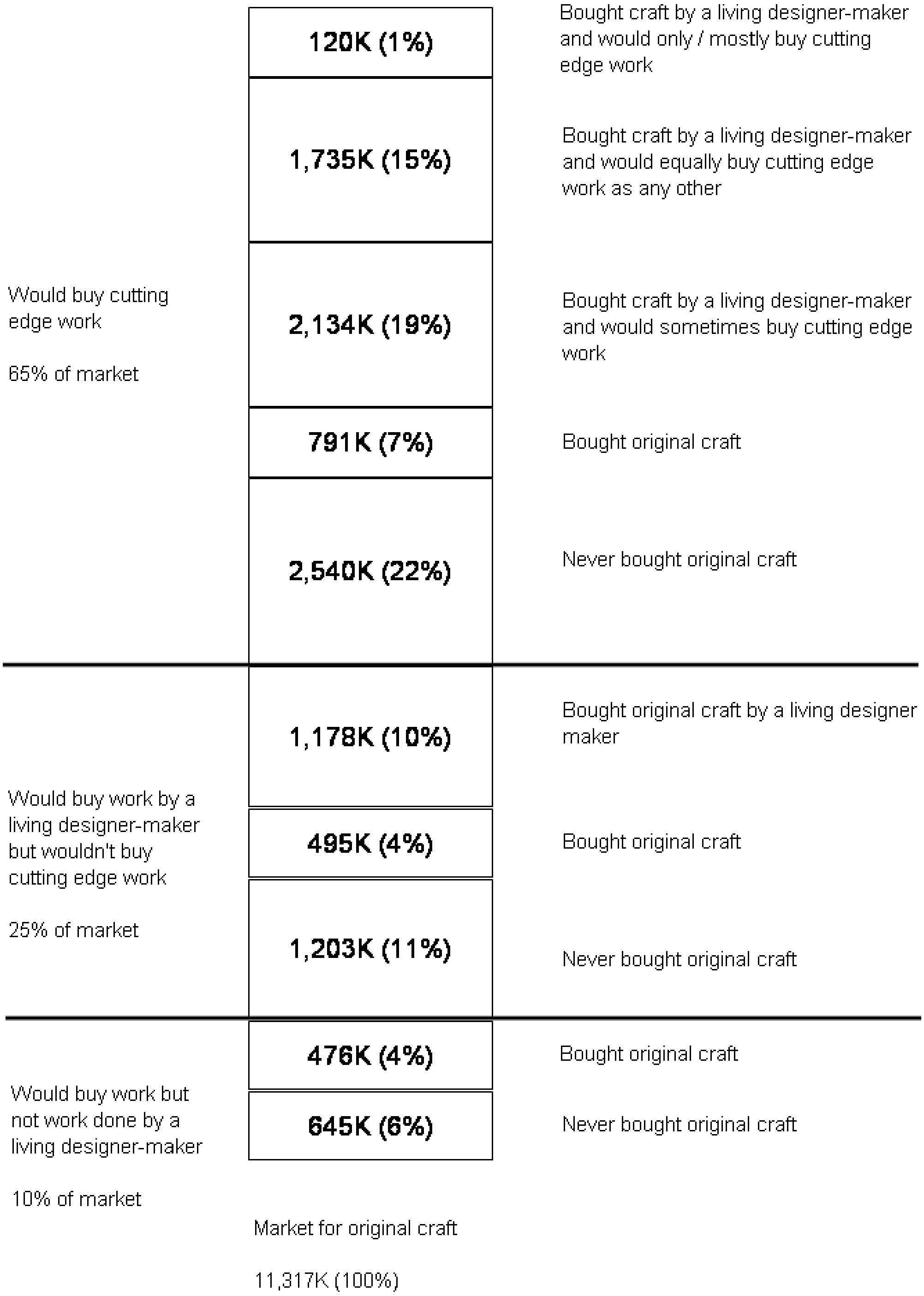
Data for this section is based on a population survey; 7,241 people in England were telephoned and of these, 2,088 were interviewed about their buying history, preferences and so on. We also conducted qualitative interviews and focus groups with buyers and potential buyers.

The size of the craft market and potential market for contemporary craft

Respondents were defined as buyers if they had ever purchased an item of original craft; and as active buyers if they had purchased craft in the past two years.

The diagram shows that more than a quarter of the population in England, 29 per cent (11.3 million people), would consider buying original craft of some kind. Of these, 6.9 million or 60 per cent of that total market have already bought original craft, by designer-makers living or dead, but not necessarily craft that is contemporary, or cutting-edge in style.

Size of the craft market in England



7.3 million people would consider buying cutting-edge craft, though 4.4 million of these have not yet bought any craft, by designer-makers living or dead, but aspire to do so.

A significant 120,000 people have already bought contemporary craft made by a living designer-maker and would only or mostly buy cutting-edge contemporary fine craft.

This suggests that there is the potential to increase the size of market for craft in general by 63 per cent and to significantly increase the numbers of people buying cutting-edge or contemporary fine craft.

There are more existing and potential buyers of contemporary craft in general outside London (9.4 million) than there are within London (1.9 million). Equally, while there are approximately 9,000 people within London who would only or mostly buy cutting-edge fine craft, there are 111,000 people outside London in this market segment.

The estimated value of the contemporary craft market by purchases in England is £883 million. This is close to the estimated total value of the contemporary craft market by sales, in *Making it in the 21st century*, (£826 million)[8].

Profile of existing and potential buyers

The age profile of existing buyers of craft is dominated by 40–44 year olds. In London the majority of potential buyers are younger, in the 30–34 years range. There is clear potential to reposition craft to a younger market in London.

The market for buyers of craft outside London is more evenly spread across age groups. It may be more of a challenge to attract a younger regional market to buy craft; there is more readiness among younger people to buy fine art. Although the existing market for buyers is clearly drawn from higher socio-economic groups, there is the potential to develop buyers from lower socio-economic groups.

There are more existing buyers of contemporary craft than there are of art. There is a considerable crossover between buyers of contemporary art and buyers of

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[8] McAuley, A and Fillis, I, *Making it in the 21st century: a socio-economic survey of crafts activity*, Crafts Council, 2003

contemporary craft with 91 per cent of the craft market (10.3 million people) also being open to buying original art.

Potential buyers of craft and art are more likely to begin buying with a purchase of craft; this may act as an entry point for them into the wider market for art and craft.

More existing craft buyers are employed within education than in any other employment sector, both in London and outside. The arts and cultural industries, and the creative and communications professions also account for a significant proportion of existing buyers in London, although the arts sector does not have such a high proportion of existing buyers of craft as it has for the fine arts.

The health, civil service and construction sectors also generate buyers in the regions. The sectors with most potential for market development are construction, health, and education in London and, outside London, education and construction.

Buyers and potential buyers in London tend to be well educated, to degree or postgraduate qualification, while outside London potential buyers tend to span the educational spectrum more widely.

The attitudes and motivations of existing buyers

Most serious collectors and frequent buyers are motivated to buy craft by passion, aesthetic or intellectual response and admiration of designer-makers' skills and lifestyle choices. However, even the most wealthy, serious collectors are to some extent price-resistant. The more expensive the object, the more inclined they are to buy direct from the designer-maker, or to shop around.

The experience of buying direct from the designer-maker is also an important part of the buying experience for buyers and collectors. They enjoy friendships with designer-makers and sometimes feeling involved in the making process.

Serious collectors often buy at a modest level at first and gradually enthusiasm builds over the years as disposable income rises.

Buyers and potential buyers do not perceive the crafts sector as elitist or inaccessible or as putting up barriers to purchase for potential buyers. Buyers comment on the image of craft as an 'amateur' activity as holding the sector back.

Potential buyers
For potential buyers, art has a greater symbolic value than craft. Art is seen as an expression of self-identity and to offer more potential for seeing personal meaning in the work. While people buying craft expect to pay for time plus materials, when they buy fine art they expect to pay higher ‘symbolic’ values.

The inconsistent and often negative image of craft confuses many existing and potential buyers, making them suspicious of the existing buying opportunities. On the other hand, it is not the term 'contemporary fine craft', which is harming the sector’s image. This term is easily understood by potential buyers whereas applied art, decorative art and design were all terms that generated a range of interpretations.

How to develop the market for contemporary craft

The report’s analysis reflects consultation with senior craft professionals and sector experts as to why the craft market is underdeveloped. It considers how the market for craft differs from that for fine art. Finally, it suggests what suppresses the market for contemporary fine craft and makes recommendations.

Why the market for craft is underdeveloped: cross-sector views
A number of factors were proposed as reasons for the underdevelopment of the craft market.

The craft sector has comparatively little subscription activity, compared to the fine art sector. Allied to this, few designer-makers even aspire to be part of the subscription process, which legitimises an artist or designer-maker’s work and builds up its value.

Commentators noted a lack of aspiration among designer-makers as a whole. Most designer-makers are content to get by simply selling their work. While fine art is seen to be ‘hip’, and ‘sexy’, the fine art world’s attitude to craft is often snobbish, seeing it as a cottage industry. ‘Craft … needs to raise its game’, said one commentator.

Most designer-makers operate as small commercial enterprises; few receive any support from the arts funding sector. Many such designer-makers, as well as retailers operating commercially, resent what they perceive as the public sector’s competition. The public sector, with its focus on support for designer-makers of contemporary fine craft is seen as having a ‘superior’ attitude.

Those consulted voiced a widespread lack of confidence in the existence of an expandable craft market, especially for contemporary fine craft. Some, especially suppliers, believed that the general public lack visual arts awareness.

Our research, however, found no evidence of an ignorant public, lacking taste and confidence. A product-focused sector, looking around at the lack of demand, tends to blame the market, rather than its own practices and supply methods.

Commentators also observed that there are not enough outlets for selling craft generally, and very few are run by people with a depth of knowledge in the process of making contemporary fine craft. One commentator called for 'scholar-retailers'.

There is huge confusion about pricing. Designer-makers experience price resistance among buyers. Many serious collectors, as well as other buyers and potential buyers, are unwilling to pay the symbolic prices for craft, which fine art routinely commands.

Commission mark-up, in both commercial and publicly run galleries, is seen as a deterrent to buyers. On the other hand, many designer-makers, along with the Crafts Council itself, encourage buyers who want to buy direct, and even at a discount. As a result many galleries struggle; many designer-makers sell wholesale rather than miss out on a sale. There is a vicious circle.

The dynamics that drive the contemporary fine art sector

The factors listed above go some way to describing both the cause and effect of the difficulties for contemporary fine craft's market. The perspective underlying such explanations, however, assumes that the solution for contemporary fine craft would be to imitate the model of the fine art market. But the sectors are not the same.

In *Taste Buds* we analysed the dynamics that drive the contemporary fine art sector[9]. There is a strong retail sector for fine art, led by commercial dealers. The dealers are knowledgeable and their selection and curatorship acts as a regulatory process, filtering quality. This activity plays a large part in the wider filtering process within the market, which we described as 'subscription'.

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[9] Morris Hargreaves McIntyre, *Taste Buds: How to cultivate the art market,* Arts Council England, 2004

Subscription covers a continuum. At one end artists are curating shows by their peers, moving on with early attention from curators, collectors, dealers and critics; then, if they are taken up by dealers, having their careers strategically managed towards public gallery exhibitions, and ultimately, public collections. The process legitimises their work and drives up values.

The dealers hold the key; they not only drive up values, but ensure that these are sustained in the 'secondary market' – when a work is re-sold. Being taken up by a dealer is what professional artists aspire to and what gives the dealers their power to vet work and cultivate 'rarity', in itself a key element in upholding the value and collectability of fine art.

The public sector has a significant role in the art market. Exhibitions, purchases and 'prizes' endorse an artist's work and boost collectability.

Where craft differs

In principle, the regulatory process in the fine art market resembles the processes carried out by publishers of music and literature. But while fine artists, writers and musicians generally aspire to some degree of commercial success (and may get some help from the funding sector towards that goal), the lack of a strong retail system for craft means that its market operates very differently. For aspiring designer-makers of contemporary fine craft in particular, the structure is very limited.

Factors suppressing the market for contemporary fine craft

Our research brief required us to make recommendations on furthering two objectives: how to develop the domestic craft market – primarily for contemporary fine crafts; and developing the entrepreneurial skills of designer-makers.

We are not convinced that these two objectives are compatible.

The lack of a regulatory process in the crafts sector results in a very 'flat' model. Large numbers of designer-makers make low-volume, low-value sales, motivated by the desire to make. By default, the sector fosters individual entrepreneurialism and there is a thriving economy. See the *Craft market regulation model* on page 22.

We believe that the lack of a regulatory process – embodied in a strong retail sector, which selects and endorses – is an obstacle to sales of contemporary fine craft. Such objects are generally non-functional; they rank with luxury goods. Sales in this market tend to rely on rarity, connoisseurship, endorsement. For rarity, connoisseurship, and endorsement you need restricted supply, critical acclaim and strong brands.

Lack of a strong retail sector and dominance of wholesale activity

Craft is dominated by wholesaling – direct sales by designer-makers to buyers. Without the filtering and endorsement processes of a strong retail sector, amateurs and professionals cannot be distinguished from each other. Supply cannot be controlled – in quantity or quality. Designer-makers have to be their own advocates.

In no other market does such wholesaling prevail – except perhaps at farmers' markets. Wholesaling of craft perpetuates 'factory gate' discounts by designer-makers. Meanwhile buyers follow ad hoc and often opportunistic purchasing patterns. Both may, knowingly, undercut retailers.

Wholesale prices remain low (compared to fine art). Partly this is due to retailers being undercut. Also, buyers expect prices to reflect no more than time plus the cost of materials. There is nothing that adds the symbolic value that accrues from 'subscription' or rarity. This generates a self-perpetuating circle of low pricing and weakened retail sector.

Sustainable business models are hard for commercial dealers to generate. Exclusivity deals are not financially attractive to dealers or designer-makers. With the flat model, the result is that very few designer-makers become financially successful. In addition the dominance of wholesaling gives craft a somewhat 'homespun' image, rather than one of prestige. These factors discourage high-level purchasing and collecting and suppress sales throughout the sector resulting in an underdeveloped market.

The policies behind craft funding, to date, have encouraged designer-makers to come into direct contact with their buyers. Designer-makers have received setting up grants, business development, and help with finding direct routes to market. Crafts Council initiatives such as Chelsea Craft Fair and Photostore push in the same direction. Strategic encouragement of craft wholesaling has helped undermine the retail sector.

Lack of brand endorsement

It is clear that endorsement – which can be derived from strong brands – is important for buyers making higher-level purchases. This research shows this, as does the art market research, *Taste Buds*. At present brand endorsement in the craft sector comes from the professional associations which run outlets such as the Devon Guild of Craftsmen, or Contemporary Applied Arts or Hidden Art, as well as from high-quality events such as Chelsea Crafts Fair, and the Crafts Council's own shops.

These strong brands provide an assurance of quality. They select the designer-makers which they present, and this form of endorsement contributes to a degree of 'subscription'. But there are very few strong brands; those that exist are often the targets of internecine rivalry. The sector needs more strong brands and to extend those that do exist.

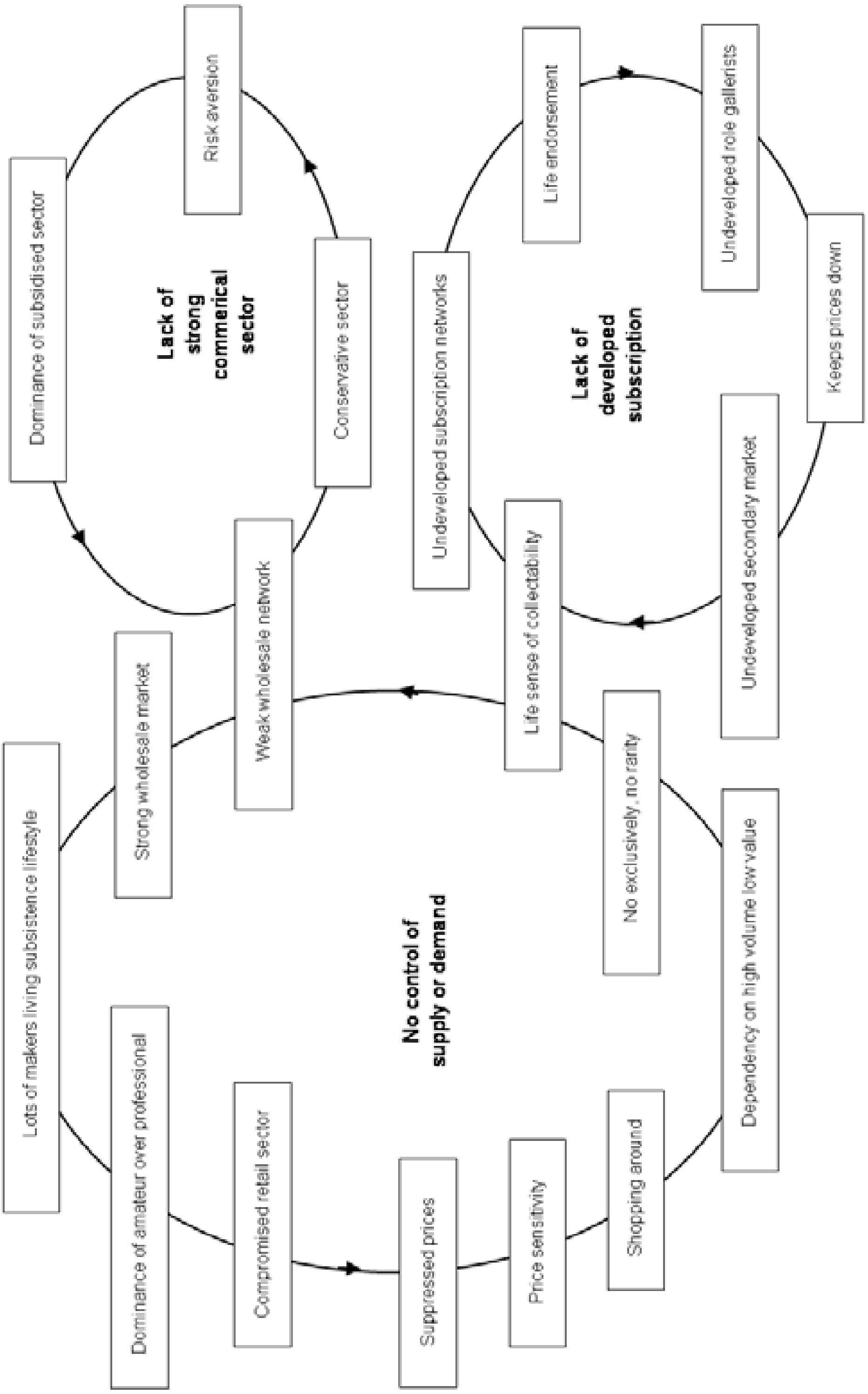
Lack of subscription activity

With designer-makers encouraged to be their own advocates and very little legitimisation or subscription activity, buyers find it hard to distinguish high-quality work. Boundaries between amateurs and professionals get blurred.

As we have seen with fine art, subscription activity not only legitimises work, but also encourages collecting, both public and private, underpins values and builds critical discourse. These activities drive and support connoisseurship and prestige, which encourages purchasing activity.

The *Craft market regulation model* illustrates the dynamics of the craft sector.

Craft market regulation model



Focus on the positives

There are some positive aspects to our picture. The lack of regulation of supply and demand results in a far more democratic system. To buy craft involves going to studios or to shops, where retail conventions apply, not to intimidating galleries where buying conventions are a mystery to the uninitiated. Prices are not as high as for fine art. There are higher levels of production and plentiful supply. The research showed that buyers' responses to craft are intuitive, rather than intellectual. In principle, therefore craft is accessible for people to appreciate and buy.

Wholesaling has its positives, too. Many designer-makers enjoy meeting buyers. For many buyers, even serious collectors, meeting designer-makers is an enormous pleasure.

Yet these advantages, which support sales of 'Most craft', do not necessarily benefit sales of contemporary fine craft; they are more likely to undermine such sales.

Cultivating the desire to buy

While there is a substantial potential market, the research shows that there is little drive to buy. Potential buyers put out excuses – money, lifestyle, life-stage, and more – for not buying. To them craft lacks a symbolic aspirational quality. To persuade people to buy contemporary fine craft demands a stronger retail model, reliable brands and more developed subscription.

Even if it were possible to imitate the fine art model, it is not necessary to do so. There are other models with the necessary characteristics, such as the antiques sector. Some buyers of contemporary fine craft even say that they are buying the antiques of the future.

A model for the craft sector?

Some parts of the craft sector are well served at present by its relatively healthy mixed economy of self-sufficiency, portfolio careers, multiple supply routes and so on, even if all this has arisen from expediency. However, to forge an alternative model for the craft sector, there need to be opportunities for higher 'peaks', and routes enabling more designer-makers to rise to the top.

Creating higher 'peaks' means encouraging the sales of higher quality works, encouraging connoisseurship and a larger market of serious collectors.

The key to developing both the wider market for contemporary craft and the market specifically for contemporary fine craft, is to create a wider continuum between contemporary fine craft at the top end and excellence throughout the sector. This requires top-down and bottom-up development of a high-quality sub-sector of contemporary crafts, representing rural as well as urban designer-makers.

An infrastructure for this involves a stronger retail or dealer sector at the top level, supported by increased levels of subscription activity. In order to drive the work of designer-makers up to these levels the sector needs stronger organisations for designer-makers and proactive market development initiatives. There is also a need for greater levels of advocacy on behalf of the sector as a whole.

A strategy for developing the contemporary fine craft market would need to inject support into public sector galleries, underpinning subscription activity while developing a stronger commercial sector. Support organisations for designer-makers should also be strengthened.

In summary, there should be

- a stronger role for public galleries and public collections
- clear distinction between amateur and professional craft, through positioning and branding
- more, high-quality retail outlets
- strong and effective marketing message
- reasonable and realistic competitive pricing
- efficient distribution chain
- efficient mechanisms for producers to introduce their work to retailers
- mechanisms for encouraging and rewarding high-quality production
- distribution and selling incorporates fine craft and design
- image building and awareness-raising.

Recommendations

Morris Hargreaves McIntyre make the following recommendations, grouped within four sections.

Development of greater levels of subscription activity

1 There should be increased funding for public collections and exhibitions of contemporary fine craft.

2 Training in craft curatorship should be developed, both in curating contemporary crafts and in operating between commercial and public sectors.

3 There should be greater support for critical publications and published material on contemporary fine craft.

4 Through conferences and seminars, more critical debate should be encouraged, directed at an international audience and aiming to elevate the critical position of fine craft.

5 Specific support should be provided for initiatives that encourage private collectors and facilitate links between private collectors and public collections.

6 Formal education should play a significant part in achieving a strategy to foster better understanding of and appreciation for craft, by encouraging art colleges to place greater emphasis on critical theory.

Development of a stronger dealer network

7 Risk-funding should be available for innovative commercial and independent suppliers, including training for website development, marketing, market development initiatives, regional initiatives and publishing catalogues.

8 Financial support should be available for commercial galleries commissioning of solo exhibitions, publications, catalogues and critical events.

9 Support should be available for art dealers who stock craft; for instance, subsidy for fine art fair attendance in England and abroad.

10 Art fair organisers should be encouraged to incorporate more high-quality craft.

11 There should be more investment on behalf of Collect, the international art fair run by the Crafts Council, in developing its market.

12 The feasibility should be explored – of developing partnerships between public galleries and commercial suppliers to develop regional selling outlets and events.

13 Contemporary fine craft trade shows should be developed.

14 There should be continued development, expansion and promotion of Arts Council England's Own Art scheme and attendance of Own Art at fine craft fairs and events as well as within galleries. Own Art should be further developed, funded and promoted to potential buyers.

15 Research should be carried out to identify regions where success of open studios should support permanent outlets.

16 There should be support for the development of high-quality selected selling events and outlets – development of regional crafts fairs, similar to Chelsea Crafts Fair, building on success of regional, open studio events, especially leading up to Christmas.

17 More highly publicised guides to buying craft and high-quality galleries and events should be published – as well as websites with links to exhibitions, suppliers and gallery sites.

Support of excellence throughout the sector

18 There needs to be more partnership and support for existing and new membership organisations.

19 Excellence and innovation among membership organisations should be encouraged by funding of prizes through membership organisations.

20 Membership organisation networking and training should be used to encourage adherence of designer-makers to a 'code of practice' on collaborating with suppliers and consistency in approaches to pricing and commission.

Awareness-raising and advocacy on behalf of the sector

21 A two-year post should be developed to build public relations image of crafts.

22 This post should develop a generic advertising and public relations campaign.

23 Additional research should be commissioned into: the secondary market; comparative international markets; and corporate commissions.

24 Relevant government departments should be the focus of a lobbying campaign for recognition and economic support of the craft sector.