Supporting makers to export: survey findings 2018

(Exports 2)

Crafts Council

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Supporting Makers’ Needs: Survey Findings 2018

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Supporting Makers’ Needs: Survey Findings 2018

Introduction

This is the second year in which the Crafts Council has undertaken a national survey on how UK makers export internationally. It is one of a number of ways in which the Crafts Council supports makers to export. These include:

- Advice sessions, biennial business development conference and workshop programme from our Talent Development Team
- Collect: The International Art Fair for Contemporary Craft that takes place annually in London
- Events during London Craft Week
- One off programmes such as:
  - The 2017 UK craft in embassies programme where the Crafts Council was commissioned by the Foreign and Commonwealth office to select, commission and buy works of fine contemporary craft to be exhibited long-term in embassies abroad
  - The 2016-2018 A Future Made international showcasing programme at major art fairs in key markets, and a professional development programme for craft businesses.
- Working with DCMS on exports measurement: Crafts Council has worked with The Department for Digital, Culture, Media & Sport (DCMS) to ensure that different types of craft export activity are reflected in government codes that track international exports. Following our advocacy, DCMS have now started to measure a much broader range of craft categories in UK export figures. Export figures for craft now measure not only jewellery (as before) but also ten further disciplines.

DCMS data\(^1\) indicate that the total value of craft exports grew by 24.5% in the six years 2010 – 2016, from £3,698m in 2010 to £4,605m in 2016. At 1.5% of total value of UK exports of goods in 2016, craft makes the highest level of contribution of any creative industry category to overall UK exports. This is the same as the category ‘Music, performing and visual arts’, which also contributes 1.5% of total value of UK exports of goods. Note, however, that the value of craft exports is significantly influenced by the export of gemstones and precious metals through the jewellery trade.

Key European country markets included France, Belgium, Germany, Italy, and Ireland. DCMS data also indicate that key export markets globally include the Gulf\(^2\), Switzerland and USA, although between 2015 and 2016 global exports outside of Europe fell by 21%.

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\(^1\) See DCMS Sectors Economic Estimates 2016: Trade, Tables 35-64: Exports and imports of goods by sub-sector


\(^2\) Includes Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and UAE.
The value of craft exports fell by 19% between 2015 and 2016, from a high of £5.663m in 2015 to £4.605m in 2016. For craft, exports to EU countries grew a little between 2015 and 2016 (by 3%) (a trend also reflected in our survey) but was eclipsed in this period by growth to China (105%), Australia (76%), India (57%), New Zealand (30%) and Canada (7%).

Approach to the survey

Through the second edition of this survey we sought to build on our understanding of the type and scale of goods and services exports that UK based makers and designers pursue overseas. The survey was compiled to capture the broadest possible understanding of overseas activities, from product sales and representation at trade events or by galleries, to delivering workshops or training.

For our ‘Supporting Makers Needs: Sales Survey 2018’ we surveyed makers throughout July 2018. We invited makers from the Crafts Council Directory, along with alumni from our Injection, Hothouse and A Future Made Programmes to complete it. Using our networks in this way allowed us to survey makers from across the United Kingdom at all stages of their careers. However, the number of respondents (55) means that this cannot be considered a scientific study; rather it can be used to indicate possible trends in makers exporting internationally.

This report, ‘Supporting makers to export: survey findings 2’, is referred to throughout as Exports 2. It builds upon ‘Supporting makers to export: survey findings’ for which we gathered data in July and August 2017 and published at the beginning of 2018 - referred to hereafter as Exports 1.

Many thanks to the makers who responded to the survey – we’re very grateful for your time.

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3 The only subsector that experienced growth in this period was IT, software and computer services.
4 Bennett & Lewis, Supporting makers to export: survey findings, 2018
Key Findings

- Nearly one third (32%) of respondents’ sales are from international work, compared to 25% of makers surveyed for Exports 1.
- The most common export activities are participation in an exhibition or trade event abroad led by a UK-based organisation (45%, slightly down from last year) and representation by a non-UK based organisation i.e. gallery or agent (45%).
- Makers are still exporting to all continents and, similar to Exports 1’s findings, the largest markets are Europe (76% of respondents) and North America (73%).
- A large majority of maker businesses surveyed still do not have a written plan of their goals for exporting (84%).
- Those exporting tend to have been in business for longer (44% of established makers, 30% of early career makers and 21% of mid-career makers. They are least likely, to be ‘start up’ makers, of whom only 5% of respondents (2 makers) are exporting.
- One of the biggest perceived barriers to exporting internationally in both Exports 1 and Exports 2 is logistics and shipping (around 45%). When asked to expand on logistical and shipping barriers, this year’s respondents are concerned with the logistical problems inherent in the size of their work or the materials used. Lack of networks and contacts is still perceived as a large barrier to exporting (48% in 2017 to 44% in 2018) and again lack of knowledge/experience features (46% in 2017 compared to 41% in 2018). Notably for makers surveyed in 2018 there is a reduction in the numbers who perceive marketing as a barrier, down to 26% from 40%. There’s also a drop in the perception of paperwork as a barrier from 26% in 2017 to 13% in 2018 (although relatively low both years).
- Our findings suggest more makers are turning to support organisations for exports advice, with a 13% decrease in those not seeking advice from any organisation (57% in Exports 1, 44% in Exports 2).

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5 In order to be more accessible the wording of the question in Exports 2 was changed from “Do you have an export strategy (a written plan that includes the where, what, when and how of your intent to sell abroad)?” to “Do you have a written plan of your goals for exporting?”
Description of respondents

- Makers working in the following disciplines responded to the survey:

Table 1: Makers’ primary discipline

<table>
<thead>
<tr>
<th>Makers' primary discipline</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basketry</td>
<td>2%</td>
</tr>
<tr>
<td>Ceramics, Pottery</td>
<td>24%</td>
</tr>
<tr>
<td>Design</td>
<td>4%</td>
</tr>
<tr>
<td>Furniture</td>
<td>2%</td>
</tr>
<tr>
<td>Glass</td>
<td>18%</td>
</tr>
<tr>
<td>Horology</td>
<td>2%</td>
</tr>
<tr>
<td>Jewellery</td>
<td>18%</td>
</tr>
<tr>
<td>Metal work</td>
<td>7%</td>
</tr>
<tr>
<td>Technology</td>
<td>2%</td>
</tr>
<tr>
<td>Textiles</td>
<td>18%</td>
</tr>
<tr>
<td>Traditional</td>
<td>2%</td>
</tr>
<tr>
<td>Wood</td>
<td>11%</td>
</tr>
<tr>
<td>Other</td>
<td>4%</td>
</tr>
</tbody>
</table>

- In each year of the survey the largest groups of makers work in ceramics (24% Exports 2, 32% Exports 1), jewellery (18% Exports 2, 25% Exports 1) and textiles (18% Exports 2, 18% Exports 1) with a higher number working in glass this year (18% Exports 2, 10% Exports 1). (There were no respondents who identified their primary discipline as ‘Automata’, ‘Books, Book binding’, ‘Conceptual’, ‘Leather working’, ‘Lettering’, ‘Millinery’, ‘Mosaic’, ‘Paper’, ‘Printing’, ‘Shoemaking’, ‘Silversmithing’, ‘Stone working’ or ‘Toys and Instruments’).

- Only 35% of makers surveyed are London based (compared to 50% in Exports 1), although it remains the area with the largest number of respondents. The rest of the makers are located across UK regions and nations (see table 2). No survey respondents were based in the North East or Northern Ireland.
Makers from all career stages are represented in those surveyed, and those stages are proportionally very similar to those surveyed in Exports 1 (see table 3). The largest group is established makers (42%), followed by early career makers (33%), mid-career (20%) and start ups (6%).

### Table 2: Maker’s region of work

![Region of work chart]

### Table 3: Comparison of maker business age

![Maker business age chart]

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6 Maker career stages defined as: Start Up (established less than 12 months), Early Career (established 12 months to four years), Mid Career (established 5 years plus), and Established (e.g. established 10 years plus).
• Once again, the majority of makers surveyed are sole traders (73%).
• Exports 2 shows an increase in respondents with a turnover of £20,000 or more (49% for the financial year 2016/17, compared to 31% in 2015/16). In addition, this report shows less than half of maker businesses having a turnover of under £10K (35% for the financial year 2016/17 compared to the majority, 55%, for 2015/16). No makers responded with 2016/17 turnovers of over £200k (see table 4).

Table 4: Comparison of yearly business turnover

![Yearly business turnover chart]

Description of makers’ export activity

• The average percentage of international sales is 32% of annual turnover; this is an increase on Exports 1 survey which recorded an average of 26%.
• Once again around half of the makers we surveyed have been exporting internationally for over 5 years (see table 5).
We asked makers who export to indicate the activities they are involved in, giving them the option to cite multiple approaches. Since last year there has been an increase in the number of makers exporting internationally through an exhibition or trade event abroad led by non-UK based organisation (42% compared to 32%) and a decrease in the numbers working with a UK based organisation. Around the same number (45%) are being represented by a gallery or agent (see table 6).
Table 6: Comparison of makers’ trade activity

- Makers that we surveyed are still selling through a number of different channels. Exports 1 noted that the most common channels used were representation by a non-UK organization (54%), private commissions (51%) and e-commerce (43%). However the channel most frequently used by makers surveyed in 2018 is private commissions (62%). More people are also selling through trade fairs or events this time (42%, up from 34% last year) and fewer are being represented by non-UK based organisations such as a gallery or agent (42% compared to 54%) (see table 7).
- Personal websites are still the main e-commerce channel through which makers sell, at over 90% (see table 8).
• Makers are exporting to all continents, with Europe (76%) and North America (73%) the most frequent. When asked to list individual countries within those continents, USA was the most frequently cited (6 times), followed by Germany (5 times). There is a significant increase in the percentage of businesses exporting to Asia and Australia (twelve percentage points) and a similar increase (ten percentage points) in the numbers exporting to Europe since we last surveyed (see table 9).
Table 9: Comparison of export markets by continent

Comparison of export markets

<table>
<thead>
<tr>
<th>Markets</th>
<th>Exports 1</th>
<th>Exports 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>10%</td>
<td>5%</td>
</tr>
<tr>
<td>Asia</td>
<td>20%</td>
<td>30%</td>
</tr>
<tr>
<td>Australia</td>
<td>30%</td>
<td>20%</td>
</tr>
<tr>
<td>Europe</td>
<td>70%</td>
<td>80%</td>
</tr>
<tr>
<td>North America</td>
<td>60%</td>
<td>40%</td>
</tr>
<tr>
<td>South America</td>
<td>10%</td>
<td>15%</td>
</tr>
</tbody>
</table>

Barriers and opportunities

- The barriers that makers perceive to exporting remain similar to last year (see table 10) – network and contacts (lack of) at 47% and logistics and shipping (44%). However there is a fall in the proportion of makers we surveyed citing customs/policy restrictions (13 percentage points) and paperwork (12 percentage points) as barriers to exporting.
• Results vary when we look at the age of business for those who have not produced an export plan. Interestingly, ‘established makers’ form the largest group of maker businesses (51%) who have not produced a written export plan. Set against this, all of the businesses that describe themselves as ‘start-up’ have produced one. This may reflect changing priorities and awareness among newer businesses.

• Sole traders are the largest group of maker business represented; they make up 100% of those not exporting abroad and 65% of those that are. By contrast, 35% of maker businesses that are exporting employ between 1 and 9 people, suggesting that those businesses have more resources to plan their approach to exporting.

• However, our findings also show once again that larger businesses are no more likely than smaller ones to have produced an export strategy.7

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7 The wording of the question used to determine this answer in Exports 1 was altered to be more accessible. “Do you have an export strategy (a written plan that includes the where, what, when and how of your intent to sell abroad)?” was changed to “Do you have a written plan of your goals for exporting?”
• Exports 2 shows an increase in makers turning to organisations for support and advice about exporting internationally, for example ‘Crafts Council’, ‘DIT’ and ‘other’. There was also a 13% decrease in makers not turning to any organisation for support (57% in Exports 1, 44% in Exports 2).

• Free text responses to the question about barriers to exports included:
  
  “We need an assistant to promote our works.”
  
  “Just the time and money spent sorting this out.”
  
  “Government websites on legislation / customs stuff for exporting is quite often really complex and hard for a one person business to navigate.”

Concluding comments

It is welcome news to see an increase in makers’ exports during the year since we first conducted the survey. Set against this, the finding that a large majority of maker businesses surveyed still do not have a written plan of their goals for exporting is a cause for concern that the Crafts Council is seeking to address through our professional development programmes. Newer businesses appear to recognise the importance of formal planning to their sales and this may reflect the increasing numbers seeking advice and support on exporting.

At the time of writing we are still awaiting confirmation of the terms that will define Brexit. The uncertainty is causing anxiety but makers appear to be anticipating change and have increased their focus on European markets by ten percentage points since our last survey.

We will continue to provide support and analysis about selling craft internationally and intend to publish a third report in a year’s time.