

**AN INVESTIGATION INTO BUYER BEHAVIOUR OF CRAFT RETAILERS IN SOUTH
AFRICA**

BY

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DEDICATION

This thesis is dedicated to my children, parents and family. Thanks for all your support.

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ABSTRACT

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The SA government has identified the craft industry as a key focus area contributing to sustainable development, economic growth and employment opportunities. However the industry faces many challenges such as global competition and lack of resources. More importantly, craft producers in SA cannot access the craft retailer market successfully which limit their financial success.

The purpose of this study is to investigate the buyer behaviour of craft retailers in SA. The specific focus of the study is to investigate the buying process followed by craft retailers, to determine the importance of supplier selection criteria used to evaluate suppliers, as well as to determine the sources of information that craft retailers use most often when searching for suppliers.

A self-administered survey was conducted among craft retailers and a sample of 233 were realised. The descriptive statistics are reported as well as factor analysis, ANOVA and MANOVA results.

Findings indicated that the buying process craft retailers go through are extensive and that certain stages are also more often used than others. No statistical significant differences were found between the types of craft retailers or the years of buying experience and the stages of the buying process.

'Product quality' was considered the most important supplier selection criteria followed by *'product is exciting and attractive'* and *'product styling and design'*. Statistical significant differences were found between different types of craft retailers and the importance they attach to selected supplier selection criteria but no significant differences were found for the years of buying experience.

The results also indicated that craft retailers consult certain information sources more often than others. Information sources were grouped into three factors after the factor analysis: internal and personal information, promotional information and print advertising. The statistical significant differences were found between the different types of craft retailers and their use of promotional information sources but no differences were evident for the other two sources, namely internal and personal and print advertising.

The study resulted in a proposed marketing strategy for craft producers to enable them to market their craft products more effectively to crafts retailers.

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CHAPTER 1: INTRODUCTION TO THE STUDY

1.1 INTRODUCTION AND BACKGROUND TO THE STUDY

The development of the craft industry is a key strategy of the South African (SA) government for sustainable development and the creation of employment opportunities (Department of Labour, 2011:7). The industry also contributes to economic growth and environmental stewardship (United Nations (UN), 2010:65; UN, 2008:3), as evidenced by government initiatives, research, projects and entities that have been initiated in support of the industry such as the Cultural Industries Growth Strategy (Department of Arts, Culture, Science & Technology, 1998) the Sector Development Strategy (Department of Trade & Industry (DTI), 2005), Gauteng Creative Industries: Craft sector (Department of Sports, Arts, Recreation & Culture, 2007) and Gauteng Craft Development strategy (Department of Sports, Arts, Recreation & Culture, 2007) as well as the development of the Kwazulu-Natal Integrated Craft Hub (Department of Economic Development, 2009). The industry has grown in importance in South Africa (SA) as seen by the formation of the Cape Craft and Design Institute (CCDI) in the Western Province, the Gauteng Craft and Design Centre in Gauteng province and the North West Craft Design Centre which are proof of government recognition of the importance of this industry to the SA economy. The Department of Trade and Industry has also launched the Craft Enterprise Support Fund with the aim of assisting craft organisations to overcome their lack of access to raw materials (DTI, 2010:160).

Craft products include a wide range of products such as home furnishings, jewellery, fashion and fashion accessories, novelties and gifts, including corporate gifts, garden and outdoor products, curios and collectibles, one-of-a-kind high-value individually made products, and indigenous artefacts, which are culturally derived products (Department of Labour, 2011:7; DTI, 2005:11). Rogerson (2010:117) posits that craft products must be 80 percent handmade from different materials, which may include clay, natural fibres, beads, recyclable materials and textiles.

Owing to the diversified nature of the craft industry, there is no universally accepted definition of crafts. In SA, a craft product is defined as “the creation and production of a broad range of utilitarian and decorative items produced on a small scale, with hand processes being the significant part of the value-added content. The production of goods uses a range of natural and synthetic materials (Department of Arts, Culture, Science & Technology, 1997:7). Crafts are also known as handicraft or artisanal products. Artisanal products are defined as *“those produced by artisans, either completely by hand, or with the help of hand tools or even mechanical means, as long as the direct manual contribution of the artisan remains the most substantial component of the finished product. These are produced using raw materials from sustainable resources. The special nature of artisanal products derives from their distinctive features, which can be utilitarian, aesthetic, creative, culturally attached, decorative, functional, religiously and socially symbolic and significant”* (UNESCO,1997:6). Both definitions emphasise the importance of the hand component during the production of craft products and are useful in providing an understanding of what a craft product entails.

According to Obiri (2002:66) and Torres (2002:230), craft products were first created during the pre-industrialisation period for social, religious, spiritual and ritualistic purposes, thus creating a distance between the crafts and the market since goods were not meant for exchange. Craft producers are driven by their desire to satisfy their artistic sensibilities, yet they find themselves in a situation where they have to balance their artistic vision and market demand. Some craft producers are more driven by the former, which implies that they fail to meet market demands since some of their artistic visions do not reflect what craft retailers and end consumers want (Obiri, 2002:66; Torres, 2002:230). As a result, some craft producers create products with no economic benefit derived from these products. For craft producers to derive an economic benefit, they need to gain an understanding of the markets (Hay, 2008:13, 31).

There is an increasing demand for craft products globally, especially for home accessories and décor, gifts and products for garden and outdoor living which are simultaneously used for decorative and functional purposes (USAID, 2006:54). The rise in consumers’ disposable incomes and the tendency to accessorise and re-style homes with unique articles are the major driving factors of the surge in demand for crafts and decorative

products (Frost & Sullivan, 2005:15). In SA, recent decades have seen the opening of many homeware stores such as PepHome, @Home, @Home living space, and Mr Price Home as well as Woolworths Artistic Collection department, which operates from inside the Woolworths branches. All these retailers sell handcrafted products, which create opportunities for craft producers targeting craft retailers.

However, craft producers face numerous marketing-related challenges in SA. They lack understanding of what the market needs, which leads to an inability to formulate appropriate and competitive product and marketing strategies (Grobler, 2005: 43, 67). Craft producers often sell similar products that do not address market demands and they have difficulty in accessing the markets (Makhitha & Bresler, 2011:250; Hay, 2008:13; Department of Sports, Arts, Recreation & Culture, 2007:10). Craft producers also lack skills in product design, distribution and organisation management (DTI, 2005:85) and possess limited knowledge of the lifestyles and product preferences of their potential customers and the promotional strategies needed to target them (Littrell & Miller, 2001:68). As stated in Urban-Econ Tourism (2010:3, 53), craft producers copy each other's product designs and products which lack innovativeness and uniqueness. Because they are not informed about the market and are unable to produce the quality and quantity it demands, they cannot access the retail market.

In addition to these challenges, large retailers have market power that allows them to return any unsold goods during a certain period, which discourages some craft producers from selling to craft retailers; instead they opt to sell through flea markets and certain retail chains (Rogerson, 2000:706). Craft retailers are also known to exploit craft producers (Urban-Econ Tourism, 2010:54). These challenges widen the gap between craft producers and craft retailers, making it difficult for the craft producers to sell their products through craft retailers. The developments in the craft industry, as highlighted in this section, have resulted in the commercialisation of the products, which means that craft producers have to create marketable products that meet the needs of the market (Hay, 2008:31). The next section focuses on the problem statement.

1.2 PROBLEM STATEMENT

The craft industry is dominated by small and medium craft producer organisations (Hay, 2008:2). It is crippled by lack of reliable and accessible research data (Department of Economic Development, 2009:3), which impede the industry's development and competitiveness. Marketing and branding are major challenges faced by the craft producers in South Africa (Department of Sports, Arts, Recreation & Culture, 2007:35, 67).

A study conducted among craft producers in Gauteng, South Africa revealed that they experience difficulties selling to craft retailers and that craft retailers purchase only 36 percent of craft products from SA (Department of Sports, Arts, Recreation and Culture, 2007:129, 131, 134, 136). The Wesgro study (2000:33) also confirmed that craft producers have limited access to the craft retail market since they face competition from foreign craft producers who are far more advanced than the local ones (Department of Sports, Arts, Recreation & Culture, 2007:35). As a result, some craft producers resort to selling directly to end consumers, using direct channels instead of selling through the retailers (Wesgro, 2000:25). Craft retailers are creators of the markets, developers of new products and are also able to source new products (Hay, 2008:32). They communicate with craft producers to ensure that quality control measures are taken and that innovation and product development is up to standard (Urban-Econ Tourism, 2010:30).

Although research has been conducted by the national and provincial governments (CCDI, 2008; Department of Sports, Arts, Recreation & Culture, 2007; DTI, 2005 and Wesgro, 2000), the research has merely served to identify and define craft products and organisations, as well as problem areas and challenges experienced in the craft industry. Few such research studies (CCDI, 2008; Department of Sports, Arts, Recreation & Culture, 2007) have focused on the marketing of craft products and the buying behaviour of craft retailers.

Many studies (De Boer, Labro & Morlacchi, 2001; Dempsey, 1978; Evans, 1981; Lehmann & O'Shaughnessy, 1974; Moriarty, 1983; Sen Basligil, Sen & Baracli, 2008; Yigin, Taskin, Cedimoglu & Topal, 2007) have been conducted on retail buyer behaviour and supplier selection in general. Specific studies on retail buyer behaviour include those of Hansen

and Skytte (1998:277-301) as well as studies investigating different types of retailers such as fashion clothing (Bruce & Daly, 2006:329-334); Chinese food retailers (Skallerud & Gronhoug, 2010:197-209); Chinese supermarkets (Hansen, 2001:159-175); food retail buyer behaviour (Sternquist & Chen, 2006:243-265); fruit, vegetables and flowers (Shaw & Gibbs, 1999:277-301); stores selling convenience and shopping goods (Shipley, 1985:26-36); traditional chain and department stores (Hirschman & Mazursky, in Wagner, Ettenson & Parrish, 1989:61); restaurant chains (Mawson & Fearne, 1997:239-243); and apparel and appliance (Francis & Brown, 1985-6:1-8). None of these studies focused on craft retailers.

An extensive search on EBSCOHOST, Emerald, Google scholar, Science Direct, Sabinet, and SA e-publications revealed few existing studies on the craft industry. Studies included the perceived marketing benefits of craft organisations during the 2010 FIFA World Cup™ (Makhitha & Bresler, 2011), the importance of appropriate marketing strategies to craft organisations (Makhitha, 2009), segmentation by craft selection criteria and shopping involvement (Hu & Yu, 2007), craft product development by design (Rankin, 2007), product development strategies for community craft projects in Mpumalanga (Grobler, 2005) and the importance of a market-led approach to the growth and sustainability of craft organisations (Obiri, 2002). Additional studies include craft marketing strategies in roadside Kwazulu-Natal (KZN) (Dludla, 2005) and increasing South Africa's contribution to the global trade in craft (Sujee, 2008).

Rankin (2007) studied the importance of product design by craft producers in SA and recommended that design interventions be put in place to assist craft producers in developing designs that match the needs of the market. Grobler (2005) investigated the level of understanding of consumer behaviour among people participating in community craft projects and the findings showed that project owner/managers lack an understanding of consumer behaviour. This in turn leads to the formulation of ineffective and inappropriate marketing and product strategies targeted at end consumers. The study emphasised the need for understanding consumer behaviour as a prerequisite for formulating competitive marketing strategies. Obiri (2002:66) conducted a study to investigate whether craft organisations adopt a market-led approach in marketing craft products. The findings revealed that the majority of craft producers deliver products based

on personal inspiration instead of on what the market really wants. Hay (2008:13) also agrees that craft producers do not respond to market demands, which prevents them from accessing the market successfully.

The UNIDO study (2007) emphasised the use of marketing to identify opportunities existing in the market as well as the forging of close links with value chain members to obtain information on opportunities and blockages in the value chain. Innovation and development of new products was highly recommended as a strategy to enhance reputation and penetrate new markets. USAID (2006) studied the global market for crafts and trends affecting craft producers. One of the major trends the study identified is that retailers are buying directly from craft producers which pose a challenge for such producers since retailers demand high production capacities, strict delivery dates and specific labelling and packing processes, which some small and medium craft producers cannot achieve. This, in turn, creates barriers to market access for small craft producers.

Craft trade, and particularly trade in traditional crafts, is a major source of income for disadvantaged members of society, especially rural women (Perreira, Shackleton & Shackleton, 2006:478). There are low entry barriers, making it possible for crafters to enter an industry which requires minimal capital. However, the market is saturated with unscrupulous agents and importers (Department of Economic Development, 2009:6). Crafters understand the needs of local markets (Phillip, 2006:213) but they have little understanding and knowledge of how to make contact with buyers or of the quality of materials and the quantity required by the buyers. This has resulted in a lack of access to the market, creating over-dependence on the middleman, thereby leading to the exploitation of craft producers (Shackleton, Shackleton, Buiten & Bird, 2007:705). It is for this reason that this study investigates craft retailer buyer behaviour: so that the information can be used to assist craft producers to understand the needs and requirements of craft retailers.

Craft producer organisations are established for various reasons, including, earning a living or providing a means for others to survive, creating self-employment, uplifting communities, creating employment, as a hobby, to sell work to other crafters, to promote craft, the love of art, personal fulfilment, for cultural reasons and to revive heritage

traditions (Department of Sports, Arts, Recreation & Culture, 2007:98-9). Whatever the reasons for starting a craft-producing organisation, for craft producers to succeed, they need to possess the right skills and knowledge of how to market and access the craft retailer market. The majority of crafters possess only a primary school education, with crafting being their main source of income. Some craft producers make crafts out of desperation due to unemployment (Perreira *et al.*, 2006:483), which widens the gap between craft producers and craft retailers.

Due to lack of knowledge and understanding of what craft retailers look for, which resulted in producers having limited access to the craft retail market, this study will determine the buyer behaviour of craft retailers in SA. The study will specifically investigate the buying process, supplier selection criteria and information sources used by craft retailers in SA.

The next section will discuss the purpose statement of the study.

1.3 PURPOSE STATEMENT

Apart from being sold direct to the public, craft products are sold through various retail outlets, including formal craft markets, large and small retailers ranging from boutique shops to large outlets in airports and national retailers such as Mr Price Home (Department of Sports, Arts, Recreation & Culture, 2007:8, 30, 37). Craft retailers therefore form an important part of the value chain. Retailers provide access points to the consumer market for most products (Collins & Burt, 2003:672). This makes selling to craft retailers and an understanding of the craft retailer buyer behaviour of significance to craft producers since it will help them create competitive advantages.

The purpose of the study is to investigate the buyer behaviour of craft retailers in SA. The specific focus will be on the buying process followed by craft retailers when buying craft products, the supplier selection criteria used by these retailers and the information sources consulted by craft retailers during the buying process. The results of this study will be used to propose a marketing strategy for craft producers targeting craft retailers.

1.4 RESEARCH OBJECTIVES

The research objectives and hypotheses formulated for this study are listed next.

1.4.1 RESEARCH OBJECTIVES

The objectives for this study are :

- To determine the buying stages that craft retailers go through when buying crafts.
- To determine if different groups of supplier selection criteria can be identified.
- To ascertain the importance that craft retailers attach to supplier selection criteria.
- To determine what kind of different groups of information sources can be identified.
- To determine the frequency with which craft retailers use different sources of information.

1.4.2 RESEARCH HYPOTHESES

The following hypotheses were formulated for the study:

H₁ There are significant differences between types of craft retailers and the number of buying stages they go through.

H₂ There are significant differences between the years of buying experience of craft retailers and the buying stages they go through.

H₃ There are significant differences between different types of craft retailers and the importance they attach to selected supplier selection criteria.

H₄ There are significant differences between craft retailers' buying experience and the importance they attach to supplier selection criteria.

H₅ There are significant differences between different types of retailers and how often they utilise information sources.

H₆ There are significant differences between craft retailers' years of buying experience and how often they utilise information sources.

1.5 ACADEMIC VALUE AND CONTRIBUTION OF THE PROPOSED STUDY

The craft industry contributes to the alleviation of poverty in SA and is characterised by low entry barriers since minimal skills are required to enter the industry (Department of Labour, 2011:7). The industry is a leading component of economic growth, employment, trade, innovation and social cohesion in most developed countries (Deloitte, 2012:67). In addition to the monetary benefits that the craft industry generates, it can be used to prevent the intensification of poverty. It enables the crafter to work from home, thereby becoming his or her own boss. It also provides opportunities for women to earn a living and also to keep alive traditional products, processing techniques and knowledge (Shackleton *et al.*, 2007:705).

The global trade in crafts increased at an average annual rate of 8.7 percent between 1996 and 2005 (Deloitte, 2012:67). This is an indication that there are growing market opportunities for craft producers, both locally and internationally. However, such opportunities cannot materialise unless craft producers are competitive. Craft producers need appropriate marketing strategies to capitalise on the opportunities available in the market, especially the craft retail market. This requires craft producers to understand what the market is looking for and, more specifically, how the market buys and why. The key to any organisation's success is its ability to respond to market needs. Craft producers need an understanding of the buyer behaviour of craft retailers as well as the ability to anticipate trends and demands of the market in order to stay responsive.

According to the Department of Economic Development (2009:3), the craft industry has abundant human capital in terms of crafting skills yet it is under-performing in terms of return on investment. A well-developed craft industry could create more employment

opportunities in the disadvantaged areas in South Africa. The domestic market is a significant driver of the growth of craft organisations (Perreira *et al.*, 2006:483). However, the industry is facing limited growth in the local market relative to external markets because of the low purchasing power of end consumers (Shackleton *et al.*, 2007:706). The majority of craft organisations are of a survivalist nature because of the oversupply of craft products that do not meet market demands (Rogerson, 2010:133). The industry's retail activity is also seasonal in nature since it is closely linked to tourism which is also affected by seasonality of demand (Kaiser & Associates, 2005:28)).

Apart from those mentioned above, several other benefits can be derived from this study. Firstly, the study will provide information on the buyer behaviour of craft retailers in SA. The results of the study will be useful for those craft producers who are aiming at reaching the craft retailer market. This will be achieved by providing insight into the buying process followed by craft retailers and the importance of various supplier selection criteria used by craft retailers as well as by determining how often certain information sources are used by craft retailers.

Secondly, the results of the study will form the basis for proposing a marketing strategy for craft producers targeting craft retailers. The proposed marketing strategies are a much needed input for craft producers since they add to the knowledge of how to reach the craft retailers. Retailers will also benefit from the results of studies in that craft producers will be better informed and prepared to reach the retailers, thus increasing their competitiveness in the market.

Thirdly, the study will serve to support government initiatives by providing information necessary for craft producers to reach the retail market. Such information will be useful for craft producers in overcoming some of the challenges mentioned previously such as lack of access to market, marketing and branding as well as a lack of understanding of what the market wants.

The fourth benefit of the study is that the results of the study can also be used for training purposes and organisation development purposes. This will apply mainly to government departments and agencies overseeing the development of craft organisations in SA.

Since craft producers are often not able to conduct their own research, the results of this study could be helpful in improving the marketing of crafts by producers to retailers. This will in turn expand craft producers' markets and improve their economic viability, which is of great importance in a country like SA with its high unemployment rate. Many craft producers are self-employed and economic success can improve their living standards and could also provide additional employment opportunities.

The remainder of the sections will discuss the delimitations of the study, the definition of key terms, the literature review and the research design and methods.

1.6 DELIMITATIONS

The study investigates the buying behaviour of craft retailers. Specifically, the study investigates the buying process, supplier selection and evaluation criteria as well as information sources used by craft retail buyers when buying craft products. The study targeted craft retailers operating in SA selling craft products. Various types of retailers such as the craft stores, small interior and gift stores, interior décor stores such as @Home, furniture stores, clothing stores, discount stores, galleries, museums, jewellery shops and destination retailers were targeted for the study, which concentrated only on those retailers that sell craft products.

The literature focuses on retailer buyer behaviour with specific focus on the buying process, information sources, and supplier selection and evaluation. The context of this study is a business to business (B2B) environment as it involves an organisation selling to another organisation. In this case, B2B involves craft producers selling to craft retailers. The study investigates craft retailers, not craft producers, although the latter will benefit from the research results in that a marketing strategy will be proposed for the craft producers that want to target craft retailers. Throughout the document a clear distinction is made between craft retailers and craft producers. It is also noted that some craft producers sell directly to end consumers (B2C), but this does not fall within the scope of this study.

The study also targets formal craft retailers of different types operating in SA.

1.7 DEFINITION OF KEY TERMS

Craft organisations consist of all organisations dealing with craft-related products, such as craft producers, craft producers-resellers and craft retailers (DTI, 2005:11).

A craft product refers to the creation and production of a broad range of utilitarian and decorative items produced on a small scale with hand processes being the significant part of the value-added content. The production of goods uses a range of natural and synthetic materials (DTI, 2005:11; Fillies, 2000:915). In this study, craft products are also referred to as crafts.

Craft producers are those organisations involved in making craft products (Department of Arts, Culture, Science and Technology, 1998:5). They are also referred to as crafters and include both formal and informal craft producers. However the focus of the study is to assist mostly informal craft producers to develop marketing strategies.

Craft retailers are the formal and informal retail stores/retailers selling craft products (Department of Arts, Culture, Science and Technology, 1998:5). However, the focus of the study is to determine the buying behaviour of formal craft retailers and therefore informal retailers are not included in the scope of this study.

Craft producer resellers are craft producers who make craft products and are also involved in the direct selling of their own products (Department of Sports, Arts, Recreation & Culture, 2007:136). The producers-resellers produce craft products and are also involved in retailing the products. Craft producers-resellers not only retail products which they produce but also buy crafts from other craft producers as a strategy to increase the variety of products they sell (Van Wyk, 2003:77,99). There are many craft retailers which fall into this category. While the study's main focus is on craft retailers, those craft producers who buy crafts from suppliers to resell were also targeted for this study. This is a major trend in the craft industry, where producers perform various activities in the value chain such as producing and retailing.

Organisational buyers include individuals within the organisation responsible for buying (Webster & Wind, 1972:14). **Retail buyers** (Sections 1.7.4) are individuals responsible for buying merchandise in a retailer's environment (Diamond & Pintel, 2008:113).

Retailers are organisations engaged primarily in selling merchandise for personal or household consumption and offering services incidental to the sales of goods (Rosenbloom, 2004:49).

Retailing is the selling of goods and services for personal or household consumption (El-Ansary 1992 in Runyan & Droge, 2008:78).

Organisational buyer behaviour refers to the buying behaviour of organisations purchasing products and services in order to make other products or for operational reasons and includes those that are buying to retail (Webster & Wind, 1972:14).

Supplier selection criteria are used by buyers to evaluate suppliers during the buying process (Beil, 2009:10). Suppliers are evaluated against the set criteria and the successful supplier or suppliers are then selected by craft retailers. This study investigates the supplier selection criteria considered as the most important in selecting suppliers.

B2B marketing involves the marketing of products and services to other organisations for production, operational and resale purposes (Dwyer & Tanner, 2009:13). This study focuses on the buying of craft products by retailers in SA.

1.8 LITERATURE

This section discusses the literature on the craft industry, business to business (B2B) marketing, retail buying behaviour and B2B marketing strategy. The retail buying section focuses on buying in a retail environment, what retail buying entails, the buying process, supplier selection and evaluation, as well as information sources in organisation buying. The last part of this section provides an overview of the literature on B2B marketing strategy.

1.8.1 INTRODUCTION TO THE CRAFT INDUSTRY IN SOUTH AFRICA

The craft industry is part of the broader creative and cultural industries, which consist of all creative sub-sectors such as craft, architecture and interior design; design; events and cultural tourism; film, TV and media; music; performing arts and dance; urban regeneration and heritage; and lastly, visual art and photography. Creative industries are defined as the sectors that are closely linked with individual or collective intellectual or artistic creativity, innovation or originality and help to preserve, teach and celebrate cultural heritage (DTI, 2005: 51-2). It is an international trend to categorise all sectors with creative output as creative industries.

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

Craft production is usually initiated in regions where it is still regarded as a way of life. Craft product designs are traditional and functional in nature (Wesgro, 2000:4). Regions such as Gauteng and the Western Cape have the highest population of crafters because of urbanisation and the fact that they have an established tourism industry (Wesgro, 2000:4). Although Gauteng and the Western Cape provinces are the major craft hubs, the study will investigate craft retailers in South Africa. This will allow for a broader investigation of what is happening in SA.

The majority of craft producers are female (Department of Sports, Arts, Recreation & Culture, 2007:98-9). Most of the owners are adults, although a fair number of young people are active in the industry. Most craft producers are self-taught although some have taken art lessons at school or learned a craft from other people in the community. Among

craft producers the general education level is low (Urban-Econ Tourism, 2010:55). Craft producers lack the skills necessary to conduct business and run organisations. As a result, they are unable to identify market opportunities and, where they are able to identify the market opportunities, they are unable to pursue them because of their limited skills (Department of Sports, Arts, Recreation & Culture, 2007:114). According to Wesgro (2000:3-4), the craft industry value chain is such that the black population constitutes the majority of craft producers who have the ability to produce craft products. However their lack of skills and limited access to resources affects their ability to match the quality standards and production capacity needed by their customers. Formal craft retailers have to deal with these informal craft producers who lack understanding of what they (craft retailers) are look for (Broembsen, 2011:2).

The local craft market is composed of locally produced craft and includes domestic consumption, tourism-related sales and culturally based craft and craft retailers, which are the focus of this study. The local market has been affected by the growth in tourism and local consumption, which indicates that the craft industry depends to a large extent on the tourism and trade sectors. Growth in the craft market is also associated with the rise in local interest in SA craft fuelled by trends towards ethnic, rustic, earthy African styles and increasing national pride and the return of African values (Sellschop, Goldblatt & Hemp, 2005:43). The growth of the black middle class and its ability to earn and spend its income on goods and services has also impacted on the growth in this market (Wesgro, 2000:26).

According to Wesgro (2000:25) cultural and events tourism provides a good source of craft market income. Tourists, local and international, travel to events and places that have cultural components and are of historical significance. To gain such cultural experiences, tourists visit local museums, purchase craft, visit the local theatre or dance, eat SA cuisine and buy locally designed clothing for themselves or as a gift and visit local art galleries as part of their cultural experience (Wesgro, 2000:25). The craft industry has close links with the clothing and textiles, furniture, precious jewellery, tourism and design industries (Kaiser & Associates, 2005:27-8), which influences the trends in the craft industry.

The majority of craft producers are informal organisations and operate as an informal economy. The activities of the informal economy are unregulated by the state and are excluded from the national economic accounts (Petersen, 2011:2; Swaminathan, 1991:1). There are various types of craft producer organisations in SA consisting of craft artists, start-up and emerging small batch producers as well as the micro established hand manufacturing organisations and exporting craft organisations. The start-up and the emerging small batch organisations constitute the majority of craft producers in SA and they operate informally while the other types of organisations are either registered as a close corporation; project based private company or a cooperative (Department of Sports, Arts, Recreation & Culture, 2007:22). Whilst the majority of craft producers are informal organisations, for them to receive support, financial and non-financial, they need to register their organisations and also pay for value added tax (VAT) (Makhitha, 2009) where appropriate. Furthermore the majority of craft producers sell their products using informal channels such as street hawkers and in some informal markets instead of selling through formal retailers (AusAID, 2011:1; Wesgro, 2000:24). However, some craft markets operate informally while others operate formally with policies in place to regulate the markets (Van Wyk, 2003:73; Department of Arts, Culture, Science & Technology, 1998:25, 27) which implies that some craft producers operate as formal organisations.

Craft products are sold through formal and informal retail channels. The formal retail channels consists of various retail outlets such as those in formal craft markets, and formal large and small retailers ranging from boutique shops and gift shops to large outlets in airports as well as national retailers such as Mr Price Home, Pep Home and Woolworths (Department of Sports, Arts, Recreation & Culture, 2007:8, 30, 37). The informal retail channels consist of those involving craft producers selling directly to consumers as street hawkers such as those operating alongside the Tshwane Zoo in Tshwane, South Africa. Formal craft retailers consequently form an important part of the value chain. Retailers provide access points to the consumer market for most products (Collins & Burt, 2003:672). This makes selling to formal craft retailers and an understanding of the craft retail buying behaviour of great significance to craft producers since it will help them create competitive advantages for their organisations and gain access to a bigger share of the market.

1.8.2 BUSINESS TO BUSINESS (B2B) MARKETING CONTEXT

B2B marketing is the marketing of products and services to organisations instead of end consumers (Bingham, Gomes & Knowles, 2005:3). According to Fill and Fill (2005:5), B2B marketing differs from consumer marketing (B2C) in various ways. It differs in terms of different characteristics, types of customers, types of products and the fact that the two have different marketing approaches. This implies that the behaviour of B2B customers is different from that of end consumers when buying goods and services. B2B marketing takes place when organisations buy for operational and production purposes and involves selling to different types of customers who might all have different requirements and expectations (Dwyer & Tanner, 2009:13-4).

There are three types of organisational customers: commercial organisations, government and institutions such as hospitals and universities. Commercial organisations consist of industrial distributors, original equipment manufacturers (OEM), users and retailers. They differ in terms of product use but are similar in terms of buyer behaviour and associated communication needs (Fill & Fill, 2005:9). Retailers operate differently from industrial distributors and others since their customers are the end consumers Fill & Fill, 2005:10. Retailers purchase goods in order to resell. The retailer purchasing process is similar to that of other organisations such as the OEMs, industrial distributors and users, except that it is not always as complex. Users are organisations buying goods and services for operational purposes (Dwyer & Tanner, 2009:13-4; Fill & Fill, 2005:10). This study will focus on retailers as customers, with a more specific focus on craft retailer buyer behaviour.

The next section discusses the relevant available literature on retail buyer behaviour, with specific reference to retail buying, with the aim of creating a greater understanding of retail buying and what it entails as well as highlighting organisational and retail buyer behaviour models, supplier selection criteria and marketing information sources.

1.8.3 RETAIL BUYING BEHAVIOUR

An understanding of retailer buyer behaviour is important for those organisations that want to supply their products and services to retailers.

Retail buying is part of organisational buying and involves buying by retailers for resale purposes. It involves making decisions on what to buy, how to buy and from whom to buy (Diamond & Pintel, 2008:113). The 'what to buy' decision involves making decisions on the type and assortment of merchandise/products to purchase. Such decisions are influenced by the store's merchandise/product policy, which differs from store to store and includes the price range to be offered, the quality of merchandise/products, the exclusiveness of merchandise/products, variety, timing of introduction, merchandise/product assortment and price policy (Diamond & Pintel, 2008:113).

Another function of a retail buyer entails sourcing merchandise to resell (Yu, Fairhurst & Lennon, 1996:14). A retail buyer selects items to be sold and stocked in a store and is directly responsible for selecting and ordering merchandise sold to final end consumers (Robinson, 2012:5). Therefore, retail buying affects the performance of a retail store. For instance, if the merchandise bought does not sell well, the financial performance of the organisation, and thus its survival, will be affected. Since retail buyers are responsible for buying products and services, the costs that they incur when buying these products and services affect profit, making retail buying one of the strategic functions within a retail store (Kahranman, Cebeci & Ulikan, 2003:384; Weele, 2005:306).

Retail buyers also make decisions on the range and assortment of products that the retail store will carry. This is because product assortment forms the core of retail strategy and is the visible element of the retailer's offer to end consumers (Pelligrini & Zanderighi, 1991:157). Product range involves the selection of a range of components and the management of the product range by adding or removing individual products within a range (Davies, 1994:475).

Decisions about product assortment entail making decisions on the category, classes, and lines of product to stock (product type per line, brands per type, items per brand within a product type), and then allocating a shelf space to each item (Pelligrini & Zanderighi, 2001:157). Retailers also add different sizes, style, colour and flavours or products as a way of extending their product lines (McLaughlin & Rao, 1990:359).

Retail buyers ensure that what they buy matches the offering of a store and that the merchandise will meet the needs and desires of end consumers (Yu *et al.*, 1996:14). The positioning strategies of a retailers influence the buying behaviour of retail buyers (Skallerud & Gronhaug, 2010:197) as the offering of the stores guides what buyers buy (Swindley, 1992:539). Retail buyers make decisions as to what products enter their retail store and are therefore gatekeepers in the introduction of new products to end consumers (Sternquist & Chen, 2006:244).

Since retail buyers make decisions on what merchandise to buy, they also analyse, plan, acquire and control merchandise and determine how much to spend on each item (Fairhurst & Fiorito, 1990:88). Decisions on the merchandise to buy, the sizes, colours, types and number of lines affect the retail store's competitive advantage (Hart & Rafiq, 2006:335). Retail buyers must understand what end consumers' needs and demands are before making decisions on what merchandise to buy. Such decisions are also affected by the size of the store and the resources available to the organisation (Fiorito, 1990:20). The success of a retail store depends on the ability of a retail buyer to choose a merchandise/product mix that will attract end consumers into the store and persuade them to buy, leaving them satisfied with the merchandise/product. Buying wrong merchandise/products can have negative consequences for the retailer's reputation and economic performance, which makes retail buying a matter of strategic importance (Bruce & Daly, 2006:334).

Retail buyers are also responsible for deciding how they will buy their merchandise. This involves deciding on the process to follow as well as the supplier selection criteria that will be employed when evaluating the suppliers. Retail buyers do not only buy existing products but also have to source new products in order to meet changing customer needs. New products are a source of the organisation's success (Ledwith & O'Dwyer, 2008:97). Such success is dependent upon the retail buyer's acceptance and support of new products (Kaufman, Jayachandran & Rose, 2006:580). Since retail buyers can reject or accept new products, suppliers need to increase their understanding and knowledge of how retail buyers buy the merchandise. This involves understanding the process retail buyers follow, which products they buy and why, as well as how they select their suppliers. Suppliers also need to gather information on those characteristics of the products that

determine consumer product acceptance in the marketplace (McLaughlin & Rao, 1990:359).

Decisions on 'from whom to buy' involve which suppliers to buy from, especially those selling merchandise that matches the positioning of the store. Retail buyers also decide whether to buy directly from manufacturers or wholesalers. Decisions on whether to buy from wholesalers or not are determined by the type of product; buyers might be forced to buy from a wholesaler when buying a specific product if manufacturers do not sell such products directly to retailers (Diamond & Pintel, 2008:157).

The craft industry is constituted of a majority of small craft producers creating a wide variety of products (Rogerson, 2010:131) and these craft producers compete for shelf space in the retailer's organisation. There are also different types of crafters, who differ in terms of size. Retailers may also stock a wide variety of craft products since they carry many product lines within a store. They often expand their product range and from time to time buy new products that are in line with the style trends in terms of lines, shape, colour and finish (USAID, 2006:34). This study investigates the buying process followed by craft retailers and the most important supplier selection criteria used, as well as how often they use certain information sources when buying craft products.

According to Fill and Fill (2005:10), retailers and organisations that buy products and services for production and operational purposes exhibit similar buyer behaviour. Hansen and Skytte (1997:1) state that organisation buyer behaviour models can be used to understand retail buyer behaviour although they also conclude that retail buying should be treated as a special case of organisational buying. The next section reviews the literature on organisational and retail buyer behaviour models, supplier selection criteria used by organisations when selecting suppliers and the marketing information sources consulted by organisational buyers during the buying process.

1.8.3.1 Buyer behaviour models

Organisational buyer behaviour refers to the process organisations go through when buying products or services (Dwyer & Tanner, 2009:70). These models also depict how organisations select suppliers during the buying process (Johnston & Lewin, 1996:2).

A number of organisational and retail buyer behaviour models exist. The first organisational buyer behaviour model is the Robinson, Faris and Wind (1967) model. The model is also known as the Buy Grid model. It consists of the two sub-models, the buy phase and the buy class models. The buy phase model shows the steps that organisations follow in the buying process. There are eight stages, including recognition of a problem, determination of the product type needed, description of the product type needed, search for and qualification of potential suppliers, requisition and analysis of proposal, evaluation of proposal and selection of suppliers, selection of order routine and performance review (Hutt & Speh, 2007:63). The stages will be discussed in more detail in Section 3.3.1.1. Using these models as a basis, this study will investigate the process craft retailers go through when buying craft products.

The buy class model consists of three buying situations: new task buying, modified buying and the straight rebuy. Buyers go through different stages in the buying process depending on the buying situation (Dwyer & Tanner, 2009:70). For instance, a buyer who is buying a product for the first time and has no knowledge of the product will go through all the stages in the buying process. The new task buying situation takes place when buyers perceive the problem or need as totally different from previous buying experiences. In this case, they require a significant amount of information in order to explore the set of suppliers available (Weele, 2005:30). The buyer may search for information about the organisation and its products or trends and developments in consumer behaviour (Johansson, 2002:578).

A straight rebuy situation is a situation where buyers buy similar products and normally of low value from the same supplier without searching and evaluating suppliers since they have experience in satisfying the need and require little or no new information. With modified rebuy, the buyers believe that they can benefit by re-evaluating suppliers. This may be due to changes in external and internal environments (Hutt & Spur, 2007:65-7; Weele, 2005:31).

Craft retailers often expand their product range (Department of Sports, Arts, Recreation & Culture, 2007:107) and are continuously identifying new products. They also search for

new suppliers from time to time (USAID, 2006:34), which implies that they are constantly involved in new buying situations. The purpose of this study, therefore, is to determine the buying process that craft retailers follow when involved in a new task buying situation.

Other models of organisational buyer behaviour include those developed by Webster and Wind (1972), De Boer, Labro and Morlacchi (2001) and Luo, Wu, Rosenberg and Barnes (2009). The model of Webster and Wind depicts the stages in the buying process as well as the tasks a buyer performs and the factors influencing such tasks during the buying process. The De Boer *et al.* (2001) model reflects four steps in the buying decision: problem recognition, formulation of criteria, qualification of suppliers and final selection of suppliers. This model emphasises the relative importance of supplier selection and evaluation during the buying process. The Luo *et al.*, (2009) model shows four stages followed by a buyer during the process of supplier selection: the supplier selection preparation, pre-classification, final selection and application feedback.

The Sheth (1981) model is the only model depicting the buyer behaviour of retailers. This model was adapted from the Sheth (1973) model and was specifically developed for adoption by retailers. The model focuses on factors affecting retail buyers and the criteria retailers use during the buying process. It does not depict the buying process, which is why other models were adopted in this study.

1.8.3.2 Supplier selection criteria

Supplier selection criteria have been the subject of investigation for more than four decades (Lin & Wu, 2011; Kim & Boo, 2010; Kahraman *et al.*, 2003; Da Silva & Davies, 2001; Hansen, 2001; Pelligrini, & Zanderighi, 2001; Wilson, 1994; Fiorito, 1990; McLaughlin & Rao, 1989; Wagner *et al.*, 1989; Francis & Brown, 1985-86 and Nilsson, 1977). These studies investigated and rated different supplier selection criteria across types of retailers, organisations, products and industries.

Lin and Wu (2011:1250) listed 28 supplier selection criteria for supermarket chains in Taiwan. The ten most important criteria, in order of importance, were procurement price, product quality, product consistency, food safety, product return and complaints policy, quantity discount and allowance, on-time delivery, professionalism of salespeople and delivery reliability. In assessing the clothing retail buyer supplier selection criteria, Da Silva

and Davies (2002:1335) identified, in order of importance, quality, delivery time and cost as the most important criteria. Hansen (2001:164) also studied supermarket supplier selection criteria and listed high product quality, the supplier's reliability, policy regarding return/handling complaints, high service level, willingness to cooperate, ability to supply products based on demand, products certified by authorised organisation, competitive prices, broad product range and flexibility of the supplier as the ten most important criteria for supplier selection. Kim and Boo (2010:512) also identified products that meet current trends as one of their ten most important supplier selection criteria.

It is evident from the findings above that that retailers have to formulate supplier selection criteria relevant to their organisations and markets since they differ across organisations and markets served. The fact that there are different criteria makes it even more difficult to draw conclusions regarding the criteria used by different retailers. The ability of craft retailers to identify suitable criteria for specific products and buying situations is clearly critical to the success of the product and the organisations. It is the aim of this research, therefore, to identify and determine the importance of each of the criteria used by retail craft organisations when evaluating craft producers and their products.

This study investigates 39 supplier selection criteria rated as most important by craft retailers in South Africa. The criteria under investigation include some of the above listed and those from additional literature in Chapter 3, as well as those identified in the preliminary qualitative study.

1.8.3.3 Marketing information sources and buying behaviour

To make effective and efficient buying decisions, buyers consult different sources of information available including external and internal sources of information. The external sources of information are sources found outside the organisation, such as resident buying offices, periodicals, trade associations, marketing research organisations and reporting services, while internal sources of information are information sources available within the organisation such as past sales and recording systems such as recording and computerisation. Recording is used mainly by small retailers and involves ticketing each piece of merchandise with such information as style number, size, price and colour (Diamond & Pintel, 2008:112). It is important for suppliers to ensure that information about

their products is available in the sources retailers consult, and this study aims to determine how often selected information sources are consulted.

Jackson, Keith and Burdick (1987:31) investigated the relative importance of various promotional elements in different purchase situations as perceived by industrial buyers. The study was unable to conclude that the relative importance of promotional elements varies with buy class. It found that the relative importance of promotional elements varies by product type. Salespeople were identified as the most important source of information used by industrial buyers, followed by trade advertising. Kline and Wagner (1994:82) also determined the relative importance of information sources used by retail buyers. They revealed that buyers used their own knowledge as their most important source of information, followed by customer requests, magazines read by customers, selling records and buyers from similar stores. Another study conducted by Brossard (1998:45) identified site visits as the most important source of information during a complex decision-making process, followed by in-house networks. This study will determine the extent to which craft retailers make use of different information sources. However, it is also important to determine what retailers are looking for when they make use of various information sources, and thus, which criteria they use to choose a supplier.

Since one of the objectives of the study is to propose a marketing strategy for craft producers targeting craft retailers, the next section reviews the literature on B2B marketing strategy.

1.9 B2B MARKETING STRATEGY

Marketing strategy is a marketing activity that specifies a target market and its related marketing mix elements such as product, promotion, price and place (McCarthy & Perreault, 1999: 45-6). Walker, Mullins and Larréché (2008:10) also described marketing strategy as specifying the target market for a particular product or product line and ensuring that all marketing mix elements are integrated for competitive advantage and tailored to meet customer needs. This study will propose a marketing strategy for craft producers who want to sell and market their craft products successfully to craft retailers.

There are different types of craft retailers in SA. These retailers buy craft products locally and abroad. To gain a share of the retailer's shelf space, craft producers need to gain an understanding of each of the retailers so as to formulate an effective and competitive marketing strategy. This would involve deciding on which types of retailers to target and then to decide on a strategy with the appropriate marketing mix elements.

1.9.1 MARKETING SEGMENTATION, TARGETING AND POSITIONING

Marketing segmentation is a process by which a market is divided into distinct subsets of customers with similar needs and characteristics. These distinct needs and characteristics lead to a situation where customers respond to a particular product offering and marketing programme (Cravens & Piercy, 2009:107). Market segmentation differs from target marketing, which requires that the relative attractiveness of each market segment be evaluated together with the ability and capacity of the organisation to deliver what each segment wants (Walker, Mullins & Larreche, 2008:131). A target market is a market or submarket towards which an organisation aims its marketing effort (Cahill, 1997:10). Market segments are identified based on variables such as the demographic factors of firms, use situation, buyer needs/preferences and purchase behaviour (Hutt & Speh, 2007:122-3), which must be different across segments but exhibit some similarities within a market segment.

In investigating the buying process, supplier evaluation criteria and information sources used by different types of craft retailers, this study will also attempt to determine whether differences in the buyer behaviour of different craft retailers exist. This will be useful in proposing a marketing strategy to craft producers.

1.9.2 ELEMENTS OF THE MARKETING MIX

The marketing mix elements are concerned with the product, price, place and marketing communication (promotion) and are also known as the four Ps, marketing instruments or the marketing programme (Venter & Jansen Van Rensburg, 2009:259). Marketing mix decisions must be consistent with organisation and corporate strategies and should be

altered from time to time in response to changes in the marketing environment (Pride & Ferrell, 2000:37).

Product decisions involve making decisions on the nature of products the organisations will offer, product features, breadth or diversity of the product lines, level of technical sophistication and the target level of product quality relative to competitors (Walker *et al.*, 2008:74). It also involves making decisions on aspects such as the branding, packaging, product development and product improvements and service level decisions (Alsen, 2007:256-7). This study will investigate the product features, as part of supplier selection criteria, that craft retailers consider most important when evaluating craft producers. This will be useful in determining the product features most important to craft retailers when buying crafts which will, in turn, be of use to craft producers during product design and development.

Organisations also make decisions on how the products will be made available to their chosen target markets, and when and where the products will be made available, which involves making place decisions. Such decisions require an understanding by crafters of buying behaviour, so that they can become aware of the places craft retailers like to visit when buying products, how often they buy, the quantity bought, and the size and quality of products bought. It also helps the organisation to determine the right product at the right time and the right place, while satisfying customer requirements (Hilletoft, 2009:16). In B2B marketing, the distribution channels are shorter. Organisations sell directly to distributors and retailers. Retailers are then used to sell to end consumers (Wright, 2004:257). The issues involving distribution decisions such as delivery, reliability and ability to supply enough quantity are also investigated as part of the supplier selection criteria craft retailers use when evaluating craft producers. It is crucial that craft producers know about these criteria so that they can make distribution decisions when selling to craft retailers.

Marketing communication elements are trade advertising, sales promotions, sales management, public relations, sponsorships and e-marketing (Dwyer & Tanner, 2009:296, 316-7). In B2B marketing, advertising is similar to consumer marketing. However, the communication media used differ. For instance, trade magazines are used for advertising

purposes in B2B marketing while consumer media are used to target end consumers (Dwyer & Tanner, 2009:9-11; Fill & Fill, 2005:19-20). Organisations communicate their products, brands, distribution channels and organisations to their target market. The challenge is for organisations to select the most appropriate form of marketing communication and to integrate all the marketing communication elements for better results. By investigating the information sources used by craft retailers, craft producers could be assisted in formulating the appropriate marketing communication strategy for targeting craft retailers.

Decisions regarding prices charged for products and services are also made by organisations. This is because pricing decisions determine the revenue the organisation makes and therefore affect the profitability of the products as well the survival of a organisation (Cravens & Piercy, 2009:198). Pricing in B2B marketing is an integral part of the relationship between the buyer and the seller. The kind of relationship between the parties determines the prices set. Prices are negotiated together with product design, specification and development. Negotiation is also an important part of pricing in B2B markets in comparison with consumer marketing, where no such negotiations take place (Fill & Fill, 2005:19). It is necessary for craft producers to understand the price impact of their products on craft retailers as well as the extent to which craft retailers consider price when evaluating suppliers. Pricing was also listed in the supplier selection criteria investigated in this study.

Relationship marketing is another important marketing element in B2B marketing, where personal relationships grow between the buyer and the seller. This is because some purchases are of strategic importance, increasing purchasing risks. As a result, buyers and sellers form partnerships with their suppliers in order to reduce such risks (Dwyer & Tanner, 2009:9-11). Buyer-supplier relationships could be important in allowing craft producers to retain craft retailers as customers since this will enable them to meet the requirements of craft retailers as well as share information with them. As part of investigating the supplier selection criteria most important to craft retailers, this study also included variables related to buyer-supplier relationships that craft retailers use when evaluating craft producers.

1.10 RESEARCH DESIGN AND METHODOLOGY

This section will discuss the research methodology followed in this study. The first section focuses on the inquiry strategy and broad research design followed by the sampling, data collection and data collection instruments and data analysis.

1.10.1 DESCRIPTION OF THE INQUIRY STRATEGY AND BROAD RESEARCH DESIGN

Malhotra (2009:94) describes the research design as a framework or blueprint for conducting a marketing research project, explaining that it specifies the procedures which are necessary to obtain information needed to structure or solve the problem. It is a plan the marketing researcher follows to realise the research objectives or hypothesis (Tustin, Ligthelm, Martins & Van Wyk, 2005:82). Malhotra (2009:96) classified the research design into two types: exploratory research design and conclusive research design. Exploratory research is conducted when little is known about the problem and the researcher wants to gather ideas and insights into the problem (Malhotra, 2009:96). Exploratory research allows one to explore the topic at hand and is useful when the area of investigation is so new or vague that a researcher needs exploration to learn something about the dilemma. It provides information to use in analysing the situation and is conducted with the expectation that subsequent research will be required to provide conclusive evidence (Zikmund, 2003:55).

Qualitative research is an exploratory research method which allows a researcher to explore a topic at hand by asking open-ended questions (Cooper & Schindler, 2006:198). This in turn allows respondents to speak freely in order to achieve an in-depth understanding of a situation. It is ideal for extracting feelings, motivations, emotions and perceptions (Cooper & Schindler, 2006:198). It also seeks to answer 'why' and 'how' questions instead of answering questions about 'what' and 'how many', which can be answered by the quantitative technique (Carson, Gilmore, Perry & Gronhaug, 2001:66). Qualitative interviews were used during the first phase of the study. The main purpose was to gather information about the craft retailer buying process, the most important supplier selection criteria and sources of information often consulted when searching for suppliers.

Conclusive research is useful for decision makers to determine, evaluate and select the best course of action in a given situation (Malhotra, 2009:100). It consists of descriptive research and causal research. Descriptive research serves to determine the frequency with which something happens or the relationship between two variables and is guided by the initial hypothesis (Churchill & Iacobucci, 2009:91). Descriptive research was used in the quantitative phase to answer 'who', 'what', 'when', 'where' and 'how' questions. Descriptive research is based on a clear statement of the research problem, a specific hypothesis or hypotheses and requires that information needed should be specified, as evident in the previous two sections. Data for descriptive research are collected in a structured format and usually from a larger population (Malhotra, 2009:100), as was the case in this study.

A cross-sectional design, also called a sample survey, is a snapshot of the situation at a given point in time. This design is the one mostly used in marketing research, its main advantage being that it costs less (Malhotra, 2009:110-3; Parasuraman, Grewal & Krishnan, 2004:75).

The second phase of this study adopted the descriptive study using a quantitative survey method. This provided a snapshot of retail buyer behaviour with specific focus on the buying process and stages in the buying process, supplier evaluation criteria and sources of information used by craft product retail buyers when buying products from their suppliers. The survey method allowed for a bigger craft retailer population to be targeted.

1.10.2 SAMPLING PLAN

1.10.2.1 Sampling population

The target population for this study was formal South African craft retailers. The main objective of this study was to determine the buying behaviour of craft retailers. Therefore, the units of analysis were craft retailers. Section 5.5 discusses the sampling plan in detail. For the remainder of the study when referring to craft retailers, the focus will be on the formal sector.

1.10.2.2 Sampling frame

Various databases were used to access the contact details of craft retailers in SA including the CCDI database.

1.10.2.3 Sampling method

Convenience sampling is a sampling method that allows a researcher to choose whoever is available at a lower cost (Cooper & Schindler, 2006:245). The study adopted convenience sampling owing to time and financial constraints as well as the fact that databases of craft speciality retailers available from publicly accessible websites were incomplete and out-dated.

1.10.2.4 Sampling size

With non-probability sampling, a sample size cannot be determined by a formula but the size is dependent on the availability of respondents, time and cost (Maholtra, 2009:373-4; Parasuraman *et al.*, 2004:360). In the light of the above-mentioned constraints, a sample of 233 was realised.

1.10.3 DATA COLLECTION AND DATA COLLECTION INSTRUMENTS

A two-phase approach was used to collect data. Owing to the limited information available on craft retailer buyer behaviour, it was necessary to conduct interviews with craft retailers to ensure that all relevant aspects of the buying process were covered in the questionnaire (phase 2 of the study). Phase one was therefore used as an input to design a self-administered questionnaire. In phase 1, data were collected through face-to-face interviews with the respondents. An open-ended questionnaire was developed for this part of the study.

Findings from phase one as well as an extensive literature review were used as inputs to develop the self-administered questionnaire to be used in phase two of the study.

It is of utmost importance that a questionnaire be pretested and piloted. A pilot test (pre-test) is generally used to identify possible problems with the proposed questionnaire and can be conducted by targeting a small sample of respondents, which can be either a subsample or a small sample representative of the population (Terre Blanche, Durrheim & Painter, 2006:490). The questionnaire was pretested with 12 craft retailers and the necessary changes were made to ensure understanding and clarity. Additional details on this section appear in Section 5.6. The questionnaires were distributed via email and personal visits and no incentives were used.

1.10.4 DATA ANALYSIS

Data were analysed using SPSS version 20 for Windows. Descriptive statistics such as the mean and standard deviation were computed. The ANOVA analysis was used to analyse the buying process and information sources while the MANOVA test was run to analyse supplier selection criteria. Information sources were first factor-analysed before the ANOVA analysis was run. Further details on statistical analysis will be covered Section 5.8 and 5.8.1.5.

1.11 CHAPTER OUTLINE

The chapter outline is as follows:

Chapter 2 provides an overview of the craft industry internationally as well as in South Africa. The chapter reviewed literature on the global craft industry and global trends affecting the industry. Challenges and supporting structures available in the industry were discussed as well as the challenges and support available to the craft industry in SA. The chapter provided background to the craft industry and its challenges.

In **Chapter 3**, a review of the literature on organisational and retail buyer behaviour was undertaken. This covered areas of retail buyer behaviour such as the decision-making process, buyer behaviour models, supplier selection and evaluation, as well as information sources consulted by retailers during the buying process.

The focus in **Chapter 4** was on marketing planning, marketing strategy and marketing mix elements. The purpose was to review the existing literature on organisation-to-organisation marketing strategy. In addition, the literature on small organisation marketing was also reviewed.

The research methodology section of the study is discussed in **Chapter 5**. The chapter provides detailed information on the research method followed, such as the type of research method, sampling, data collection, data processing, data analysis and ethical considerations.

In **Chapter 6**, the results and findings of the quantitative survey are presented.

Chapter 7 discusses the findings of the study and also provides an analysis of these findings, draws conclusions and makes recommendations based on the findings.

1.12 SUMMARY

This chapter highlighted the background to the study, the problem statement and the purpose statement as well as the objectives, research questions and research hypothesis. This was followed by the section on the academic value of the study, which discussed how the study can benefit the craft industry. The study investigated buyer behaviour of craft retailers in SA. The focus of the study was the craft retailer buying process, the supplier selection and the evaluation criteria considered most important when selecting suppliers, as well as the information sources most often used by craft retailers when buying crafts. One of the major challenges for craft producers is that they lack access to markets. Therefore, the study is beneficial to craft producers since it provides information on how to market their products to craft retailers.

The delimitations of the study, stating the parameters of this study, were discussed, followed by the definition of terms. The literature review was then discussed, focusing on the craft industry, retail buyer behaviour, organisational models and B2B marketing strategy. The section on the craft industry provided a background on the industry, while the

section on retail buyer behaviour discussed what retail buyers do and how they buy. The organisational buyer behaviour models highlighted the different models that formed the basis of investigating the buying process followed by craft retailers. B2B marketing strategy discussed the marketing strategy and the elements of the marketing mix in a B2B context. The next section reviewed discussed the research methodology followed in this study, which is a survey targeted at craft retailers.

The following chapter discusses literature on the creative industry, since the craft industry is a sub-sector of the creative industry. The chapter also covers literature on both the global craft industry and the SA craft industry. Discussed in the chapter are the trends and challenges facing craft producers in SA, the craft industry value chain, craft product types, craft industry distribution channels and categories of craft producers. The support available to craft producers in SA is also discussed, together with the literature on the need for cooperation between craft organisations.

CHAPTER 2: THE CRAFT INDUSTRY

2.1 INTRODUCTION

The purpose of this study is to investigate the buyer behaviour of craft retailers in SA. Evidence shows craft producers face challenges selling to the craft retail market and that craft retailers exhibit exploitative behaviour when buying crafts, taking advantage of the lack of organisation skills of craft producers (Phillip, 2006:217, 219, Liebl & Roy, 2003:5375). One of the reasons why craft producers are failing to sell to this segment is that they lack an understanding of what retailers are looking for when buying crafts. As a result, they are unable to formulate an appropriate marketing strategy targeted at this market. This chapter aims to provide information on both the global and the South African craft industry. It also highlights the different categories of craft producers, craft products, channels of distribution used in the craft industry, governmental support, trends and challenges in the craft industry.

The craft industry as a sub-sector of the creative industries is discussed in the next section, followed by a discussion of the global craft industry.

2.2 THE CRAFT INDUSTRY AS A SUB-SECTOR OF THE CREATIVE INDUSTRIES

Although the main focus of this study is an investigation of the buyer behaviour of craft retailers in SA, it is important to provide a brief background on the creative industries. The UN (2008:13) defines the creative industries as the cycles of creation, production and distribution of goods and services that use creativity and intellectual capital as primary inputs, constituting a set of knowledge-based activities, focused on but not limited to the arts, potentially generating revenues from trade and intellectual property rights and comprising tangible products and intangible intellectual or artistic services with creative content, economic value and market objectives. They stand at the crossroads of the

artisan (craft producers), services and industrial sectors and constitute a new dynamic sector in world trade. Creative industries are also defined as the sectors that are closely linked with individual or collective intellectual or artistic creativity, innovation or originality and that help to preserve, teach and celebrate cultural heritage (DTI, 2005:51-2).

The UN (2010:8) further classified the creative industries into four sectors, namely heritage, arts, media and functional creation. The first sector is the heritage sector, which includes all forms of arts and cultural and related products originating from heritage. It brings together cultural aspects from historical, anthropological, ethnic, aesthetic and societal viewpoints which influence creativity. This group is further divided into two subgroups: the traditional cultural expressions, consisting of art crafts, festivals and celebrations, and the cultural sites, which consist of archaeological sites, museums, libraries and exhibitions. The craft industry falls under the traditional cultural expressions, a subgroup of the heritage sector. The arts sector is the second sector and encompasses the creative industries based purely on art and culture. Artwork is inspired by heritage, identity values and symbolic meaning. It is divided into two large subgroups: the visual arts (painting, sculpture, photography and antiques) and the performing arts: live music, theatre, dance, opera, circus and poetry).

The third sector is the media. This group covers two subgroups of media that produce creative content. Their purpose is to communicate with large audiences, to publish printed media (books, press and other publications) and audio-visual media (film, television, radio and other broadcasting). The last sector is made up of functional creations, which comprise more demand-driven and services-oriented industries, creating goods and services with functional purposes. It consists of three subgroups: design (interior, graphic, fashion, jewellery and toys); new media, including software, video games and digitised creative contents; and creative services such as architectural, advertising, cultural and recreational, creative research and development (R&D), digital and other related creative services (UN, 2010:8).

The creative industries account for 3.4 percent of total world trade, with exports totalling \$424.4 billion in 2005 and with an annual average growth rate of 8.7 percent during 2000 and 2005 (Deloitte, 2012:67). Art and craft constitute the most important group of creative

products and account for 65 percent of the share in the world market for creative industry goods (UN, 2010:140). Crafts constitute the biggest sub-sector of the creative industries in South Africa, with 17 percent of the organisations in the creative industry, followed by TV and film (13%), performing arts (13%), music (12%), visual arts (11%) and heritage (8%) (City of Johannesburg, 2008:55).

2.3 THE GLOBAL CRAFT INDUSTRY

The global art and craft market was worth \$32, 323 billion in 2008. The industry grew at a rate of 8.7 percent from \$17.5 billion in 2002 to \$32.3 billion in 2008. The developing economies have the highest share, with \$20, 715 billion, followed by the developed economies with \$11, 443 billion in trade. Crafts are the most important creative goods, accounting for 65 percent of the world market for creative goods and services (UN, 2010:37, 128, 140).

The craft industry is very important for export earnings in developing countries. It is the only creative industry where developing countries have a leading position in the global market. In the ten years between 1996 and 2005, the exports of craft products from developing countries nearly doubled, increasing from \$7.7 billion to \$13.8 billion, and accounting for 60 percent of total world exports of creative goods. The craft industry is a vector for job creation and export earnings and a feasible tool for poverty alleviation as well as the promotion of cultural diversity and the transfer of community-based skills (UN, 2008:116-7).

Asia is the leading exporter of art and crafts products in the world. In 2010, among the developed economies, Belgium was ranked first among the top 10 exporters of art and craft, followed by the United States, Germany, Italy and France. China topped the list of the top 10 exporters of art and craft among the developing economies, followed by Hong Kong, Turkey, Korea, India and Taiwan. Almost all the countries in the top 10 exporters from the developing nations are from Asia. Egypt was the only African country appearing on the list. The exports for developing economies more than doubled from 2002 to 2008, increasing from \$9 billion to about \$21 billion. This was attributed to the growth in tourism and the expansion of leisure and art markets (UN, 2010:140-1).

The US, Canada and the European Union constitute the major markets for craft products while China, India, Italy and some African countries constitute the major producers of craft products (Kaiser & Associates, 2005:29). Frost and Sullivan (2005:19) classified the exporting nations in terms of the market segment they address. European countries such as Italy, Germany, France, Turkey, USA, Spain and UK occupy leadership positions in product categories such as ceramics, glassware, leather goods, furniture and lighting articles. They dominate the high-end market segments, and supply high-priced crafts and decorative products that are mostly machine made. According to Frost and Sullivan (2005:19), the Eastern European countries such as Poland, Belgium, Czech Republic, Hungary and Romania, together with Asian countries like Hong Kong, Taiwan and Korea, are major players in the production of medium-priced products. China and India are leading competitors in the low-priced product categories.

The majority of craft products that are of Chinese origin are completely or partly machine-made, while those of Indian origin are mostly handcrafted, exemplifying a high degree of craftsmanship. China's advantage lies in the fact that the country is able to supply a large volume and variety of products at a low cost in comparison with other countries. The other leading Asian suppliers are Thailand, Hong Kong, Indonesia, Taiwan, Vietnam, Malaysia and the Philippines. These countries lead in the production of low- to medium-priced products such as basketwork, furniture, ceramics, toys, dolls and woodwork (Frost & Sullivan, 2005:14, 17-19).

Africa contribute less than one percent towards the global industry. African exports of craft products increased from \$740 million to \$2.2 billion during the period 2002-2008, with Egypt being the largest exporter followed by SA, Tunisia, Morocco and Mauritius (UN, 2010:133). If managed properly, Africa could increase its share of the global craft exports by 1 percent. This has significant implications for the continent's economic sustainability (UN, 2011:2).

The Zambian craft industry experienced growth in export of craft products from \$50 000 in 2004 to about \$500 000 in 2008. The country suffers from the production of sub-standard craft products which must be improved for the craft industry to remain competitive (UNCTAD, 2010:56, 57, 58). Countries such as Ghana, SA, Mozambique, Malawi, Kenya

and Tanzania offer a number of successful craft products in the world market. SA and Ghana are the two highest in export capacity and competitive designs and quality, with success based on delivery and ability to sustain sales through established relationships (USAID, 2006:20). Ghana has a long and rich tradition of craft work. Crafts have played a major role among the Ghanaian craft producers who earn an income from making crafts (Secretariat of the Pacific Community, 2012:12).

The Ugandan craft industry is largely informal, with inconsistent and ad hoc market access and inadequate distribution networks. The country enjoys preferential treatment from the USA and European Union (EU). However, fewer products in Uganda are exported to USA, Canada, Australia, Germany, UK and Japan owing to the many challenges the country faces, including failure to adapt to consumer needs in international markets in terms of quality, designs, standards and sizes, as well as limited knowledge of market access (Sector Core Team, 2005:7,19).

Countries like Kenya, Ghana, Botswana, Tanzania, and Madagascar are some of the African countries that compete in natural fibre products, particularly in the basketwork category. Their work is, however, not sufficiently significant to gain a share in the world trade market (Frost & Sullivan, 2005:19). In Zimbabwe, the craft industry is a major source of income earnings and has great potential for job creation and labour absorption. There is a strong export trade, especially in Shona stone sculpture. Private sector support for the craft industry includes funding from Mobil Oil and The Cotton Company. The major export markets for crafts in Zimbabwe are the EU, to which 45 percent of Zimbabwean crafts are exported, followed by SA with 30 percent and the USA with 10 percent (ZimTrade, 2011:4, 5).

The discussion will now move from a global perspective to a national focus by highlighting the South African craft industry.

2.4 THE SA CRAFT INDUSTRY

The craft industry contributes R2 billion rand to the gross domestic product (GDP) in the craft industry value chain (Kaiser & Associates, 2005:ii) and consists of over 7 000 craft

producer organisations (DTI, 2005:6). The industry employs 40 000 people (DED & SEDA, 2007:23 in McCarthy & Mavundla, 2009:34). The local market has shown a strong growth of between 3-4 percent annually and the sector contributes 0.14 percent of the GDP, of which R150 million is from the export sales. The number of craft producer organisations has also increased by 40 percent with an average growth of 8 percent per year, double the national average (Department of Labour, 2008:38). The SA government spent R97 million on the establishment and growth of the craft industry in SA between 2001 and 2003 (Create SA, 2004:4 in Grobler, 2005:8), making this an important sector.

The craft industry is highly significant due to the employment it creates and incorporates both informal craft producers selling on the roadside and formal craft producers that sell their products locally and internationally (Elk, 2004:1). The industry provides an opportunity for craft producers by giving creative expression to both ideas and products which in turn provides a perfect opportunity for people to move from the subsistence level to the substantive levels of the economy. Craft producer organisations have the greatest concentration in the informal/sole trader category and also consist of cooperatives, project-based and small batch manufacturers. Due to size of the organisations, craft producers are often unable to achieve the economies of scale that drive the competition in many markets. It is also difficult to create or sustain an industry association in the sector (Department of Labour, 2008:35, 36, 38).

The informal craft industry constitutes mainly of women, some of them operating from the rural areas where there is no formal employment (Hay, 2008:2). These women use crafting as a way of life and to provide for their families (McCarthy & Mavundla, 2009:34). The informal craft producer often operates from their homes which allow them the flexibility to engage in a number of livelihood activities while formal craft producers usually operate from their studios or workshops. The formal craft producers either sell their craft products from their studio, workshop, formal craft markets or formal craft retailers such as craft shops and national retailers such as Mr Price Home, museums and galleries while the informal producers sell their products through the informal channels such as roadside markets or around major shopping centres (Urban-Econ, 2010:30, 33; Department of Arts, Culture, Science & Technology 1998:25). Formal craft retail activities have seen an increase of formal craft retail outlets that now represent 750 outlets consisting of craft

markets, galleries, small retailers and national chains. Craft retail is often more represented in areas with greater urban based population and tourism economies (Human Sciences Research Council (Department of Labour, 2008:39).

Informal craft producers lack the skills and expertise necessary to access the formal markets such that it becomes risky and costly for formal retailers to work with the craft producers (Phillip, 2006:213). They are unable to manage complex communications and networking necessary to sell products to the formal economy (Broembsen, 2011:1). Craft producers therefore need support such a financial access and financial management, business management, marketing, supply chain management, technical training and managerial training (Yeboah, 1998:7) in order to access the sophisticated and formal retail market.

As mentioned in Section 1.1, the craft industry is important for sustainable development, employment creation and for economic growth; it is also a survivalist sector (Department of Labour, 2011:7; UN, 2010:65; UN, 2008:3). Many research projects have been launched by government as an effort to develop the industry. However, the craft industry remains small, yet still growing. The craft industry is perceived as an industry with low status value and goods cannot be sold at higher prices as a result. Craft organisations, especially craft producers, earn very low profit margins while others struggle to cover costs due to the costs of raw materials and operations costs (Department of Arts, Culture, Recreation, Sports and technology, 1998:83). Therefore, this study purports to provide background on buyer behaviour of craft retailers so as to use the information to formulate the much needed marketing strategy aimed at craft retailers. This should in turn be useful to assist craft producers earn a decent income from the craft activities.

The craft industry has a high level of diversity in comparison with other industries in SA. Raw materials, scale of production, product types and quality vary across the industry (Rogerson, 2010:131). Furthermore, the quality standards, scales of production as well as craft product positioning differ for different products (DTI, 2005:85). Craft producers with unique products face less competition and are able to sell their products in high numbers (Perreira *et al.*, 2006:483). The industry is highly fragmented with the majority of craft producers being sole traders or small informal producers and cooperatives. The industry is

dominated by cheap imports from Asia and other African countries. The industry also serves international countries, with major purchasers being end consumers in the USA, Canada and the EU countries (Department of Economic Development, 2009:5).

2.4.1 THE CRAFT INDUSTRY VALUE CHAIN

The success of craft products is determined by how certain stages in the value chain are managed. This includes the level of preservation of the region's cultural heritage during the design of the product concept, the selection of raw materials, the production process and the competence of the craftspeople, the marketing and distribution as well as local and global consumer demand of craft products. The craft market value chain consists of four stages: the creative origination, production, distribution and consumption. The creative origination is the first stage and consists of the design and supply of inputs. These two are interlinked since a designer might dictate the kind of input required to produce a product although designers might also be influenced by the availability of input. The input supply consists of pre-existing elements in a region such as the cultural heritage, traditions and raw materials. This also includes information and physical infrastructure, technology and basic equipment essential for production. Human resource is also required and exhibits the required characteristics of creativity, skill and innovation, since continuous innovation and entrepreneurial skills are required to compete in the market (UNIDO, 2007:24). The types of raw materials used are beads, wood, paint, recycled materials, textiles, clay, leather, paper, glass, wire and stone (Department of Sports, Arts, Recreation & Culture, 2007:124).

Product design is predominantly done in-house. However, some craft producers buy designs from the craft designers who then take responsibility for designing products on behalf of craft producers. Those involved in the production of low-volume products mainly do their own design and manufacturing while bigger craft producers use design specialists or outsource the design process. Inputs are found from local retailers and wholesalers or are imported. The input and product design stages are important elements of craft product success since buyers look for product design when buying craft products. The ability of craft producers to create products that are of good quality and unique design will determine their success (Department of Arts, Culture, Science & Technology, 1998:5).

The production stage, which is the second stage, involves actual production of the product and can be done on a small or large scale. Since the majority of craft producers are small, the focus of this study is on the small-scale craft producers. Craft producers require information that will enhance their understanding of craft retailers, which, in turn, will enable them to market successfully to the craft retailers. The main activity of craft producers is to produce craft products, which makes them an important role player in the craft industry (Department of Arts, Culture, Science & Technology, 1998:5). Craft producers use different kinds of raw materials and processes, including the drying of wood, herbs, flowers, and grains and the manufacture of fibres and leather and metal processing (UNIDO, 2007:24).

The distribution of craft products is the third stage in the craft industry value chain and the most important role player since it brings craft producers and end consumers together. This is also the focus of the study and will be explained in more detail in Section 4.5.4. There are various types of craft product distributors and craft retail is one of them. Products are sold locally and internationally through direct selling, craft markets, small retailers, wholesalers, national and international exhibitions, national retailers and e-commerce. Products are sold via these channels to end consumers. Distributors are mainly large, some foreign-owned, and consist of white-owned organisations with owners who are highly educated and who have business experience (UNIDO, 2007:24; Department of Arts, Culture, Science & Technology, 1998:5).

The consumption stage is the last stage in the value chain. Craft products are sold to end consumers, local and international tourists, organisations and institutions. Tourism in SA grew by 15 percent, from over 7 million in 2009 to over 8 million tourists in 2010, outperforming global tourism growth by an average of 6.7 percent. There was also an increase of 19.2 percent in total direct spend from tourism arrivals, from R101.3 billion to R120.7 billion (SA Tourism, 2011:2). In 2011, there was an increase in the SA resident travellers from 7.7 million to about 11 million, an increase of 41 percent. A total of over 8 million tourists visited SA. The tourist arrivals for 2011 were 3.3 percent higher than those for 2010 (Statistics South Africa, 2011:7). The increase in tourism has a major influence on the demand for and consumption of craft, since tourists buy crafts to remind them of

places visited (Swanson, 2004:370). It was stated in Section 1.71 that consumption of crafts has also increased among local end consumers.

One of the major challenges facing craft retailers sourcing products from craft producers in South Africa is the fact that craft producers fail to create products to their specific requirements. Craft producers fail to deliver products on time, provide products of poor quality and also deliver wrong quantities (Phillip, 2006:213).

Since the craft industry consists of a diversity of craft products, these products are the focus of the discussion in the next section.

2.4.2 MAJOR CRAFT PRODUCT MATERIALS IN SA CRAFT INDUSTRY

Kaiser and Associates (2005:2) identified the major craft product materials in SA namely ceramics, textiles, beadwork, jewellery, designer apparel, metalwork and woodwork, items made from recycled materials, glasswork and indigenous and exotic plant/flower products. It is from these product materials that the diversity of craft products is produced. There has been an increase in the number of small and medium ceramic organisations/studios, creating limited production runs of items for interior or lifestyle retailers. There is a great diversity of talent and artistic expression that is spread from the rural areas to the townships and upmarket suburbs. Craft producers make different ceramic products, including vessels, pots, kitchenware, dinnerware and vases and dishes (Department of Arts & Culture, 2009:32; Sellschop *et al.*, 2005:26-30).

Textiles incorporate a wide variety of different fibre treatments, such as spinning, weaving, dyeing, printing, appliqué, quilting, embroidery, knitting and crocheting, and are used in clothing, homeware and interior design objects (Kaiser & Associates, 2005:2). Designer apparel/traditional dress includes designer or handmade items which incorporate fine craft skills using textiles and needlework techniques. Skills are also used in designing complementary products such as shoes, handbags, belts and items of jewellery (Wesgro, 2000:7).

Beadwork is characterised by the use of traditional designs in jewellery production to enhance clothing or in the decoration of traditional objects. These are usually produced by

people in the rural areas. Some craft producers are using beads to make or decorate contemporary products such as jewellery, baskets, wired animals with beads, wall hangings and beaded cushions (Sellschop *et al.*, 2005:46,108-9, 111).

Metalwork is used to produce functional ware and decorative product items. Some of the products include cutlery, wired work such as baskets and jewellery and decorative items such as Christmas trees. SA provides 25 percent of all raw materials used in jewellery production worldwide but contributes less than one percent to the fabricated jewellery industry (Wesgro, 2000:13). This product category is made up of different raw materials such as silver, brass and copper (Sellsschop *et al.*, 2005:149-53).

Kwazulu-Natal (KZN) has a substantial woodworking industry. The main segment of production out of woodwork is furniture. The province has a bulk of soft wood but also imports from the Limpopo and Eastern Cape provinces. The trend towards environmental consciousness has created a market potential for SA craft producers making products from recycled materials. These consist of diverse products ranging from functional to decorative items and are made from materials such as plastic bags, aluminium cans or telephone wire. Indigenous and exotic plant/flower products include the use of indigenous plants for cosmetic and medicinal purposes, the cultivation of endemic bulbs for export, presentation of fresh and dried cut flowers for export and the use of plant materials in the production of interior design items (Wesgro, 2000:15, 16, 17).

The list of craft products discussed above, although not inclusive of all craft products produced in South Africa, highlights the major craft products. Since craft producers develop and produce various products using different raw materials and also adopt different product styles such as traditional or contemporary styles, this study will investigate craft retailers selling all types of craft products.

As mentioned earlier in the chapter, distribution is an important aspect of the value chain for the craft industry. The next section will elaborate on the various channels of distribution used in the South African craft industry.

2.4.3 CHANNELS OF DISTRIBUTION USED IN THE SA CRAFT INDUSTRY

Craft products are distributed through various formal and informal distribution channels, as mentioned, with direct selling being the dominant channel of craft product distribution (Makhado & Kepe, 2006:505; Perreira *et al.*, 2006:482). There are many craft markets in SA and these provide easy access to markets for craft producers. Examples include craft markets such as the African Craft Market in Rosebank, Johannesburg, and the Chameleon Village near Hartbeespoortdam in the North West province of SA, which operate on a daily basis, as well as many others that operate during weekends or at the end of each month. As mentioned, craft retailers in SA buy only 36 percent of craft products in SA and the rest from outside SA internationally (Department of Sports, Arts, Recreation & Culture, 2007:131). This implies that craft retailers could buy more craft products in SA if craft producers are able to meet their needs and requirements.

Craft products are also sold on the street via street hawkers. Selling direct from the workshop/factory is one of the major channels of craft product distribution since some craft producers are reluctant to sell via craft retailers or are unable to do so successfully (Perreira *et al.*, 2006:482). Some of the craft producers opt for independent marketing agents specialising in bringing the craft producer and craft retailers together at a commission, locally and internationally (Department of Sports, Arts, Recreation & Culture, 2007:134, Wesgro, 2000:7-18).

The development in e-commerce, especially the Internet, has brought about opportunities for craft producers to sell their products online, thus enabling them to access global markets. The Internet is another alternative available to craft producers although it has not been widely embraced by the majority of craft producers (DTI, 2005:83). The Internet as a channel of distribution is discussed in detail in Chapters 3 and 4.

The tourist market constitutes the largest consumer market for craft products, followed by retailers (Mutua *et al.*, 2004:104), making retailers a major channel of distribution. However, the tourist's access to craft producers is restricted by the exploitative behaviour of some middlemen (Liebl & Roy, 2003:5375). The increasing demand for handmade products has resulted in many retailers of different types selling craft products. These

include craft speciality stores, department stores, home décor stores, supermarkets and hypermarkets, discount stores, galleries, furniture stores and museums (Liebl & Roy, 2003:5375). This study targets all available and accessible craft retailers in SA. Craft retailers buy products either directly from the craft producers or from middlemen such as wholesalers or marketing agents. The middlemen or marketing agents buy from different primary producers and distribute products to retailers (Mutua *et al.*, 2004:106-7).

Craft retail is the dominant activity in the craft value chain, followed by production and design. Craft retailers sell a diverse range of products with the dominant types of retailers being the commercial retail outlets, galleries and producer-reseller outlets (Kaiser & Associates, 2005:1). Retailers are also different in the sense that some, such as Mr Price, as well as certain furniture stores, are chain stores while others are small independent stores with one or two branches. Craft retailers differ according to product assortments, product characteristics, prices, quality and size of shop (Moreno & Littrell, 2001:664). They also target different markets, which influences the types of products bought. For example, craft retailers located at international airports and major shopping centres such as Sandton City carry expensive merchandise targeted mainly at high income earners and international tourists, while stores like Mr Price carry low-priced merchandise targeted at local end consumers who buy craft mainly for decoration. This study will determine whether different types of craft retailers exhibit similar buyer behaviour.

This section introduced the different channels of distribution in the craft industry and, although these are part of the value chain, these retailers are also regarded as the target market for craft producers in this study. A number of categories of craft producers exist in SA and will be discussed in the next section.

2.4.4 CATEGORIES OF CRAFT PRODUCERS IN SA

Craft producers are categorised as small-batch producers and hand-manufacturing enterprises, as shown in Table 2.1. The small-batch producers consist of craft artists, start-up and emerging organisations and are informal organisations which are survivalist in nature (Department of Sports, Arts, Recreation & Culture, 2007:22). The informal enterprises are unregistered home-based organisations that are also sole traders and are

registered as tax payers. The hand-manufacturing enterprises consist of micro, established and exporter organisations. The micro organisations are very small and are owned either as sole-trade or as project-based. The project-based activities are mainly grant-funded operations through government-funded and community-based organisations. The established producers are very small organisations that are owned either by one owner or as a cooperative. The cooperatives consist of collaborative efforts by craft producers who are formally registered with the DTI under the Cooperatives Act of 2005. Cooperatives are discussed in Section 2.4.5 in detail. The exporter organisations are small-to-medium organisations (Wesgro, 2000:4; Kaiser & Associates, 2005:16).

Craft production in SA takes place through about 6000 craft-producing organisations, with a concentration in KwaZulu-Natal, the Western Cape and Gauteng (Kaiser & Associates, 2005:13).

Table 2.1 : A comparison of craft organisations in SA

CRITERIA	SMALL BATCH PRODUCERS			HAND MANUFACTURING ENTERPRISES		
	CRAFT ARTIST	START-UP	EMERGING	MICRO	ESTABLISHED (very small)	EXPORTER (small & medium)
PRODUCT						
Product	Exceptional <input type="checkbox"/>	Basic technical skill <input type="checkbox"/>	Fair Quality <input type="checkbox"/>	Good Quality <input type="checkbox"/>	Excellent <input type="checkbox"/>	Exceptional <input type="checkbox"/>
Product Development	In-house <input type="checkbox"/>	Own <input type="checkbox"/>	Own with support <input type="checkbox"/>	Own with support <input type="checkbox"/>	In-house or PD service <input type="checkbox"/>	In-house PD <input type="checkbox"/>
BUSINESS¹						
Business Age	> 5 years <input type="checkbox"/>	NEW <input type="checkbox"/>	>1year <input type="checkbox"/>	>2 years <input type="checkbox"/>	> 3 years <input type="checkbox"/>	> 5 years <input type="checkbox"/>
Registration	SP CC <input type="checkbox"/>	Informal <input type="checkbox"/>	Informal <input type="checkbox"/>	Mixed Project <input type="checkbox"/>	CC Pty Co-op <input type="checkbox"/>	CC Pty <input type="checkbox"/>
Employees #	Might have assistant <input type="checkbox"/>	0 <input type="checkbox"/>	0 <input type="checkbox"/>	1-5 <input type="checkbox"/>	6-20 <input type="checkbox"/>	Small 50+ Medium 200+ <input type="checkbox"/>
Turnover #	>150k <input type="checkbox"/>	Occasional <input type="checkbox"/>	>R25k <input type="checkbox"/>	>R200k <input type="checkbox"/>	> R1-5m <input type="checkbox"/>	> R6-13m Small > R13-5151m Medium <input type="checkbox"/>
Gross Asset Value #	<input type="checkbox"/>	0 <input type="checkbox"/>	0 <input type="checkbox"/>	>R100k <input type="checkbox"/>	>R600k-R2m <input type="checkbox"/>	> R3-5m Small > R6-19m Medium <input type="checkbox"/>
TAX Compliant*	Yes Personal <input type="checkbox"/>	No (below ceiling) <input type="checkbox"/>	No (below ceiling) <input type="checkbox"/>	Personal <input type="checkbox"/>	Business <input type="checkbox"/>	Business <input type="checkbox"/>
VAT	Mixed <input type="checkbox"/>	No <input type="checkbox"/>	No <input type="checkbox"/>	No <input type="checkbox"/>	Yes <input type="checkbox"/>	Yes <input type="checkbox"/>
Export Number	Maybe <input type="checkbox"/>	No <input type="checkbox"/>	No <input type="checkbox"/>	No <input type="checkbox"/>	Maybe <input type="checkbox"/>	Yes <input type="checkbox"/>
Management HR	Own <input type="checkbox"/>	Work from home PT <input type="checkbox"/>	Owner <input type="checkbox"/>	Owner <input type="checkbox"/>	1 + <input type="checkbox"/>	2 + <input type="checkbox"/>
Communication	mixed <input type="checkbox"/>	Cell <input type="checkbox"/>	Cell <input type="checkbox"/>	Cell email <input type="checkbox"/>	Landline Cell email <input type="checkbox"/>	Landline Cell email <input type="checkbox"/>
Finance*	Private <input type="checkbox"/>	Mixed personal & business <input type="checkbox"/>	Mixed personal & business <input type="checkbox"/>	Business Bank Account <input type="checkbox"/>	Business Bank Account <input type="checkbox"/>	Cash flow and reserves for re-investment <input type="checkbox"/>
Business Systems	Mixed <input type="checkbox"/>	No <input type="checkbox"/>	No <input type="checkbox"/>	Basic records <input type="checkbox"/>	Good systems <input type="checkbox"/>	BP & Systems <input type="checkbox"/>
PRODUCTION²						
Production Facilities	Studio <input type="checkbox"/>	@home <input type="checkbox"/>	@home <input type="checkbox"/>	@home/premises <input type="checkbox"/>	Fixed business premises <input type="checkbox"/>	Fixed business premises <input type="checkbox"/>
Production Capacity*	High Value Low Volume Once offs <input type="checkbox"/>	Minimal 10s <input type="checkbox"/>	Minimal 10s <input type="checkbox"/>	Struggles to meet orders 100s <input type="checkbox"/>	Meets domestic orders comfortably: 100s-1000s <input type="checkbox"/>	Can meet export orders comfortably: 100s-1000s <input type="checkbox"/>
Quality Control*	Good / self-managed <input type="checkbox"/>	No <input type="checkbox"/>	No <input type="checkbox"/>	Mixed <input type="checkbox"/>	QMS <input type="checkbox"/>	QMS <input type="checkbox"/>
Costing & Pricing	Mixed <input type="checkbox"/>	No <input type="checkbox"/>	No <input type="checkbox"/>	Needs work <input type="checkbox"/>	In place <input type="checkbox"/>	In place <input type="checkbox"/>
Stock control	Mixed <input type="checkbox"/>	Hand to mouth <input type="checkbox"/>	Maybe <input type="checkbox"/>	Some stock <input type="checkbox"/>	In place <input type="checkbox"/>	In place <input type="checkbox"/>
MARKETING						
Strategy*	Mixed <input type="checkbox"/>	None <input type="checkbox"/>	None <input type="checkbox"/>	Business card <input type="checkbox"/>	Marketing Budget Domestic MP <input type="checkbox"/>	Marketing Budget International MP <input type="checkbox"/>
Brand	Maybe <input type="checkbox"/>	None <input type="checkbox"/>	Business name <input type="checkbox"/>	Business name Logo <input type="checkbox"/>	Developing Brand <input type="checkbox"/>	Strong Brand <input type="checkbox"/>
Brochure	Yes <input type="checkbox"/>	No <input type="checkbox"/>	No <input type="checkbox"/>	Maybe <input type="checkbox"/>	Yes <input type="checkbox"/>	Yes <input type="checkbox"/>
Website	Maybe <input type="checkbox"/>	No <input type="checkbox"/>	No <input type="checkbox"/>	No <input type="checkbox"/>	Yes <input type="checkbox"/>	Yes <input type="checkbox"/>
Catalogue	Maybe <input type="checkbox"/>	No <input type="checkbox"/>	No <input type="checkbox"/>	No <input type="checkbox"/>	Maybe <input type="checkbox"/>	Yes <input type="checkbox"/>
Packaging	Mixed <input type="checkbox"/>	None <input type="checkbox"/>	None <input type="checkbox"/>	Mixed <input type="checkbox"/>	Good <input type="checkbox"/>	Good <input type="checkbox"/>
DISTRIBUTION						
Markets	Local International <input type="checkbox"/>	Own community <input type="checkbox"/>	Own community <input type="checkbox"/>	Local <input type="checkbox"/>	Local National <input type="checkbox"/>	National International <input type="checkbox"/>
Distribution Channels*	Galleries High end Retail <input type="checkbox"/>	Direct sales <input type="checkbox"/>	Direct sales <input type="checkbox"/>	Direct sales Craft Markets Small retail stores <input type="checkbox"/>	Own Retail Wholesale domestic Occasional exports <input type="checkbox"/>	Wholesale domestic & international Export Market Plan <input type="checkbox"/>
Agent/s	Maybe <input type="checkbox"/>	No <input type="checkbox"/>	No <input type="checkbox"/>	No <input type="checkbox"/>	Maybe <input type="checkbox"/>	Yes <input type="checkbox"/>
Export Logistics*	Maybe <input type="checkbox"/>	No <input type="checkbox"/>	No <input type="checkbox"/>	No <input type="checkbox"/>	No or with agent <input type="checkbox"/>	Yes <input type="checkbox"/>
Import Regulations*	Maybe <input type="checkbox"/>	No <input type="checkbox"/>	No <input type="checkbox"/>	No <input type="checkbox"/>	No or with agent <input type="checkbox"/>	Yes <input type="checkbox"/>
Export payment terms*	Maybe <input type="checkbox"/>	No <input type="checkbox"/>	No <input type="checkbox"/>	No <input type="checkbox"/>	No or with agent <input type="checkbox"/>	Yes <input type="checkbox"/>

Source: Department of Sports, Arts, Recreation & Culture, 2007:22

As shown in Table 2.1, craft producers formulate different marketing strategies. The established and the exporter organisations pay more attention to the marketing than do the other groups of craft producers. They have a marketing plan, brand their products, develop brochures, have a website and a catalogue and also package their products. This is not the case with the craft artist, small-batch manufacturers or emerging and micro organisations. Craft producers also adopt different types of distribution channels. The craft artist sells through galleries and high-end retailers while the small-batch manufacturers and the emerging craft producers make use of direct sales and sell to their own communities. The micro producer sells to local end consumers, through direct sales, craft markets and small retailers. The established producers sell to local and national markets

through own retail stores, domestic wholesalers and occasional exports, while the exporter sells to national and international markets through domestic and international wholesalers (Department of Sports, Arts, Recreation & Culture, 2007:22). This study targets all types of formal craft retailers in order to ascertain how they behave in terms of their buying process, the supplier selection criteria most important to them and the sources of information they consult most often.

Governmental support to help overcome some of the challenges facing the craft industry in SA has been forthcoming in the past 10 years. The next section will briefly discuss some of these initiatives.

2.4.5 GOVERNMENTAL SUPPORT AVAILABLE TO CRAFT PRODUCERS IN SA

The following are some of the government initiatives to support the craft industry:

2.4.5.1 Training programmes

Several training programmes have been launched for craft producers by government agencies at national, provincial and local government levels. There are many government-sponsored training programmes, particularly those focused on product development. Training programmes range from business management to financial management and product development (Makhitha & Bresler, 2011:250). Government, through the Department of Arts and Culture, funded the Creative Industries Skills development programme known as CREATESA to develop and implement this project. Unfortunately, training in distribution and marketing skills is still lacking. The development of training programmes is a continuous exercise as government offers training as and when it sees fit to do so.

2.4.5.2 Exhibitions

The national, provincial and local governments as well as government agencies have also played a crucial role in assisting craft producers to gain market access through exhibitions. This involves sponsoring craft producers who want to exhibit their products at local,

national and international craft exhibitions. There are yearly and twice yearly craft-related exhibitions in SA, such as Décorex, Hobby-X and SARCD (South African Retail and Chemists Druggist Association). Government and its agencies sponsor craft producers who wish to exhibit their products in these and other exhibitions. Craft-related exhibitions are discussed in detail in Chapter 4, Section 4.5.2.1.

2.4.5.3 Proposed craft sourcing enterprise

The establishment of a craft sourcing enterprise is still under discussion. Government plans to establish a central point for selling and marketing creative industry products, including craft products. The main objective of the enterprise will be to provide the public and private sector with easy access to the full range of products, services and experiences offered by the arts, culture and heritage sector so as to grow the demand and supply of goods. The enterprise will undertake to position the sector in the marketplace and also to create brand awareness. The enterprise will also facilitate access for end consumers and increase access to opportunities for practitioners such as the craft producers and other creative goods suppliers, as well as building capacity and improving quality and variety (Department of Arts & Culture, 2011:3).

For the above objective to be achieved, craft producers will have to register their organisations through the virtual online platform and at the physical enterprise. The virtual online platform will profile the practising and credible SA creative industries and heritage services providers. The physical enterprise will be an outlet/showroom space in one capital of each province. The main aim of this platform is to source commodities, activities and experiences for the public sector. It will serve as a facilitator between the end-user and the practitioner. The stock of popular items will be limited (Department of Arts & Culture, 2011:4-5). It is questionable whether the enterprise will be accessible by the majority of small-scale craft producers.

The secondary objective of the craft sourcing enterprise will be to market and promote creative products, locally and internationally. This will involve registering the craft producers on a national industry-based database, increasing appreciation of the value of arts and profiling and strengthening the credible sector development agencies. The craft sourcing enterprise will also ensure quality improvement. All practitioners, including craft

producers, will be expected to meet the minimum standards to be included in the virtual/online portal (Department of Arts & Culture, 2011:6).

Governmental efforts to help remove some of the above obstacles have not yielded positive results for some craft producers. Craft producers are also negative about the availability of such support (Makhitha & Bresler, 2011:250).

2.4.5.4 Craft design centres

The establishment of the craft design centres in Gauteng, Western Cape, Kwazulu-Natal and North West provinces serves as proof that government is serious about developing and supporting craft organisations. The purpose of these centres is to help support craft organisations through training, product development and sector promotion, providing market access by bringing customers and producers together and ensuring the sustainability of craft organisations. Centres also serve as the point of contact between the trade and the craft producers (SA Government Information, 2009:3; Department of Sports, Arts, Recreation & Culture, 2007:49-50).

The CCDI is a well-run and successful craft design centre in SA. It was set up in 2001 as a non-profit company to promote and grow craft as an economic sector in the Western Cape province of South Africa. The CCDI is a joint initiative of the Provincial Government of the Western Cape and the Cape Peninsula University of Technology. It was adopted by the Department of Trade and Industry (the DTI) as a model craft hub, to serve as a template for the establishment of similar craft institutes in other provinces of South Africa.

The CCDI supports craft producers and helps to network all players in the value chain. This includes craft producers and designer-makers, retailers, marketing agents, exporters and service providers such as designers, product developers, skills trainers, organisation development practitioners and mentors. Government and other funders form a vital part of this collaboration, to build relationships across sectors. The organisation has three core programmes: product support, organisation support and market support. The product support provides an environment in which craft producers can further develop their existing products, and prototype new products. The organisation support offers training and learnerships to develop craft producers' skills in creativity, organisation management,

production and marketing. There is also mentoring assistance and a referral system for craft enterprises. The market support helps craft producers to define their targeted niche markets and to reach them through channels such as local craft markets and consumer shows, retail outlets and trade shows (CCDI, 2009/10:1; CCDI, 2008/9:3; Department of Sports, Arts, Recreation & Culture, 2007:49-56).

2.4.5.5 National Craft Development Programme (NCSDP)

The National Craft Sector Development Programme (NCSDP) was introduced by the Department of Trade and Industry during 2010. NCSDP was formed with the purpose of addressing the needs of craft enterprises and craft entrepreneurs. It also addresses the market access challenges such as competition from imported goods, as well as the production and quality standards needed to maximise the sector's competitiveness (DTI:104). The NCSDP is an extension of government efforts channelled towards the development of the craft industry which started with the cultural industrial growth strategy by the Department of Arts, Culture, Science and Technology (1998) and the craft sector development strategy by the DTI (2005). The NCDSP is the latest programme specific to the craft industry and might be further developed since government has earmarked the craft industry for employment creation and industrial development (DTI, 2010:105).

2.4.5.6 The SA Handmade Collection (SAHC)

SAHC was launched by the DTI in 2007. The purpose of this organisation was not only to secure market access for craft producers but also to ensure that craft product quality is assured and competitive in the global market. Since its formation, SAHC has marketed the craft industry in the EU, the USA, Canada and Australia (DTI, 2011a:2, 6).

2.4.5.7 Industrial Policy Action Plan (IPAP) – IPAP 1 and IPAP 2

IPAP 1 was the first leg of government's approach to industrialisation in 2007. It sets out detailed key actions and time frames for the implementation of the initial round of industrial policy (DTI, 2007:2). IPAP 2 is an extension of IPAP 1, which laid the foundation for

industrial development. It is the step forward in government industrial development efforts and consolidates and strengthens government plans and programmes outlined in IPAP 1 (DTI, 2011b:9).

As stated in the DTI (2010:3), the purpose of IPAP is to promote long-term industrialisation and industrial diversification to avoid reliance on traditional commodities and non-tradable products. The main objective is to expand production in value-added sectors that compete in both the export market and the local market against the imports (DTI, 2010:3). IPAP 2 places more emphasis on labour-intensive production, service sectors and increased participation of historically disadvantaged people and regions in the economy. To address challenges facing the craft industry, IPAP 2 has formed partnerships with craft hubs and provincial investment promotion agencies to assist crafters in product design, pricing and support needed to ensure sustainability of craft organisations. IPAP 2 will also intervene to clamp down on illicit importing of craft goods and will ensure development of industry standards to address quality concerns and to maximise the industry's competitiveness (DTI, 2010:3).

2.4.5.8 Department of Arts and Culture

The national, provincial and local departments of art and culture are also active in supporting the craft industry and have established various programmes to support the industry. For example, the Department of Sports, Arts and Culture in Northern Cape Province recently developed the Arts and Craft Catalogue which serves to provide the opportunity to showcase the rich heritage of the province (Department of Sports, Arts & Culture, 2009:2).

2.4.5.9 Craft associations

Since the industry produces a wide variety of craft products, there are also a number of associations representing craft producers. Craft associations include the following:

- The National Arts Council (NAC). Its purpose is to promote and develop arts, through training and providing market access to organisations in the industry (Wesgro, 2000:30).
- The National Craft Council of SA (NCCSA) also serves to promote and develop the craft industry by offering training programmes targeted at players in the industry,

national craft competitions and exhibitions, an industry newsletter and a database of craft producers and other industry players (Wesgro, 2000:30).

- The Arts and Culture Trust's main aim is to increase the amount of funding available for arts and culture through corporate donations, fundraising events, international donations, capital investment and income-generating affinity products.

Other associations include Ceramics Southern Africa, the National Arts Council of South Africa and the South African Skin, Hide and Leather Council.

2.4.5.10 Craft cooperatives

Cooperatives could be beneficial to craft organisations which are usually small, since different members of the cooperatives can share resources and skills. To balance the economic imbalances of the past in SA, the SA government, through the DTI, has used cooperatives as a tool for job creation, skills development and reinforcing the fabric of family and social structures. According to Torres (2002:232), craft producers operate in highly competitive environments and do not have the substantial market clout nor the monetary resources and expertise to build marketing campaigns to redress their shortcomings. Cooperatives are needed to create a marketing strategy that can position them against larger and more powerful competitors (Torres, 2002:232). Cooperatives operate on a local or regional basis, serving members in the chosen area. The importance of the craft cooperative is that it can link the production capabilities of its members with a wide array of markets. Cooperatives can help improve production efficiency and product quality and also decrease production costs (USDA, 2000:4, 6, 7).

2.4.5.11 Other support structures

Other institutions and organisations such as the CSIR, Mintek and provincial government agencies such as Gauteng Economic Development Agency (GEDA), as well as schools and universities, also contribute to the development of the craft industry. Journals and publications for the craft industry also exist. For example, Craft South Africa is an information directory for craft organisations in SA. CraftWise is a bi-monthly magazine to promote arts and craft in SA and is sold through stores such as the CNA. Many websites have been launched that provide market access opportunities for craft organisations in the country. The above discussion focused on government support for craft producers and it is

clear that the craft industry receives some support in terms of initiatives to support the craft producers.

2.4.6 TRENDS AND CHALLENGES AFFECTING THE CRAFT INDUSTRY IN SA

Craft producers need to take cognisance of the local and global trends affecting the craft industry in SA. They must be able to identify local and global trends and adapt their products and marketing strategies accordingly. Trends differ for various types of craft products and should be applied differently for the various craft product types. Trends in the market determine which products will sell (Rogerson, 2010:132). Some of these trends will now be highlighted.

According to Sellschop *et al.* (2005:30), the demand for crafts has increased in the interiors of homes, hotels, restaurants and offices. Homeware stores such as Mr Price Home, @Home and PepHome have increased in SA. The décor magazines are also playing an important role in popularising handcrafted products (Sellschop *et al.*, 2005:30, Kaiser & Associates, 2005:15). The rise in consumer disposable incomes, together with the tendency to accessorise and re-style homes with unique articles, are the major driving factors in the surge in demand for crafts and decorative products (Frost & Sullivan, 2005:15).

The growth in tourism in SA creates opportunities for craft producers. Tourists spend approximately one-third of their travel expenditure on retail shopping and textiles, with craft and apparel items accounting for a large portion of the consumer products bought (Hu & Yu, 2007:1087). They buy products as souvenirs or gifts. Souvenirs are products bought when travelling to serve as a reminder of the travelling experience. Tourists also buy various products including, among others, crafts, antiques, clothing, jewellery, art, local foods, books, postcards and mementos (Swanson, 2004:370). They also buy regional specialty arts and craft such as carvings, jewellery, glassware and non-regional arts and crafts such as paintings, or stuffed replicas of animals or toys (Wilkins, 2010:7).

Tassiopoulos and Haydam (2008) reported different spending behaviour by local and international tourists in SA. Local tourists spend more on entertainment, followed by

restaurants, accommodation and shopping (clothing, souvenirs and other non-organisation) while international tourists spend more on accommodation, restaurants, entertainment and shopping. Tourists not only visit frequently visited locations such as parks, tourism sites, fuel stations or convenience stores but also patronise places such as antique shops, booths at craft fairs, festivals, bazaars, flea markets, parks and tourist sites as well as craft or gift shops (Hu & Yu, 2007:1087; Swanson & Horridge, 2004:379). Increasing tourism has also influenced the demand for ethnic and culture-specific goods since tourists visit various places to learn about different cultures. They also learn about crafts, their origin, how the products are made, who made them, why, and what they are used for (Musa, 2005:2).

The demand for low-priced, machine-made products that are of higher quality is another trend affecting the craft industry in SA. For example, the Chinese craft producers produce competitive machine-made crafts that are less expensive than the high-quality crafts of some craft producers in SA (Frost & Sullivan 2005:15).

Demand for lower prices is also increasing as a result of globalisation, which has exposed end consumers to lower-priced goods, especially those from Asia. The globalisation of the craft industry has led to increased market access which has increased the exporting of craft products (Jena, 2010:130). Globalisation has also led to commoditisation of craft production, with mass-produced products replacing exclusive products (USAID, 2006:21, 29). It has led to the questioning of intellectual property protection, which is a critical issue for craft producers, who face challenges in protecting their product designs from being copied (Sellschop *et al.*, 2005:38). SA craft producers are unable to compete on price because of the high cost of raw materials. They also lack transportation, which increases the cost of making products available (Department of Sports, Arts, Culture & Recreation, 2007:115).

The advancement of technology has brought about changes in the distribution and, particularly, the delivery of products to end consumers (UN, 2008:75). In some countries, Internet shopping is a growing trend, particularly in Germany and the USA. UNESCO (1997:6) investigated the importance of Internet technology for craft organisations and indicated that the Internet does not require highly technical expertise and that it could be

used to display products in the most appealing way. Craft end consumers use the Internet as a source of information while retailers are increasingly using the Internet as a communication tool (UNIDO, 2007:36; USAID, 2006:34). Since the USA and Canada as well as the European Union are the major export markets for SA craft products (Kaiser & Associates, 2005:29), the Internet could benefit producers, who could use it for communication and for order placement (UNIDO, 2007:36).

For craft organisations, the Internet also provides opportunities such as online catalogues, learning design ideas, collecting mark information and providing online videos of their products (Batchelor & Webb, 2002:11-2). However, selling through the Internet can benefit only some product categories such as (USAID, 2006:27). In SA, craft producers lack access to the Internet to facilitate communication, co-operation, access to information and services and marketing (Department of Sports, Arts, Culture & Recreation, 2007:115). The reliance of craft producers on supplying traditional retail outlets constrains their willingness to supply new Internet retailers (UN, 2008:75).

Craft products are influenced by fashion and style, which require that craft producers keep abreast of trends and invest in regular market intelligence-gathering exercises to study the lifestyles and needs of modern customers (Sellscoop *et al.*, 2005:123-5). The market is moving away from indigenous and traditional to contemporary styles (USAID, 2006:22), with the emphasis on original, handmade goods and away from mass-produced goods (Kaiser & Associates, 2005:31). While this is a trend, it also creates a major challenge for craft producers since they are unable to adapt their products to match the needs of the target market without research. The craft industry is more oriented toward fashionable products and is therefore susceptible to impulse purchasing, which results in shorter product cycles (Frost & Sullivan, 2005). A further trend is that increasing importance is being placed on cultural content in product development and the application of handmade processes to ensure that products are easily differentiated in the global markets (Kaiser & Associates, 2005:31).

The market also demands craft products that are unique, original, of good quality, new and unique. Craft producers are thus pushed to differentiate their products from those of competitors (USAID, 2006:23; Frost & Sullivan, 2005:14). However, craft producers in SA

lack an understanding of what the market needs and are unable to formulate appropriate and competitive products and marketing strategies (Grobler, 2005, 43, 67). They also lack skills in product design, distribution and organisation management (DTI, 2005:85). They possess limited knowledge about the lifestyles and product preferences of their potential customers and the promotional strategies needed to target them (Littrell & Miller, 2001:68). This requires that craft producers understand the needs of the market and formulate appropriate marketing strategies for each market segment. For this reason, this study investigates craft retailers in order to identify their buyer behaviour as well as the supplier selection criteria important to them when buying crafts.

Craft product branding has also taken its toll in the world market. In countries such as the USA, craft producers are branding craft products with the name of the region where they are made. For example, craft products have stamps such as 'Made in Hawaii'. For some craft buyers, this is very important when buying crafts while for others it is only fairly important (Craft Council of Ireland, 2001:16). However, there is no positive local and international media coverage to promote craft producers, their products and brands, which is necessary to create more awareness of the craft industry and its produce (Jena, 2010:134; Department of Sports, Arts, Culture & Recreation, 2007:115).

There is also a heightened awareness of environmental and social concerns, which requires that craft producers improve their production processes and pay attention to matters such as quality, safety and working conditions (UN, 2010:65). Some retailers consider these aspects when evaluating suppliers (USAID, 2006:28). This awareness also creates opportunities for craft producers to produce traditional craft (Kaiser & Associates, 2005:31). Environmentally friendly products emphasise reducing, reusing and recycling of materials used in the production of craft products. Craft producers can benefit from being environmentally friendly since end consumers consider this aspect when buying crafts (Design Africa, 2008:31).

The increasing number of trade shows and fairs as a vehicle for regional exchange and trade development has opened up opportunities for craft producers to access both local and global markets (International Labour Organisation, 2003:4). There are many craft

exhibitions in SA and globally that specifically focus on craft products. Exhibitions are discussed in detail in Chapter 4, Section 4.6.2.

Lastly, craft buyers are interested in the story behind the crafting of the product. The social story is concerned with how a product is made, who made it, where it was made and the raw materials used, to satisfy fair trade principles. Craft end consumers, particularly international tourists, prefer the story behind the craft products, which is a selling tool for craft retailers. As a result, some craft retailers attach a swing tag which explains how the product was made and by whom (Design Africa, 2008:31).

While the above trends present opportunities available to craft producers, the industry still faces many challenges that limit its ability to access the market. Craft producers face challenges such as lack of the necessary skills to conduct business and run an organisation. As a result, they are unable to identify market opportunities and, where they are able to identify them; they are unable to pursue them owing to limited skills and resources (Department of Sports, Arts, Recreation & Culture, 2007:114). Craft producers lack the required resources such as finance, machinery and factory or workshop requirements to run their organisations (Jena, 2010:134; Department of Sports, Arts, Recreation & Culture, 2007:10; Kaiser & associates, 2005). Furthermore, they experience challenges such as a lack of access to finance, transportation problems, inadequate workspace, limited access to raw materials, high costs of materials, machinery and equipment as well as the high price of raw materials, which makes it difficult for them to match the prices of international craft producers (Department of Sports, Arts, Recreation & Culture, 2007:10; Kaiser & associates, 2005:iii; Wesgro, 2000; Department of Arts, Culture, Science & Technology, 1998).

2.5 SUMMARY

The chapter began by defining and reviewing the literature on the creative industry since the craft industry is a sub-sector of the creative industry. This was followed by a discussion of the global craft industry on five continents to provide a better understanding of the craft industry in different countries. The craft industry has provided impetus to markets,

products, growth and the performance of the craft industry globally. The section also provided evidence of the importance of the craft sector globally.

The South African craft sector was discussed with specific focus on the value chain, products offered, channels of distribution, support available and trends and challenges. The value chain consists of four stages: the creation origination, production, distribution and consumption. The creation origination is concerned with the design and creation of craft product ideas while production deals with actual formation of a craft product. These products are distributed using various channels of distribution such as retailers, wholesalers, direct channels and e-commerce. The retail and wholesale channels buy craft products to resell to end consumers, tourists and corporate customers.

The craft sector offers diverse products which are sold through various channels and to different market segments. There are also different types of craft producers such as small-batch producers and hand-manufacturing producers. A small-batch producer consists of start-up and emerging organisations which are mainly small craft organisations. The hand-manufacturing enterprises consist of micro, established and exporter organisations, which consist of small and medium organisations.

The SA government provides considerable support to the craft industry, although such support is still not accessible to the majority of craft producers. The industry faces many challenges and has to adapt to local and global trends in order to grow and survive.

The next chapter focuses on the buyer behaviour of retailers. Chapter 3 discusses the literature on buyer behaviour of retailers with the focus on the buying process, supplier selection criteria and information sources used by retailers when buying products.

CHAPTER 3:RETAIL BUYER BEHAVIOUR

3.1 INTRODUCTION

Traditionally, organisational buying was associated with manufacturers rather than retailers. This is partly because retailers are concerned mainly with buying and selling while manufacturers buy products such as raw materials to produce other goods (Weele, 2005:301-2). As a result, manufacturers have embraced organisational buying as a strategic tool since it affects the quality as well as the cost of what they produce, which in turn, affects profitability. However, customer demands for quality products, competitive pressures, globalisation, space management, green issues and changing customer needs have made it necessary for retailers to embrace retail buying as one of their strategic tasks since what they are buying determines whether they will be able to attract customers and make profit (Pressey *et al.*, 2009:216).

Retail buying involves the buying of goods and services to resell (Bingham *et al.*, 2005:3). Although craft producers sell and market their products to retailers as well as other markets such as end consumers, tourists, and corporate customers, this study focuses on buying by retailers who buy craft products to resell. An understanding of retailers' buyer behaviour will enable craft producers to produce and supply products that satisfy the needs of the retailers.

Currently, craft producers face difficulties in selling their products to retailers. They lack the ability to engage with the formal retail sector and resort to targeting occasional buyers and tourists instead of craft retailers, which are a stable market (Department of Sports, Arts, Recreation & Culture, 2007:10 & 138). There is an active retail market for craft producers. However, craft producers do not have access to such markets. This is due to a lack of understanding of retail buyer behaviour as well as of the selection criteria used to evaluate and select suppliers. Such an understanding would help suppliers to capitalise on the increased demand for their products (Skallerud & Gronhaug, 2010:197).

As discussed in Section 2.4.5, the SA government at national and provincial levels has been providing market access support to craft producers by, for example, sponsoring craft producers who want to exhibit their products at various exhibitions. While this is necessary so that craft producers can meet potential retail buyers, craft producers also need to understand the needs of retail buyers in order to penetrate the retail market. They need to understand the retailer buyer behaviour, specifically the process that buyers follow when purchasing, the supplier evaluation criteria they use to evaluate suppliers and their products, as well as the information sources they consult in this process.

Craft retailers play a dominant role in the craft industry's value chain, yet, because of the craft producers' lack of marketing knowledge of retailers' buying behaviour, it is a challenge for craft producers to sell to these craft retailers. This study aims to bridge the gap between craft retailers and craft producers by investigating how craft retailers buy, which will enable craft producers to market their products effectively to craft retailers. The next section will discuss the craft industry and organisational buyer behaviour in order to contextualise the process.

3.2 CRAFT INDUSTRY AND ORGANISATIONAL BUYER BEHAVIOUR

In the last 10 years there has been a growing increase in the number of craft producers and craft retailers in SA (Department of Sports, Arts, Recreation & Culture, 2007:134). The increase is a result of a growing demand for craft products in the world market as well as the increase in the demand for souvenir products purchased by tourists during their travels (Moreno & Littrell, 2001:659). Furthermore, an increase in the black middle class, tourism and local consumption in SA has also fuelled the increase in demand for craft products (DTI, 2005:13,16).

The role of craft retailers has also grown in importance as craft producers look into all available and alternative channels for distributing their products (Department of Sports, Arts, Recreation & Culture, 2007:134). As mentioned previously, the craft industry contributes about R2 billion to the gross domestic product (GDP) in retail sales, with craft retailers playing a dominant role in the craft industry value chain (Kaiser & Associates,

2005:ii), making craft retail an important part of the craft industry supply chain. Craft retailing takes place through about 600 craft stores and other types of stores such as galleries, museums, small interior shops, gift shops and craft markets as well as national chains such as clothing shops, interior décor shops, furniture stores, hypermarkets, discount stores and jewellery shops (DTI, 2005:14). There is limited information on the buying behaviour of craft retailers and the fact that no existing study has focused on this particular topic is a motivation for this study.

The need for understanding craft retailer buying behaviour is a concern not only in SA but has also been a concern internationally. For example, in Ireland, craft producers tend to sell their crafts directly to end consumers while fewer sell their products via the craft retailers (Craft Council of Ireland, 2006:15). African countries such as Uganda and Ghana also experience problems in accessing the market, especially the craft retailer market (Sector Core Team, 2005:7,19; Action for Enterprise, 2004:6). Only a few studies have focused on craft retailer buyer behaviour. One of these studies, the USAID study (2006:34-40) investigated buyer behaviour of craft retailers, specifically in terms of the product criteria that should be considered when buying craft products and the information sources they consult. The USAID (2006) study concentrated mainly on the product criteria but did not investigate all the information sources; it also focused only on craft retailers in the UK and USA. Furthermore, the study did not investigate the buying process, which will be the focus of this study.

In the agriculture sector, many studies have been conducted on the importance of retailers in the supply chain of agricultural produce (Louw, Vermeulen, Kirsten & Madevu, 2007:539; Bienabe & Vermeulen, 2007:2; Emongor & Kirsten, 2009:60). The craft industry is the second biggest industry after agriculture to provide employment opportunities for the poor (Basu, 1995 in Littrell & Miller, 2001:68), yet few studies exist on the craft industry in SA. Therefore research on the industry is a necessity, not only for the sustainability of craft producers but also for the growth of the craft industry.

A study by Lin and Wu (2011:181) on how supermarket chains select suppliers has illustrated that retail buying is a concern for producers selling to retailers. The Lin and Wu (2011) study also emphasised the importance of understanding retailers and supplier

selection criteria used by retailers. A similar approach as that of Lin and Wu (2011) will be followed in this study by investigating the buying process, supplier selection criteria and information sources used by craft retailers. In another study, Louw *et al.* (2007:539) studied the importance of supermarkets in the small farmer value chain in SA and how small farmers could be linked to mainstream supermarket supply chains. The study found that supermarkets are important in the value chain since they provide market access and also assist small farmers in accessing the market. Organisational buyer behaviour models are discussed in the next section.

3.3 ORGANISATIONAL BUYER BEHAVIOUR MODELS

In Chapter 1, various organisational buyer behaviour models were briefly mentioned. In this chapter, the models are discussed in more detail. Organisational buyer behaviour models included in this discussion are Robinson *et al.*, (1967), Webster and Wind (1972), Sheth (1981), De Boer *et al.*, (2001), Weele (2005), and Luo *et al.*, (2009). Specifically, the models of Robinson *et al.* (1967) and that of Webster and Wind (1972) have been widely applied and implemented by various authors and organisations. The Sheth (1981) model is the only model specifically developed for retail buyer behaviour. The other models were developed for organisational buyer behaviour but provide the basis for studying retail buyer behaviour. By adopting the stages from the above models, this study will investigate the buying process and stages followed by craft retailers when buying craft products. The most prominent models will now be highlighted to serve as a background for understanding retail buying behaviour.

3.3.1 THE ROBINSON, FARIS AND WIND MODEL – THE BUY GRID MODEL (1967)

This model has been the most researched and most widely applied and published (Farell, 2006; Da Silva, Davies & Naude, 2002; Homburg & Kuester, 2001; Mawson & Fearn, 1997). It is generally known as the Buy Grid model. The Buy Grid model consists of the buy phase model and the buy class model. The buy phase model focuses on the process and stages buyers go through when buying. The buy class model focuses on the buying situation faced by the buyer, which determines the stages buyers will go through when

buying (Fawzy & Samra, 2008:125). Although the Buy Grid model is useful for analysing decision-making processes in large, centrally buying departments (Fawzy & Samra, 2008:126), it has been widely criticised for its oversimplification and excessive detail and the fact that it makes no allowance for the importance of the purchase or for the complexity of the evaluation task (Anderson, Chu, & Weitz, 1987:73). Since it follows a lengthy decision-making process, it is not known whether all organisations follow all the stages.

It is of importance for the suppliers to understand and familiarise themselves with the search process of the buying organisations since this will enable them to formulate an appropriate sales and marketing strategy targeted at the buying organisations (Johnston & Lewin, 1996:1). This means that organisations must understand the buying process that retailers go through when buying craft products. The buy phase model below discusses the stages in the organisational buying process.

3.1.1.1 The buy phase model

The buy phase model consists of eight stages that organisational buyers can follow when buying. The stages are: recognition of a problem and a general solution, determination of characteristics and quantity of needed items, description of characteristics and quantity of needed items, search for and qualification of potential sources, acquisition of and analysis of suppliers, evaluation of proposal and selection of suppliers, selection of order procedure and performance feedback evaluation (Johnston & Lewin, 1996:2). The stages depict what organisations go through when buying and are applicable only in a B2B marketing environment since this refers to organisational buying.

The first stage is developed when a need is recognised. A buyer realises the need to buy the products. This takes place through product shortages, observing new products on the market, noticing a promotion, or changes in customer needs. Need recognition can also take place as a result of dissatisfaction with present goal attainment. This refers to the fact that the organisation might need to perform a certain function which cannot be done unless a certain product has been bought. Internal users also communicate to the buying centre their needs for specific products (Weele, 2005:47).

The second stage is the determination of the characteristics and quantity of needed items. The buyer determines the characteristics of the product needed so as to differentiate the product from other products (Weele, 2005:47). The third stage involves the precise description of the characteristics and quantities of needed items. At this stage, the buyer and/or a team describe what they are looking for in a product, for example, the design, colour and sizes of the products. This helps those involved in the buying decision to source the right product (Weele, 2005:47).

After the characteristics and quantities of items needed have been described, the search for and qualification of potential suppliers is executed, which is the fourth stage in the buying process. It is important for buyers to identify potential and suitable suppliers who might be able to supply the needed product. This requires buyers to revise the needs they have and the level of dissatisfaction they are facing with the present situation. Information must be collected which helps buyers to generate criteria needed to evaluate suppliers. Preliminary criteria for selection and evaluation of suppliers are also generated, depending on what is needed and what is available. It is also necessary to identify alternative products in the market (Webster, 1965:373).

The fifth stage is the acquisition of proposals and analysis of suppliers. Buyers determine and decide on the number of supplier selection criteria to use when analysing proposals. Proposals from suppliers are screened for their ability to meet the minimum requirements, as set out by the buyer. Supplier evaluation is discussed in detail in Section 3.4.

The next stage is the evaluation of proposals and selection of suppliers, which is the sixth stage in the buying process. More specific supplier selection criteria are developed, enabling buyers to choose the right product and suppliers. Supplier selection criteria are discussed in Section 3.4.1. Buyers decide on the number of supplier evaluation criteria to adopt. Buyers evaluate proposals of approved suppliers, who are suppliers who meet the supplier selection criteria set by the buying organisation. Selecting suppliers involves deciding on the most suitable supplier for the needed product. The selected supplier will be one who meets the predetermined criteria set by the buying organisation. This is a process of choice, whereby buyers qualify suppliers, and compare offerings with specifications and with each other.

The selection of order routine is the seventh stage and involves buyer and supplier agreement on order placement and filling, payment method, delivery requirements; back order is also done (Weele, 2005:53). It is at this stage that contractual arrangements and agreements are made as to what should be delivered, when and how often, as well as the payment method. The last and eighth stage is the performance feedback and evaluation. Once the products have been supplied and the buyer has used the product, the buying organisation continues to evaluate the supplier and its products against the set criteria. This is done in order to determine if the supplier has met buyer specifications and is delivering according to its promise. This stage determines whether or not buyers and suppliers will be involved in a long-term relationship, since a dissatisfied buyer might not want to buy from the same supplier again.

The organisational buying process may also consist of fewer stages than those in the buy phase model, depending on the individual buyer, type of product bought and the buying situation. For example, Ghingold and Wilson (1998:443) identified only six stages in the buying process, including the recognition of a need, the determination of characteristics and quantity needed, the precise description of characteristics and quantity of items needed, the search for and qualification of potential sources, vendor interaction and analysis of proposals, and the evaluation of proposals and selection of suppliers. Burger and Cann (1995) also proposed seven stages that buyers go through during the decision-making process. These consist of the trigger process, needs assessment, information search, vendor selection, proposal evaluation, word-of-mouth evaluation and buyer decision.

It is unknown whether or not craft buying retailers follow the above stages. This study will expand the above stages and investigate whether craft retailers follow a similar process. Mawson and Fearne (1997:241) applied the model of Robinson *et al.* (1967) for buying by restaurant chains. The findings revealed that the model is also suitable for retailers, with minor modifications. Johansson (2002) applied the organisational buying process to food retail buying in the UK, Italy and Sweden. The findings of the study showed that the buying process is a complex and dynamic one and differs across countries and retailers. The study also revealed that the process becomes simpler as buyer and supplier develop a

working relationship (Johansson, 2002:580). The second component of the Buy Grid model, the buy class model, will now be briefly explained.

3.1.1.2 The buy class model

Both Robinson *et al.* (1967) and Webster and Wind (1996:53) stated that buyers are influenced by the buying situation they are in when buying. According to Johansson (2001:343), there are three types of buying situations: new-task buying, modified buying and the straight rebuy. These buying situations influence the extent to which buyers apply the buying process and the stages buyers go through when buying. The buy class situation is built on three dimensions: the information needs of the potential buyer, the potential buyer's consideration of the alternatives, and the newness of the task (Farrell, 2006:90). Craft retailers are always looking for new products to resell. They travel all over the continent in search of craft products and are constantly looking for new deals that can earn money (Department of Arts, Culture, Science and Technology, 1998:32). Although craft retailers are involved in all three of the buying situations, the new-task buying situation will be used to investigate the stages craft retailers go through when buying a new craft product. As already stated in Section 3.1 above, some craft producers fail to access the retail market, which means that craft retailers are mostly involved in a new buy situation when buying from these craft producers. This specific situation, the new buy, is the focus of the study because craft retailers change suppliers from time to time and are constantly looking for new suppliers who provide something different (USAID, 2006:34).

Buyers are involved in a new-task buying situation when buying products for the first time. They have less experience and knowledge of buying such products and therefore the risks associated with buying the products are higher (Johansson, 2001:343). Because of the perceived risks in new-task buying, buyers evaluate many alternative products in order to realise perceived benefits and to reduce perceived costs. Information requirements are high at this stage since buyers source information to use in evaluating suppliers and their products (Fawzy & Samra, 2008:125; Anderson *et al.*, 1987:72). As information sources play such a vital role in the new buy situation, this study also investigates how often craft retailers consult certain information sources. Buyers who are sourcing high-risk new products are involved in an extensive search, while those buying low-risk new products are

involved in a limited search and gain information from low-cost sources (Sproule & Archer, 2000:400).

A straight rebuy is a buying situation that is routine in nature and is characterised by low levels of uncertainty with regard to information requirements. Since buyers continually buy the same products from the same suppliers, purchases can also be automated (Spekman & Thomas, 2011:5). Buyers in this case also do not evaluate alternatives but are involved in routine buying and are more concerned about on-time delivery and product performance. Current suppliers, also known as in-suppliers, referring to those on the list of preferred suppliers, are selected at the cost of potential or out-suppliers (not among the chosen few) (Hutt & Speh, 2007:67). Suppliers are not expected to propose new products or modify existing ones (Anderson *et al.*, 1987:72). Straight rebuy is not a strategic task since it involves buying replacement stock which has been bought before. As a result, buying managers are not involved in buying but delegate this to individual employees instead. However, buying managers are involved in the feedback and evaluation stage in the buying process. Craft retailers buy replenishment stock whenever they are satisfied with the current suppliers. Although they are involved in new-task buying, they are also involved in a straight rebuy situation since they have to restock the existing products that they sell.

Buyers involved in a modified rebuy are involved in neither new-task buying nor straight rebuy. Owing to changes and developments in the market, product modifications and new competitors entering the market, buyers must re-evaluate suppliers and their products. Buyers are therefore involved in a modified rebuy since they re-evaluate suppliers and their products to compare the existing suppliers with the emerging suppliers and products (Fawzy & Samra, 2008:126). There is a moderate need for information and a more limited search for product alternatives than when a buyer is in a new-task buying situation (Brossard, 1998:42).

The three types of buying situations differ from each other according to the number of steps followed, supplier selection criteria used, and information sources consulted during the buying process. They also differ because buyers in new-task buying are faced with more risks than those in straight rebuy and go through more stages to reduce the buying

risks. For instance, buyers in a new-task model go through all eight stages while those in the straight rebuy situation go through only three stages (Robinson *et al.*, 1967). Buyers involved in modified rebuy go through more stages than those in a straight rebuy but fewer than those who are engaged in new-task buying. The findings of the Mawson and Fearné (1997) study reflected that restaurant chains go through the eight stages in the new-task buying situation but go through only six stages in the modified rebuy, which contradicts the three stages suggested by Robinson *et al.*, (1967). This indicates that buyers might go through different stages depending on the types of products or organisations served. However, it seems that the buying phase determines the number of stages buyers go through and, according to the literature, this decreases from a new buy to a straight rebuy situation. The next model that will be highlighted is that of Webster and Wind (1972).

3.3.2 THE WEBSTER AND WIND MODEL (1972)

The Webster and Wind model (1972) is similar to the Robinson *et al.* model (1967) in that they both depict the process buyers follow when involved in the buying decision. The difference is that the Webster and Wind (1972) model has fewer stages than that of Robinson *et al.*, (1967). The Webster and Wind (1972) model also depicts factors influencing organisational behaviour such as environmental and organisational factors. Environmental factors include technological, political, cultural and economic factors affecting the buying decisions. Organisational factors are those within the organisation that influence how a buyer behaves. Organisational factors include organisational tasks that must be performed in order to accomplish organisational goals; structure, which focuses on communication; authority assigned to buyers; status of the buyer; rewards and work flow within the organisation; technology used within the organisation; and other people involved (buying centre) in the decision-making process (Wester & Wind, 1996:53-4). Although important, the structure, technology and people factors are not the focus of this study and will not be investigated.

The organisational tasks are defined in five stages in the buying process: identification of need, establishment of specifications, identification of alternatives, evaluation of alternatives and selection of suppliers. They are further defined in terms of four dimensions: whether products are bought for resale or for production or operational

purposes, the nature of the demand, the degree of routinisation in the buying process and the extent to which authority is delegated to the buyers. This further supports the fact that the length of the buying process depends on whether one is buying for resale and whether buyers are involved in a routine or new buy situation as mentioned earlier.

Webster and Wind (1996:55) also stated that different selection criteria are used in the buying process and that different sources of information may become less or more relevant. The buyer as an individual is also influenced by the non-task variables and the task variables. The non-task variables relate to the personality of the professional responsible for the buying decision as well as his or her buying motives, personal goals and interpersonal skills (Webster & Wind, 1996:57). According to Webster and Wind (1996:57), the task variables involve the 'general criteria for buying the right quality and the right quantity and at the right price for delivery from the right source'. The model also does not identify the generic criteria that are used to evaluate suppliers. The five stages stated in this model will be used in this study, together with stages from the other models, to determine which of the stages craft retailers go through when looking for products and suppliers.

Although retail buying is part of organisational buyer behaviour, retailers buy to resell and not to manufacture other goods as manufacturers do. They might, as a result, exhibit different buyer behaviour. The next model is the Sheth (1981) model, which focuses on retail buyer behaviour and was specifically developed for understanding the buyer behaviour of retailers.

3.3.3 THE SHETH MODEL (1981)

The Sheth (1981) model is an updated model developed from the Sheth (1973) model. The Sheth (1973) model is a comprehensive and integrative model initially developed for industrial buyer behaviour. The Sheth (1981) retail buyer behaviour model was developed to overcome some weaknesses in the Sheth (1973) model, which was more suitable for industrial than for retail buying. The Sheth (1981) model focused on the factors affecting the decision-making process and the criteria used by retail buyers when buying products and were designed specifically for retail stores regardless of their size. The Sheth (1981)

model consists of two main constructs in merchandise buying, namely merchandise requirements and supplier accessibility.

Merchandise requirements refer to the needs and buying motives (criteria) of the buying organisation and the availability of alternatives needed to meet these needs. According to Sheth (1981), there are functional and non-functional merchandise requirements. The functional merchandise requirements are those that directly reflect what the retailers' customers want, while the non-functional merchandise requirements are those based on imitating what competitors do, personal values of a retail buyer, past traditions, reciprocity arrangements with the suppliers or any non-market factors. Merchandise requirements vary from one retailer to another and differ according to type of retailer, size, location and management mentality. Merchandise requirements also vary from one product line to another and are determined by type of merchandise, product positioning, type of merchandise decision and legal/regulatory restrictions (Sheth, 1981:4-5). This study also investigates whether the buying process, the criteria used for supplier selection and sources of information most often used differ across types of craft retailers.

The supplier accessibility refers to the availability of suppliers who can best meet the buyer's needs. The accessibility of a supplier is determined by the competitive structure of the supplier industry, where, in some cases, there might be only one supplier, which leaves retailers with no choice but to buy from that supplier. However, in some industries, there might be many suppliers, requiring greater effort to make a decision. Supplier accessibility is also determined by the relative marketing support and the negative image of suppliers. The actual choice of products/suppliers is influenced by various factors such as the organisational climate, financial position of an organisation, organisational negotiations and market disturbance. To ensure that a suitable supplier is selected, buyers identify certain criteria that will be used in the selection and evaluation of suppliers and these are in turn influenced by the competitive structure, relative marketing effort and corporate image (Sheth, 1981:6-10).

Sheth (1981) singled out price, delivery and packaging as the generic criteria suppliers use to evaluate suppliers. Additional criteria mentioned by Sheth (1981) are product assortment, financial position, organisation negotiations, relative marketing effort and

corporate image. According to Sheth (1981:8-9), certain organisations make a trade-off between criteria, where one criterion might become dominant, while some organisations which use multiple criteria select suppliers based on the relative importance of the weighted criteria. The Sheth (1981) model noted three stages in the decision-making process of a retailer: deciding on merchandise requirements, supplier search and supplier evaluation. The model further mentions some criteria that retailers use to evaluate suppliers, but does not reflect the detailed decision-making process of a retailer. The model is static and does not consider the fact that buyer behaviour is different across the buying situations (Hansen & Skytte, 1997:16, 17). To ensure that the buyer behaviour of craft retailers is thoroughly investigated, other models were also reviewed and the next one is the De Boer *et al.* (2001) model.

3.3.4 THE DE BOER, LABRO AND MORLACCHI MODEL (2001)

De Boer *et al.* (2001) conceptualised the process of supplier selection as consisting of four steps: the problem definition, the formulation of criteria, the qualification of suppliers and choice. The problem definition involves determining the problem faced by the buying organisation. During this stage, buyers determine whether selecting one or more suppliers will be the best approach and consider whether to buy from the current suppliers or to replace them. This is followed by the stage of formulation of criteria, where buyers identify all suitable criteria and also determine whether more or fewer criteria should be used. Suppliers who meet the set criteria are pre-qualified before the final selection. As part of the pre-qualification of potential suppliers, suppliers are reduced to a smaller set of acceptable suppliers. Suppliers meeting the minimum set of criteria are accepted. The elimination of those suppliers who do not meet the minimum criteria helps to focus on the highly competitive options (Sanayei, Mousavi, Abdi & Mohaghar, 2008:736). This model did not list criteria that organisations use to evaluate suppliers.

The last stage is when suppliers make a choice by analysing quotations and allocating orders to approved suppliers. The next model is the retail buying process developed by Weele (2005).

3.3.5 THE WEELE RETAIL BUYING PROCESS (2002)

Although this is not a model but a retailers' buying process depicted by Weele (2005:302), it is necessary to review these stages since the study investigates the buying process of craft retailers of different types in SA. Weele (2005:302) proposed six stages in the buying process of a retailer. When buying, the retailer first estimates the demand. This involves estimating the sales opportunities of a product based on marketing research or 'market intuition' of a buyer. Sales opportunities are then translated into sales forecasts and budgets for the coming period. This would mean that craft buyers determine the demand for certain craft products before they buy them for reselling.

The next step is the determination of the product assortment policy and distribution strategy. This requires the buyer to determine the product assortment, which involves deciding on the depth (number of product lines) and the breadth (number of product lines per product group) of the product assortment. The distribution issues are also addressed, where decisions are made regarding which products are kept in stock, which products are delivered through the distribution centre and which are delivered directly from the manufacturers to the stores. Such decisions apply mainly to large retailers, not to small retailers who do not have a distribution centre. This is applicable to this study since craft retailers have to decide on the number of product lines and the breadth of each product line when buying craft products.

After the product assortment and distribution policy has been determined, the most suitable supplier is selected. Buyers use various supplier selection criteria to evaluate and select their suppliers. These criteria are discussed in Section 3.4. Ideas for new products are often presented by marketing organisations to buyers who then judge the suitability of the product to the assortment policy. In a situation where buyers have identified an idea, they also have to look for suppliers who will develop the products. The buying process in this case is a complex and lengthy one since it involves identifying suitable suppliers who have the capability to develop an idea into the product according to retailer's requirements.

The next step involves making contractual arrangements with the suppliers and this forms the basis for negotiation between the two parties. Agreements are reached between the

two parties regarding the rights and obligations of parties as well as terms and conditions related to price, method of packing, order size, payment, delivery and quality. Factors such as product safety and environmental issues are also stated in the contract. This is followed by the ordering stage. Since retailers are concerned with buying and selling and have limited space for storage and materials handling, they require frequent ordering. This might require sophisticated ordering systems that need to manage the incoming and outgoing of the stock. The use of scanners helps determine the stock level since the products being scanned are reduced from the store inventory. The use of advanced information systems helps the retailer and producer to manage stock availability. Since the use of scanners at the cash register helps determine what has been sold on a specific day, information is then communicated to suppliers, who then deliver the exact amount of stock to the retailer.

The last stage is the expediting and evaluation stage, where supplier performance is evaluated and involves monitoring the delivered quantity and quality as well as the time of delivery (Weele, 2005:302). The last model is the Luo *et al.*, (2009) model, which is discussed in the next section.

3.3.6 THE LUO, WU, ROSENBERG AND BARNES MODEL (2009)

Luo *et al.*, (2009:254) conceptualised the buying process as consisting of four steps: the supplier selection preparation, pre-classification, final selection and application feedback. This is the latest model that depicts how suppliers are selected during the buying process. The supplier selection preparation is a stage when buyers decide on and construct customised criteria which must meet their specific requirements. This is done by reducing generic criteria to a prioritised list of industry-specific criteria and then again to optimal criteria. They also identify suitable and potential suppliers.

The pre-classification stage involves identifying and also calculating the weights of the criteria. During the pre-classification phase, decision makers reduce the number of potential suppliers to a more manageable number, which aids in decision making.

The third stage, which is the final selection phase, enables buyers to select the most appropriate suppliers as well as allocation of the order quantities to each supplier in order to optimise the performance of the supply chain.

The last phase, which is the application feedback, requires buyers to assess the first three phases. This is done in order to improve the decision-making process. It also determines whether there will be any long-term relationship between the buyer and suppliers (Luo *et al.*, 2009:255).

Table 3.1 below summarises the six models discussed previously. The table clearly shows the different stages buyers go through in the buying process, according to the different models discussed.

Table 3.1: Stages in the buying process

Stage in the buying process	Robinson <i>et al.</i> , 1967	Webster & Wind, 1972	Sheth 1981	De Boer <i>et al.</i> model (2001)	Luo <i>et al.</i> model (2009)	Weele (2005)	Stages investigated in this study
Problem recognition	√	√		√			Problem recognition
Estimation of the demand for a particular product						√	Estimating the demand for a particular product
Determination of product assortment policy and distribution strategy						√	Determine product assortment policy and distribution strategy
Determination of characteristic and quantity needed	√						Determination of characteristic and quantity needed
Precise description of characteristic and quantity of items needed	√	√					Precise description of characteristic and quantity of items needed
Determination of and decision on the supplier selection criteria to be used			√	√	√		Determine and decide on the supplier selection criteria to be used
Search for and qualification of potential sources	√	√	√			√	Search for and qualification of potential sources
Acquisition and analysis of suppliers	√	√		√	√		Acquisition and analysis of suppliers
Evaluation of proposals and selection of suppliers	√	√	√	√	√	√	Evaluation of proposals and selection of suppliers
Selection of order routine	√					√	Selection of order routine
Performance feedback evaluation	√				√	√	Performance feedback evaluation

It is unknown whether craft producers follow the stages in the buying process as listed in Table 3.1 above. This study included all 11 buying stages as listed in the table and discussed in the previous sections. Furthermore, it included the stages identified through the qualitative research (phase one) conducted with the craft retailers and an industry expert, to determine which of the stages craft retailers follow when buying craft products. The supplier selection will be discussed in the next section.

3.4 SUPPLIER SELECTION

Supplier selection involves broad comparisons of common sets of criteria, where suppliers are evaluated for their ability to meet these criteria (Kahraman *et al.*, 2003:382). It also involves decision making on the number of criteria, which often conflict with each other (Cebi & Bayraktar, 2003:395; Ting & Cho, 2008:117). Supplier selection involves making decisions on matters such as the selection of individual suppliers and the determination of order quantities that must be placed with the selected suppliers (Xia & Wu, 2007:494). Supplier selection is mainly concerned with the evaluation of potential suppliers and making a selection from among the suppliers being evaluated. Supplier evaluation involves identifying the attributes, criteria or factors relevant to the decisions and helps to measure each supplier according to each relevant criterion or factor. Supplier selection criteria are generated either prior to selection or whenever the supplier selection decision has to be made, and these determine which supplier will be selected (Braglia & Petroni, 2000:96). Suppliers are evaluated against the set criteria and those that closely match the criteria are then selected.

During the supplier selection stage, retailers develop criteria they will use to evaluate potential suppliers. These criteria are developed looking at the retailer's needs and the demands they have to meet in the market. Supplier selection criteria are therefore developed and listed based on the assumption that all potential suppliers will meet the stated criteria (Bhutta & Huq, 2002:126).

Owing to the strategic nature of buying, organisations are adopting a systematic approach to purchasing, especially with regard to supplier selection and evaluation (De Boer & van

der Wagen, 2003:109). This is because supplier selection is the single most important phase in the buying process (Braglia & Petroni, 2000:96) and is considered a key stage within buying and supply management (Luo *et al.*, 2009:249; Xia & Wu, 2007:494). Selecting the correct suppliers has a significant impact on purchasing cost and also improves corporate competitiveness (Ghodsypour & O'Brien, 2001:15). Selecting the right supplier also plays a key role within an organisation since it can reduce unit prices and improve corporate price competitiveness (Ting & Cho, 2008:116).

Supplier selection is crucial also because suppliers have a direct impact on quality, cost, delivery reliability, availability of products and lead times of new products, as well as on the technology needed to meet new market demands, since suppliers might have to adopt the technology that buyers use (Luo *et al.*, 2009:249; Pearson & Ellram, 1995:55). The quality of products, especially raw materials and the price at which the products are sourced, affects the quality of product output and profitability of the organisational buyer since the high cost of acquiring raw materials might lead to reduced profitability. Failure by the supplier to supply products on time has a negative impact on buying organisations as they will not have products to sell when they are needed. Therefore, the performance of craft producers determines the success or failure of buying organisations (Bhutta & Hug, 2002:126). In this case, supplier selection deals with assessing the performance of suppliers (Pearson & Ellram, 1995:55) in order to retain those suppliers who meet the requirements of buying organisations (Braglia & Petroni, 2000:96).

When choosing suppliers, retailers decide whether to buy from wholesalers, manufacturers or voluntaries. Craft producers are often small and sometimes fail to meet the requirements of a craft retailer. This influences the decision by craft retailers whether to buy from the smaller craft retailers or from wholesalers. Some of the craft producers do not sell through wholesalers, and this implies that they are missing the opportunity to reach the craft retailers. A study of craft retailers' supplier selection criteria is useful since it will enable craft producers to understand how they can qualify as suppliers to the craft retailers.

According to the Department of Sports, Arts, Recreation & Culture (2007:133, 135-6), craft retailers in SA face major challenges when buying products from craft producers. Craft

producers provide products of inconsistent quality and they are often unable to deliver on time. They have inadequate invoicing and business skills and face difficulties in accessing finance, which creates challenges in delivering stock on time. They also face problems with regard to costing and pricing strategies. Craft producers' lack of understanding of professional practice with regard to basic business functions such as delivery notes can cause delays in production and turnaround times on orders.

The above challenges influence craft retailers' decisions on who they should buy craft products from. Craft producers would therefore need to improve these weaknesses to enhance their chances of being selected by craft retailers as the preferred suppliers. According to Kaiser and Associates (2005:18), there are about 7000 registered craft producers in SA but only about 500 craft retailers. These craft producers have to compete for space on the retailers' shelves (Kaiser & Associates, 2005:18, 20). Craft producers' ability to match the criteria set by craft retailers will help craft producers win the craft retailers' business. The next section discusses supplier selection criteria.

3.4.1 SUPPLIER SELECTION CRITERIA

As mentioned, supplier selection criteria consist of a list of criteria or factors that retailers generate whenever supplier selection decisions have to be made, as well as when determining which supplier purchases will be made (Braglia & Petroni, 2000:96). Supplier selection criteria must be tailored to meet the needs of specific retailers, who depend on the information available about the industry (Luo *et al.*, 2009:256). Supplier selection criteria differ from one type of purchasing situation to another and also from one organisation to another (Webster & Wind, 1996:57; Sheth, 1981:5; Dempsey, 1978:260).

It is evident from Table 3.2, which is a summary of the studies that have focused on supplier selection criteria, that this is a well-researched area.

Table 3.2: Supplier selection criteria

Dimensions	Criteria	Author/s of existing studies investigating supplier selection criteria	Criteria included in this study
Purchasing costs	Transportation costs, purchase price, ordering costs, operating costs, maintenance costs, geographical location, foreign exchange, export taxes	Sen <i>et al.</i> , 2008:1834; Ting & Cho, 2008:120; Yigin <i>et al.</i> , 2007:18; Shipley, 2007:30; Sternquist & Chen, 2006:251; Pearson & Ellram, 1995:58; Wilson, 1994:40; Dempsey, 1978:259	Total costs of acquiring the product
Product quality	Technical level, defects, reliability, quality system, design, product life, ease of repair, maintenance and dependability	De Villiers, Nieman & Nieman, 2008:23; Sen <i>et al.</i> , 2008:1834; Xia & Wu, 2007:497; Ting & Cho, 2008:120; USAID, 2008:28; Design Africa, 2008:52; Yigin <i>et al.</i> , 2007:18; Shipley, 2007:30; USAID, 2006:22; Hansen, 2001; Pearson & Ellram, 1995:58; Wilson, 1994:40; Dempsey, 1978:259	Product returns, Quality system, design
Delivery reliability, distribution	On-time delivery, supply capacity, warranty period, repair turnaround, delivery quantity shortage, store adaptation, transportation adaptation, flexibility, performance	Skallerud & Gronhaug, 2010:203; Cebi & Bayraktar, 2003:398; De Villiers <i>et al.</i> , 2008:23; Ting & Cho, 2008:120; USAID, 2008:28; 2008:52; Yigin <i>et al.</i> , 2007:18; Xia & Wu, 2007:497; Shipley, 2007:30; USAID, 2006:22; Hansen, 2001; Verma & Pullman, 1998:741; Hansen & Skytte, 1998:284; Ittner, Larcker, Nagar & Rajan, 1999:262; Wilson, 1994:40; Nilsson, 1977:325; Dempsey, 1978:259	Delivery reliability, supply capacity, flexibility

Dimensions	Criteria	Author/s of existing studies investigating supplier selection criteria	Criteria included in this study
Customer service	Response to change, lead to order, response to inquiry, accessibility, responsiveness, dependability, timeliness, keeping customer informed	Sen <i>et al.</i> , 2008:1834; Ting & Cho, 2008:120; Kahran <i>et al.</i> , 2003:383	Flexibility to changing needs, supplier provides after-sales service/support
Cooperation and partnership	Supply contracts, easy communication, past experience, maintaining good supplier relationships	Ting & Cho, 2008:120; Cebi & Bayraktar, 2003:398; Kahraman <i>et al.</i> , 2003:383; Ittner, Larcker, Nagar & Rajan, 1999:262; Nilsson, 1977:324	Established long-term relationships, history with the supplier- past experience,
Financial aspects	Price, financial stability, credit status, financial references, income and earnings, assets and debts, cash flow	De Villiers <i>et al.</i> , 2008:23; Ting & Cho, 2008:120; USAID, 2008:28; Design Africa, 2008:52; Cebi & Bayraktar, 2003:398; Kahraman <i>et al.</i> , 2003:383; Hansen, 2001; ; Pearson & Ellram, 1995:58; Wilson, 1994:40; Dempsey, 1978:259	Financial position of a supplier
Technical aspects	Development of new products, access to technology, technical support	Sen <i>et al.</i> , 2008:1834; Kahraman <i>et al.</i> , 2003:383; Ittner, Larcker, Nagar & Rajan, 1999:262; Pearson & Ellram, 1995:58	Supplier introduces new products from time to time
Management and organisation	Reputation and position in industry, communication system, cultural similarity, speed of development, quality assurance, operating controls, labour relations, technical and production capabilities	De Villiers <i>et al.</i> , 2008:23; Sen <i>et al.</i> , 2008:1834; Yigin <i>et al.</i> , 2007:18	Reputation of a supplier, quality management systems
Profitability and sales	Overall profitability, rate of turnover, sales potential	Nilsson, 1977:322	Product's sales potential
Economic conditions	Supplier's price, gross margin, allowances and rebates, support of cooperative advertising, credit terms, other economic conditions	Skytte & Blunch, 2006; Hansen, 2001	Suggested retail price, supplier offers competitive prices
Assortment considerations	Existence of private brands, relations to other products, product types, number of quality levels, number of brands and product size, colour and variants	Shipley, 2007; Hart & Rafiq, 2006, Hansen, 2001	Broad range of products, ability of a product to fit in with existing ranges,

Dimensions	Criteria	Author/s of existing studies investigating supplier selection criteria	Criteria included in this study
Supplier marketing	Introductory marketing campaign, continual marketing, in-store demonstration, promotional materials such as pamphlets and brochures, cooperative advertising	Skallerud & Gronhaug, 2010:203; Sternquist & Chen, 2006	Supplier provides marketing support,
Environmental criteria	Waste disposal, recycling, costs, training, environmentally friendly material, returns handling	Park & Stoel, 2005:242; Humphreys <i>et al.</i> , 2003:350	Supplier provides training
Legal environment criteria (BBBEE)	Status, scorecard, ownership: black, women or disabled-owned organisations; management control: black, women and disabled; preferential procurement: buy from small organisations, buy from black organisations and women-owned organisations; employment equity, skills development, enterprise development and socio- economic development	De Villiers <i>et al.</i> , 2008:23; Skytte & Blunch, 2006	Locally manufactured products, upliftment/empowerment of small organisations,

It is clear from Table 3.2 that there are many different types or variations of the supplier selection criteria. However, it is important for craft retailers to formulate criteria that are suitable to the craft retailer's needs and those that will enhance retailer performance through sourcing the right product at the right place and at the right price. This study investigated the 39 supplier selection criteria that craft retailers use when evaluating craft producers. However, 20 of the criteria were adapted from those listed in Table 3.2 and the rest generated from qualitative interviews. The study will investigate the importance of the 39 criteria to craft retailers and ascertain which of the criteria are most important for the retailers when buying craft products.

Some of the main research studies in Table 3.2 will now be highlighted. Shipley (1985) investigated retailer supplier selection criteria for different consumer products. The findings of the study reflected that product quality, price and delivery capabilities are generally the important criteria although they are not sufficient to determine the retailer's choice. These criteria must be augmented with other criteria that enhance the saleability of the retailer's products. The study identified other criteria that play a role in the buyer's choice of suppliers. This included supplier's provision of adequate information, credit, product range and sales quotation (Shipley, 1985:30-8).

Hansen (2001) studied the buying behaviour of Chinese supermarkets with specific focus on the criteria supermarkets use to evaluate suppliers. Product quality, supplier reliability and policy regarding returns/handling complaints were identified, in order of importance. The least important supplier selection criteria were the well-known brands, market promotion support and products packaged according to the retailers' requirements. Supplier selection criteria were found to differ for different products sold within the supermarkets, in different supermarkets and in different sizes of supermarkets. Competitive pricing was found to be least important for some supermarkets (Hansen, 2001:164, 166). Wilson (1994:40) and Dempsey (1978:259) listed price, quality and delivery as the most important criteria. Sternquist and Chen (2006:251) found that price was an important criterion for food retailers that they investigated and that trade assistance and supplier role performance were the other important criteria that food retailers used to evaluate suppliers.

The long-term relationship with retailers, traceability, presence on various markets and sufficient quantities were found to be the most important supplier selection criteria by Hansen and Skytte (2006:121-2), who studied the buyer behaviour of Western European food retailers. The study also found that criteria differed for different products and market segments served by retailers. Criteria such as consistency in product quality, market information and product range were found to be least important. This implies that organisations have certain criteria that are important for them. Lehmann and O'Shaughnessy (1974:40-1) also found that criteria differ for different industrial products. However, the study showed that for some products, technical service offered and ease of operation or use were most important while price and the reputation of a supplier were found to be important for other products.

USAID (2006:22) listed the six most important criteria for craft retailers when evaluating suppliers. These include quality, design, price, capacity, delivery and organisation skills. The quality criteria include the quality of the materials used in the production process, the craftsmanship (how the product is made), the finish (type of polish or paint used, accuracy of colour and how finely edges are filed), the consistency (handcraft items must be consistent in design and dimensions, even though they are not identical) and the packing and shipping (whether it is well-packed, in clean materials that prevent damage and whether it is cost effective). An assessment of quality is also made by taking into consideration whether the product is handmade or mass produced. Some researchers argue that mass-produced products are not considered craft products (Luutonen, 2009:125).

The design criteria determine whether the basic design is in line with style trends – lines, shapes, colour and finish. It also determines whether the product is unique and functional. The design criterion ensures that products are also designed to be of high quality at low cost, using available and affordable materials. It ensures that the craft producer is willing to design the product according to buyer specifications.

The price criterion looks at whether the price is right for buyer's customers, whether the products will be profitable, the producer's willingness to negotiate, the payment method, consistency in pricing and whether prices will increase in the near future.

The next criterion is the capacity, which determines whether the producers meet the buyer's requirements of minimum and maximum quantities and whether the craft producers are able to meet a quick order. Capacity also evaluates whether the craft producers subcontract reliably to meet the production requirements and whether they have access to sufficient inputs (USAID, 2006:22).

The next criterion is delivery, which determines whether the craft producers will deliver on time, as ordered, and also if there will be any unforeseen circumstances. The last criterion is organisation skills, which considers the ability of the craft producers to communicate in a language the buyer can read and understand. It also considers whether there is someone within the craft producer organisation who can oversee production, delivery and payments, as well as the ability of craft producers to meet deadlines and expectations. Apart from organisational skills, all the above-mentioned criteria suggested by USAID (2006) are included in this study.

USAID (2006:39) also suggested the following as important criteria for craft retailers: a story (information about where the product was originated, how it was made, the crafter and the culture), options (multiple sizes, colours and prices), packaging (a unique and attractive presentation) and ease of shipping. These criteria were also investigated in this study.

The first three criteria – design, quality and price – were also identified by Design Africa (2008:52) as the most important criteria that craft producers can use to position themselves. Moreno and Littrell (2001:660) identified some product criteria that are similar to those listed by USAID (2006:22), such as design and stylistic qualities, while they also listed production (standardisation and individualisation), size of products, materials and function as additional criteria. According to Rogerson (2000:706), the ability of craft producers to innovate or produce new product designs plays an important role in facilitating and expanding market access. This also entails the ability of organisations to diversify the production ranges as well as offering up-to-date custom-made products (Rogerson, 2000:706) which will improve the chances of accessing the craft retailers. The next section will discuss supplier selection strategies used by retailers when buying.

3.4.2 SUPPLIER SELECTION STRATEGIES

There are four supplier selection strategies that influence who retailers buy from. These are: single sourcing, multiple sourcing, global sourcing, supply-base reduction and supplier development. When buying, craft retailers make decisions whether to buy from one or multiple suppliers as well as whether to source locally or globally. Buying from one supplier is called single sourcing while multiple sourcing implies buying from multiple suppliers (Sananyei *et al.*, 2008:732).

The belief is that a single supplier can satisfy the buyer's requirements in terms of quality delivery and demand (Ting & Cho, 2008:117). The buyer needs to make the decision only on which supplier is the best (Xia & Wu, 2007:495). Retailers can change from a single-sourcing strategy to multiple sourcing. These are strategic decisions which can be influenced by different factors such as standardisation and cost (Akansson, Jonsson & Edanius-Hallas, 2007:741). Since craft retailers buy regularly from local and international suppliers (Department of Sports, Arts, Culture & Recreation, 2007:133), this is an indication that they source not only from a single supplier but from multiple suppliers. Craft retailers also stock a variety of products and can therefore not rely on only one supplier.

Global sourcing helps organisations to remain competitive by sourcing equivalent levels of quality raw materials at a cost equivalent to those that can be found locally. A high percentage of retailers source products/services globally, especially those in apparel, footwear, consumer packaging products and high-tech electronics (Kumar, Hong & Haggerty, 2011: 241). Retailers must develop appropriate supplier selection criteria for selecting global suppliers because practices and procedures followed when selecting local suppliers may not be suitable or sufficient for selecting a global supplier. Craft retailers buy craft products not only from craft producers in SA but also from other African countries, as well as countries such as China, India and others mentioned in Chapter 2 (Department of Sports, Arts, Culture & Recreation, 2007:131). Local craft producers therefore face competition from their African counterparts as well as those from other parts of the globe.

Supply base reduction is a strategy that requires retailers to reduce the number of suppliers for a specific product or service. Supply base reduction is crucial for three reasons: it reduces supplier developmental costs; it facilitates close buyer-supplier relationships since there are fewer suppliers; and it increases business for a small number of suppliers (Dowlatshahi in Sarka & Mohapatra, 2006:149). Supply base reduction consists of two stages: determining the optimum size of the supply base and identifying those who should constitute this base. The latter stage applies when buyers decide whether to buy from a single source or from multiple sources. As stated earlier, craft retailers would rather expand their product range, implying that they prefer to buy craft products from many craft producers rather than fewer.

Buying organisations experience certain problems when sourcing suppliers. These include the fact that current suppliers are not able to provide the demanded product; suppliers are not performing either to expectations or requirements; the composition and quality of an organisation's supplier base are not competitive; or capable suppliers are not available in certain markets. To overcome these problems, buying organisations can switch suppliers, own producer organisations or develop and support their suppliers so as to improve their ability to supply the buying organisations (Wagner, 2006:555; Prahinski & Benton, 2004:40).

Craft retailers consult a variety of sources for relevant information on suppliers and their products. The next section discusses the sources of information that retailers consult during the buying process.

3.5 INFORMATION SOURCES

The understanding of the various sources of information consulted by craft retailers helps craft producers to formulate an appropriate marketing and promotional strategy to reach craft retailers and to provide the required information. Craft retailers need information in order to buy or source products that will contribute to the success of the retail store. Buyers use various sources of information when sourcing products. These are discussed in the following paragraphs.

Some retail buyers rely on their own personal experience instead of external commercial sources (Deeter-Schmelz & Kennedy, 2002:148), which is the case mainly with experienced buyers. Inexperienced buyers who have no prior knowledge and experience of buying a particular product rely on external sources. Buyers possess two types of experience: the product-specific experience, which is an experience of buying a particular product category, and generalised experience, which is an experience of buying a variety of product categories. Buyers with product-specific information will seek less information about the product than those who do not. They also consult their own experiences when they seek out sources of information (Kline & Wagner, 1994:78).

External sources include customers, salespeople/suppliers, advertisements, trade news, exhibitions, buyers from similar stores/comparison shoppers, customer requests, past sales, fashion forecasters, magazines read by customers, the Internet, reporting services and buying offices (Clodfelter, 2008:103-9).

According to Clodfelter (2008:106), suppliers or salespeople supply useful information on the product acceptance in the market by also stating what is being ordered by other retailers and are therefore the most important source of information. Other information sources used by suppliers to convey information about their products and organisations are product demonstrations, factory tours, and visits to existing customers (Mawson & Fearne, 1997:242). Retail buyers also consider information technology (IT), while market research agencies are considered an important source of information for specific product categories. The advantages of IT are that it provides reliable, quick and detailed information (Johansson, 2002:581).

Written materials such as pamphlets, letters, advertisements, new items forms (forms drafted by the selling company and completed by the salesperson) are also useful sources of information (Sternquist & Chen, 2006:259). It is important for the craft producers to understand the specific information craft retailers look for when sourcing information. For example, fashion retailers look for information on product quality, types of merchandise carried, product or merchandise styles, colour, fabrics and fibre, care, service and warranties and guarantees (Clodfelter, 2008:379-81).

The utilisation of the Internet by craft producers is very low and the opportunities associated with the Internet have not been fully exploited by craft producers in SA (Department of Sports, Arts, Culture and Recreation, 2007:111). The development in IT has brought about opportunities for organisations to reach their supply chain partners at arm's length. Organisations have generally relied on traditional forms of communication such as advertising and use of salespersons. The introduction of the Internet as an e-commerce technology has changed the way organisations communicate with each other. The Internet is used for many purposes, including email, accessing product and component information, searching for new suppliers, gathering information about current suppliers, providing information to suppliers, gathering competitive information, online ordering and so forth (Deeter-Schmelz & Kennedy, 2002:149; Osmonbekov *et al.*, 2002:154).

The Internet provides up-to-date, real-time information at a low cost since it can reduce the cost of acquiring information about prices and product offerings from alternative suppliers (Wright, 2004:352). It allows organisations to provide online information such as product catalogues and facilitates access to information. It also provides customer self-service by enabling the organisation to customise information for specific users as well as facilitating transactions between buyers and sellers (Hutt & Speh, 2007:333).

The Internet provides opportunities for buyers to find suppliers in more efficient ways than before. It also makes it easy for members of a buying centre to exchange information, opinions and technical information. They can also easily access product and supplier information (Osmonbekov *et al.*, 2002:151, 6, 7). Although the Internet is widely accepted as an information tool, it cannot be used to replace a salesperson as a source of information since some buyers prefer to deal with a salesperson than to transact via the Internet (Deeter-Schmelz & Kennedy, 2004:194).

When buying craft products, craft retailers use various sources of information, such as word of mouth, exhibitions, networks with other crafters, agents, magazines read by customers and promotional materials such as pamphlets (Department of Sports, Arts, Culture & Recreation, 2007:131).

Table 3.3 below lists a summary of the sources of information as identified from the literature investigated in this study.

Table 3.3: Sources of information

Sources of information	Variable No. as listed on the questionnaire
Salespeople	V62
Advertisement in trade news	V66
Exhibitions	V57
Past sales records	V74
Magazines read by end consumers	V67
Internet	V61
Visit to factory/workshop	V58
Marketing research	V76
Promotional materials such as brochures, pamphlets	V71
Producer visits to customers	V63
Buyers from similar stores	V68
Buyer's experience	V73
Referrals with other craft producers	V60
Customer requests	V69

3.6 SUMMARY

In conclusion, this chapter reviewed the literature on retail buyer behaviour and organisational buyer behaviour models. The models included those of Robinson *et al.* (1967), Webster and Wind (1972), De Boer *et al.* (2001), Weele (2005) and Luo *et al.* (2009). The purpose was to review the literature on those models relevant to the study and also on those that could be adopted for investigation in this study. From the five models discussed, stages in the buying process were identified. These stages, as listed in each of the models, are listed in Table 3.1 and will all be investigated in this study. Stages include problem recognition, estimating the demand for a particular product, determination of product assortment policy and distribution strategy, determination of characteristics and quantity needed, precise description of characteristics and quantity needed, determining and deciding on the supplier selection criteria to be used, searching for and qualification of potential

suppliers, acquisition and analysis of suppliers and evaluation of proposals and selection of suppliers.

Supplier selection literature was also reviewed, providing a background on what supplier selection is and its importance for craft retailers and craft producers. Supplier selection involves making decisions on which supplier to buy products from. It also involves deciding on the most appropriate criteria that will be used to evaluate suppliers. Table 3.2 listed all the generic supplier selection criteria and 22 supplier selection criteria were selected from these generic criteria and added to the 39 criteria investigated in this study. The 22 criteria identified from the literature and investigated in this study are: total costs of acquiring the product, product return, quality management system, product design, delivery reliability, supply capacity, flexibility of a supplier in response to changing needs of customers, after-sales support provided by the supplier, established long-term relationships, history with the supplier, financial position of a supplier, supplier introducing new products from time to time, reputation of a supplier, product's sales potential, suggested retail price, supplier offering competitive prices, broad range of products, ability of a product to fit with existing ranges, supplier providing marketing support, supplier providing training, locally manufactured products and the upliftment/empowerment of small organisations.

Supplier selection strategies were dealt with following the discussion of the supplier selection criteria. Six strategies were included: single sourcing, multiple sourcing, strategic sourcing, global sourcing, supply base reduction and supplier development. The last section of the chapter dealt with the information sources used by retailers, where various sources of information were discussed. Some of the sources discussed are buyers' personal experiences, salespeople, advertisements, exhibitions and the Internet. These sources are part of the investigation in this study and appear in Table 3.3.

The literature discussed in this chapter was used as input for the designing of the questionnaire targeted at craft retailers in order to investigate the buying process followed by craft retailers, the supplier selection criteria considered most important by craft retailers and the sources of information most often consulted by craft

retailers when buying crafts and searching for potential suppliers. The next chapter, therefore, will discuss the literature on marketing strategy. This chapter will provide the theoretical basis against which the proposed marketing strategies will be formulated.

CHAPTER 4: MARKETING STRATEGIES AIMED AT CRAFT RETAILERS

4.1 INTRODUCTION

The selling of craft products by craft producers to retailers involves one organisation selling to another, which entails B2B marketing. B2B marketing differs from business to consumer (B2C) marketing in that B2C marketing takes place when organisations market their products to end consumers instead of to other organisations. Whether an organisation is marketing its products to end consumers or organisations, the needs, expectations and requirements of the buyers must be considered. This implies that, in order to succeed in persuading craft retailers to buy their products, craft producers should understand not only the end consumer's buying behaviour but also that of craft retailers, especially with regard to what they buy and why.

As mentioned, a lack of organisational and marketing skills in marketing their products exists among craft producers (Kaiser & Associates, 2003:6). They often focus more on the production of goods and services and less on the marketing, which contributes to limited access to the retail and wholesale market (Department of Sports, Arts, Culture & Recreation, 2007:10, 145, 156). While the focus of the study is the investigation of the buying behaviour of craft retailers, it is important to discuss the literature on marketing strategies from a B2B perspective since marketing to retailers is a B2B marketing activity. Since retailers buy from craft producers, the strategies will be discussed with craft producers as marketers and craft retailers as customers. The results of this study will be used to propose possible marketing strategies for craft producers aimed at craft retailers. Thus, the focus of this chapter, unlike the previous chapter, is on the craft producers and not the craft retailers.

Since the majority of craft producers are small organisations (Kaiser & Associates, 2005:10) and operating in an informal economy, the literature on the marketing of small organisations will be the focus of this chapter to provide context for these craft producers. It is important to note that, while craft producers are small organisations,

craft retailers consist of both the small organisations such as small craft speciality stores and large retailers such as Mr Price, the Foschini Group, the Edcon group and Woolworths.

Traditionally, marketing has been associated with large organisations, yet a number of studies have focused on small organisations and have illustrated the importance of marketing in the success of small organisations (Zontanos & Anderson, 2004:230; Simpson, Padmore & Taylor, 2001:370-380; Gilmore, Carson & Grant, 2001:6-11; Brooksbank, Kirby, Taylor & Jones-Evans, 1999:103-120; Appiah-Adu & Singh, 1998:385-394; Visagie, 1997:660). Evidence shows that marketing is often underutilised and misunderstood by owner-managers of small organisations (Zontanos & Anderson, 2004:230; Hogath-Scott, Watson & Wilson, 1996:6) and that marketing in small organisations is restricted by resource constraints in finance, personnel, perception of function, and skills and attitude towards marketing (Zontanos & Anderson, 2004:230; Simpson & Taylor, 2002:370).

A lack of experience in conducting formal marketing research and segmentation studies as well as in marketing skills and expertise tends to limit marketing and selling in small organisations (Tang, Wang & Zhang, 2007:119). However, small organisations need marketing, since they have to implement marketing activities in order to grow and survive (Zontanos & Anderson, 2004:230; Hogath-Scott, Watson & Wilson, 1996:17-18).

In small organisations, marketing plays a leading role in comparison with other organisational functions in overall planning (Brooksbank *et al.*, 1999:109). Marketing is therefore especially important for craft producers in SA who still struggles to gain access to formal retailers and who also face competition from other African countries as well as from global craft producers, as mentioned in the previous chapter. Although craft speciality retailers such as craft stores, museums and galleries buy the majority of their craft products from SA, they also buy from other African countries as well as foreign countries, and this creates competition for local craft producers.

Especially informal craft producers need more effective marketing strategies to market their products to the formal craft retailers. Whilst marketing is applied differently by large and small producer organisations, such application might not be different for the small informal producer organisations. For example, Dlodla (2005: 67) reported that informal roadside craft markets do practice some marketing by applying the pricing methods and location decisions as with other formal producer organisations. However, Dlodla (2005:68) indicated that the informal producer organisations still lack the ability to market their products effectively. It is therefore necessary to review literature on marketing in small and formal organisations in general.

The craft producers' ability to formulate an effective and efficient marketing strategy aimed at craft retailers will determine their survival. The next section, therefore, discusses the literature on B2B marketing strategy, followed by a discussion of environmental scanning.

4.2 MARKETING STRATEGY

As indicated in Section 1.8.5.2, marketing strategy is a marketing activity that specifies a target market and its related marketing mix elements such as product, promotion, price and place (McCarthy & Perreault, 1999: 45-6). Marketing strategy determines how the organisation is going to compete against its major rivals. It involves determining the competitive advantages which may arise as a result of the organisation's ability to perform better than its competitors in some areas. For example, the organisation may perform better on product quality, distribution or cost cutting (Venter & Van Rensburg, 2009:256-7). The marketing strategy of an organisation is usually documented in a marketing plan.

Marketing plans provide a footprint of the product's strategies and performance over time and project future plans. They are also useful for small organisations since writing up a marketing plan can benefit them by ensuring that proposed objectives and strategy and marketing action plans have been formulated (Walker *et al.*, 2008:25). Marketing plans also guide the day-to-day running of operational

marketing activities. They allow organisations, such as craft producers, to continually evaluate the delivery of value in each market segment and to determine if delivery of value is in line with their proposed value propositions and marketing objectives and their expectations of, for instance, craft retailers (Venter & Jansen Van Rensburg, 2009:17).

Small organisations are generally known to have informal marketing plans which are short-term in nature and involve informal, unplanned activity that relies on the intuition and energy of the owner-manager (Blankson & Stokes, 2002:49). Since small organisations' owners and managers experience challenges with marketing, lack of access to finance and organisation skills, and lack the knowledge, experience and time required (Simpson & Taylor, 2002:379), the practice of marketing planning can be limited.

As with any organisation, craft producers need to develop actual marketing plans to ensure they have a plan that details how they intend marketing their products. One of the inputs of marketing plans is that organisations scan the environment in order to formulate the relevant marketing strategy.

4.3 CONDUCTING ENVIRONMENTAL SCANNING IN THE CRAFT INDUSTRY

Craft producers often lack access to market information that can enhance their ability to develop competitive advantages and effective marketing strategies and plans. They lack access to marketing research information and are unaware of the markets that demand their product (Grobler, 2005:42, Kaiser & Associates, 2003:3) and therefore cannot respond to market needs (Hay, 2008:13). Collecting market information is crucial for any organisation, regardless of size, to formulate competitive marketing strategies. Marketing information can be acquired by conducting environmental scanning. Environmental scanning is concerned with the collection of information about competitors, customers, the organisation itself and the external environment, including economic, technological, social, legal, political and environmental changes (Venter & Van Rensburg, 2009:255).

When conducting environmental scanning, craft producers should analyse the internal environment, the external environment and the market environment. The internal environment consists of the marketing environment and the organisation environment. The marketing environment analysis involves analysing the performance of an organisation on its marketing mix, whether it is achieving its marketing goals and objectives and the success of its marketing process. The organisation environment requires that an organisation assesses its functional departments, their performance and how they are contributing towards the goals and objectives of the organisation (Lamb *et al.*, 2011:43, 446).

In the case of small organisations such as craft producers which do not have departments since the owner runs the organisation, such an analysis should focus on the organisation itself, its products, resources and marketing activities. Since craft producers face a challenge in matching their products with the market needs and because very little research is done by craft producers (Department of Sports, Arts, Culture & Recreation, 2007:145), conducting internal environmental scanning will enable them to learn more about their own strengths and weaknesses as well as to determine which type of craft retailer they can target, considering their existing strengths.

With regard to the external environment, an organisation analyses its market environment, which includes the analysis of suppliers, customers, competitors and intermediaries as well as the macro environment (Lamb, Hair, McDaniel, Boshoff, TerBlanche, Elliot & Klopper, 2011:41).

The macro environment involves factors such as economic, technological, social and demographic, political and legal factors (Lamb *et al.*, 2011:41). For example, the recent economic recession affected the global craft industry, including the craft industry in SA, since it led to the reduced buying power of end consumers which, in turn, affected retailers, who cannot sell what end consumers cannot buy (Ressel, 2012:9). An understanding of the impact of the macro environmental factors will enhance the ability of craft producers to market their products successfully.

The market environment involves analysing customers, their needs and buyer behaviour. It also involves analysing competitors and their marketing strategies and suppliers. For craft producers, this implies analysing craft retailers, their buyer behaviour and their needs and expectations, as well as those of the end consumer when selling direct. This will assist craft producers in identifying existing and potential opportunities in the retail sector. To achieve competitive advantages, small organisations should be aware of what their competitors offer and why customers buy products from competitors (O'Dwyer & Ledwith, 2009:129). As mentioned, craft producers in SA do not develop products according to market needs (Grobler, 2005:42) and such an analysis of the market will assist them to develop products accordingly.

The information obtained through environmental scanning is used to formulate competitive marketing strategies, with specific focus on market segmentation and the marketing mix elements. Market segmentation is a vehicle used for identifying target markets. The next section therefore reviews market segmentation.

4.4 SEGMENTING CRAFT RETAILERS

Market segmentation is a process by which a market is divided into distinct subsets (segments) of customers with similar needs and characteristics (Lamb *et al.*, 2011:178). These distinct needs and characteristics lead to a situation where customers respond positively to a particular product offering and marketing mix strategy. Organisations are increasingly under pressure to improve their understanding of customers and their needs because different customers have different needs and these change from time to time (Cravens & Piercy, 2009:83). Craft producers target many market segments, such as tourists and local end consumers, through direct sales as well as through organisations buying for their end use and retailers. Craft retailers buy craft products from craft producers and are therefore customers. For this reason, the craft retail market must be segmented to determine if there are any similarities and differences as well as to understand craft retailer needs and buyer behaviour.

Since there are various bases that organisations can use for the segmentation of the market, the next section discusses these bases, starting with macro segmentation. Following this is a discussion of micro segmentation.

4.4.1 THE MACRO SEGMENTATION BASES

The macro level bases of segmentation include six variables namely the industry, characteristics of the buying organisation (firmographics), end-use markets and product/service application (Reeder, Brierty & Reeder, 1991:215) and the purchasing situation (Hutt & Speh, 2007:123). Since the study investigates buyer behaviour of craft retailers that buy products for resale, the discussion will focus on the firmographics and purchasing situation since they are relevant to segmentation by retailers.

Firmographics is based on the type of an organisation, its size, location and user status and rate of use. Different organisations have different buying behaviour and also respond differently to the marketing strategy. Large organisations usually buy in large quantities compared to small ones. Therefore, the producers targeting retailers of different sizes might opt for large organisations since small ones might not be served profitably. Small producers might also not want to supply large organisations since they may not have the capacity required to serve large organizations (Bingham, Gomes & Knowles, 2005:186).

There are various retail store formats, which differ according to size of store, type of ownership and products sold that can be used to segment the market. It is therefore important for craft producers to understand the various types of craft retailers as their customers. This implies that craft producers should acquaint themselves with craft retailers' buyer behaviour, supplier evaluation criteria and information needs so that they can formulate competitive and appropriate marketing strategies for the various types of craft retailers. An understanding of the craft retailers' needs and buyer behaviour will enable craft producers to close the existing gap between craft producers and craft retailers by formulating more effective marketing strategies that could improve their ability to access the craft retailers' market.

Department stores sell a variety of merchandise (products) and stock a wide assortment of merchandise and services. Merchandise is organised into departments based on product categories as these stores are formed based on the premise that customers want one-stop shopping. There are two types of department stores: the full-line department store and the specialised department store (Diamond & Pintel, 2005:35-6).

The full-line department store offers a wide assortment of products such as apparel and accessories, cosmetics, furniture, electronics and bedding. These stores often sell craft products as well, although on a small scale (Diamond & Pintel, 2005:35-6; Clodfeller, 2008:71).

The specialised department store offers large assortments of one or two merchandise classifications (Diamond & Pintel, 2005:35-6; Clodfeller, 2008:71). Shops such as Woolworths and Edgars in SA are examples of department stores and also of large stores.

Larger craft retailers buy differently from small craft retailers and their buying habits and criteria are also different (USAID, 2006:34), which implies that larger craft retailers would require different marketing strategies from those used by the smaller ones. For example, some large retailers that buy in large quantities would rather buy from foreign suppliers such as China rather than from craft producers in SA who cannot satisfy them on the volume and price needs (Phillip, 2006:220). Therefore, craft producers need to understand the needs and requirements of different craft retailers and decide which craft retailers to target, bearing in mind that they may not have the capacity required to serve large retailers (Bingham *et al.*, 2005:186). Large retailers in SA usually have their head offices in Johannesburg, Cape Town and Kwazulu Natal and are not easily accessible by some distant craft producers.

Chain retailers are another store format and consist of groups of large retail stores that are of the same type and are centrally owned. They are usually centralised, with centralised buying. Chain stores may consist of only two stores or as many as a thousand stores under single ownership (Diamond & Pintel, 2005:44-5; Clodfeller, 2008:71). For example, retailers such as @home and Woolworths in SA have many

branches across the country while some craft shops such as Avoova have only two or three branches. As mentioned, craft retail in SA takes place through just over 500 outlets which include craft shops as well as other craft retailers such as craft markets, galleries, museums, small retailers and national chains. The national chains have increased in the last five years, with the majority operating in those provinces with greater urban-based populations and strong tourism economies (Department of Sports, Arts, Culture & Recreation, 2007:39).

Large retail stores in SA are chain stores, with some small craft retailers having two or three branches and with centralised buying. The furniture and interior décor stores, such as Rochester and Essops furniture stores in SA, sell craft products that serve decorative needs. Major furniture and interior décor stores are part of major chains. The clothing stores usually sell clothing accessories that are in the nature of craft items. Stores such as Big Blue and Truworths are examples of such stores. There are also home décor stores which include stores such as Mr Price Home, @Home, which is a Foschini Group division, and Boardmans, owned by the Edcon group. These stores also sell handcrafted items. Some destination stores, such as The Tiger's Eye with over 60 retail stores, are chain stores. This study targeted the large stores, including interior and décor stores, discount stores, furniture stores and clothing stores.

There are also the single-unit independents which consist of speciality stores that specialise in one merchandise classification, such as a craft retailer specialising in selling only craft products. They are usually small in size and employ a handful of people. The owner-manager performs various tasks within a store. Owner-managers are often highly trained and multi-talented (Diamond & Pintel, 2005:47). The independent stores include small retailers with one store or only a few stores, a tourist shop, art galleries, museums, small interior/gift stores, jewellery shops, and some clothing shops that sell craft products. They also include various products such as gifts, home accessories, clothing, and holiday items (USAID, 2006:11). Included in this study are the craft stores, small interior/gift stores, museums, galleries and jewellery shops and some destination stores which fit into the independent category.

The discount stores offer an extensive range of merchandise to provide a one-stop shopping experience. They focus on fast-moving merchandise and sell nationally advertised product brands at lower prices. These stores do not carry broader merchandise ranges, as the the department stores do, and are organised to encourage self-selection, with few salespeople available to assist customers (Clodfeller, 2008:72). Most of their merchandise is imported directly through their own sourcing agents and they sometimes buy through their overseas production facilities (USAID, 2006:9). A store like Makro is an example of a discount store and is also a large retailer.

Speciality stores specialise in one specific product line to meet the needs of a chosen target market. Such stores may specialise in products ranging from toys and gifts to women's clothing and men's clothing, but some carry broader assortments. Speciality stores can be either one-person owned or chain store organisations (Clodfeller, 2008:74). Some of them offer lower prices with limited service while others differentiate themselves though higher-quality service (USAID, 2006:10). Speciality craft retailers/craft stores (also known as boutique stores) are stores that specialise in selling craft-related products. They are usually located in major shopping centres with high tourist volumes like Sandton City, as well as at airports, tourist centres, game parks and hotels. Some are independent stores while others operate as chains of stores. Craft stores, small interior/gift stores and destination retailers are examples of speciality stores. The Tiger's Eye, a destination retailer and a Tourvest craft and curios retailing arm, is the biggest in this category with revenue totalling R350 million a year. The destination retailer targets locals and tourists (Kaiser & Associates, 2005:15). These stores are investigated in this study.

Museums and galleries are also speciality stores. According to the Museum Association (in Bailey, Falconer, Foley, McPherson & Graham, (1997:355), a museum is an institution which collects, documents, preserves, exhibits and interprets material evidence and associated information for the public benefit. This also includes the galleries and any subsidiary companies of a museum. Museums and galleries also carry craft products since some craft products reflect the culture and history of certain communities.

The hyper stores are much bigger in size than supermarkets which specialise in selling food and non-food items. In addition to the kind of merchandise sold in the supermarkets, hyper stores also sell furniture and clothes and have some bulk buying. In SA, Checkers Hyper and Pick 'n Pay Hyper are two such stores. They sell decorative items that have the attributes of crafts and operate in a similar way to the discount stores in terms of product variety, product packages and sizes and pricing.

A survey by Kaiser & Associates (2005:14), of retail types selling craft products revealed that over 40 percent of retailers categorise their organisations as selling various products, 13 percent as art and craft retailers, 7 percent as jewellery and fashion accessories and 5 percent as homeware and décor. Over half of the retailers defined themselves as exclusive or upmarket and none defined themselves as budget. Craft producers must therefore choose the specific types of craft retailers whose needs they can satisfy.

Manufacturer-retailer outlets are owned by manufacturers. In the case of craft producers and for target market identification purposes, manufacturer-outlets can be either retail stores located in shopping centres and owned by the craft producer or craft producers selling at craft markets and renting a shop from the craft market. Craft markets provide easy access to market for craft producers to target. Examples include markets such as the African Craft market in Rosebank, which operates on a daily basis, and the Irene Craft Market that operates during weekends or at month-end.

The primary issue of establishing an outlet is the prohibitively high cost, pertaining mainly to overheads such as rental and staffing. This restricts access to this segment of the value chain, especially for craft producers who do not necessarily have the equity to raise the finance or the business skills to engage successfully with the market. Since some craft producers sell their own products directly to end consumers, they are known as craft producer-resellers. Some craft markets are owned by independent organisations and others are organised by groups of craft producers. The purpose of both is to create market access opportunities for craft producers who cannot sell through intermediaries such as craft retailers. Communities can organise craft markets with stalls which attract large numbers of

end consumers visiting the shops in the craft markets (International Trade Centre, 2009:28).

Craft producers selling at these outlets include craft producers that sell only their own products, such as Avoova in Hydepark, SA. Some of these outlets also sell products of other craft producers. Certain craft producers have their outlets directly at the production workshops, enabling end consumers such as tourists to see how products are made (International Trade Centre, 2009:28). Since craft producers' outlets operate as craft stores, this group was categorised as craft stores and only those that buy crafts from other suppliers were targeted.

Online stores are growing, both locally and internationally. Online shops are an important marketing and sales channel for craft products. They create an opportunity for craft producers to tell the story and describe the culture behind the products (Luutonen, 2009:123). Examples of online shops in SA are Meekel and Roomonline. These stores were also targeted for this study.

Customer location is another firmographic factor that can be used to segment a market. Location affects product availability, transportation and warehousing in that the more dispersed customers are, the more costly it will be for the suppliers. Large retailers usually centralise or decentralise their buying function. Centralisation of a buying function implies that the buying of craft products takes place at head office level while decentralisation means that buying of craft products takes place at branch level. Centralisation of the buying function also implies that supplier selection criteria are decided upon at head office and not at branch level.

The usage rate refers to how often craft retailers buy craft products from the craft producers, while usage status refers to the quantity of products purchased. It is important for craft producers to know the number of times craft retailers buy and the quantity bought so that they can prepare enough to supply products at the right time. For example, craft producers might decide to target craft retailers buying in small quantities.

Purchasing situation is another basis for market segmentation. The type of situation the buyer is in determines buyer behaviour. Therefore market segments can be divided according to differences in the customer's buying situation. For instance, one customer might be involved in a new-task buy while another is involved in modified or straight rebuy. The information requirements of customers in various buying situations differ and this necessitates the formulation of marketing strategies for customers, based on the buying situation (Hutt & Speh, 2007:125). This study investigates the buyer behaviour of craft retailers involved in a new-task buying situation, with specific reference to the steps followed in the buying process, the importance of supplier selection criteria and the most frequently used sources.

4.4.2 THE MICRO SEGMENTATION BASES

Hutt and Speh (2007:127) discussed seven variables in micro segmentation in a B2B marketing environment. These included key criteria, purchasing strategies, structure of the decision-making unit, importance of purchase, attitude towards suppliers, organisation innovativeness and personal characteristics. The key criteria, purchasing strategies, structure of the decision-making unit and personal characteristics are more relevant for a retail buying environment and are discussed next.

Markets are segmented according to the criteria that customers, in this case craft retailers, use to evaluate suppliers. For instance, some suppliers emphasise price while others emphasise quality and reliability of delivery. Craft producers also produce products with a high price and low volume for the high-end market while others produce products targeted at low to medium markets with prices dictated by the market (UNIDO, 2007:30). It is important for craft producers to know which of the criteria craft retailers use to evaluate suppliers in order to group these retailers into one segment. Supplier evaluation criteria were discussed in Chapter 3 and form part of the objectives of this study in an attempt to create a better understanding of craft retailers' supplier selection criteria and ultimately inform craft producers accordingly.

Purchasing strategies refer to the way retailers source products from their suppliers, whether they buy to own, on consignment or a combination of the two. Consignment is used when products are expensive and pose a higher perceived risk for the craft retailers. To reduce these risks, such as financial and business performance risk, some craft retailers sometimes source products on consignment. This means that craft producers are paid only after the products have been sold and unsold items will be returned to the craft producers (Hackett, 1993:247). The 'buy to own' strategy is the one generally adopted when products are less expensive. Retailers can also use a combination of the two strategies. Therefore, craft retailers could segment retailers into 'buy to own', consignment or combination segments.

Organisational buying is described as a network of interaction between individuals involved in a buying process (Jarvi & Munnukka, 2009:440). These networks of interactions are created during the buying process and consist of individuals from various departments within the large buying organisations. Formation of these networks constitutes a buying centre. Owing to the competitive pressure of organisations and the perceived risk associated with buying, organisations are forming buying centres to reduce such risks. The buying centre is a form of group buying which involves a group of people from cross-functional departments coming together when buying decisions have to be made. Buying centres are formed when there are certain perceived risks associated with the purchase (Sternquist & Wang, 2010:493). Some craft retailers are small one-man organisations where the owner is involved in almost all the activities within the organisation and might not be able to form a buying centre of one person. Therefore, craft retailers can be segmented into retailers with buying centres and those without.

According to Sternquist and Chen (2006:497-497), retailers have become more centralised, in that the decision-making processes within the organisations are consolidated. Central buying is a buying situation where buying of selected merchandise items for all outlets is handled by one person whose full-time job it is to procure merchandise from suppliers. In large organisations, buying is handled by retail buyers, although store managers can also purchase some merchandise. Central buying works effectively where products have a homogeneous appeal across buying segments. Centralisation involves the shifting of decision making from retail

level to corporate level, leaving store managers with less of a role to play in merchandise buying and the decision-making process. Store managers are instead allowed to have frequent and formal interactions with central buyers, thus giving store managers a voice (Stenquist & Wang, 2010:496-7). This system has limitations when buying seasonal products or those products with local tastes. Centralisation allows for bulk buying and buyers rely on information from the local stores (Mason & Mayer, 1990:482-3). For example, a buyer for a small retailer might be an owner while, with larger retailers, specialist buyers are involved in the buying process (USAID, 2006:34-5). Small craft producers may initially focus on de-centralised retailers that do not buy in bulk if they are struggling to supply a large quantity of products.

The characteristics of a buyer, such as age, gender, education and years buying of experience, can also be used as a basis for market segmentation. The age, education and buying experience of the buyer also determine buyer behaviour. This is determined by the knowledge a buyer has with regard to the different aspects of purchase and his or her familiarity with the purchase decision (Garrido-Samaniego & Gutierrez-Cillan, 2004:323). Female buyers are known to negotiate differently from their male counterparts and men are known to spend more time negotiating than women do (Hansen & Skytte, 1998:291-2).

Using some of the bases for market segmentation could assist craft producers in selecting specific segments that they could serve with limited resources. The selection of the types of craft retailers to target is known as target marketing.

4.4.3 TARGET MARKETING AND SEGMENTATION

The choice of a specific market segment determines which marketing effort will be directed toward each of the chosen market segments (Craven & Piercy, 2009:185). There are three main target marketing approaches that can be used to select a specific retail target market: undifferentiated target marketing, differentiated target marketing, concentrated target marketing and mass customisation. The undifferentiated strategy is a target market selection approach which treats the whole

market as consisting of customers, and in this case retailers, with similar needs, preferences and expectations (Lamb *et al.*, 2011:192). As a result, the organisation develops and formulates one set of marketing strategies targeted at these customers. The undifferentiated strategy is advantageous to organisations since it enables them to achieve operational efficiency and to achieve economies of scale through mass production. The strategy is disadvantageous, however, in marketplaces where customer needs differ (Brennan, Canning & McDowell, 2007:165).

Some craft producers with no understanding of the market assume that the needs and preferences of the market/s are the same (Grobler, 2005:42). Owing to foreign competition from countries such as China, which offer quality products at competitive prices, craft producers in SA would be better off moving away from mass production to producing high-end products (Department of Sports, Arts, Culture & Recreation, 2007:30). However, this might mean that they will fail to supply craft retailers, such as those in the medium- and lower-end markets, that buy in bulk and are concerned about price when buying.

The differentiated target strategy involves treating the market as consisting of a group of retailers, each with its own needs, preferences and expectations. As a result of these differences, organisations develop and formulate different marketing strategies, each for its own market segment, and customising the strategies to the specific needs of each market segment (Brennan *et al.*, 2007:165). As explained in the previous section, there are different types of craft retailers. These types of craft retailers may have different needs as they also target different end consumers. Some end consumers visiting the galleries want to know the stories behind the products, thus requiring a swing tag, which implies that the needs of galleries are different from those of other shops (Musa, 2005, n.d). This indicates that craft retailers could differ in the buying process, the supplier selection criteria most important to them and sources of information they use most often. Craft producers need to identify the needs of different types of craft retailers and make the products accordingly, as well as formulate the relevant marketing strategies for each of the types of craft retailer, thus differentiating their market.

With concentrated target marketing, an organisation such as a small craft producer with limited resources may decide to focus on one or more market segment(s). This implies that a craft producer might decide to target galleries as the only retail type. Craft galleries sell high-end, high-quality products, which might require craft producers to focus their efforts on satisfying the needs of this market. They also represent the craft producers' products and work closely with them to promote the product, which is an advantage for craft producers (Department of Foreign Affairs & International Trade, 2002:2). Concentrated target marketing could allow craft producers to focus all their resources and capabilities on one market segment.

The mass customisation strategy caters for specific needs of individual retailers within the market segment by allowing each retailer to specify what it needs from a product. Although the product offering remains standard for all customers, each customer can select, for instance, specific features for a product (Cant, Strydom, Jooste & DubPlessis, 2006:138). This strategy requires that craft producers determine the specific requirements of craft retailers before products are made. For example, craft retailers such as gift stores, department stores and speciality craft retailers might want to buy the same product, but differentiated by size, colour and package. Craft producers can adapt products sold to different craft retailers by customising the products to suit the retailers' needs.

The choice of a target market to pursue is followed by the decision on how to position the products and organisation in that particular market. The positioning of a product for a particular target market helps to distinguish an organisation and its products from those of competitors. Positioning involves determining the position of the organisation, a product or brand in relation to others in the market (Alsen, 2007:18-9). There are two reasons why organisations should occupy a particular position in the mind of a buyer. First, the product offering of a supplier occupies a space in the mind of a buyer. The second reason is that it enables buyers to compare suppliers with each other. This puts pressure on suppliers to position their organisations and product offerings in the market as a means to distinguish themselves from the competitors (Reeder *et al.*, 1991:236).

According to Reeder *et al.* (1991:237), several variables that can be used to develop a positioning strategy in a B2B marketing environment. These include product variables such as features, reliability, quality and price. An organisation can also use its superiority in pre-and post-sale service capabilities, ability to teach customers how to use the product, ability to solve customers' problems or its capabilities in developing new technologies or methods. To position their organisations and products, craft producers need to understand the different types of craft retailers and what they require to position themselves against their competitors. (Brennan *et al.*, 2007:166). For example, craft producers could position their organisations and products in terms of high-quality, one-of-a-kind products if they want to sell to craft galleries (UNIDO, 2007:30).

As soon as organisations decide on the target market and position to pursue, they also have to decide on the elements of the marketing mix strategy. This involves making decision on the product to be made available to the market, how the organisation will communicate itself and its products, the pricing of products and how products will be distributed. These elements are discussed in the next section.

4.5 ELEMENTS OF THE MARKETING STRATEGY

The marketing mix elements are considered by small organisations as activities that are important for the daily running of their organisations (Altinay & Altinay, 2008:1191-2). As already stated in Section 1.8.5.2, the marketing mix elements are concerned with the product, price, place and promotion and are also known as the four Ps or the marketing mix (Venter & Jansen Van Rensburg, 2009:259). Marketing mix decisions must be consistent with the organisations' strategies and should be altered from time to time in response to changes in the marketing environment (Pride & Ferrell, 2000:37).

The manner in which an organisation manages its marketing mix determines the performance of an organisation (Ellis, 2005:632). O'Dwyer, Gilmore and Carson (2009:52) investigated innovative marketing in small organisations and concluded that innovative practices are a key factor in profitability, growth and survival and

require that organisations be innovative in such marketing activities as target market, product, price, place and promotion. This involves finding new ways of meeting the needs of the target market, using the elements of the marketing mix. It also involves altering these elements of the marketing mix to meet the changing needs of customers or to target new market niches (O'Dwyer *et al.*, 2009:52-6). As small organisations, craft producers need an understanding of craft retailers so that they can formulate the appropriate marketing mix strategies targeted at specific types of craft retailers. The product, as one of the elements of the marketing mix, is discussed in the next section.

4.5.1 CRAFT PRODUCT DECISIONS

As part of the marketing strategy decisions, organisations make decisions regarding the products that must be offered in the market as a proposition to satisfy the specific needs of the selected target markets. This involves making decisions on the nature of the products the organisation will offer, the breadth or diversity of the product lines, the level of technical sophistication and the target level of product quality relative to competitors (Walker *et al.*, 2008:74). Product decisions also involve making decisions on matters such as the branding, packaging, product development and product improvements and service level decisions (Alsen, 2007:256-7). Decisions on which products to offer as well as on product management are closely linked to analysis of the market and market selection, which can be achieved through market segmentation (Hutt & Speh, 2007:217).

4.5.1.1 Product types/lines/ranges

According to Hutt and Speh (2007:218), organisations make decisions on the types of products and services that they should offer. This involves deciding on the number of product lines (types or range) and also on the product market for each product and product line. A product line is a group of closely related product items using similar marketing strategies such as marketing channels and marketing communication. Different product lines make up the product mix of an organisation, which is a mix of all products an organisation sells (Lamb *et al.*, 2011: 245). To remain relevant to the changing and differing needs of retailers, organisations can

add new product lines (ranges) and increase the number of different products offered in each product line (Pride & Ferrell, 2000:255). This determines the total group of products that an organisation makes available to the market. Top performing organisations exhibit high levels of technical product quality, offer a wide variety of products and provide wide distribution coverage (Ellis, 2005:633). Organisations can also reduce the number of product lines if products are not selling (Pride & Ferrell, 2000:255; Lamb *et al.*, 2011:248-9).

Craft producers produce a wide range of products from two to 20 product lines (Department of Sport, Arts, Culture & Recreations, 2007:107). Product diversity remains a key issue for craft retailers (USAID, 2006:23), and therefore craft producers should determine the appropriate product line for their organisations. However, Ghouse (2012:1194) has argued that craft producers need to specialise in only one product or a few lead products so that they can achieve competence in a particular product. Monkey Biz, South Africa, is an example of a craft producer specialising in one product type – the crafting of monkeys for decoration, using different types of raw materials.

Hutt and Speh (2007:224) identified four product lines (ranges) in B2B markets: standardised or catalogue products, custom-built products, customised products and industrial services. The standardised or catalogue product is offered only in certain configurations and also produced in anticipation of orders. Product line decisions therefore involve making decisions as to adding, deleting or repositioning the products in the line. Marketing involves making information available on the current product range, the pricing structure and the benefits.

The amount of information available depends on the complexity of the product on offer, whether or not the retailer is a first-time buyer and the intensity of the competition. For all these products, retailers make a trade-off between the importance of price and the importance of value-added benefits. This implies that one customer might be concerned about the price of a product while another is concerned about the value-added benefits. Standardised products are also easy for competitors to copy and thus require one to gain a competitive advantage based on

price structure, delivery, quality, reliability, and support services (Hutt & Speh, 2007:224).

To ensure the commercial viability of their products, one option for craft producers is to consider mass production in order to supply in bulk (Grobler, 2005:71). This would apply to large retailers that buy in large quantities. Standardised craft products are mass-produced in large quantities. They have an ethnic appearance and emphasis is placed on value for money. These craft products are targeted at tourists and some mainstream buyers and global chains (UNIDO, 2007:29). To overcome the challenge of inability to supply in bulk and mass-customise their products to craft retailers' needs, craft producers could form cooperatives. Cooperatives are organisations formed by groups of people to obtain/produce products and services more effectively and economically than they can on their own (Hay, 2008:42). Cooperatives were discussed in detail in Chapter 2.

Custom-built products are the second type of product line. They are offered as basic units with numerous accessories and options. This is also known as mass customisation of products. There are different types of craft retailers that also differ in their needs and expectations. Craft producers therefore have to develop and design products according to the needs of each of the craft retailers. Increasingly, craft retailers are looking for products that are unusual in design and materials rather than mass-produced products (USAID, 2006:23), which implies that craft producers should customise products for different craft retailers.

With craft products, some of the wooden sculptures are one-off pieces that are usually sold through private galleries and museums, and require that craft producers work closely with craft retailers in establishing the craft retailer's needs. Some retailers develop their own design based on customer preferences and various trend indicators and then look for craft producers to produce it for them (USAID, 2006:37) indicating that craft retailers buy custom-made products. Ardmore Ceramic Studio, which operates from Kwazulu-Natal, develops products that reflect the needs of their target markets, which include international department stores, museums and galleries. They ensure that their products are unique, exclusive and individual ones that reflect a good design (Grobler, 2005:85).

Industrial services are the last type of product line, but are not applicable to this study since craft producers develop and produce products and not services.

The major craft product categories in SA are listed below. Product categories are described in terms of retail market segments, quality levels, design style and production scale, which is a global practice (UNIDO, 2007:29-30; Kaiser & Associates, 2005:2).

- **Traditional art** includes craft products that are culturally driven. The meaning and significance of the culture is shared by members of a specific community. Ethnic and traditional heritage is demonstrated. Products target the high-end market and are exhibited in museums and galleries. They are purchased by collectors but can also be sold via the small chains and independent retailers. Such items are produced in low volumes (USAID, 2009:6; UNIDO, 2007:29).
- **Designer goods** are derived and adapted from traditional design motifs and production processes which are used to create a commercially viable product. These products are designed to suit fashion trends. This segment falls into the medium- to high-end market segment and the products are sold through speciality retailers (USAID, 2009:6).
- **Craft arts** are craft products that are created by hand. Products are of high aesthetic value, with design and quality being important components of the product. The production process and materials are mainly specialised. Product items are produced as 'one-offs' or limited-edition pieces. These items are sold in specialist retail stores such as galleries and museums or from the workshop. The cost of these product items makes them exclusive and thus they are targeted at end consumers in the middle and upper classes, locally and internationally. Buyers value them for their uniqueness, creativity and investment value (Kaiser & Associates, 2005:3; Department of Arts, Culture, Science & Technology, 1998:116-119).
- **Functional wares** consist of mass-produced handmade products. Products are of superior design with high production quality. Functional wares are created in small-batch production processes, usually in a craft workshop or studio. These are generally sold by speciality retailers, homeware and department stores,

garden centres and large retailers. Products require large-scale production and product design is an important part of their success. They target various market segments, locally and internationally. This segment falls into the low-end market (USAID, 2009:6; Kaiser & Associates, 2005:3).

- **Souvenirs** are usually simplified crafts which sell the memories of a particular experience and may be of low or high quality. Products are manufactured on a small scale and are sold at markets, tourist outlets or in informal shops. Souvenirs are sold because tourists want something to take back home to remind them of their trip. They are produced in large volumes and are mass-produced. Marketing of these products is dependent on the retailers (USAID, 2009:6).
- **Fashion-led items.** Fashion-led items are of medium to high quality and are produced on a large scale. These products are sold by clothing and accessory retailers, department stores, boutiques and fashion houses. Fashion-led items require large scale of production to fill the orders. Buyers evaluate these products based on the product's ability to align with fashion trends and brand identity, (Kaiser & Associates, 2005:3; Department of Arts, Culture, Science & Technology, 1998:116-119).
- **Gifts and novelty items.** Products are manufactured on a small scale and are sold at markets, tourist outlets, gift stores, museum shops and homeware and department stores. Products are of low to medium quality. The scale varies from small-batch production processing to medium size. Buyers consider the story behind the product when purchasing (Kaiser & Associates, 2005:3).
- **Corporate gifts** are also medium- to high-quality products, which are made in large batches and are retailed directly or online to corporate purchasing managers. Products require customisation and a medium to large scale of production (Kaiser & Associates, 2005:3; Department of Arts, Culture, Science & Technology, 1998:116-119).
- **Cultural artefacts** are products of low to high quality. They are sold at the markets, by street traders and in tourist shops. Buyers buy the story behind the product as well as the product's cultural affiliations. Such products are produced on a small or medium scale and are sold at galleries (Kaiser & Associates, 2005:3; Department of Arts, Culture, Science & Technology, 1998:116-119).

- **Socially responsible/fair trade products** are products made of recyclable and environmentally friendly materials. They are produced to help create employment opportunities for the community, by applying fair trade principles such as not using child labour, paying fair salaries and not exploiting employees. These products are mainly of medium quality and tend to be produced in small or medium batches. They are sold through historically associated retailers such as museums and galleries and by mainstream retailers (Kaiser & Associates, 2005:1; Department of Arts, Culture, Science & Technology, 1998:116-119).

From the above product categories, various products are made using materials discussed in Chapter 2 namely homeware, jewellery, clothing and shoes, fashion accessories, garden furniture and accessories, cards, notepads, albums and calendars as well as toys, figurines and Christmas and other holiday or festive decorations (Kaiser & Associates, 2005:2). The homeware includes products such as bed and table linen, soft furnishings, furniture, wall hangings, pots, bowls, baskets, rugs and carpets, candles, candlesticks, crockery, glassware, pictures, mirrors, screens, sculptures and lights. The jewellery products include necklaces, earrings, rings, belly rings, anklets, bracelets, cufflinks and pins/brooches. Fashion accessories are products such as belts, scarves, bags and hair (Kaiser & Associates, 2005:2).

Since product decisions involve decisions on types of products, levels of quality required and style and design, the next section discusses product levels.

4.5.1.2 Product levels

A product consists of many levels that make up the final product. These include a core product, a tangible product, an augmented product, a potential product and the product image. A core product is the first level and consists of a primary benefit customers get from a product or the reason why a customer buys a product. While craft retailers buy craft products for resale, craft end consumers buy for their own consumption. End consumers buy craft products for various reasons including for decoration, for wearing as textiles, as part of an art collection, as gifts or souvenirs and in order to learn about the culture and tradition of other people (Jena, 2010:128;

McIntyre, 2010:26-27; Musa, 2005, n.d). Craft producers could position their products on the core benefit that retailers or end consumers get from their products. Although craft producers sell to craft retailers that buy to resell, they need to understand the needs of craft end consumers because these needs influence what craft retailers buy from the craft producers.

The second level is the tangible product, which is the physical object, including features of the product such as size, shape, material composition and performance. The performance of a product is determined by the design, styling, quality, packaging and brand (Brennan *et al.*, 2007:264; Wright, 2004:226-7). Product design refers to the means by which the functionality of the product is allocated to the physical components of the product (Khan & Creazza, 2009:308). Product quality encompasses many elements. First, it refers to the fact that the product must meet customer specifications. This implies that the product must have all important features as specified and expected by the customer. Second, organisations must ensure total quality management and customer satisfaction with every element of the product across the product supply chain to ensure customer value.

Lastly, the product must perform better than those of competitors by meeting the customer's perceptions of quality and value (Hutt & Speh, 2007:218). Craft products are driven by quality and design as well as by historic, artistic, ethnic and regional significance (UNIDO, 2007:29). Product design and styling, packaging, brand and quality are some of the supplier selection criteria investigated in this study. Craft retailers also evaluate the availability of products and product ranges (Craft Council of Ireland, 2001:16). Craft producers therefore need an understanding of the tangible elements craft retailers and end consumers require, for these will determine whether or not they will be selected as suppliers.

To develop competitive products, craft producers should focus on traditional, transitional and contemporary styles. With transitional styles, craft producers use traditional skills and raw materials, but the work produced is a new and one-of-a-kind craft object (Sellschop *et al.*, 2005:76). The contemporary styles are influenced by fashion and modern styles. They dictate that craft producers adapt to the latest fashion and design trends in the market (Jena, 2010:128). The use of traditional

styles reflects the heritage and ethnic values of the country, which is important for craft products (Ghouse, 2012:1190). Craft producers need to harmonise traditional work with the themes of modern life to remain relevant (Grobler, 2005:34).

Augmented products, also known as supplementary, added value or support services, form the third level of a product. They consist of services that customers receive when buying a product, such as delivery, warranty, installation, product repair and maintenance. They also include service support and ongoing information services, before and after the sale (Hutt & Speh, 2007:224). Other services include training, response to customer problems and guaranteed delivery schedules (Brennan *et al.*, 2007:264) as well as strategic relationship commitment, service contracts and quality and performance levels (Wright, 2004:228). Augmented products could also include demonstration of craft products at the retail outlets by the craft producers. These services are important for retailers to continue being satisfied with the product over an acceptable period of time, since craft retailers look for suppliers who have reliable delivery (Craft Council of Ireland, 2001:16).

With the potential product level, which is the fourth level, possible evolutions of a product, such as new ways of differentiating a product from competition, are initiated (Cant *et al.*, 2006:197). This is achieved through product differentiation, which occurs when an organisation attempts physically or psychologically to distinguish its products from those of the competition so that products can be seen as different by customers (Cant *et al.*, 2006:197). Product evolution and differentiation are influenced by global competition, market demand, shortening the product life cycle, the need to grow the organisation and rapid technological developments which dictate that craft producers find ways to accelerate the new product development process and offer products that are of high quality (Owens, 2007:239).

Product differentiation is very important for craft retailers that buy craft products which are unique and of consistent quality and style. Since market and product trends change over time, craft producers need to adapt their products to suit these changing trends. For example, craft retailers sell their products to end consumers who, in turn, look for something different when buying craft products (Craft Council of Ireland, 2001:14), which influences craft retailers to stock craft products that are

different from existing ones to satisfy the needs of their end consumers. Products which target the décor market are frequently changed to incorporate designs that complement international trends, while products marketed to galleries and museums are perceived as more valuable because of the aesthetic input of the crafter (Grobler, 2005:94). Therefore, the potential product must meet the changing needs of different craft retailers.

Craft products can be differentiated by country of origin, by cultural differences or by the type of material used in the production (Mutua *et al.*, 2004:98). However, challenges in raw material supply and availability faced by craft producers have affected their ability to differentiate themselves from other suppliers because the quality, design and style of raw materials can be used as a form of product differentiation. Some craft raw materials are expensive, creating another challenge for craft producers in pricing their products competitively (DTI, 2005:80).

The product image is the last and fifth level and refers to the way a product is perceived in the market. Product image is enhanced through product benefits, the tangible product, the augmented product and the potential product and is derived from how the product is positioned in the market. This requires that craft producers update their products to satisfy the above product levels so as to create a product image that matches the expectations and needs of craft retailers. The product dimensions, as mentioned for each of the product levels, are investigated as part of the supplier selection criteria.

Branding is another important aspect of product decisions, involving whether or not to brand and the type of branding strategy to use.

4.5.1.3 Craft branding decisions

Marketing and branding of craft products has been identified by the Department of Sport, Arts, Culture & Recreation (2007:35, 67) as one of the obstacles hindering the success of craft producers. As part of a product strategy, organisations make decisions on branding of their product/s. A brand consists of a combination of elements that include actual product/service, a symbol or logo, particular colours and

specific shapes and sizes. It also includes attributes, associations, expectations, perceptions and promises as well as image and positioning and the reputation of the benefit of a product or an organisation (Wright, 2004:237).

There are several brand elements/terms that make up a brand. These include the brand itself, which is made up of a product name, term, sign, symbol or design, which can be spoken; the brand mark, which can be seen; the trade mark, which gives an organisation legal protection to prohibit other organisations from using the same name or mark; copyright, which gives the owning organisation protection against reproduction; brand equity, which determines the value of a brand; brand awareness, which looks at the number of customers who know the brand, and brand stripping, which concerns the acquisition of a brand (Wright, 2004:238).

According to Wright (2004:238), organisations that are making decisions on branding have an option to choose between corporate branding and product branding. Corporate branding is branding of an organisation selling the product instead of branding the product. This is built up through products sold by organisations, markets the organisation serves, how it treats customers and runs its organisation and how it respects the environment around it. Some retailers buy products from reputable suppliers, which implies that producers must develop a reputation for their organisation and products. Product branding involves branding of products rather than organisations. An organisation can have one brand name for its entire product range or can have individual brand names for each product group. Some craft producers, such as the Bartel Arts Trust (BAT), use the aforementioned approach as they brand their individual craft products (Grobler, 2005:94). However, small organisations experience difficulties in building both corporate and product brands. Because of limited resources, they prefer corporate branding, such as a family name, with a specific product extension (Ojasalo, Natti & Olkkenen, 2008:101).

Craft producers in SA adopt a variety of branding strategies. This includes family branding, corporate branding, place branding, individual names and cooperative or project names. Carrol Boyes is an example of a craft producer that has branded all its products under the name of the producer. The organisation also owns retail stores

under the same name. This strategy is applied by many other craft producers who brand different products within different product lines with the same name.

The second strategy is the use of the name of the producer as both company and product brand name. This is quite common in the craft industry. Clementina Ceramics and Jabu Nene Ceramics are examples of brand names using names of craft producers as brand names. Read's, a jewellery gallery in Rosebank, Johannesburg, is another example.

The third strategy involves the use of the name of the place/region where craft production takes place. This includes, for example, Art Africa, Limpopo Ceramics, Cape Arts and Craft, and Craft SA. This strategy is advantageous since the craft producers can tap into the image and positioning of the region or place. In some countries, craft producers specialising in low-volume high-end products of the market place more emphasis on place-based branding (Department of Sports, Arts, Culture & Recreation, 2007:67). Branding craft products after the country also helps reflect the ethnic and traditional values of the country (Ghouse, 2010:1195).

Well known international brands in this category are 'Handmade in India'. In the USA, there are 'Handmade in USA' brands as well as regional brands such as 'Handmade in Hawaii'. In SA, the CCDI has established the 'Handmade Cape' brand which is used by craft producers selling to the export markets. In SA, products sold in international markets, especially those in the USA, sell well if labelled 'Handmade in South Africa' (Phillips, 2006:221). In India for example, the All India Artisans and Craft Workers Welfare Association developed a logo called Craftmark. Craftmark is licensed for use by craft-based organisations on product tickets and labels. However, the logo is used for products targeted at international markets (Ghouse, 2012:1190).

Craft producers also make use of names such as Zebra arts, Zimele, Homewood and Monkey Biz. This strategy combines the use of random names as well as descriptive names. For example, Zebra Arts and Zimele are not descriptive names since they do not describe the type of product, while Monkey Biz is a descriptive name since craft producers make monkeys only, using different designs and raw materials.

The fourth and last strategy involves the use of a cooperative or project in the brand name, for example, Skhona Cooperative, a cooperative in the Eastern Cape, SA, Bosele Papermaking Primary Cooperative from Northwest, SA, and Ukhamba Pottery Co-operative from Mpumalanga, SA. The use of a cooperative is particularly useful for craft producers who need government funding and support since government encourages craft producers to work together as a group in an effort to develop the second economy in SA (DTI, n.d). Some examples of project names are Dumezwane Pottery and Art Project, Motsepe Embroidery Arts and Projects and Hikurile Clothing and Art Project. All these names include the craft product type they specialise in, such as pottery, embroidery and clothing. Whether or not branding is important for craft retailers when evaluating craft producers will be investigated under the supplier selection criteria used by craft retailers.

The next product decision involves how the product will be packaged and labelled before delivery to retailers.

4.5.1.4 Packaging and labelling of craft products

Packaging decisions demand that organisations make decisions on the technical/functional nature of the package, with the purpose of protecting the product. Other than protecting the product, packaging is useful in communicating product contents and quality to the target market (Alsen, 2007:256-7). The main purpose of packaging is to ensure that products are loaded efficiently into the delivery vehicle/mode and containers, fit efficiently onto delivery pallets or are placed comfortably on retail shelves (Wright, 2004:245).

Packaging plays an important part in the retailing of any product, including craft products. It is also important because some retailers such as supermarkets insist on producers undertaking value adding processes such as packaging and bar-coding. These processes require capital investment and compliance with quality standards that are very expensive for small producers. This, in turn, serves as a barrier to entry to major retail stores for small producers (Louw *et al.*, 2007:540). For some retail buyers, packaging remains an important issue since it facilitates ease of handling (USAID, 2006:39). However, a product like a wooden sculpture might not be

packaged since the customer must look at it and touch it when buying (Department of Arts & Culture, 2009:55).

Some craft products need labelling to identify and give details concerning ownership, use, nature, destination and how the product was made. The use of a 'swing tag', where product and producer information is written on a tag attached to a product, is widely applied. The swing tag also carries a story behind the making of products. These stories can be about the individuals who make the products, where they are made, and why. This has become a major selling tool for most craft producers. For example, the swing tag message (story) of Ilala weavers reads—

'Ilala Weavers is situated at Hluhluwe within the province of KwaZulu Natal, South Africa. Established some 30 years ago, with a clear vision and objective of revitalising and enhancing the age-old Zulu tradition of handcrafts, which at the time were in danger of being lost forever. Today, Ilala Weavers helps over 2000 Zulu people, both men and women, to attain self-sufficiency by working from their homes and therefore retaining their lifestyle and rich heritage of basket weaving and bead work which has been passed down through the generations by Zulu crafters, whose modern counterparts today produce stunning works of art, sought after the world over'. This kind of message has become a selling tool for craft producers by emphasising job creation, poverty reduction, cultural heritage and how, where and by whom the product is made as part of the marketing message.

Products and packaging should be of good quality and must comply with various quality certifications (Ghouse, 2012:1194). There are three types of labels: product labelling, care labelling and shipping labelling. Product labelling describes the raw material content, the provider of the products and country of origin. This may include the product name and code number. Some craft producers carry labels bearing their name and a description of the work. However, not all craft products require packaging. For example, wooden products that are one-off pieces do not carry such labelling. Care labelling is a brief description of how the product should be cared for by the end consumer. It has become increasingly important in the craft industry. Shipping warning labels such as 'fragile' or 'heavy' are used on consignment and should be applied accordingly by craft producers (International Trade Centre,

2003:39-40). The packaging of products as well as use of a swing tag are also investigated as part of the supplier selection criteria used by craft retailers to evaluate craft producers. The next section will discuss the B2B marketing communication.

4.5.2 B2B MARKETING COMMUNICATION

Marketing communication is another important element of the marketing mix since it links the organisation with its customers and all other stakeholders by communicating the products, price, distribution and the organisation itself. Fill and Fill (2005:269) define marketing communication as a management process through which the organisation converses with various audiences with the aim of influencing perceptions and understanding of the organisation and ongoing attitudinal and behavioural responses. By conversing with its stakeholders, the organisation is able to differentiate its offerings from those of competitors and also create relationships with them. Marketing communication performs four important roles: to differentiate the organisation, products and services, reinforce by reminding and reassuring customers, inform and educate all relevant stakeholders about its offerings, and persuade the target market to act in a particular way (Fill & Fill, 2005:270). Marketing communication is a necessity for craft producers who must convey information about their products and organisation to craft retailers who are searching for suppliers.

The challenge is for organisations to select the most appropriate form of marketing communication and to integrate all the marketing communication elements for better results. Marketing communication includes elements such as advertising, sales promotions, sales management, public relations, sponsorships and e-marketing. These elements are discussed in the section below.

4.5.2.1 Elements of the marketing communication mix

For the organisation to communicate its offerings effectively, there needs to be an integration of all marketing communication elements. Such integration involves using a combination of marketing communication elements by communication through

advertising, public relations, trade shows, direct marketing, the Internet, telemarketing and personal selling.

Advertising is non-personal, one-way communication which serves to create awareness, strengthen attitudes, lead to action and influence financial performance (Dwyer & Tanner, 2009:296, 316-7). Advertising is considered a very important element of the marketing strategy (Altinay & Altinay, 2008:1191-2). Advertising in the B2B marketing environment uses different media from those used in consumer marketing and includes trade publications, broadcast media, outdoor media such as billboards, sides of buses and motor cars, and electronic media such as the Internet and organisation directories. Although broadcast media such as TV and radio are used in consumer marketing, B2B advertising usually targets organisation-related programmes to advertise their products. Although it is widely used in both consumer and B2B marketing, its ability to affect sales has been questioned by many scholars (Fill & Fill, 2005:301; Dwyer & Tanner, 2009:316). For economic reasons, many small craft producers do not advertise their products. Those that advertise use tourism listing as a medium, as well as magazines read by end consumers and the Internet (Department of Sports, Arts, Culture & Recreation, 2007:122).

Public relations is another form of marketing communication which is useful for any organisation since it enables the organisation to communicate with both individuals and groups and create goodwill. This in turn helps organisations to create relationships with all their stakeholders (Dwyer & Tanner, 2009:325-6). Very few craft producers use this form of communication and those that use public relations use press coverage (Department of Sports, Arts, Culture & Recreation, 2007:122). Public relations could also take the form of community involvement, where organisations involve themselves in community activities by, for example, sponsoring a sports team or a charity organisation or offering bursaries at universities (Dwyer & Tanner, 2009:327). Some craft producers in SA train unemployed people within their communities on how to make crafts. Others, such as Monkey Biz, use unemployed women in their area to supply the organisation with products. These women are used as suppliers of craft products to the craft producer and are paid only for the products they have produced and supplied to Monkey Biz.

Trade show/exhibition is major part of the marketing communication activities used to support selling and marketing efforts (Reeder *et al.*, 1991:450). Many organisations have adopted trade shows as an important and effective way of communicating their products and services. The reason is that it offers the organisation an opportunity to publicise new products (Hutt & Speh, 2007:406). The use of the exhibition as a marketing tool has grown in importance over the years. The SA government and its agencies provide financial and non-financial support to qualifying craft producers to exhibit their products at any local and international exhibitions (Department of Sports, Arts, Recreation & Culture, 2007:112, 115). There are many craft exhibitions in SA. Craft producers target these exhibitions to showcase their products to retailers and end consumers. For example, some exhibitions such as Decorex target both end consumers and retailers, while the South African Retail and Chemists Druggist Association (SARCDA), targets retailers. Some of the most important exhibitions in the craft industry are highlighted below:

- The Design Indaba is one of a few global and versatile design exhibitions that celebrate the creative industries. It targets various creative industries such as graphic design, craft, décor, interior design, advertising, industrial design, visual art, film and music. It was established in 1995 and runs every year in Cape Town, SA (Kaiser & Associates, 2005:12).
- The Decorex SA exhibition is a décor exhibition usually hosted once a year in Gauteng, Western Cape and Kwazulu-Natal. Since some craft products are of a decorative nature, craft producers exhibit here. These crafters are mainly sponsored by the National Department of Arts and Culture and the National Department of Trade and Industry, as well as by government agencies, provincial government departments of arts and culture and the SA Handmade Collection. The exhibitor profile includes interior designers, artists and art galleries, unique handmade items, suppliers and manufacturers of furniture, architects, decorative accessories, corporate designers, antique dealers and landscapers (Kaiser & Associates, 2005:12).
- The SA Handmade Collection (SAHC) is one of the leading trade fairs in handmade craft, formerly known as 'One of a Kind'. It usually focuses on gifts, antiques, and handmade decoratives. It is an initiative of the Department of Trade

and Industry, and was established to celebrate the fusion of heritage with future, tradition with imagination and creativity with business know-how. The SAHC represents products of the highest quality and design-led, environmentally friendly craft products. It is held three times a year alongside the Decorex Exhibition in Cape Town, Durban and Johannesburg, SA. The exhibition targets international buyers and local trade such as speciality and department stores, gift shops, jewellery stores, interior designers, importers and distributors of home products, mail order catalogues, museums and galleries, stationery stores, craft retailers, garden centres and book stores. The trade fair is managed by Thebe Exhibitions and Projects.

- Hobby-X deals with anything to do with craft and hobbies and is one of the largest and most visited exhibitions. It was established in 1998 and brings a wide range of products and services to industry professionals such as craft retailers, interior decorators, craftsmen and handicrafts producers. It is held twice a year in Johannesburg, at the Coca Cola Dome and Gallagher Estate.
- The Rand Show is a yearly exhibition held at the Johannesburg Expo Centre. It is one of the largest trade fairs and runs for 11 days, showcasing arts and crafts, gifts, premiums and promotional materials, household supplies, decorative articles, home textiles, furniture, furniture supplies and furniture hardware. Trade visitors include art and antique professionals, cultural foundations, artisans and promoters.
- The SARCDAs exhibition is held twice a year. It offers gift, toy and décor exhibitions as well as craft products to serve the needs of retail and décor customers (Department of Sports, Arts, Culture & Recreation, 2007:112).
- The 'Beautiful Things' exhibition was established by the Department of Arts and Culture in an effort to promote craft products in SA (Ndlovu, 2006:4).
- Other exhibitions include the Craft Imbizo, Rooms on View, The Christmas Gift Show and Homemakers Expo and Cape Homemakers Expo as well as other local and regional exhibitions such as the creative craft and arts exhibitions (Kaiser & Associates, 2005:12). The FNB craft awards, gallery exhibitions, the Tourism Indaba, exhibitions at various events like Freedom Day, Heritage and

Culture and Human Rights Day, are some of the exhibitions targeted by craft producers (Department of Sports, Arts, Culture & Recreation, 2007:112, 173).

Exhibitions are more attractive to small-scale retailers than larger ones (Ghouse, 2012:1189). Some craft producers rely on festivals and shows which help boost their earnings in a short period of time. Crafts are also marketed electronically through the use of publicity associations and regional tourism offices and through lifestyle magazines, by word of mouth, through art and craft publications and in exhibitions at museums and galleries (Department of Arts, Culture, Science & Technology, 1998:28).

Another important element of marketing communication for B2B organisations is direct marketing. Organisations make use of this communication tool in an effort to remove channel intermediaries, reduce costs and improve quality and speed for individual customers (Fill & Fill, 2005:312). It complements personal selling and makes use of direct mail, telemarketing and the Internet. Direct mail, telemarketing, catalogues and the Internet are the most widely applied forms of direct marketing. However, as craft producers do not often use telemarketing and mail, this study investigates only how often catalogues and the Internet are used as sources of information by craft retailers during the buying process.

One of the most important direct marketing tools is the catalogue, and this is widely used by organisations. It offers a unique ability to support the selling function since it allows customers to compare products, product application and prices of potential suppliers. Catalogues speed up the buying process since they offer information, thereby securing recognition for the organisation. Catalogues also support the efforts of retailers, who are able to acquire information on non-inventoried products in order to decide when to order products (Bingham *et al.*, 2005:219). Craft producers could use product catalogues as a marketing communication targeted at craft retailers. This would involve forwarding the catalogue electronically or by personal delivery or post to craft retailers.

Personal selling is the most expensive but a very important form of marketing communication (Fill & Fill, 2005:315-6). It is an interpersonal form of communication which involves face-to-face activities. Its purpose is to inform, persuade and remind the target market to take appropriate action in favour of an organisation selling the product. It helps organisations build relationships with retail buyers and other members of a buying centre. Salespeople help customers understand the technicalities of the product and are supported by other B2B marketing communication tools identified above (Fill & Fill, 2005:315-6). Salespeople are the link between the organisation and its customers, help purchasing decision makers to define requirements and match them with the organisation's products, and articulate customers' specific needs to production personnel in order for them to produce the right product for a particular target market (Hutt & Speh, 2007:414-5). Craft producers are generally small organisations and might not be able to afford the use of salespeople. Those craft producers who are owner-managers prefer to undertake the responsibility of being a salesperson in addition to their other responsibilities. Some craft producers make use of marketing agents to sell their products.

Sales promotion is a short-term incentive which is used to encourage and persuade retailers to buy or try the products; it can also be used to persuade retailers to sell more of particular products. Sales promotion activities are used during trade shows, conferences, factory visits and sponsorship events to induce buyers to make appointments to see a salesperson or try a new product. The sales promotion activities involve use of brochures, leaflets and organisation cards to promote the products (Wright, 2004:398-9). Craft producers often take product samples to craft retailers to induce them to buy their crafts (Makhitha, 2009, n.d). The most common forms of marketing communication for craft producers are the use of printed materials such as brochures, pamphlets and organisation cards; direct sales; exhibitions; personal networks; word of mouth; and trade fairs (Department of Sports, Arts, Recreation & Culture, 2007:122). This study will investigate how often retailers make use of sales promotion materials in the form of sampling.

The adoption of the Internet by craft producers is very low and the opportunities associated with it have not been fully exploited by craft producers in SA (Department

of Sports, Arts, Culture & Recreation, 2007:111). The development in information technology has made it possible for organisations to reach their supply chain partners by a click of the mouse. The Internet is used for many purposes, including sending email, accessing product and component information, searching for new suppliers, gathering information about current suppliers, providing information to suppliers, gathering competitive information and online ordering (Deeter-Schmelz & Kennedy, 2002:149; Osmonbekov *et al.*, 2002:154). Craft producers can adopt the Internet as a communication tool for different purposes, including following B2B e-commerce, for on-line catalogues, design, e-mail, video and other multimedia formats and market information (UNIDO, 2007:34-5). There are public craft websites in South Africa such as Buy Africa and on-line shops such as Meekel and Citymob that craft producers could use to sell their products.

Some craft producers use various forms of marketing communication, including word of mouth, marketing materials such as pamphlets and organisation cards and direct marketing techniques such as door-to-door sales (Department of Sports, Arts, Culture & Recreation, 2007:156) while others do not promote their products at all. According to Krake (2005:231), the most commonly used media for advertising among small organisations are word of mouth, newspapers, brochures and PR exercises. Investigating the information sources craft retailers use most often can help craft producers to develop more effective promotional strategies by ensuring that information about their products is available in those sources.

Pricing is the next element of the marketing mix that craft producers must consider when marketing their crafts to craft retailers.

4.5.3 PRICING CRAFT PRODUCTS

As mentioned, craft product pricing is one of the major challenges experienced by craft producers in SA. Craft producers also charge unnecessarily high prices. The prices of craft raw materials and equipment are high, making it difficult for craft producers to meet the pricing levels of the international suppliers. Production costs

are also very high, contributing to high selling prices (Department of Sports, Arts, Culture & Recreation, 2007:113).

Retailers incur certain costs in buying and selling. These costs are considered when determining customer value and must be considered by craft producers when setting prices. Costs include acquisition costs, such as selling expenses, transportation costs and the administrative costs of evaluating suppliers, expediting orders and correcting errors in shipments and delivery. There are also possession costs, which include financing, storage, inspection, taxes, insurance and other internal handling costs. Usage costs are another type of cost associated with on-going use of purchased products, such as installation, employee training, use of labour and field repair, as well as replacement and disposal costs (Hutt & Speh, 2007:369). Craft producers need to consider these costs in the pricing process to ensure that their prices are competitive.

Craft retailers sell crafts at the optimum price and if they cannot cover the costs from the price, they look for another supplier who will offer them a better price (Phillip, 2006:217). Therefore, craft producers must set prices that are acceptable to the craft retailers. To achieve this, craft producers must first determine the value that customers place on the product or service. Other than costs, the value of the product must also be determined when setting prices, by identifying the most important product attributes/features retailers seek when buying. This also requires that craft producers determine how their organisation is perceived with regard to the provision of such attributes compared with its competitors. This involves determining the positioning of the product against its competitors as well as how the craft product performs on the product levels against those of competitors. Doing this helps craft producers to be better equipped than their competitors in delivering product attributes/features (Hutt & Speh, 2007:373). This study will investigate the supplier selection criteria craft retailers use when buying crafts. Included in the investigation is the importance of craft producers offering competitive prices and the importance of craft producers' willingness to negotiate prices with craft retailers. In addition, the study also investigates whether craft retailers consider the total costs of ownership as important criteria when evaluating craft producers during the buying process.

Competitor pricing involves determining the maximum price an organisation can set compared with competitors. Setting prices according to competitor prices depends on the ability of an organisation to differentiate its products from the competition, the reputation of the organisation and technical innovation (Hutt & Speh, 2007:377). By differentiating their products from those of competitors, craft producers could set better prices (Monty & Skidmore, 2003:198), since increasing prices based on quality of products offered leads to increased customer perception of quality (Henley, Cotter & Herrington, 2004:61).

Craft producers can adjust their prices by discounting prices for certain products depending on the quantity bought, the length of time a buyer has been buying from the organisation, the location of a customer and whether or not a customer is buying with cash (Bingham *et al.*, 2005:272-3). Craft producers face difficulties in producing innovative designs at lower cost when customers want products that are cheaper and attractive (Jena, 2010:129). There is also a belief that some craft retailers exploit craft producers and expect to pay lower prices that are not profitable for the producers (Phillip, 2006:217, 219; Makhado & Kepe, 2006:507; Pereira *et al.*, 2006:490). Retailers also believe that craft producers charge higher prices for commodity products (Khumalo, 2000 in Grobler, 2005:67).

Some craft producers do not seem to understand craft retailers' pricing methods. For example, different retailers have different mark-ups ranging from 50 to 150 percent, depending on the product. Yet some craft producers expect craft retailers to buy craft products at high prices since they apply higher mark-ups; they lack an understanding of the costs craft retailers incur in promotion, marketing, rental and travel between remote areas looking for craft producers, all of which increase the costs. They therefore need to apply a higher mark-up to cover such costs. Small craft producers also do not often have their own transportation and therefore craft retailers have to arrange to transport goods from the craft producers to their shops or warehouses (Phillip, 2006:217, 219).

Pricing plays a very important role for both the producer and the retailer since it affects profitability (Monty & Skidmore, 2003:62). It also determines whether or not craft retailers will source from the producer. The ability of craft producers to charge

the appropriate price and their ability to negotiate prices to the satisfaction of craft retailers will benefit both parties.

A craft product cannot succeed in the market unless supported by an effective and efficient method of distribution, as discussed in the next section.

4.5.4 DISTRIBUTION CHANNELS OF CRAFT PRODUCTS

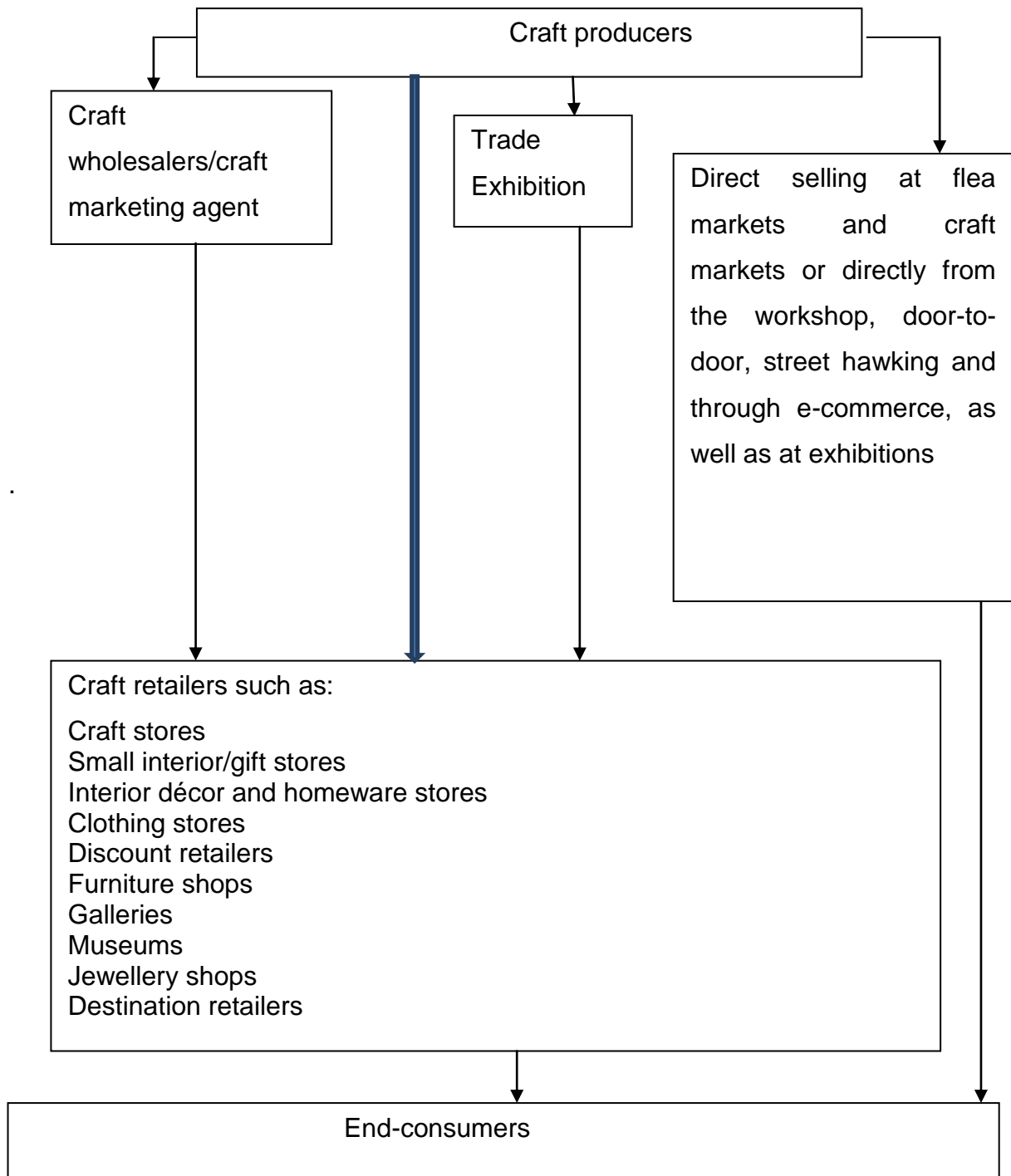
Organisations make decisions on how the product will be made available to its chosen target market, and when and where and for how long products will be made available. The channels of distribution helps craft producers to make the right product at the right time and the right place while satisfying customer requirements (Hilletoft, 2009:16).

The channels of distribution link craft producers with the market. Channel members include wholesalers, agents and retailers that perform different functions necessary for selling and delivering the products to customers. Tasks performed by channel members include making contact with customers, negotiating, contracting, transferring title, communication, arranging finance where possible, servicing the product, providing local inventory, transportation and storage (Hutt & Speh, 2007:292). Channel members bring craft producers and end consumers together, assist in product development, share market information with craft producers and can also assist in pricing of crafts. However, when channel members spend time developing the products with craft producers, marketing and promoting the crafts, they expect craft producers to deliver products reliably, to offer consistent quality and to deliver correct quantities (Philip, 2006:213, 221).

Craft producers need to make decisions about whether to distribute their products directly, indirectly or using a combination of all channels. In a B2B marketing environment, direct channels of distribution are those that sell directly to customers, such as salespeople, product catalogues, direct mail and the Internet, without making use of an intermediary, while indirect channels are those that make use of intermediaries such as distributors, wholesalers and agents. Direct channels are

more common in B2B marketing than in end-consumer marketing (Wright, 2004:254-5). Craft retailers buy craft products directly from the primary craft producers and also from channel members (middlemen) such as wholesalers or agents (Mutua *et al.*, 2004:106-7). Channels of distribution in the craft industry are shown in Figure 4.1 below. For the purpose of this study, all types of craft retailers are included: craft stores, small/interior stores, interior décor and homeware stores, clothing stores, discount stores, furniture stores, galleries, museums, jewellery shops and the destination retailers, as shown in Figure 4.1.

Figure 4.1: Marketing channels for craft producers in SA



Source: adapted from the Department of Sports, Arts, Culture & Recreation, 2007:127; USAID, 2006:8; Frost & Sullivan, 2005:206

The distribution decisions must also satisfy certain distribution expectations of customers, such as the ability to deliver on time, supply enough capacity and on time and place orders conveniently. Additional requirements include accepting product returns, providing after-sales support and offering training. According to Hansen &

Skytte (1998:292), buyers consider high and consistent quality very important, need a flexible response and require joint product development, specific delivery times, frequent contact through frequent ordering, wide product ranges from a limited number of suppliers, high physical degrees of product differentiation, strong manufacturer brands and a small number of suppliers (Hansen & Skytte, 1998:292). Craft producers must ascertain whether craft retailers use these factors, among others, to evaluate their suppliers, which is one of the objectives of this study. Buyer–supplier relationships are important in B2B marketing and are discussed in the section below.

4.6 BUYER–SUPPLIER RELATIONSHIPS

Organisations value buyer–supplier relationships for three reasons: they ensure cost savings, attract specialised competencies which result in the retailers' innovativeness and ability to offer higher-quality products, and ensure reliable performance as demonstrated by producers on a day-to-day basis, such as delivery reliability, delivery time and product quality (Wagner, 2006:554). Buyer–supplier relationships influence the supplier selection process and the criteria used (Choi & Hartley, 1996:334). Retail buyers are also concerned with selecting suppliers with whom they can establish a long-term partnership and to ensure a stable source of supply (Mason & Mayer, 1990:491).

There about 7000 craft producers in SA (Kaiser & Associates, 2005:11). Local craft producers also compete with other African craft producers, who are the majority in SA. Their ability to develop and build as well as maintain relationships with craft retailers could create competitive advantages for craft producers. Relationships influence the structure of a buying process, depending on the history of the relationship between the two parties. Information requirements will also differ depending on whether buyer–suppliers are in a long-term or a short-term relationship. There is also a greater exchange of information between buyers and suppliers involved in long-term relationships (Johansson, 2001:341). The rate of acceptance of new products is also higher when buying from existing suppliers (in-suppliers) than when buying from new suppliers (out-suppliers) (Pellegrini &

Zanderighi, 1991:168). This study will investigate the supplier selection criteria most important to craft retailers and one of these is whether long-term relationships are important for craft retailers when sourcing crafts.

4.7 SUMMARY

This chapter reviewed the literature on marketing strategies in a B2B marketing environment. Marketing strategy was introduced, followed by a section on environmental scanning. Environmental scanning was discussed since formulation of marketing strategies requires that organisations learn and understand the environments around them so that they can formulate effective marketing strategies. This was followed by a discussion of market segmentation. Craft producers target different markets, including craft retailers. An understanding of market segmentation would enable craft producers to understand and appreciate the fact that markets are different and that craft retailers also differ from one another. Craft retailers would also be able to choose which retailers they want to target from among different retailers. This, in turn, should enable them to formulate appropriate marketing strategies targeted at various craft retailers.

The selection of the target market was followed by the decision on the elements of the marketing mix. This involves decisions on which products to produce, how many and for which segments. Decisions are also made about whether to brand the products and how, as well as about how to package the products. The selecting and positioning of the target market was also discussed. Craft producers also need to decide on how to communicate their organisations and products to the market. They do so by selecting, from among the different communication tools, those tools that are more suitable for their products and market. This implies that organisations decide whether to advertise, use the Internet, exhibit their products, or use direct marketing or sales promotion. Craft producers would need to decide how to communicate their organisations and products by using a combination of the marketing communication tools.

Pricing is another important element of the marketing mix. It determines whether products will sell and if organisations will make a profit. It is therefore important that craft producers set their prices by matching those of competitors as well as customers' needs. In addition, organisations decide on the channels of distribution available to them to make their products available to their customers. This involves making decisions on which types of channels to use and why they are selected. Lastly, creating and maintaining relationships with customers has become an important marketing tool for small organisations, and craft producers need to formulate strategies on how to maintain relationships with their retailer customers.

The next chapter discusses the research methodology followed in this study.

CHAPTER 5: RESEARCH METHODOLOGY

5.1 INTRODUCTION

Marketing research is defined as the ‘systematic and objective identification, collection, analysis and interpretation of information that is undertaken to improve decision making related to identifying and solving marketing problems’ (Malhotra, 2009:30). The process begins with the identification of a problem or opportunity and continues until data are collected, analysed and disseminated. It can also be used to generate, refine and evaluate marketing actions, monitor marketing performance and improve understanding of marketing as a process (Tustin *et al.*, 2005:6-7).

The task of marketing management is to make decisions on the target market to pursue and the marketing mix elements needed to satisfy the needs of the target market. Decisions on which target market to pursue and on which marketing mix elements to implement for the target market will be made successfully if market research information on customer needs has been collected (Churchill & Iacobucci, 2009:5).

Information on the marketing environment, such as the macro environment, market environment and internal environment, is useful to enable marketing management to understand the external environment affecting their ability to satisfy the target market, their competitors and their action, as well as the organisation’s capabilities (Tustin *et al.*, 2002:10-1). For example, craft producers lack access to markets. Marketing research could be useful in providing information on craft retailers’ buying behaviour, which will enable craft producers to understand the craft retailers, thus enabling them to formulate appropriate marketing strategies targeted at craft retailers.

Craft producers need to collect the kind of market information on craft retailers that will aid them in formulating effective marketing strategies aimed at this market segment. As already mentioned in Chapter 4, there are various types of craft

retailers, differing in size, market position and nature of operations. These craft retailers could also differ in buyer behaviour, especially with regard to what they look for when buying (Paige & Littrell, 2002:323). Understanding the buying behaviour of different types of craft retailers will enable craft producers to select the craft retailers whose needs they can satisfactorily match and also to formulate the right marketing mix strategy for each of the chosen craft retailers.

Craft objects were traditionally developed for ritual or household use but have become popular as interior décor for homes, hotels, restaurants and corporate offices. The growth in homeware stores has also popularised craft products (Sellschop *et al.*, 2005:29-30). Consumer trends have also changed over the years and keep on changing. This compels craft producers to collect market information on the market developments that could affect their marketing strategy.

Craft retail activities are stronger in and around tourism areas such as game parks, scenic points and cultural attractions (Wesgro, 2000:4). Tourism in SA has increased dramatically in the past two decades. For example, six million international tourists arrived in SA in 2000 and this increased to over 12 million international tourists in 2011 (Statistics South Africa, 2011:7, 12). Tourists buy crafts as souvenirs to remind them of the trip they have taken (Swanson, 2004:363; Wilkins, 2010:4). This translates into the opportunities for craft producers to make their products available to retail channels, which will then sell the products to their customers. Such an opportunity will be available only if craft producers understand what craft retailers are looking for when buying crafts from their suppliers, which will enable them to match their products with the retailer's needs. Marketing research could be useful in this case and can be used not only to study the buyer behaviour of retailers but also for identifying market opportunities. The remainder of the chapter will explain the research process followed in this study.

5.2 PROBLEM AND RESEARCH OBJECTIVES

Lack of access to markets is one of the major challenges facing the majority of craft producers in SA. As already stated in Chapters 1 and 2, craft producers lack access

to the retail market (Wesgro, 2000:33). This lack of understanding of what the market and craft retailers need, as well as the inability to formulate appropriate and competitive products and marketing strategies, are major drawbacks for craft producers (Grobler, 2005: 43, 67). Craft producers possess the traditional craft skills but lack the ability to translate their skills into products with market potential (Sellschop *et al.*, 2005:29-30), thus limiting their own market access. They need valuable marketing research and are unaware of which markets demand their products since they are not exposed to different markets (Kaiser & Associates, 2003:9, 10).

Craft producers are not price competitive because they are reluctant to share margins with craft retailers (Kaiser & Associates, 2005:5). They resort to selling directly to end consumers instead of through craft retailers for fear of gaining only small profit margins when selling to craft retailers. The majority of craft producers in SA are small organisations, yet craft retailers consist of both small and large retailers. Craft retailers target different market segments including the high-end, medium- and low-end markets (USAID 2006:30). There are different craft retailers serving each of these markets. An understanding of craft retailers and their market positioning could help craft producers select the appropriate craft retailers to sell to.

Retail channels play a crucial role in the craft industry value chain by bringing the craft producers and end consumers together (International Trade Centre, 2009:25). Therefore, they are an essential marketing channel for established organisations (Luutonen, 2009:123). Retailers provide the link between craft producers and the market and are also able to give feedback to and translate critical market intelligence for craft producers (Phillip, 2006:229). Retailers understand what end consumers want and so buy from the craft producers what their end consumers need. This influences not only what they buy but also the selection criteria that they use when evaluating the suppliers from whom to purchase craft products.

Some craft producers in SA sell directly to end consumers through direct channels; for example, craft producers sell on the streets and at craft and flea markets instead of through retail channels. Although there are various reasons why craft producers sell directly to end consumers, one of the reasons is that they lack an understanding

of what craft retailers look for when buying crafts and therefore fail to secure a space in retail channels. The CCDI offers retail-readiness training programmes to prepare craft producers to sell to retail stores (CCDI, 2009/10:7), which supports the fact that the selling and marketing of craft products to retail stores is a major concern for craft producers, industry players and government. Some craft organisations, including craft retailers/shops, closed down during the 2007–2009 recession, making it difficult for craft producers to compete for retail space (Ressel, 2012:9); this has reduced the number of available craft retailers, thus increasing competitiveness among craft producers.

Retailers often do not have the physical or financial capacity to accommodate all the new products available in the market and have to make choices about which products to buy from the craft producers. Craft producers need intimate knowledge of retail buyer behaviour to maximise distribution efficiency and the probability of new product acceptance (McLaughlin & Rao, 1989:359). Different types of craft retailers exhibit different buyer behaviour. This happens because they target different markets.

Van Der Merwe and Campbell (2008:332) identified four end-consumer profiles of homeware stores. These include quality-conscious homeware end consumers, fashion-conscious homeware end consumers, lifestyle-oriented homeware end consumers and compulsive homeware end consumers. These consumer profiles influence the buyer behaviour of homeware stores in that they will buy craft products that match the needs of different consumer profiles. Homeware stores might target one or all of the four consumer profiles. Craft producers therefore need an understanding of different types of craft retailers in order to secure shelf space in these retail stores.

Market trends have changed over the years and craft producers need to adapt to these changing trends. Craft retailing also differs from region/market to region/market based on cultural and other contributing factors (Kaiser & Associates, 2003:13), which implies that what sells well in one region and market might not sell well in other regions/markets.

There is a lack of information on the buyer behaviour of craft retailers. As a result craft producers lack an understanding of what craft retailers need and formulate inappropriate marketing strategies targeted at craft retailers. This in turn leads to limited access of craft producers to the craft retail market. The objectives of this study are therefore:

- determine the buying stages craft retailers go through when buying crafts.
- determine if different groups of supplier selection criteria can be identified.
- ascertain the importance that craft retailers attach to supplier selection criteria.
- determine what kind of different groups of information sources can be identified.
- determine how often craft retailers use different sources of information.

From the above objectives, six hypotheses were formulated for the study.

5.3 RESEARCH HYPOTHESES

This section discusses the literature used to formulate the hypotheses. Since six hypotheses were formulated to address the above objectives, each will be discussed separately.

5.3.1 HYPOTHESIS 1

Various authors on organisational buyer behaviour identified different stages that buyers go through when buying products from their suppliers. Robinson *et al.* (1967) proposed eight stages in the buying process while De Boer *et al.* (2001) and Luo *et al.* (2009) suggested five and four stages respectively. Weele (2005) discussed six stages retailers go through when buying, arguing that retailers go through different stages in the buying process of an organisation. The above authors investigated the stages from the perspective of manufacturing organisations, while Weele (2005) discussed the stages from the perspective of retailers.

Ghingold and Wilson (1998) and Burger and Cann (1995) identified six stages in the buying process. Applying the Robinson *et al.* (1967) model to buying by restaurants, Mawson and Fearne (1997) found that restaurants go through an extended decision-making process, with eight buying stages. Fawzy and Samra (2008:128) listed nine stages in the process of buying and selection of a meeting site. The stages in the buying process vary for different product types, organisations and across countries (Johansson & Burt, 2004:816; Johansson, 2001:334).

Owner-managers decide on what assortments to carry and from whom to buy, while large chain retailers with centralised buying follow the process decided upon at central level. Retailers are involved in a prolonged buying process and are more involved in various activities in the buying process when buying private brands. The buyer or buying team also works closely with other departments in defining the specification (Johansson & Burt, 2004:810, 816).

The quality of products and suppliers which retailers select when buying depends on the buying stages followed prior to selecting craft products and suppliers (Sen *et al.*, 2008:1826). Some retailers engage in an extended buying process and follow many stages when buying new products, while others go through fewer stages (Johansson, 2002:580). The number of buying stages differs depending on the relationship between the buyer and the supplier (Johansson, 2001:341; Johansson, 2002:580). Retailers of different types also exhibit different communication and buying patterns because of the manner in which they organise their buying function (Johansson, 2002:579), thus leading to different stages in the buying process. Paige and Littrell (2002:323) stated that craft retailers differ in terms of product assortment qualities, such as where they buy their products and the uniqueness, quality and quantity of craft products they buy. This leads to craft retailers formulating different marketing strategies which, in turn, influence their buyer behaviour. From the above discussion, the following hypothesis was formulated:

H₀ There are no significant differences between types of craft retailers and the number of buying stages they go through.

H₁ There are significant differences between types of craft retailers and the number of buying stages they go through.

5.3.2 HYPOTHESIS 2

The buying process, especially the supplier search stage, is influenced by the experience of a buyer. Some buyers look for suppliers from within their existing supply relationships, indicating the importance of the buying experience during the buying process (Johansson & Burt, 2004:810). According to Webster and Wind (1996:57) the learning experience of the buyer influences the buying decision. According to Da Silva, Davies and Naude (2000:169) less experienced buyers exhibit different buyer behaviour compared to the experienced buyers. Since buyers are evaluated on the margins they can attain (Da Silva, Davies & Naude, 2000:170), they could spend more time and effort searching and evaluating suppliers. Buyers involved in repeat purchase situation develop a structured choice process while those involved in other situations would be involved in a different choice process (Bunn, Butaney & Hoffman, 2001:77; Sproule & Archer, 2000:403). This implies that buyers will go through different buying process depending on experience in buying a product. It is therefore hypothesised that:

H₀ There are no significant differences between the years of buying experience of craft retailers and the buying stages they go through.

H₂ There are significant differences between the years of buying experience of craft retailers and the buying stages they go through.

5.3.3 HYPOTHESIS 3

Existing literature on supplier selection criteria have indicated that product quality, delivery and price are the key criteria used to assess the performance capabilities of suppliers. The literature has also indicated that these key buying criteria differ across product categories (Sen *et al.*, 2008:1827; Wagner, Ettenson & Perish, 1989) and types of retailers (Hansen, 2001:164).

Sheth (1981:5) asserted that the type of merchandise decision, whether first-time or repeat, and the type of merchandise and product positioning influence supplier selection criteria. As already stated in Chapter 1, supplier selection criteria differ for different store size, type of retailer and location, as well as management mentality, which can be either financially driven or merchandise driven (Hansen, 2001:164; Sheth, 1981:5). Small retailers have fewer variations in supplier selection criteria than large retailers since small retailers might buy products from a wholesaler. The total number of suppliers is also greater for retailers compared with manufacturers. Sheth (1981) singled out only price, delivery and packaging as the generic criteria that retailers use to evaluate suppliers. In addition, Sheth (1981:5,6) listed product assortment, financial position, business negotiations and relative marketing effort of the organisation as criteria for selecting suppliers.

Lin and Wu (2011:1252) studied the supplier selection of supermarkets in Taiwan and found that price, product quality, product consistency and food safety were the most important criteria used to select suppliers. Price was also listed by Sternquist and Chen (2006:260) as one of the most important criteria used by food retail buyers when selecting suppliers, while Dandeo, Fiorito, Giunipero and Percy (2006:35) listed product quality and price as the most important criteria. It was therefore hypothesised that:

H₀ There are no significant differences between different types of craft retailers and the importance they attach to selected supplier selection criteria.

H₃ There are significant differences between different types of craft retailers and the importance they attach to selected supplier selection criteria.

5.3.4 HYPOTHESIS 4

Da Silva, Davies and Naude (2002:1340) stated that buyers are not homogeneous but differ from one another in age and experience. For example, the more experienced buyers of menswear consider cost price as the most important criterion, unlike the less experienced buyers, while the less experienced buyers of household textiles, in contrast with more experienced buyers, saw cost as the most important

criterion. This implies that buyers differ according to their experience in buying as well as the products they are buying.

Ettenson and Wagner (1986:58) indicated that supplier selection criteria differ for different types of retailers and that more experienced buyers used mark-up and sales record as the supplier selection criteria. Davies (1995 in Hansen & Skytte, 1997:14) found that less experienced buyers used objective criteria such as net margins and price for delisting suppliers, unlike more experienced buyers. Park and Krishna (2001:267) and Yu, Fairhurst and Lennon (1996:20) also found that years of buying experience affect the decision on which supplier selection criteria to use when evaluating suppliers.

From the above discussion, it was hypothesised that:

H₀ There are no significant differences between craft retailers' buying experience and the importance they attach to supplier selection criteria.

H₄ There are significant differences between craft retailers' buying experience and the importance they attach to supplier selection criteria.

5.3.5 HYPOTHESIS 5

Retailers consult different sources of information when searching for suppliers. They use more types of information when buying new products than when replenishing stocks since buying a new product becomes a strategic decision, especially when buying from a new supplier, that affects the product assortment carried by the store (Johansson, 2002:578,581). Some buyers use certain sources of information more often than others (Brossard, 1998:45).

Deeter-Schmelz and Kennedy (2004:192) measured the usefulness of information sources and the results showed that the product and sales representatives of a supplier are more useful than other sources of information. In a study of supplier selection and the buying process, Dempsey (1978:263) found that information sources differed for different types of organisations and types of products.

To succeed in a highly competitive craft industry, craft producers need to provide information about their organisations and products to retailers and ensure they have continuous contact with them (Nagori & Saxena, 2012:55). They also need to ensure the visibility of their products and employ new and creative methods of marketing communication (Luutonen, 2009:126). Kline and Wagner (1994:83) found that own knowledge and customer request were the dominant sources of information.

Salespeople were identified in many research studies as an important source of information for retailers (Julien & Ramangalahy, 2003:237; Frances & Brown, 1985-86:6). Lindbon (2008:13) found that publications, electronic information services and customers were important sources of information about suppliers for apparel buyers while advertising was considered important for appliance buyers. The Internet was found to be moderately important for buyers when initially selecting their major suppliers. Buyers within a buying function also share information with one another (Bruce & Daly, 2006:336). Thus, the following hypotheses were formulated:

H₀ There are no significant differences between different types of retailers and how often they utilise information sources.

H₅ There are significant differences between different types of craft retailers and how often they utilise information sources.

5.3.6 HYPOTHESIS 6

According to Deeter-Schmelz and Kennedy (2002:150, 152), the number of years of buying experience has no impact on the type and number of information sources buyers use when involved in the buying process. This claim contradicts the findings of Kline and Wagner (1994:84), in that product-specific buying experience affects the mix of information sources a retailer consults and that some sources of information are considered more important than others. This implies that a buyer who is experienced in buying a particular product will use a combination of information sources that differs from that used by one who is not.

Rowland, Moriarity and Spekman (1984:144) found that experienced buyers develop greater knowledge of products and suppliers and feel more comfortable evaluating competing products and suppliers without assistance from other people. It was therefore hypothesised that:

H_0 There is no significant difference between craft retailers' years of buying experience and how often they utilise information sources.

H_6 There is a significant difference between craft retailers' years of buying experience and how often they utilise information sources. The next step of the research process involves the research design.

5.4 THE RESEARCH DESIGN

Chapter 1 provided background on the broad research designs. This study adopted the descriptive study design, using a quantitative survey method. This provided a snapshot of retail buyer behaviour with specific focus on the buying process and stages in the buying process, the most important supplier selection criteria and sources of information most often used by craft retailers when buying products from their suppliers. Qualitative research was adopted in the initial phase of the research, where interviews were conducted with retailers and industry experts. Qualitative research was conducted so that information collected could be used as input for the survey questionnaire. The results of this qualitative research are discussed in Section 5.7.

5.5 DEVELOPMENT OF A SAMPLING PLAN

This section will focus on the discussion of the sampling population, sampling frame, sampling method and sampling size.

5.5.1 SAMPLING POPULATION

Sampling is based on the premise that a population being studied is a larger one and that the researcher needs to select a subset or some part of the population from which the population characteristics are estimated (Zikmund, 2010:301). A population is a total of all the elements in the population sharing some common set of characteristics (Malhotra, 2009:369). A sample is a subgroup of a population and selected from a total population with common characteristics.

Furthermore, researchers must also determine the target population, which involves the collection of elements possessing that the information the researcher is seeking. It is from the target population that the researcher identifies the units of analysis since it might not be possible economically for them to sample the whole population. The unit of analysis is the subject on which measurement will be taken (Babbie & Mouton, 2001:174). The target population for this study is formal craft retailers operating in various provinces in SA. Craft products are mainly sold via galleries, craft markets and craft retailers operating in various provinces. Craft retailing is also stronger in areas with tourism activities such as scenic points, game parks and cultural attractions. The Gauteng, Kwazulu-Nata and Western Cape are more vibrant areas (Wesgro, 2000:4). It is important noting that some craft organisations, including craft retailers/shops, closed down during the 2007–2009 recession (Ressel, 2012:9), which have reduced the number of available craft retailers.

Craft products are also sold via retail stores such as furniture stores, discount stores such as Game, home and interior décor stores such Mr Price Home, department stores such as Woolworths and Edgars, clothing stores and jewellery shops. Some museums also sell craft products. The sampling population includes all accessible and available types of formal craft retailers in SA.

In SA, there are many craft markets accommodating stall owners selling craft products. Some of the stall owners are craft producers selling their own products while others buy craft products to resell. Some craft producers produce and sell their own products but also buy from other craft producers to resell in order to ensure they have a wide variety of products to offer end consumers. Those stall owners who buy

and resell will also be targeted for this research. It was necessary, therefore, to clarify whether stall owners bought or produced their craft products. In some cases, independent retail stores produce some products and also buy others. This applies also to craft speciality stores that retail their own produce and also buy from other producers. The BAT (Bartel Arts Trust) centre is an example of craft producers who retail their own produce. BAT has its own galleries, which exhibit its own products. Highly reputable retailers such as Carrol Boyes make their own products but also source, albeit fewer, products from other suppliers, which is the trend in the craft industry.

The units of analysis were the buyers, owner-managers, manager-buyers and executives within craft retailers in SA who are responsible for buying craft products. In the case of retailers such as The Foschini Group and Ellerines, which have more than five divisions, buyers within each division who are responsible for buying craft products were targeted. These retailers also have buyers specialising in buying different products. This could mean that one buyer buys crafted furniture while another buys handcrafted décor accessories. Retail buyers buying for different divisions were targeted. Since there are fewer large retailers selling crafted items, this reduced the population size of large retailers.

Once the target population has been decided upon, a sampling frame consisting of such a population must be accessed. The sampling frame is discussed in the following section.

5.5.2 SAMPLING FRAME

A sampling frame is a complete list from which respondents are drawn from the total population (Saunders, Lewis & Thornhill, 2009:214). It can be generated from a telephone book, an association directory listing the organisations in the industry, a mailing list purchased from commercial organisations or a city directory. A listing can also be compiled if it is not readily available. Compiling a listing often leads to sampling frame error since some elements might be omitted, or a list might contain more than the desired population (Malhotra, 2009:372). A sampling error might occur

because certain elements are excluded from the sampling frame or when the entire population is inaccurately represented in the sampling frame (Zikmund & Babin, 2010:306).

The sampling frame for this study was generated from various databases and lists of craft retailers such as the CCDI database of craft retailers, a list of galleries and the Sunday Times Home Weekly. In addition to the above lists, additional lists of retail stores selling crafted products such as jewellery, home décor, furniture and art and crafts were also accessed from various Internet sites listing such organisations. This included the Rainbow, Fyple, thatfurniturewebsite, Retail hub, Aardvark, the yellow pages, the SA Décor and Design directory – The Buyers' Guide, and InfoHub. All these sites list retail stores selling different kinds of products including craft products. For example, The SA Décor and Design online directory – The Buyers' Guide, has a database of all home décor retail stores throughout SA. The lists provide information on the names of retail stores, their telephone numbers and email addresses. 'That furniture website' is a database of furniture stores in SA which also provides contact details such as telephone numbers and email addresses of organisations. It was deemed necessary for this study to access different databases to ensure that retail stores of different types were targeted.

Some of the contact details listed on databases and directories of craft retailers were either incorrect or the organisation could not be reached, which dictated that more craft retailers be contacted to reach an acceptable sample size. Some of the directories listed fewer organisations, adding another reason for using multiple directories. Since it was difficult to determine if an organisation is listed in more than one directory, craft retailers were asked to ignore the questionnaire if they had already received it. There were also a number of retailers who were unwilling to take part in the study, which drastically reduced the sample size. Retailers do not have the time to spend on completing questionnaires, preferring to focus on serving their end consumers.

There are over 600 craft retailers in SA (Kaiser & Associates, 2005:20). A list of craft retailers was accessed from the publicly available website as well as from the CCDI. However, the CCDI has a database listing over 300 craft retailers, museums and

galleries selling craft products. The researcher also obtained a list of galleries, which is available from publicly accessible websites. It is important to note that not all galleries sell craft products. For example, the Johannesburg Art Gallery, Pretoria Art Museum and the University of Pretoria Art Collection appear on the list of museums and galleries, yet they do not sell craft products. This reduced the gallery and museum population since there are many other galleries and museums that do not sell craft products. Some of the galleries and museums were no longer in operation. Government galleries buy from a database of crafters listed in their local municipality and do not go through a normal buying process. These galleries were therefore not targeted for this study.

To test the reliability of the information contained in the websites and databases from which the sampling frame was selected, some of the individuals on the lists were contacted telephonically. Although some organisations were still operational, some responses received were that they were 'not available', 'the subscriber number has changed', 'the telephone number you have called does not exist' or the owners said 'I closed the organisation many years ago'. Contact telephone numbers of large retail stores such as Woolworths, Mr Price, @home and some furniture stores were accessed from the Sunday Times Home Weekly, which publishes contact details of stores whose craft products are advertised in the section. Some contact details were accessed from the organisations' websites. Interior/exterior décor magazines such as Garden and Home for example also publish the names and contact details of craft retailers whose products are either advertised or appear in the magazines' columns and articles. For example, Garden and Home August 2012 published the details of more than 30 craft retailers selling craft products as well as those whose products appeared in the magazine. It is important to decide how the targeted population will be selected once the sampling frame has been accessed. The sampling method follows next.

5.5.3 SAMPLING METHOD

According to Babbie and Mouton (2001:164), the sampling method allows the researcher to determine and have control over the specific individuals selected for

the study. Two types of sampling methods exist: probability and non-probability sampling methods. Probability sampling is a random selection of sampling units from the list of names in the population where every unit of analysis is selected by chance. It creates an opportunity for every member of the population to be selected as part of the sample. It has a known non-zero probability of selection (Malhotra, 2010:376).

Due to the inaccessibility of some sampling frames of craft retailers and the fact that some databases were unreliable, this study adopted non-probability sampling. Non-probability sampling is a subjective sampling approach where the probability of selecting units of analysis is unknown. It differs from probability sampling, which uses a random selection of the units of analysis to reduce or eliminate sampling bias. Non-probability sampling leads to a situation where all available sample units are targeted. This method was used because of time and cost constraints and also because the lists available were not complete and not enough sample units were available, leading to a situation where all available units were targeted (Cooper & Schindler, 2006:245, 247).

The convenience non-probability sampling method was used for this study. Convenience sampling offers benefits to researchers, such as that it gives the researcher or fieldworker freedom to choose whom they find and it is cheaper and easier to conduct (Cooper & Schindler, 2006:216-217). The convenience sampling method was adopted for this study because there are no reliable databases in SA listing craft producers. The CCDI database of craft retailers also contained craft organisations such as marketing agents as well as retailers selling their own produce. As stated in the previous section, different directories listing different types of craft retailers were used to access an acceptable sample size and to ensure that craft retailers of different sizes and product types were targeted.

A researcher needs to identify the size of the target population that can be reached for statistical purposes. This requires that researchers decide on the sample size to be realised to ensure that the right people or organisations are targeted for the study. Sample size is discussed in the next section.

5.5.4 THE SAMPLING SIZE

According to Malhotra (2010:374), the sample size determines the probability of the result from a given sample size having been obtained by chance. The larger the sample size, the more likely it is the sample will be representative of the population from which it is drawn and the more accurate the results. It is determined by the rate of response of the population. The higher the response rate, the bigger the sample size. To offset challenges associated with a lower response rate, Malhotra (2010:374) suggests that the researcher estimate the response rate and increase the sample size so that the required response rate can be achieved.

Researchers from different studies reached different sample sizes ranging from 9.82 percent of the population (Siu, 2000:297) to 61 percent of the population (Tang *et al.*, 2007:120; Brooksbank *et al.*, 1999:105). According to Malhotra (2010:374), the sample size is determined by the nature of the research. For example, with exploratory research, the sample size is small. It is also determined by whether sophisticated statistical analyses are to be computed and if so, the size of the population should be large. The average size of samples in similar studies also determines the sample size, as do the resource constraints.

Tustin *et al.* (2005:359-60) advised researchers to consider certain statistical and practical implications when deciding on the sampling size. This includes the degree of variability in the population. If the population is heterogeneous, the researcher must target a larger population to capture the diversity. Researchers could also consider the degree of precision associated with the estimates based on the sample. A larger sample will be needed if greater precision is required. If the researcher wants a higher confidence level that the sample contains a true population value, a larger population will be required. Also, if the analysis will involve the use of sub-samples for cross-classification, a large population is required. This also applies when the statistical techniques require a certain minimum sample size to produce meaningful results.

The sample size is determined by both statistical and practical considerations (Jarboe, 1999:38) and was set at 500. Tustin *et al.* (2005:361) state that statistical

calculations of sample sizes can be done only for probability sampling methods, as there is no statistical formula for prior calculation of the size of a non-probability sample. As this study made use of a non-probability sampling method, the sample size was determined by practical concerns such as resources in terms of money, time and personnel impact, as well as the number of retailers willing to participate. Once the sample has been decided upon, the data collection plan must be made. This is discussed in the next section.

5.6 DATA COLLECTION PLAN

The research method followed in this study will be discussed in detail.

5.6.1 QUANTITATIVE METHOD: SURVEY

Survey research uses a structured questionnaire targeted at a predefined sample of a population. The questionnaire is designed to elicit specific information from the respondents (Malhotra, 2009:213). Survey research requires a respondent to choose a response from those provided and allows a researcher to compare responses. It is useful in descriptive studies (Babbie & Mouton, 2001:233). Zikmund and Babin (2010:155) distinguished two approaches for conducting surveys: the interactive survey approach and the non-interactive media. The interactive survey approach allows two-way communication between the interviewer and the respondent, which can be either personal or electronic. Non-interactive media use tools such as mail surveys and do not allow for a dialogue between the researcher and the respondent (Zikmund & Babin, 2010:155-7).

The adoption of non-interactive media leads the researcher to use a self-administered questionnaire. Such questionnaires are surveys in which a respondent reads and answers questions without any form of assistance from the researcher or fieldworker. They are distributed in various ways and include paper-based questionnaires distributed by methods such as mail, in-person drop-off, inserts and fax, as well as electronic tools disseminated via e-mail, Internet websites, interactive kiosks and mobile phones. Although self-administered questionnaires offer many

advantages to the researcher, such as time and cost savings, they pose a major challenge since the respondent relies on the clarity of the written word and not on the skills of the interviewer (Zikmund & Babin, 2010:166).

For this study a self-completion questionnaire was used. Questionnaires were distributed predominantly via emails and in person. Although the questionnaire was a self-completion one, some craft retailers preferred a fieldworker to assist them with completion of the questionnaire or were unable to do so, thus requiring assistance from the fieldworker. This was important to ensure the cooperation of craft retailers and also to overcome one of the weaknesses of email and in-person drop-off, where craft retailers would keep the questionnaire but never bother to complete it.

Craft retailers were reached in one of the following ways. First, some databases provided the email addresses of craft retailers, with their telephone numbers and names of owners/managers, especially small retailers. This created an opportunity to email the questionnaire to them. Since some of the questionnaires were emailed to the respondents as an attachment, a brief message was sent on the email explaining the research and asking for their consent to participate in the study and referring them to the consent letter. Some respondents were first called to ask for their email addresses and their consent to participate in the study. Questionnaires were later emailed to them. This was costly since there were a number of calls to make.

The second option was that some questionnaires were dropped off at craft retailers and were collected by hand after the respondents had completed them. Some respondents were first called to ask if the questionnaire was ready for collection, and fieldworkers visited other craft retailers without calling them first. This option offered an opportunity for the researcher to introduce and explain the purpose of the study and seek the respondent's permission to complete the questionnaire. However, some owners and/or buyers are available only at certain times of the week, which is important for in-person drop-off.

The last option involved using fieldworkers to read out questions to craft retailers and complete the questionnaire on behalf of the retailers. For some craft retailers, this was necessary to ensure that the questions were understood. In other cases, it was

easier to get their cooperation by doing this than by leaving the questionnaire behind, since they might not complete it.

The study followed a two-phase approach, where qualitative research was conducted to collect information needed to design the survey questionnaire. This is discussed in the next section.

5.7 DESIGN OF THE DATA COLLECTION INSTRUMENT

5.7.1 DEVELOPING THE QUESTIONNAIRE

The survey questionnaire was developed using information collected from an exploratory qualitative study and the literature review. Because there are limited data on craft retailer buyer behaviour, it was necessary to conduct an exploratory qualitative study as the first phase of this study, which served as input for the design of a survey questionnaire. Five retail owner-managers and buyers and one industry specialist were targeted for the qualitative stage of the research. The six respondents were selected using a convenience sampling method. Except for the industry specialist, respondents were from five different types of craft retailers: discount retailers, a destination retailer, a jewellery retailer, a craft shop and an interior/exterior décor shop. Data were then analysed using content analysis. This was necessary to ensure that as much available information as possible was captured. Since the purpose of this phase of the study was to gather additional information to add depth to the literature for use in the development of the survey questionnaire, six respondents were considered enough for the study.

Three questions were asked of each of the respondents and are discussed below. From the literature, 11 stages in the buying process were identified. Since no previous studies exist on buying of craft products by craft retailers, it was necessary to conduct qualitative research to explore the buying process craft retailers go through.

5.7.1.1 Explain the buying process you go through when buying craft products

The question was asked to source information from the respondents about the buying process that craft retailers go through when looking for suppliers and their products. This question served as an input to question 1 in the survey questionnaire. Below is the information collected from the respondents on the stages in the buying process. Information is grouped according to the stages as they appear in the final survey questionnaire. Nine stages were identified from the qualitative interviews.

Stage 1

Product need recognition occurs when craft retailers welcome frequent visits by new suppliers to their shops to show their samples. Craft retailers also plan to buy craft products because of shortages or the need for something new or in a continuous effort to source new products.

A jewellery shop manager/buyer commented: *“Anything that catches my eye and looks different, new and unique stands a chance of being sourced”*. This indicates that craft retailers could also buy craft products regardless of whether they were looking for suppliers or not.

Stage 3

Although craft retailers plan what to buy in terms of types of products and product ranges, the buyers sometimes do not have any specific products in mind when searching for suppliers.

Stage 8

Craft retailers visit exhibitions in search of suppliers and also wait for suppliers to bring their samples/prototypes to the shop. They investigate suppliers from media such as magazines and promotional materials such as brochures, and by finding them on the Internet, reading craft-related books and talking to craft-related associations and organisations as well as the Department of Trade and Industry and

SA Handmade, which often leads to potential suppliers. Two big retailers have divisions that also assist in identifying potential suppliers for them.

Products are sourced from various suppliers. Some products are bought while others are displayed on a consignment basis, particularly the designer products, which are expensive. Products are sourced from all corners of Africa by visiting various areas in SA and abroad to look for products. Some craft retailers buy the majority of their craft products locally, in SA.

One of the retailers, a discount store, buys products mainly from international suppliers, particularly China and Hong Kong. They have eight local suppliers and have difficulties locating suppliers locally. The respondent commented: *“Local suppliers cannot satisfy us in terms of price, which is usually too high to resell. Local suppliers also do not have the designs that international ones have. However, I would be happy to meet with new suppliers should they be available. We usually work with our agents to identify potential suppliers”*.

Some retailers list suppliers on the company’s database of preferred suppliers. Before such listing occurs, craft producers first complete the listing documents, giving information such as SARS registration, company registration and bank details.

With another retailer, craft producers go through the process of being selected as an approved supplier. The departments responsible check whether suppliers have the SABS-approved stamp of ISO 9000 which is compulsory for all their suppliers. They also determine the ability of a potential supplier to supply the required quantity since they have 21 stores countrywide. This is a major drawback since local suppliers do not have the capacity to supply such quantities and also do not have the quality assurance stamps such as the SABS stamp and the ISO 9000. After the potential suppliers have been approved by the rebates department, they are then referred to the buying department. The buyer then places orders and negotiates prices with the suppliers.

Stage 11

After the potential supplier has been identified, some retailers place the first trial order to test the market. Should the product sell, they then place a bigger order. However, they believe that suppliers tend to perform better on the first supply and slip up on quality and consistent supply over time.

One of the respondents observed: *“Suppliers seem to think that if they get their foot in the company’s door, they don’t need to prove their capability” (Destination retailer).*

Since some craft producers do not have access to the financial resources needed to produce and deliver products on time, some retailers pay cash up-front to assist such suppliers. They also pay cash to their street suppliers who might not have a bank account.

Stage 12

Some retailers negotiate a delivery time frame that is acceptable for them and their suppliers. They also negotiate product quality and prices. Craft retailers often experience challenges with craft producers. For example, one of the respondents commented, *“Suppliers are too unrealistic when pricing their products and they do not know how to cost their products. Suppliers think of the profit they want to make without considering the retailer mark-up and what end consumers would be willing to pay”.*

Craft retailers believe that some craft producers visit the retailers to check prices that the retailers charge and complain about why their prices are so high in comparison with the prices they are paid. They also do not understand that retailers incur more costs in marketing, selling, transporting and packaging the products, as well as, sometimes, in branding them, which is why retailers negotiate lower prices from the suppliers.

Stage 13

Retailers do not enter into any form of agreement with craft producers since, according to one of the respondents, *“most crafters have very little respect for*

contracts, except for a handful of them who are really professional". Retailers believe that craft producers should be responsible for maintaining the relationship since there are many competitors who want to sell to the retailers.

Stage 14

Products are ordered via email, by telephone, when the crafter visits the retailer or when the retailer visits the craft producers. For one of the large retailers, orders are placed via one of their branches in China. Products are then delivered to their warehouse in China and are later shipped to SA from their international warehouse. Products are ordered a year in advance and orders are placed in February for delivery in September and merchandising in October and November.

According to one of the retailers, *"Some craft producers would fail to deliver because it was raining. Suppliers might also not have transport to deliver. In this case we organise our own transportation to collect the products"* (Destination retailer). Some retailers place orders only after craft producers have been listed as suppliers.

Stage 15

Suppliers are evaluated and selected on a continuous basis since retailers are always on the lookout for new suppliers who supply new and different products. Some retailers believe in long-term relationships and remain loyal to suppliers. According to one of the respondents, *"If suppliers are not performing as expected, they are given time to improve. Should they fail to do so, I stop buying from them"*. One of the retailers, a discount store, does not buy from the same suppliers but prefers sourcing new ones. It is believed that if they should source from the same suppliers, they miss out on the potential of other suppliers who can bring new and better products.

According to the respondent, *"Suppliers become less competitive if we buy from them continuously. We also have different themes each year, which is another reason why we do not source from the same suppliers. The SA end consumers are*

very traditional when it comes to buying Christmas decorations and we usually sell three themes, such as traditional, back-to-nature and international ones”.

Some retailers check for quality before products are delivered to the store. They also encourage their branches to check products and return them should they have some manufacturing default. Overall, SA craft producers are known among the retailers to be unreliable.

Stage 16

Craft producers whose products are selling are kept for longer than those whose products are not selling. Those that are not selling are phased out and if the producer does not provide up-to-date products that are innovative and unique, retailers stop sourcing their products. Craft producers are provided with information on product sales performance and are expected to improve by developing a better product.

Some retailers provide their suppliers with the sales reports. The reports are useful to determine which products to continue selling and also which suppliers to keep. Retailers usually drop the products that are not selling well. Sometimes only the products, not the craft producers, are dropped since craft producers might have other products that are selling and performing well. However, craft retailers keep sourcing new suppliers, looking for new products to add to their existing merchandise.

Since only nine stages were mentioned during the interviews, some stages were added from the literature, as discussed in Chapter 3. The stages include the following:

- Stage 1: We identify a need for craft products.
- Stage 2: We determine the characteristics and/or quantity of the craft products needed.
- Stage 3: We create a precise description of the craft product needed.
- Stage 4: We estimate the demand for a particular craft item.
- Stage 5: We determine product assortment i.e. product lines/range and a number of products per product line.

- Stage 7: We formulate the criteria that will be used to evaluate suppliers.
- Stage 8: We search for suppliers.
- Stage 10: We evaluate and/or select craft suppliers.
- Stage 12: We negotiate trading terms with suppliers.
- Stage 16: We provide suppliers with feedback about their product performance.

It is important to note that some stages listed above appear in both the literature and the qualitative interviews. Information collected on the supplier selection criteria is reported next.

5.7.1.2 Which are the supplier selection criteria you use to evaluate suppliers/craft producers?

This section discusses the supplier selection criteria craft retailers use to evaluate craft producers as their suppliers. Input from this question was used to formulate question 2 of the questionnaire. Craft retailers use a variety of criteria to evaluate craft producers. Criteria were listed in no order of importance and include the following:

- Quality, consistent quality.
- Uniformity – products must look the same and not different for the same product.
- Price – low price unless products are sourced on consignment.
- What the market wants.
- Innovativeness.
- Allowance for being handmade, not machine-made.
- Reliable delivery.
- Modern product design and style.
- Social responsibility.
- Something different, not what they already have.
- Products that are uniquely South African and African.
- Uniqueness of the products.
- Ability to bring new products and not sell similar products and designs over time.

- Brand/designer name.
- Newness of the product.
- Something customers want to buy.

One of the retailers stated, “*I do not want suppliers who keep supplying me with the same product design and style. I want them to give me something different all the time*” (Home décor/garden shop).

Additional criteria include the following:

- Fashionable products.
- Exclusive the products.
- Exciting and attractive products – some customers buy on impulse. The products must say, ‘Come buy me’.
- Bringing new products from time to time to keep up with the needs of customers as well as changes in the market.
- Products that sell.
- Ability to customise the products to customer needs.
- Supplier provides product training.
- Consistent and reliable supply.
- Product range – must offer different products.
- Workmanship – quality of the finish.
- Versatility of the product – can use the product for different purposes.
- Fits the target market needs – something end consumers want to have.
- Design – different and unique.
- Marketing support – a ‘nice-to-have’ not a ‘must-have’.
- Suppliers can supply enough – production capacity.
- Products must be beautiful, practical and genuine.
- Do not buy copy-cat products – buy from original suppliers unless the suppliers who copied can prove that they can come up with new ideas.
- Products are certified by an authorised organisation, i.e. SABS, Proudly SA.
- Back to nature – recyclable.
- Supplier can develop different product themes.

- Supplier provides us with sales service/support.

A respondent from a jewellery shop remarked, *“I do not want to buy from a ‘poor me’ kind of supplier. I need a supplier who gives me something beautiful, different and that says ‘buy me’. The product must speak to me and my customers”*.

Craft retailers do not like buying copy-cat products. A respondent from the destination stores said, *“Should suppliers bring a sample that looks similar to one by an existing supplier, I ask them to bring me another product design as a proof that they are capable of bringing new products to the market and that they will be able to satisfy the company with product development. I do not play one supplier against the other”*.

Some craft retailers expect suppliers to do in-store demonstrations at selected branches. In this connection, the destination retailer reported, *“We invite ladies to do their beading at the airport branches to show end consumers how they do their beading and to explain the story behind what they do”*.

Retailers do in-store demonstrations to generate interest in their products and to educate customers on how their products are made, and by whom and, sometimes, how to use and take care of it.

The respondent from the destination retailer also mentioned the use of a swing tag, saying, *“Each supplier must attach a swing tag to their products with information on the company, its story about who they are, where they come from and how and by whom the product is made. For those who can’t attach a swing tag, we have our own staff that label the product, attach the tag and also the bar codes to the products”*.

The same respondent also reported the use of new technology enabling customers to find information on suppliers, *“We are planning to introduce a new technology, Quick response (QR) code. Each product sold at their outlets will have a QR code which is linked to the supply websites. This will give customers access to information about the suppliers, their products, how the products are made, by whom, how and why. The main reason is to tell a story about their products and their origin, which*

makes it interesting for their international customers. Since our main target market is international customers, this is an important marketing tool for us. International customers are interested in learning about different cultures and traditions”.

With regard to product quality, the industry specialist commented, *“It is difficult to ensure conformity and consistent design with handmade products. For example, a customer once placed an order and craft producers were given a sample which they had to reproduce. They failed to reproduce the product in terms of size, design and quality, which was an indication that, with handmade products, it is difficult to ensure consistent quality and design for mass production. Craft producers must always develop new products that are different and bring new designs and styles, including changes in colours, to remain on our supply base”.*

With regard to pricing, the above respondent observed the following, *“Craft retailers look for lower prices when buying. Craft producers are unable to match the craft retailers’ price expectations, the reason being that craft producers cannot afford the lower prices expected by craft retailers. At some point craft producers would not supply to specific craft retailers due to price disagreement. Craft retailers look for very low price but have a very high mark-up. Producers bear the costs but craft retailers want high profit. At the same time, retailers also incur high costs of marketing the products, which must be covered in the price of the products”.*

The same industry specialist also made this observation on the originality of craft products: *“It is very difficult for craft producers to get into major retail stores because they [retailers] look for types of designs and products that are different and not what craft producers already have. Some major retailers do not make allowance for handmade items and if they do, they buy fewer products. The major reason for this is that handmade items are more highly priced than machine-made ones. Craft producers who copy designs from other producers find it difficult to survive since craft shops are also looking for something different and unique, making it difficult for them [crafters] to copy from other craft producers”.*

From the above interviews, 33 supplier selection criteria were identified. It is important to note that 22 supplier selection criteria were identified from the literature.

However, some of the criteria identified from the interviews also appeared in the literature and a total of 39 criteria were used in question 2. Criteria added from the literature were listed in Table 3.2, Chapter 3. The next question addresses the sources of information as identified in personal interviews with the retailers.

5.7.1.3 Which are the sources of information you consult when searching for craft producers/suppliers and their products?

This question addresses sources of information craft retailers consult when searching for suppliers and their products. Information collected from this question was used as input for question 3 of the questionnaire.

Craft retailers consult different sources of information, as listed below (in no particular order):

- Visits to exhibitions – local and international.
- Visits by the craft producers with samples/prototypes to the craft retailers.
- Information published in magazines, use of brochures.
- The Internet.
- Going out in search of craft producers.
- Use of promotional materials such as brochures and organisation cards.
- Looking around when visiting places.
- Encouraging existing suppliers to inform them of new products and other suppliers they know of.
- Craft books, for example, *Craft in South Africa* which describes craft producers, their origin and the products they make.
- Visits to different areas in SA, such as Limpopo and Mpumalanga, to identify suppliers and their products.
- Visits to other African countries.
- Product catalogues.
- Visits to craft markets such as the Irene Craft Market.
- Liaising with buyers/colleagues from other branches owned by the same organisation.

Regarding the use of the Internet, one respondent from the jewellery shop said, *“I do not make use of the Internet since I do not have the time to do so”*.

Some craft retailers do not like their suppliers to exhibit products at places like Hobby-X because some exhibitions target end consumers and retailers do not want end consumers to see products at the exhibition since the exclusive value of the product will be lost.

With regard to using the exhibition as a source of information, the gallery owner said, *“I do not like buying products that are exhibited at consumer exhibitions such as Hobby-X because competitors are also given a chance to buy the same products as ours. I do not want a supplier to sell to me and my competitors exactly the same products”*.

All previously listed sources of information were added to the questionnaire. Additional sources were also added from the literature to ensure that more sources were tested in this research as shown in Table 3.3, Chapter 3. Therefore, resulting in a total of 20 sources investigated in this study. Some of the sources identified from the literature are similar to those listed from the literature which means that some of the sources of information listed in the questionnaire will appear from both the qualitative research and Table 3.3. The next section discusses the layout of the questionnaire and the types of questions. The next section discusses the layout of the questionnaire and the types of questions.

5.7.2 QUESTIONNAIRE LAYOUT AND QUESTION TYPES

Questionnaire layout influences the degree of cooperation as well as the quality of data collected (Iacobucci & Churchill, 2010:193). A questionnaire with a good layout should have clear instructions, adequate separation between questions and properly located answer spaces. Appearance and layout are particularly important in self-administered surveys (Malhotra, 2009:349), where a questionnaire needs to sell itself to the potential respondent for an increased chance of respondent cooperation (Iacobucci & Churchill, 2010:193). The questionnaire should be properly separated

into separate topic areas and questions should be properly numbered. Numbering makes coding easier and is important for questions to be pre-coded (David & Sutton, 2011:283).

A consent letter, as required by the University of Pretoria's Faculty of Economic and Management Sciences for ethical purposes, was attached to the questionnaire. Respondents were required to sign the consent form to indicate their willingness to participate in the study. A copy of the consent letter appears in Appendix B as part of the final questionnaire. Since the questionnaires were predominantly emailed and signing the consent form would require respondents to print, sign and scan the form, they were asked simply to indicate on the reply email that they were willing to participate, since some did not have access to scanning facilities.

The actual questionnaire had an introductory paragraph which introduced the respondent to the study and its purpose. The respondents were also requested to participate in the study by completing the questionnaire. In addition, respondents were assured that their answers and personal details were confidential and that information provided would be used only for research purposes. A definition of a craft product was also provided to ensure that buyers knew what type of product they should be buying to qualify them to participate in the study. A copy of the questionnaire appears in APPENDIX B.

There were eight questions in total. All the questions were pre-coded from V1–V83. Question 1 focused on the stages in the buying process, question 2, the supplier selection criteria and question 3, the information sources most often used by craft retailers. For each of these questions, there was an introductory message explaining the question and how it could be answered. Questions 4–8 were demographic questions, although this was not stated in the questionnaire.

Different types of questions were used in designing the questionnaire and included scale questions, multiple-choice category questions and dichotomous questions. All the questions were designed with structured and unstructured responses. Scale questions offer scale responses, which are procedures used for the assignment of numbers or symbols to a property of objects. This in turn imparts the characteristics

of the numbers to the properties in question. Scale questions determine the quantitative measure of subjective and some abstract concepts (Tustin *et al.*, 2005:402-3).

The Likert scale is the most commonly applied form of scale in marketing research and is simple to administer (Zikmund & Babin, 2010:255). Respondents indicate their responses by either agreeing or disagreeing with the statements, which range from very positive to very negative (Zikmund & Babin, 2010:255). The Likert scale is useful to determine the total score for each of the respondents regarding each score. It is therefore important to use a consistent scoring procedure so that the high score or low score reflects a favourable response (Malhotra, 2009:306). The five-point Likert scale is the most commonly used, although some researchers also use six and seven choices. Scores are assigned to each of the possible responses and the respondents have to choose from one of the responses (Iacobucci & Churchill, 2010:240-241). Likert-type scale questions were used for questions 2 and 3 of the questionnaire, while dichotomous and open-ended questions were used for question 1 and questions 4–8. The Likert-type scale questions allowed for the supplier selection criteria and information sources to be weighted to determine the most important supplier selection and the sources of information most often used by craft retailers.

Dichotomous questions allow for only two possible and sometimes opposing responses (Cooper & Schinder, 2011:329; Tustin *et al.*, 2005:313). The multiple-category questions provide more than one possible response. They fall between the dichotomous and open-ended questions in terms of the variety of responses they permit (Cooper & Schinder, 2011:330-331). The sections of the questionnaire are discussed in the next section.

5.7.3 SECTIONS OF THE QUESTIONNAIRE

The questions in the questionnaire were not divided into sections but were merely listed from one to eight. **Question 1** listed the stages in the buying process to determine the stages buyers go through when buying craft products. There were 16

stages listed in the questionnaire, for each of which buyers had to give a 'yes' or 'no' dichotomous response. **Question 2** asked questions on supplier evaluation criteria. Likert-type scaling questions were adopted for this question. Respondents were asked on a five-point Likert scale to rate each of the supplier evaluation criteria as 1 = not important at all, 2 = slightly important, 3 = moderately important, 4 = very important, and 5 = extremely important.

Question 2 was asked to determine which of the supplier evaluation criteria are more important for different craft retailers. This was useful to achieve one of the objectives of the study, which is to determine the supplier selection criteria that craft retailers use when buying craft products from their suppliers. There were 39 closed-ended question variables on the questionnaire listing the supplier evaluation criteria and one open-ended question listed as 'other (please specify)'. The 'other (please specify)' question item allowed for respondents to add any other supplier evaluation criteria that were not listed on the questionnaire.

Question 3 also adopted the Likert-type scale questions. This question investigated the information sources that retail buyers use when searching for suppliers and their products in order to determine how often they use each of the sources of information. The question was asked to achieve one of the objectives of this study, which is to investigate the sources of information most often used by craft retailers when searching for suppliers. A four-point Likert scale was used for this question, asking retailers to choose 1 = never, 2 = sometimes, 3 = often, and 4 = always. This question consisted of 20 closed-ended question variables on sources of information and an additional open-ended question item listed as 'Other (please specify)'. The 'Other (please specify)' question item allowed for respondents to add any other source of information that was not listed on the questionnaire. Question items were sourced from the qualitative study as well as from the literature.

The next four questions were of a demographic nature, covering questions 4 to 8. Questions 4, 6 and 7 were category questions which required the respondents to choose one answer from the questions. **Question 4** asked about the position of the respondents. This was necessary to determine whether owner-managers, buyers, merchandise executives or managers are responsible for buying. **Question 5** asked

how retail stores buy products to determine whether they buy on consignment or buy to own the stock.

Question 7 asked what type of retail store the respondent represented. This question was very important for this study since information was gathered to assess whether stages in the buying process, supplier evaluation criteria and information sources differ across types of stores. Questions 6 and 8 were open questions. **Questions 6** asked the respondents to indicate their years of experience in the buying craft products. This question was also very important for this study since it needed to assess whether stages in the buying process, supplier evaluation criteria and information sources differ for craft retailers who have different numbers of years of buying experience. **Question 8** asked craft retailers to state the number of years the organisation has been in operation.

To ensure that the questionnaire instrument is valid and reliable, the validity and reliability of the questionnaire was determined. This is discussed in the next section.

5.7.4 VALIDITY AND RELIABILITY OF QUESTIONNAIRE

To ensure that the research design is of good quality, the researcher has to ensure that the research design tool being utilised is appropriate to achieve the desired goals. This involves the choice of a measurement tool that will be an accurate indicator of what the researcher is interested in measuring. The measurement tool must meet the criteria of reliability and validity. Reliability is used to test if particular techniques/measures would yield the same results if applied repeatedly to the same object under the same conditions (Mouton, 2002:111). It has to do with the accuracy and the precision of a measurement procedure. It is a necessary contributor to validity but not a sufficient condition for validity. It is determined by measuring the construct or variable of interest repeatedly (Babbie & Mouton, 2001:120).

To determine the reliability of constructs, the coefficient alpha or Cronbach Alpha (α) is computed. Any Cronbach Alpha (α) of less than 0.70 denotes unsatisfactory internal consistency reliability (Malhotra, 2009:315).

Reliability is the extent to which a test measures what one wishes to measure (Churchill, Brown & Suter, 2010:257). To determine whether the measurement tool meets the validity criteria, the research tests the external and internal validity of the research findings. The external validity determines if data can be generalised across persons, settings and times while internal validity is limited to the ability of the research instrument to measure what it is purported to measure. A researcher can utilise various types of validity tests to determine if he/she measured what he/she needed to measure. The validity tests include content validity, criterion validity and construct validity. The content validity determines if the instrument provide adequate coverage of investigative questions guiding the study while the criterion validity reflects the success of measures for prediction or estimation. The construct validity considers both the theory and the measuring instrument being used to assess if they measure what they intended to (Cooper & Schindler, 2008:289-90). To ensure that the questions are understood and that questions are meaningful, pre-testing is done before the final questionnaire is finalised. This is discussed next.

5.7.5 PRE-TESTING THE QUESTIONNAIRE

A pre-test is conducted to identify any weaknesses in the design as well as to identify any questions that are unclear. It may be conducted among colleagues, respondents' surrogates or actual respondents (Cooper & Schindler, 2008:91). Pre-testing a questionnaire helps a researcher to ensure that no offensive language has been used and to check clarity of instructions and questions, administration time, layout, coding of questionnaires, date input and to conduct preliminary data analysis (Terre Blanche *et al.*, 2006:490). To pre-test survey questionnaires 12 craft retailers comprising owner-managers, buyers, manager-buyers and executives responsible for buying craft products were requested to complete the questionnaires. Respondents were all conveniently selected to participate in the pre-test

Respondents were asked to comment on the meaning of the questions to determine if the meaning was clear and if questions were understandable. They were also asked if there was a flow of questions from one section to another, and if items in the

questionnaire were relevant to their buying situation – the process they go through, the criteria they use and the information sources they consult. The length of the questionnaire and the time taken to complete it was also checked for acceptability. Additional comments were sought from the respondents.

Using the information collected from pre-testing the questionnaire, some of the questions were adapted and the wording of some questions was substantially altered. In Question 2, the wording was changed from ‘supplier accepts product returns’ to ‘supplier accepts product returns if there is product failure’, while two additional supplier evaluation criteria were added. These are listed as ‘established long-term relationship with suppliers’ and ‘supplier provides new and interesting product idea/s’. Two additional sources of information were added in question 3. There were six questions in the demographic sections. One was deleted after pre-testing. The question asked if buying of craft products takes place at head office or branch level. After it was determined that purchase is done at head office for large craft retailers and by owner-managers for small craft retailers, the questions were removed. The final questionnaire is shown in APPENDIX B.

The final questionnaire was developed, and data were then collected. Since data must be processed after collection, the next section explains how the data in this study were processed.

5.8 DATA PROCESSING

5.8.1 DATA PREPARATION

The data preparation process involves the editing and coding of the questionnaire as well as the capturing and cleaning of data. These are discussed in following sections:

5.8.1.1 Editing

According to Churchill, Brown and Suter (2010:401) editing involves the reviewing of questionnaires by inspecting and correcting each questionnaires to increase their accuracy and precision. Editing is conducted by screening the questionnaire for eligibility, incompleteness, inconsistency and ambiguous responses. It helps to identify unanswered questions and is also useful to check the consistency of the responses. If responses are unsatisfactory, the researcher returns to the field to collect better data and reconnect with the respondents to get better or complete data. If better data cannot be collected, the researcher discards the responses. This is acceptable if the proportion of unsatisfactory respondents is small, the sample is large, the unsatisfactory respondents do not differ from satisfactory respondents, the proportion of unsatisfactory responses for each of these respondents is large and responses on key variables are missing (Iacobucci & Churchill, 2010:351).

The questionnaires were checked for completeness soon after the respondents' data were collected. Incomplete questionnaires were sent back to the respondents, requesting the respondents to complete the incomplete questions.

5.8.1.2 Coding

Coding of the questionnaire is a process of transforming raw data into symbols and involves assigning a code to each of the possible responses to each of the questions (Iacobucci & Churchill, 2010:251). Coding is usually assigned numbers. Structured questions are pre-coded before the fieldwork stage while unstructured questions are usually assigned a code after the fieldwork has been completed (Malhotra, 2009:545). Responses were pre-coded to ensure that they could be grouped into a limited number of categories. This is crucial for efficient analysis of data. Pre-coding of data is particularly helpful for manual data entry such as mail or self-administered surveys (Cooper & Schindler, 2008:416,419).

5.8.1.3 Data capturing

Data capturing is a data preparation stage where data are transcribed by being transferred from questionnaires or coded sheets onto disks or directly into computers

(; Cooper & Schindler, 2011:417). Data captured were entered into a MS Excel spreadsheet by data capturers at the University of Pretoria's Research Support Department. The data capturers checked for errors in the captured data. The supervisor and the researcher also checked the final captured data to ensure that there were no wild codes and that no mistakes were made.

5.8.1.4 Data cleaning

Data cleaning is the data preparation stage which ensures that data have been captured correctly into a data file includes consistency checks and treatment of missing responses (Churchill *et al.*, 2010:412). Consistency checks are completed by identifying data that are out of range, that are logically inconsistent or that have extreme values. For example, if statements are measured on a scale of 1–5, any response above 6 is out of range and happens because of data capturing error. Out-of-range responses can be identified using any computer packages (Churchill *et al.*, 2010:413). Data cleaning was done by making use of wild-code checks to detect codes that were not defined for a particular variable, as well as extreme-case checks for responses to a variable that were far from ordinary.

Missing answers indicate values of unknown variables which occur because respondents have provided ambiguous answers or their answers were not properly recorded. The ambiguous responses are known as item non-response and occur when a respondent refuses or is unable to answer specific questions or items because of the content, form, or the effort required (Malhotra & Birk, 2007:477).

5.8.1.5 Data analysis

Various statistics were analysed for this study. The descriptive statistics were analysed first. Descriptive statistics are the numerical representation and manipulation of observations for the purpose of describing and explaining the phenomena that those observations reflect (Babbie, 2010:422). Descriptive statistics such as the frequencies, mean values and standard deviations were reported for the buying process, supplier selection criteria and information sources. The frequency is the number of times a value occurs in a data set. It measures data that are grouped

into categories more appropriately. The mean measures the average responses pertaining to a variable. It is computed by adding up all the values and dividing the number of valid cases (Parasuraman *et al.*, 2004:407-8; Malhotra & Birk, 2007:508).

The standard deviation is the most popular measure of variability and is the square root of the variance (Field, 2009:37). A small variation, relative to the mean, is an indication that the data points are close to the mean, while a large standard deviation, relative to the mean, is an indication that the data points are distant from the mean. When the standard deviation is distant from the mean, the mean is not regarded as an accurate representation of the data (Field & Miles, 2010:37-8).

The statistical tests conducted for this study were the factor analysis, ANOVA and MANOVA. Factor analysis is an interdependence test that analyses the relationships between variables to identify groups of variables that form the latent dimensions. It provides a way of analysing the structure of relationships among a large number of variables that are highly interrelated. The sets of variables are known as factors and are assumed to represent dimensions within the data. The purpose of factor analysis is to condense the information in a number of original variables into a smaller set of new, composite dimensions or factors, with a minimum loss of information. It allows the researcher to search and define the fundamental constructs or dimensions assumed to underlie the original variables (Hair, Black, Babin & Anderson, 2010:93, 94, 96).

The main outputs for factor analysis are the factor loadings, eigenvalues and factor scores. Factor loadings are the correlation between the factor and each of the variables under analysis. Each of the factors has its own loadings for all the variables that are being analysed. The factor loadings with a value larger than 0.5 are generally considered as loading highly, while those that load less than 0.5 are usually ignored (Sudman & Blair, 1998:548). According to Hair *et al.* (2010:116-7), a loading of less than 0.5 can be accepted depending on the sample size. For example, a sample size of over 300 would accept a loading of 0.35 while a sample of over 300 would accept a loading of 0.3. However, the loadings of between 0.3 and 0.4 were considered to meet the minimum level for the interpretation of the structure (Hair *et al.*, 2010:116-7).

The eigenvalues for the factors are equal to the sum of squared loadings for all variables on that factor. The first factor usually has the highest eigenvalue while the second factor has the second largest. Eigenvalues are a measure of the percentage of variance in the variables contained in a factor that are explained by the factor. The sum of the eigenvalues is a representation of the total amount of variance to be explained by the analysis and the ratio of each of the eigenvalues to the sum indicates the percentage of variance explained by the relevant factor. Factors with eigenvalues larger than 1 are retained since those with eigenvalues less than 1 are regarded as explaining less than one variable's worth of variance (Hair *et al.*, 2010:109). Since factor analysis is also run to group the variables, factors are treated as new variables representing combinations of the original variable. The values for each of the variables are calculated and are known as the factor scores (Sudman & Blair, 1998:548).

The principal component factor analysis is a widely used method of factor analysis and explains the lower percentages of the available variance since it is asked to explain the unique and the common variances. It considers the total variance and derives factors that contain small proportions of unique variance and might also contain error variance. The oblique rotation method was used for the analysis. Oblique rotation allows the factors to correlate and does not maintain the interdependence between the rotated factors, which is the case with orthogonal rotations (Field & Miles, 2010: 555; Hair *et al.*, 2010:16).

The ANOVA analysis is a statistical technique that is used to ascertain whether samples from two or more groups come from populations with equal means. With ANOVA, the null hypothesis (H_0) is tested to determine the equality of a single dependent means across groups (Hair *et al.*, 2010:440, 444). The null hypothesis (H_0) can be either accepted or rejected and when it is rejected, it is rejected in favour of the alternative hypothesis (Tabachnik & Fidell, 2001:32-3). The ANOVA for information sources was run after information sources were factor analysed and three groups were identified from the factor analysis.

MANOVA analysis is a multivariate statistical test which compares group differences on several variables (Hair *et al.*, 2010: 443). The Wilks' Lambda test was run after the MANOVA and is a statistical test used to test overall significance between groups in a multivariate situation. It considers whether the groups are different. If the significance level is less than 0.05 for the Wilks' Lambda test, this indicates a difference among groups (Hair *et al.*, 2010:463). The univariate analysis and the Duncan post-hoc test were analysed to determine where significant differences exist in the supplier selection criteria and information sources. The Duncan post-hoc test was also conducted for the sources of information since craft retailers differed in how often they used information sources.

Data in this study were captured using MS Excel spreadsheet. The codes, as appearing on the questionnaire, were transferred into the computer and were analysed using the SAS software computer package. The significance level for hypothesis testing in this study was set at a 95 percent interval ($\alpha = 0.05$). The significance level of $\alpha = 0.05$ is an acceptable one to many researchers and denotes the level of risk the researcher wants to take when rejecting the null hypothesis (Tabachinik & Fidell, 2001:32).

Table 5.1 below lists the objectives and links them to the hypotheses, the question number as it appears on the questionnaire and the statistical analysis for each hypothesis.

Table 5.1: Objectives, hypotheses, research questions and statistical tests

Objectives	Hypotheses	Question	Statistical test
To determine the buying stages craft retailers go through when buying crafts.	H ₁ There are significant differences between types of craft retailers and the number of buying stages they go through	Question 1 and 7	Descriptive (Mean, Frequency and standard deviation) and ANOVA
	H ₂ There are significant differences between the years of buying experience of craft retailers and the buying stages they go through	Question 1 and 5	ANOVA
To determine if different groups of supplier selection criteria can be identified		Question 2	Factor analysis
To ascertain the importance that craft retailers attach to supplier selection criteria	H ₃ There are significant differences between different types of craft retailers and the importance they attach to selected supplier selection criteria	Question 2 and Question 7	Descriptive (Mean, Frequency and standard deviation) and MANOVA
	H ₄ There are significant differences between craft retailers' buying experience and the importance they attach to supplier selection criteria	Question 2 and Question 5	MANOVA
To determine if different groups of information sources can be identified		Question 3	Factor analysis
To determine how often craft retailers use different sources of information	H ₅ There are significant differences between different types of retailers and how often they utilise information sources	Question 3 and 7	Descriptive (Mean, Frequency and standard deviation) and ANOVA
	H ₆ There are significant differences between craft retailers' years of buying experience and how often they utilise information sources	Question 3 and Question 5	ANOVA

5.9 SUMMARY

This chapter discussed the research methodology to be followed in this study. The chapter defined the problem and also set the objectives for the study. This was followed by the formulation of six hypotheses. A description of the research design followed, discussing the sampling plan, sampling frame, sampling method and sample size. The study adopted a survey research method. A convenience sampling method was adopted for the study targeting craft retailers in SA. Buyers, owner-managers, executives and managers of craft retailers completed a self-completion questionnaire. Data were collected by combining various methods such as email, questionnaire drop-off and use of fieldworkers to mark questionnaire responses on behalf of the craft retailers.

Following this was a discussion of the data collection plan, which included a description of the survey method as well as of how data were collected. Since the questionnaire was designed using the literature and information from the qualitative study, the section following the data collection plan explained the development of the questionnaire instrument. This section discussed the results of the qualitative research which was conducted among five craft retailers and one industry expert.

The next section described the questionnaire layout and types of questions. The questionnaire had a consent letter explaining the purpose of the study and asking the potential respondents for their cooperation. The consent letter also assured the potential respondents that their responses were confidential, thus abiding by the ethical principles of research. Questions were listed from 1–8 and each of the questions was coded. The questionnaire was pre-tested with 12 craft retailers.

The last section explained how data were gathered in this study and involved a discussion of data preparation and data analysis. Data preparation covered the editing, coding, capturing and cleaning of data. The data analysis section discussed how data

were analysed for the study. Data were analysed using descriptive analysis, factor analysis, ANOVA analysis and MANOVA analysis, using the SAS statistical package. The results and findings of the study are presented in Chapter 6.

CHAPTER 6:RESEARCH RESULTS

6.1 INTRODUCTION

The research results and the findings of the study are presented in this chapter. The chapter will start with reporting the response rate followed by the presentation of the descriptive results. This will be followed by the discussion of the reliability and validity of the measuring instrument. Lastly, the results for the objectives and hypotheses, as stated in Chapters 1 and 5, will be discussed.

6.2 RESPONSE RATE

Data were collected from November 2012 until March 2013. In total, 681 questionnaires were distributed, either by email or personal delivery. Of the 681 questionnaires, 273 were completed. However, only 233 of the 273 completed questionnaires were usable, giving a response rate of 34 percent. The remaining 40 questionnaires were incomplete, with some questionnaires only half done or missing multiple responses; these were therefore disregarded and not included in the analysis.

Although the purpose of the study was to gather data from formal craft retailers in all provinces in SA, data were only gathered from the craft retailers operating in six provinces, including Gauteng, Western Cape, Kwazulu-Natal, Mpumalanga, North West and Eastern Cape due to the low response rate and non-probability sampling. The majority of responses came from Gauteng and Western Cape since they house most of the major retailers' head offices as well as the fact that craft retailing is more active in these areas. With large retailers, where buyers operate from head offices, contact were only made with the buyers at head office level that are responsible for buying craft

products. Most major retailers head offices are in Gauteng, Western Cape and few from Kwazulu-Natal.

The questionnaires were pre-coded and the data captured after the questionnaires were completed. Data cleaning was done and checked to identify and to accommodate possible errors.

6.3 THE RELIABILITY AND VALIDITY OF MEASURING INSTRUMENTS

The level of measurement for supplier selection criteria and information source both used interval data on a Likert scale. Such a measurement scale must be reliable and valid, as discussed in Chapter 5. As mentioned in Section 5.7.4, reliability is used to test if particular techniques/measures would yield the same results if applied repeatedly to the same object under the same conditions. This is achieved by computing the Cronbach's alpha to determine the internal consistency of the measurement tool. By calculating the Cronbach's alpha values, the researcher could thus determine the internal consistency reliability. Malhotra (2010:319) deemed a Cronbach's alpha of 0.70 to be an indication of satisfactory internal consistency reliability. The Cronbach's alpha for the supplier selection criteria scale was 0.90 and for the information sources scale, 0.83, indicating satisfactory internal consistency reliability for both these measures.

Since validity could not be proven statistically, validity was evaluated based on face validity of the questionnaire. As portrayed in Chapter 5, validity is the extent to which a test measures what one wishes to measure (Malhotra, 2009:315). To determine the validity of the questionnaire, the content validity and construct validity were assessed. This was achieved by designing the questionnaire using existing literature as well as information collected from the preliminary qualitative research conducted with five craft retailers and one industry expert. The questionnaire was designed to cover variables and scales as indicated in the literature and from the qualitative study. A pilot test was

conducted at the field with few craft retailers. The questionnaire was also approved by two supervisors. Question wording, formatting and content were adapted after the pre-test stage.

6.4 DESCRIPTIVE DATA

The tables and figures in this section present the findings of the descriptive statistics undertaken to report the responses to all the questions in the questionnaire (Refer to APPENDIX B for the questionnaire). The first part of this section will report on the types of craft retailers, options used to buy craft products, years of buying experience and the respondent's position within the organisation. Responses are reported in frequencies and percentages. This will be followed by a section on the buying process which the respondents followed, the importance of supplier selection criteria to craft retailers as well as how often craft retailers use the information sources.

6.4.1 TYPES OF CRAFT RETAILERS

There were 233 respondents who completed the questionnaires. Of these 233 respondents, 94 were craft stores, representing 44 percent of the total sample. Destination retailers were the next biggest group, representing about 16 percent (n=35) of the sample, followed by the small interior/gift stores with about 12 percent (n=27) of the sample. The rest of the respondents, including all the clothing stores, discount stores, furniture stores, galleries, museums, jewellery shops and destination retailers, had a very small representation. Respondents were requested to add any other type of craft retailer, which was allocated in the 'Other, please specify' section. However, there were no types of craft retailers mentioned other than those that listed on the questionnaire.

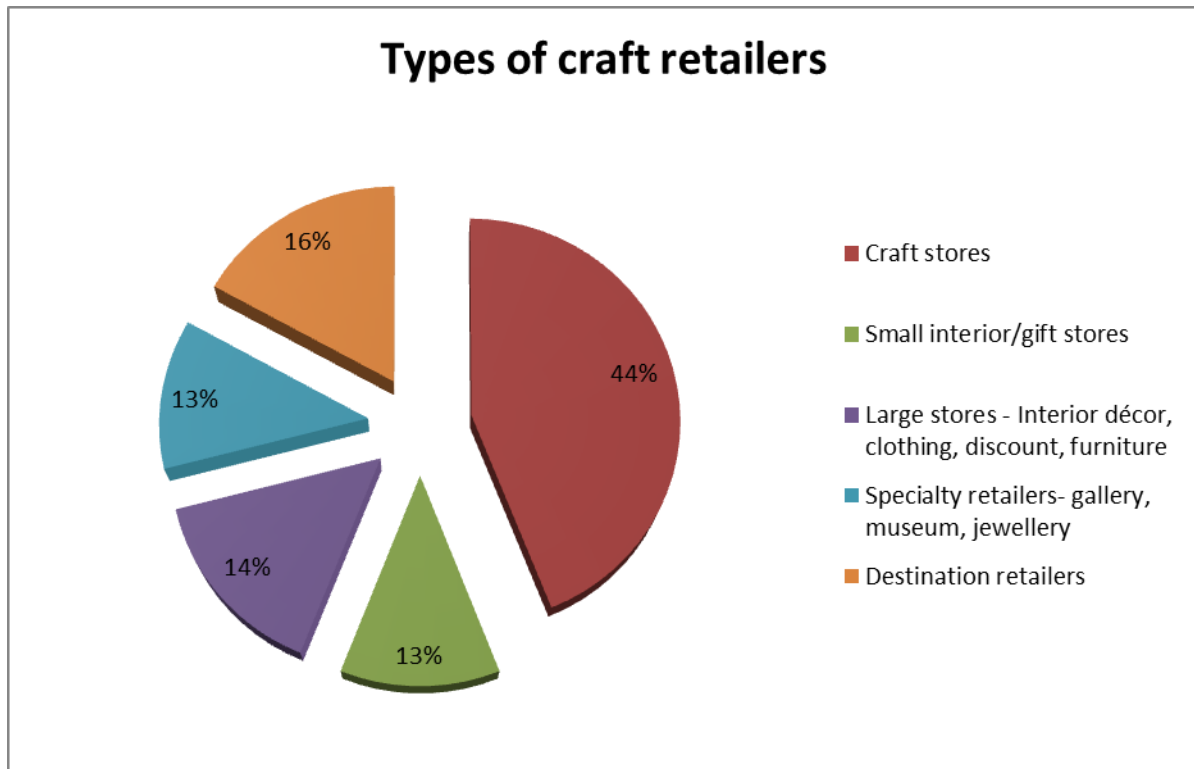
Table 6.1: Types of craft retailers

Types of craft retailers	Frequency	Percentage
Craft store	94	43
Small interior/gift store	27	12
Interior decor/homeware store such as Mr Price Home	13	6
Clothing store such as Woolworths or Truworths	7	3
Discount store such as Makro or Game	2	1
Furniture store	8	4
Gallery	7	3
Museum	5	2
Jewellery shop	16	7
Destination retailers	35	16
Other (please specify)	6	3
TOTAL	220	100

N= 220 (Missing responses = 13)

Owing to the small representation of some craft retailers and for the purpose of statistical analysis, the types of craft retailers were collapsed into five groups/types: the craft stores; small interior/gift stores; large retailers such as interior décor/homeware stores, clothing stores, discount stores and furniture stores; speciality stores such as galleries, museums and jewellery shops; and destination retailers. The 'Other' category was excluded from the five groups since there were no types of craft retailers mentioned. The types of craft retailers, collapsed into five groups, are shown in Figure 6.1.

Figure 6.1: Types of craft retailers

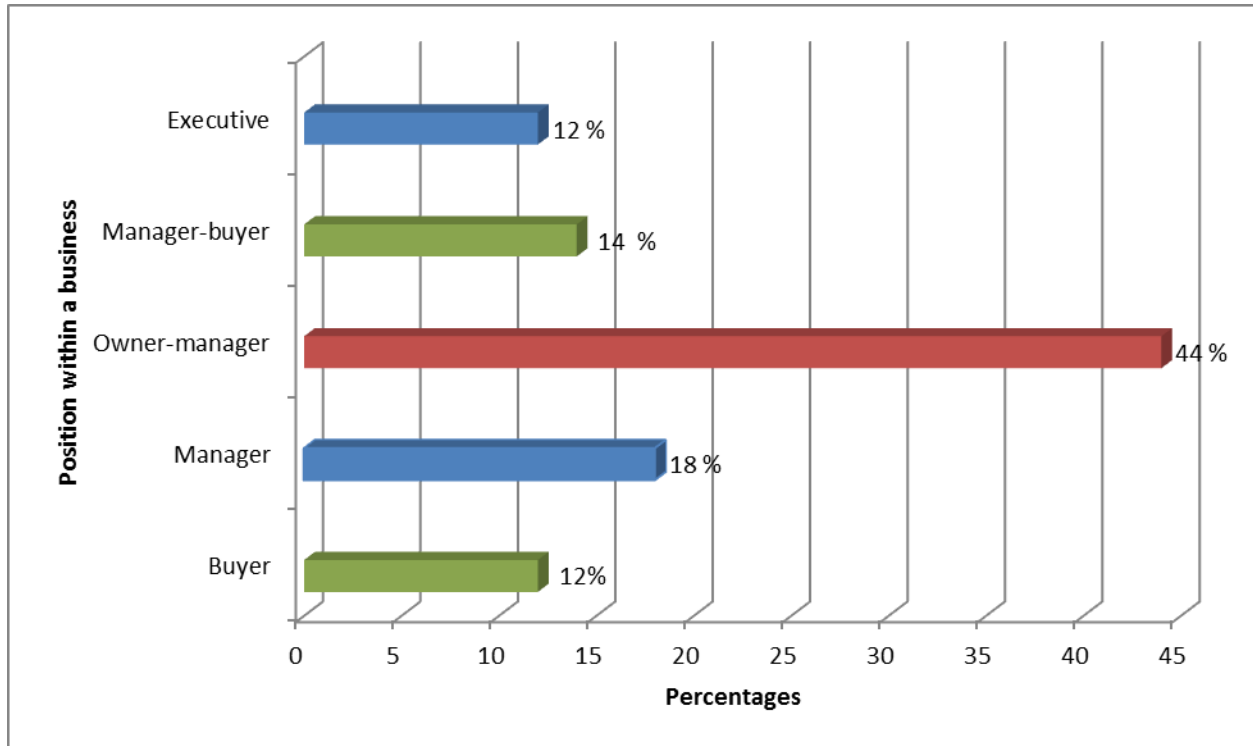


N= 214 (Missing responses = 19)

6.4.2 RESPONDENT'S POSITION WITHIN THE CRAFT RETAILER

The respondents consisted of buyers, managers, owner-managers, manager-buyers and executives responsible for buying. Figure 6.2 below shows the position respondents occupied within the organisation.

Figure 6.2: Position of respondents within the organisation



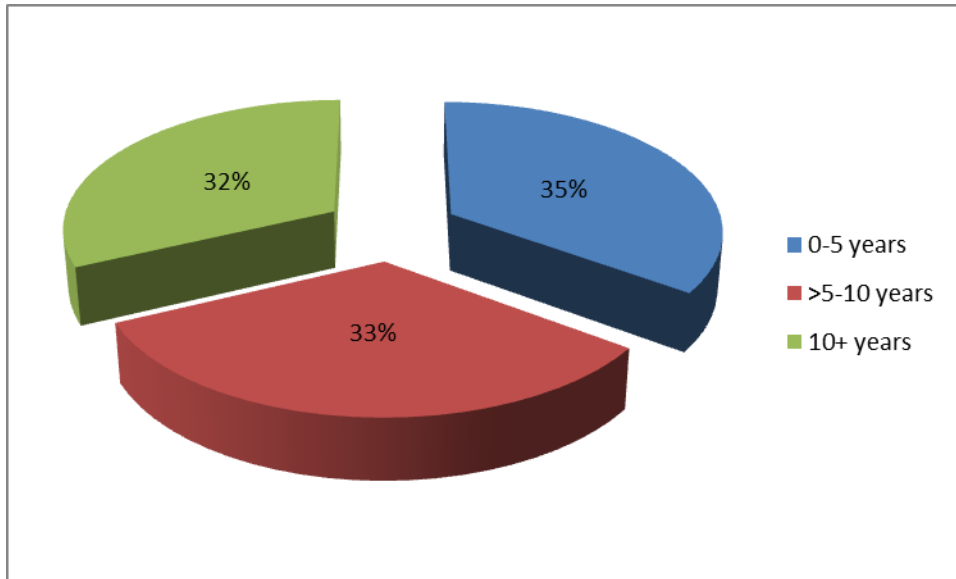
N= 229 (Missing responses= 4)

The owner-managers were the largest group, comprising 44 percent (n=101) of the population. Managers were the second largest group of respondents, comprising over 18 percent (n= 42) of the sample. This was followed by manager-buyers, with about 14 percent of the sample (n=31). Buyers made up over 12 percent of the sample (n=28). The last group of respondents were the executives, who represented about 12 percent of the sample, consisting of 27 respondents.

6.4.3 YEARS OF BUYING EXPERIENCE

The years of buying experience of the respondents varied from 1 year to 30 years. This question was answered by 222 of the total population. The years of buying experience were collapsed for statistical analysis into three groups: 0-5, >5-10 and 10+ years and are depicted in Figure 6.3.

Figure 6.3: Years of buying experience



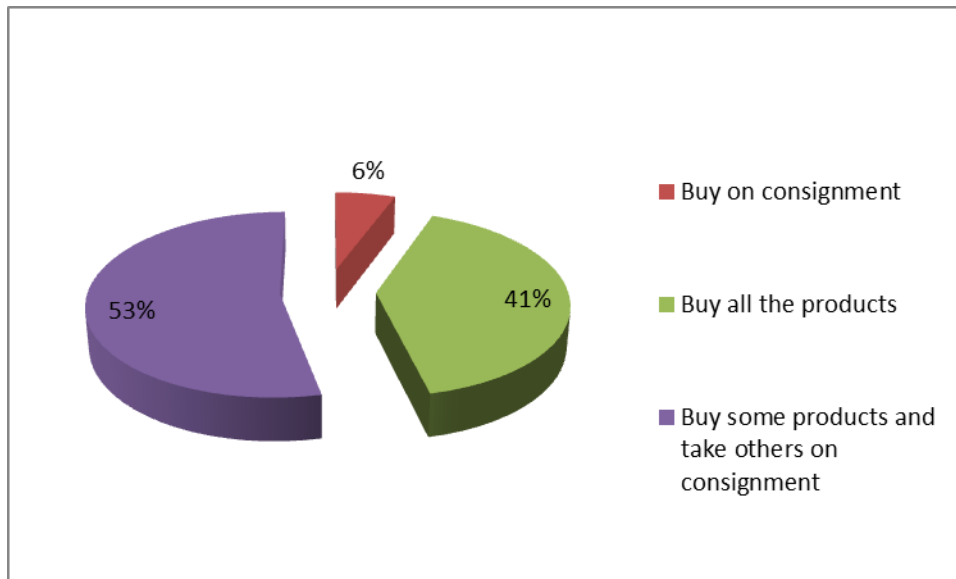
N=222 (Missing responses =11)

The majority of respondents had between one and five years of buying experience and represented 35 percent (n=78) of the sample, followed by those with buying experience of more than 5 and less than 10 years, representing 33 percent (n=74) of the sample. Those with buying experience of more than 10 years represented 32 percent (n=70) of the sample.

6.4.4 BUYING OF CRAFT PRODUCTS

Craft retailers make use of three options when buying craft products: buy on consignment, buy all the products or buy some products and take others on consignment. The results are presented in Figure 6.4.

Figure 6.4: Buying of craft products



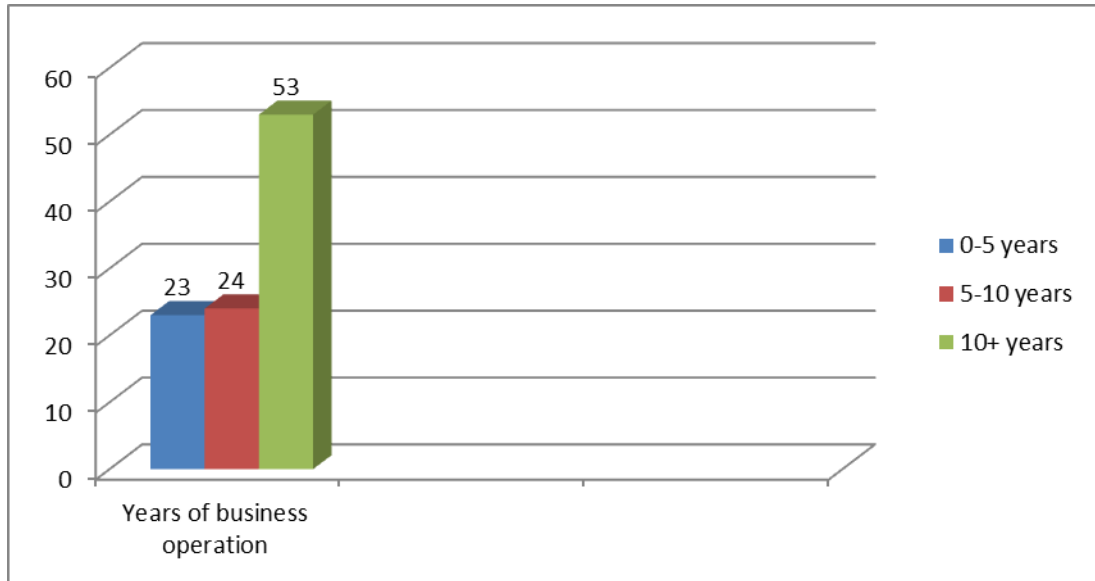
N= 226 (Missing responses = 7)

The majority of respondents (53 percent) indicated that they used a combination of buying some products and taking others on consignment. Just over 40 percent (n=92) of craft retailers revealed that they bought all the products they stocked, while a small percentage (6 percent, n=13) took products on consignment only.

6.4.5 YEARS OF OPERATION OF ORGANISATION

The years of operation of craft retailer organisations were collapsed for statistical analysis into three groups: 0-5, >5-10 and 10+ years. The results are reported in Figure 6.5.

Figure 6.5: Years of organisation operation



N=222 (Missing responses = 11)

The majority of the respondents, comprising 53 percent of the sample, indicated that their organisations had been in existence for more than 10 years (n=117). This is followed by those who had been in existence for more than 5 and less than 10 years (n=53), and comprised 24 percent of the sample. The smallest group, 23 percent of the sample, are those who had been in operation for between 0 and 5 years (n=52) years.

6.4.6 THE STAGES IN THE BUYING PROCESS

This section reports on the stages craft retailers go through when buying crafts. The stages in the process are shown in Table 6.2. Craft retailers were asked to indicate with either 'yes' or 'no' whether they went through each of the stages listed in the questionnaire.

Table 6.2: The buying stages of craft retailers

Stages in the buying process	N	Frequencies		Percentage	
		Yes	No	Yes	No
We identify a need for craft products	233	219	14	93.99	6.01
We determine the characteristics and/or quantity of the craft products needed	232	210	22	90.52	9.48
We create a precise description of the craft products needed	231	154	77	66.67	33.33
We estimate the demand for a particular craft item	231	195	36	84.42	15.58
We determine the product assortment i.e. product lines/range and number of product per product line)	230	188	42	81.74	18.26
We decide how much stock to keep and therefore how much to invest	233	194	39	83.26	16.74
We formulate the criteria that will be used to evaluate suppliers	232	170	62	73.28	26.72
We search for potential suppliers	232	202	30	87.07	12.93
We visit and/or interact with the supplier to learn more about them	232	187	45	80.60	19.40
We evaluate and/or select craft suppliers	233	203	30	87.12	12.88
We place trial order/s and finalise the approval of suppliers	232	168	64	72.41	27.59
We negotiate trading terms with suppliers	232	202	30	87.07	12.93
We develop a contractual agreement with the supplier	231	152	79	65.80	33.77
We place replenishment orders i.e. more quantities after the first trial order	232	176	56	75.86	24.14
We expedite and evaluate the supplier's and product performance	231	200	31	86.58	13.42
We provide the suppliers with feedback about their product performance	232	184	48	79.31	20.69

From Table 6.2 it is evident that:

- The majority of craft retailers, as represented by 94 percent (N=219) of the respondents, indicated that they went through the stage of a need identification, and that 'we determine the characteristics and/or quantity of craft products needed', as indicated by 91 percent of respondents.
- Craft retailers do not all follow all the listed stages, as shown by the fact that 34 percent (N=79) of the respondents indicated that they did not go through the stage of developing a contractual agreement with the supplier, or 'create a precise

description of craft products needed', as revealed by 33 percent (N=77) of respondents. Approximately 27 percent of the population (N=62) indicated that they also did not formulate criteria to evaluate suppliers.

- Generally the results of the stages listed in the buying process indicate a fairly high percentage of agreement (Yes) among the respondents regarding the stages retail buyers go through.

6.4.7 SUPPLIER SELECTION CRITERIA

This section reports on the results for question 2 in the questionnaire, which asked respondents to indicate the importance of the 39 listed criteria. The question was rated on a 5-point Likert scale, with scale labels ranging from 1 = not important at all, 2 = slightly important, 3 = moderately important, 4= very important to 5 = extremely important. The 40th criterion was listed as 'Other' and since there were no responses to this question it will therefore be disregarded when reporting the criteria craft retailers use to evaluate suppliers of craft products.

Table 6.3: Supplier selection criteria of craft retailers

Criteria	Not important at all	Slightly important	Moderately important	Very important	Extremely important	Number of respondents (N)	Mean (M)	Standard deviation (SD)
Delivery reliability i.e. the ability to deliver on time	7.76	3.45	6.47	33.19	48.71	232	4.12	1.17
Supplier capacity i.e. the ability to supply needed quantity	4.33	3.03	8.66	42.42	41.56	231	4.13	0.99
The ability to supply products based on our demand/requirements	2.19	3.51	12.72	39.04	42.54	228	4.15	0.92
The flexibility of the supplier to accommodate our changing needs	5.29	6.17	15.42	45.37	27.75	227	3.84	1.05
The convenience of placing orders with the supplier	6.14	4.39	14.04	47.81	27.63	228	3.86	1.05
Supplier accepts product returns if there is product failure	18.06	9.25	12.33	30.40	29.96	227	3.43	1.44
Supplier provides after-sales service/support	21.65	14.22	17.24	21.55	25.00	232	3.14	1.48
The supplier provides us with product and organisation information	16.30	11.01	19.38	29.96	23.35	227	3.32	1.35
Reputation of a supplier	10.34	5.17	17.24	34.48	32.76	232	3.74	1.25
Supplier provides product training	35.34	18.10	16.38	18.10	12.07	232	2.53	1.42
Financial position of the supplier	37.39	14.78	17.39	14.78	15.65	230	2.57	1.48
Established long-term relationship with the supplier	8.23	6.93	17.32	31.17	36.36	231	3.80	1.22
Supplier provides marketing support	28.13	17.86	20.09	22.32	11.61	224	2.72	1.35
Our history with the supplier	12.89	11.56	17.78	32.89	24.89	225	3.43	1.30
Supplier's willingness to cooperate with us	2.16	3.45	10.34	42.24	41.81	232	4.18	0.90
The supplier has quality management systems in place	9.82	6.49	15.15	38.96	29.87	231	3.73	1.22
Product quality	0.88	1.76	3.52	25.55	68.28	227	4.59	0.71
Supplier offers a broad range of products	11.31	9.95	16.74	35.29	26.70	221	3.58	1.26
Products are certified by authorised organisations, i.e. SABS, proudly SA	42.17	14.78	10.87	14.78	17.39	230	2.51	1.55

Criteria	Not important at all	Slightly important	Moderately Important	Very Important	Extremely important	Number of respondents (N)	Mean (M)	Standard deviation (SD)
Products are branded	42.79	14.41	17.03	13.97	11.79	229	2.36	1.43
Products are packaged according to our requirements	17.32	7.79	17.75	37.66	19.48	231	3.33	1.34
Product's sales potential i.e. product will sell	3.06	3.93	6.99	44.10	41.92	229	4.17	0.93
Product distinctiveness/unique	3.95	1.75	11.40	36.84	46.05	228	4.18	0.97
Product styling and design	3.08	1.76	7.93	48.02	39.21	227	4.18	0.87
Product is fashionable	8.77	5.70	21.05	33.33	31.14	228	3.72	1.19
Good product ideas that match current trends	6.14	5.26	13.60	43.86	31.14	228	3.88	1.08
Products have a swing tag with information	25.43	20.26	18.10	19.40	16.81	232	2.81	1.43
Origin of the product	12.12	10.39	15.58	33.77	28.14	231	3.55	1.31
Supplier introduces new products or improvements from time to time	4.72	5.58	17.17	38.20	34.33	233	3.91	1.07
Products are handmade	6.93	8.23	13.42	33.77	37.66	231	3.87	1.20
Product is exciting and attractive	1.31	1.31	4.37	41.92	51.09	229	4.39	0.74
Ability of the product to fit in with existing ranges	4.82	6.58	16.67	39.47	32.46	228	3.88	1.07
Supplier provides new and interesting product idea/s	5.91	4.55	20.91	46.82	21.82	220	3.75	1.01
Suggested retail price	24.23	12.78	17.18	26.43	19.38	227	3.03	1.44
Supplier offers competitive prices	13.91	6.09	10.87	32.61	36.52	230	3.72	1.36
Supplier willingness to negotiate prices	3.03	6.49	14.29	32.47	43.72	231	4.07	1.04
Total cost of acquiring the product	3.51	4.82	10.53	42.11	39.04	228	4.08	0.99
Locally manufactured crafts	17.56	8.04	20.09	29.02	25.00	224	3.33	1.37
Upliftment/empowerment of small organisations	8.77	9.21	16.67	31.58	33.77	228	3.72	1.24

Table 6.3 depicts the mean score, standard deviation, and frequencies of responses per criterion. The show the responses per criterion on each of the five points of the Likert scale. Table 6.3 shows that:

- The majority, comprising 68 percent, (M=4.59, SD=0.71, N=227) of craft retailers, considered product quality as an extremely important supplier selection criterion for evaluating suppliers, while 26 percent rated product quality as a very important supplier selection criterion.
- The fact that a product is exciting and attractive was considered an extremely important criterion by 93 percent (N=229) of the craft retailers.
- Some supplier selection criteria had high standard deviation namely supplier accepts product returns if there is product failure (S=1.44), supplier offers after-sales service/support (S=1.48), supplier provides product training (S=1.42), financial position of a supplier (S=1.48), products are branded (S=1.43), products have a swing tag (S=1.43), suggested retail price (S=1.44) and upliftment/empowerment of small organisation (S=1.42) showing that respondents differed in the importance they attached to these criteria 'Products are branded' had the lowest mean score of 2.36 (N=229), indicating that product branding was rated as only slightly important for craft retailers when evaluating craft producers.
- The criterion Products are certified by authorised organisations such as the SABS and Proudly SA was also considered only slightly important, with a low mean score of 2.51 and a standard deviation of 1.55.

While price has been considered the most important criterion by some researchers (Lin & Wu, 2011:1252; Sternquist & Chen, 2006:260; Dandeo, Fiorito, Giunipero & Percy, 2006:35; Da Silva, Davies & Naude, 2002:1335; Esbjerg & Skytte, 1999:15), craft retailers in this study considered other factors more important. For example, product quality and the product being exciting and attractive have mean scores of 4.59 and 4.39 respectively while 'suggested retail price' has a mean score of only 3.03. The total cost of acquiring the product was also considered extremely important by 81 percent of the respondents while a suggested price was considered

very important by 46 percent. Competitive pricing was rated very important by 68 percent, while price negotiation was rated extremely important by 75 percent. This shows that price alone is not an important supplier selection criterion for craft retailers relative to other criteria.

6.4.8 SOURCES OF INFORMATION USED BY CRAFT RETAILERS

In this section, the findings with regard to the sources of information most often used by craft retailers in SA are reported. To determine which sources of information are used more often by craft retailers when buying crafts, 20 sources of information were listed and rated on a four-point scale ranging from 1 = never, 2 = sometimes, 3 = often to 4 = always. To enable craft retailers to add more information sources that were not listed, the 'Other, please specify' question was added. There were no responses to this item and it will therefore not be reported or used in the analysis. Table 6.4 below depicts information sources and percentages of information usage, number of respondents, mean score and the standard deviation.

Table 6.4: Information sources used by craft retailers

Information sources	Percentages of respondents in each cell				Number of respondents (N)	Mean (M)	Standard deviation (SD)
	Never	Sometimes	Often	Always			
Visit to the trade show/exhibition	13.42	41.99	25.97	18.61	231	2.50	0.94
Visit to the craft producer workshop/studio	16.09	31.74	31.74	20.43	230	2.56	0.98
Visit to craft wholesalers	13.54	34.93	29.69	21.83	229	2.59	0.96
Ask existing suppliers to find us what we need	14.91	24.12	30.26	30.70	228	2.77	1.04
Search the Internet	23.14	25.33	24.02	27.51	229	2.57	1.11
Salespeople from the craft producer provide information	12.66	34.06	28.38	24.89	229	2.65	0.98
Craft producer visits us with product samples	7.86	32.75	31.00	28.38	229	2.80	0.93

Information sources	Percentages of respondents in each cell				Number of respondents (N)	Mean (M)	Standard deviation (SD)
	Never	Sometimes	Often	Always			
News stories in trade publications	26.67	44.89	20.89	7.56	225	2.09	0.86
Trade/industry association information/data	31.28	35.68	20.26	12.78	227	2.14	0.99
Advertisement in trade news	34.78	34.35	17.83	13.04	230	2.09	1.01
Advertisement in consumer magazines	33.62	36.68	18.78	10.92	229	2.06	0.97
Networking with buyers from similar craft stores	22.71	30.13	30.13	17.03	229	2.41	1.01
Users/end consumers of craft product i.e. through suggestions and queries	16.96	34.38	33.04	15.63	224	2.45	0.94
Supplier catalogues	22.37	26.75	27.19	23.68	228	2.52	1.07
Sales promotion materials from suppliers i.e. brochures and pamphlets	26.32	33.33	26.75	13.60	228	2.27	0.99
Visit to competitor organisation/s	19.82	32.60	26.87	20.70	227	2.47	1.02
Buyers experience i.e. gained from buying craft products	3.49	20.09	41.92	34.50	229	3.07	0.82
Existing sales records	8.77	17.54	29.82	43.86	228	3.08	0.97
Information about suppliers from colleagues	13.60	36.40	27.19	22.81	228	2.59	0.98
Research done by marketing research agencies on our behalf	49.34	26.20	10.92	13.54	229	1.88	1.06

The following can be deduced from Table 6.4:

- Craft retailers indicated that they relied more often on existing sales records (M=3.08, SD=0.98) and the buyer's experience (M=3.07, SD=0.82) for information on the products and suppliers than they did on other sources of information. Sales records and buyer's experience also had a low standard deviation of 0.98 and 0.82 respectively, showing relative agreement among the craft retailers.
- Research conducted by marketing research agencies on behalf of retailers had a very low mean score of 1.88 and a standard deviation of 1.06, showing the heterogeneity of craft retailers' responses on this variable.
- While Internet adoption has grown in importance globally, these craft retailers indicated that they had not fully adopted the use of such services, as evidenced by

the 52 percent who often use Internet as a source of information. The standard deviation for this source was also high at 1.12, indicating more variance among responses.

- Advertisements in trade news and trade/industry association information/data were also rated by 69 percent and 67 percent of craft retailers respectively as not a very useful source of information. This shows that the majority of craft retailers do not often use advertisements in trade news and trade/industry association information/data.
- Over 50 percent of craft retailers indicated that they made use of supplier catalogues as a source of information, while over 50 percent of craft retailers did not attend craft exhibitions.

From the above findings, it is clear that retailers use certain sources of information more often than others. Section 6.5 will highlight the findings of the study by showing the results of the testing of hypotheses.

6.5 RESEARCH OBJECTIVES AND HYPOTHESES TESTING

This section will discuss the research objectives and hypotheses as set in Chapter 1. Six hypotheses were formulated, which flowed from the five objectives developed for this study. The null and the alternative hypotheses were stated. Next, the conditions under which the null hypothesis could not be rejected were specified by choosing a level of significance. The significance level was set at 5 percent ($\alpha=0.05$), a widely accepted level of significance (Tabachnick & Fidell, 2001:32). Then an appropriate statistical test was chosen. Finally, the values of the statistical test were calculated, the test results interpreted and a decision made to reject or accept the null hypotheses.

Different statistical tests were conducted to test the hypotheses. All six of the hypotheses were directional hypotheses concerning the differences between two or more groups. The statistical test used for hypotheses 3 and 4 regarding the supplier selection criteria was the MANOVA, which assesses the differences between groups

collectively rather than individually, using univariate tests, as the supplier selection criteria consisted of 39 items. ANOVA was conducted for the remaining hypotheses referring to the number of buying stages (hypotheses 1 and 2) and the sources of information most often used (hypotheses 5 and 6).

ANOVA is a statistical analysis used to test the differences between two means (Sudman & Blair, 1988:483, 509) and helps estimate group differences on their means among the groups. Where the estimates of scores and means do not differ, it is assumed that all the group means originate from the same sampling distribution of means. Where the group means differ more than expected, it can be concluded that the group means were drawn from the different sampling distribution of means, and the null hypothesis that the means are the same is rejected (Tabachnick & Fidell, 2001:36). As ANOVA indicates differences only, the Duncan's multiple range test, a post-hoc test which makes comparisons among groups to determine if significant differences exist (Hair *et al.*, 2010:473), was used to identify where these differences between groups were.

The following assumptions need to be considered when ANOVA analysis is conducted. The first assumption is that the population is normally distributed. The second is that there is equal variance and that independent observations between and within groups can be made (Wickhan, 2013:1). The Levene's tests for equality of variance were not significant and, as only slight deviations of normality were found and because violations of these assumptions have little impact on larger sample sizes (Tabachnick and Fidell, 2001:329; Hair *et al.*, 1998:349), as was the case in the current study, it was decided to use the ANOVA technique.

MANOVA is a statistical analysis used to examine the values of the dependent variables across the categories or groups of two or more independent variables. It reveals the differences not shown in ANOVA and offers protection against Type I error when there are several dependent variables, such as in the case of supplier selection criteria (39), owing to multiple tests correlated to dependent variables (Tabachinik & Fidell,

2001:323). For MANOVA to be conducted there are three assumptions that must be met. First, the observations must be independent. Secondly, the variance–covariance matrices must be equal for all treatment of groups and thirdly, the set of dependent variables must follow a multivariate normal distribution (Harris, in Hair *et al.*, 2010:458). The Box’s tests of equality of covariance matrix were used to determine if the data violated the assumption of homogeneity of variance–covariance. The Box’s test value was 0.19, which is larger than the acceptable significance level of 0.001. Thus the assumption of homogeneity of variance–covariance has not been violated (Andy & Miles, 2010:523). This study did not result in major violations of normality due to a larger sample size and the fact that MANOVA is reasonably robust to modest violations. It was therefore deemed appropriate to use MANOVAs.

The Wilks’ Lambda was the test statistic used to assess the overall significance of the MANOVA, as the Wilks’ Lambda is one of the tests that are most immune to violations of the assumptions underlying MANOVA without compromising on power (Hair *et al.*, 1988:35). The Wilks’ Lambda value can indicate a significant difference ($p < 0.05$) or no significant difference ($p > 0.05$). If there is a significant difference, the null hypothesis is rejected, as there is support for the alternative hypothesis. If there is no significant difference, the null hypothesis is accepted, as there is no support for the alternative hypothesis. The Wilks’ Lambda examines whether groups differ but does not identify where the dependent variables differ (Hair *et al.*, 2010:463). Therefore, where a significant Wilks’ Lambda result was found, it was followed by a one-way analysis of variance (ANOVA). Duncan’s multiple range post-hoc tests were used to determine where the significant differences were between the groups.

Factor analysis was conducted to ascertain whether the variables developed from a review of the literature and from the preliminary qualitative research could, in fact, be grouped into meaningful dimensions to describe the supplier selection criteria and sources of information. The main purpose of factor analysis is to define the underlying structure among variables in the analysis (Hair *et al.*, 2010:94). There were 39 supplier selection criteria and 20 sources of information listed in the questionnaire (APPENDIX

B). The principal component factor analysis with oblique rotation was performed. Principal component analysis establishes which linear components exist within data and how each of the variables contributes to that component (Field & Miles, 2010:550). The factor analysis was discussed in Section 5.8.1.5 in detail.

Prior to performing the factor analysis, the suitability of the data for factor analysis was assessed. Pallent (2010:187) states that, ideally, the overall sample size should be over 150 for factor analysis; therefore the sample size for this study of 233 was deemed sufficient. The Bartlett's test was used to test the overall significance of all correlations within the correlation matrix (Hair *et al.*, 2010:92). It evaluates all factors and each of the factors is separately evaluated against the hypothesis that there are no factors (Tabachnik & Fidell, 2001:622). The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy of 0.815 indicated that the data were suitable for factor analysis. According to Field and Miles (2010:560), a KMO closer to 1 indicates the patterns of correlations that are relatively compact and that factor analysis could yield distinct and reliable factors. As discussed in Section, 5.8.1.5, the factors with eigenvalues greater than 1 were considered.

Items with factor loadings of 0.3 were considered part of the group variables and those of less than 0.30 were omitted. Hair *et al.* (2010:117) consider factor loadings of 0.30 acceptable. However, factor loadings depend on the sample size. For example, Stevens (Field and Miles, 2010:557) indicated that, for a sample of 200, a factor loading of 0.364 is acceptable and for a sample of 1000, a factor loading of 0.62 is acceptable. Although variables with a loading of 0.3 can be interpreted, it should be noted that the higher the loading, the more the variable is a pre-measure of the factor. The cut-off of the variable loading can be determined by the homogeneity of scores where, if homogeneity is suspected, interpretation of lower loadings is warranted (Tabachnick & Fidell, 2001:625).

Items were disregarded when (a) there were low communality estimates within the chosen factor grouping, (b) variables loaded strongly on more than one factor and (c)

there was poor internal consistency among the variables in terms of Cronbach's alpha (Hair *et al.*, 2010:119).

The next section will report the findings of the study by discussing the results of the research objectives and the hypotheses.

6.5.1 RESEARCH OBJECTIVE 1

To determine the buying stages craft retailers go through when buying crafts

This objective is concerned with the stages craft retailers go through when buying crafts. From the previous discussions of the descriptive statistics of the buying stages followed by craft retailers, it was noted that some stages are more frequently used than others. Therefore, it was deemed necessary to list the stages according to the order of use.

Table 6.5 depicts the stages in the buying process according to the order of use.

- The stage which craft retailers use most when buying crafts is 'we identify a need for craft products', as indicated by almost 94 percent of respondents. This stage was followed by 'we determine the characteristics and/or quantity of the craft products needed', as shown by over 91 percent of the sample, 'we evaluate and/or select craft suppliers', with just over 87 percent of the population, 'we negotiate trading terms of suppliers', represented by over 87 percent of the sample and 'we search for potential suppliers', represented also by over 87 percent of the sample.
- The least used stage in the buying process of a craft retailer is 'we develop a contractual agreement with the supplier', agreed to by about 66 percent of the sample, followed by 'we create a precise description of the craft products needed', which was agreed to by about 67 percent of the sample. The third least-used stage in the buying process of the craft retailers was found to be 'we place trial order/s and finalise the approval of suppliers', as indicated by over 72 percent of the sample.

Table 6.5: The importance of buying stages of craft retailers

Buying stages	N	Frequencies		Percentages	
		Yes	No	Yes	No
We identify a need for craft products	231	219	14	93.99	6.01
We determine the characteristics and/or quantity of the craft products needed	232	210	22	90.52	9.48
We evaluate and/or select craft suppliers	233	203	30	87.12	12.88
We negotiate trading terms with suppliers	231	202	30	87.07	12.93
We search for potential suppliers	232	202	30	87.07	12.93
We expedite and evaluate the supplier's and product performance	231	200	31	86.58	13.42
We estimate the demand for a particular craft item	231	195	36	84.42	15.58
We decide how much stock to keep and therefore how much to invest	233	194	39	83.26	16.74
We determine the product assortment, i.e. product lines/range and number of product per product line)	230	188	42	81.74	18.26
We visit and/or interact with the supplier to learn more about them	232	187	45	60.60	19.40
We provide the suppliers with feedback about their product performance	232	184	48	79.31	20.69
We place replenishment orders, i.e. more quantities after the first trial order	232	176	56	75.86	24.14
We formulate the criteria that will be used to evaluate suppliers	232	170	62	73.28	26.72
We place trial order/s and finalise the approval of suppliers	232	168	64	72.41	27.59
We create a precise description of the craft products needed	231	154	77	66.67	33.33
We develop a contractual agreement with the supplier	231	152	79	65.80	33.77

- Another important aspect worth noting in the buying process is the fact that 28 percent (N=64) of craft retailers revealed that they did not place trial orders to finalise the approval of suppliers.
- Some craft retailers, as indicated by 34 percent of the respondents, did not enter into contractual agreements.
- It is evident that the majority of craft retailers go through a lengthy buying process.

The fact that some craft retailers do not develop contractual agreements with craft producers also applies in other industries sourcing products from informal and small organisations, where verbal orders, agreements and price negotiations are made (Bienabe & Vermeulen, 2007:10). Previous studies have indicated that in some buying situations, buyers have difficulty in measuring or specifying the exact nature of the products needed and that buyers are more concerned about the quality and performance of the product (Francis & Brown, 1985-86:2). Another study revealed that the exact specification evolves from the samples, through appearance and product sampling (Mawson & Fearen, 1997:241).

Furthermore, Esbjerg and Skytte (1999:11) found that the majority of retailers placed trial orders before they sourced more products, which supports the findings of this study, where 72 percent of craft retailers placed trial orders before large orders were placed. According to Johansson and Burt (2004:816), the buying stages differ for the first stages of the buying process while the rest of the stages in the process are similar. This study found that the first two stages were undertaken by the majority of craft retailers, as shown by the 94 percent and 91 percent of craft retailers who went through these stages in comparison with the percentages of those retailers who went through the other stages such as 'we create a precise description of the craft products needed' and 'we develop a contractual agreement with the supplier'.

From the above discussions, it appears that the majority of craft retailers go through a large number of stages in the buying process, indicating a complex buying process for craft products, indicating that craft retailers are involved in a new buy situation. Some stages are more frequently used than others. The findings contrast with those of De Boer *et al.* (2001), who reported only four stages of importance to the buying process of an

organisation, as well as those of Luo *et al.*, (2009) and Weele (2005), who proposed four and six stages respectively.

To further explore the buying stages retailers go through, two hypotheses were developed from the above objective. One refers to the type of retailer and the other to the years of buying experience. These will be discussed in the next section.

6.5.1.1 Hypothesis 1

Previous research, as discussed in Chapters 3 and 5, suggested different stages that organisations, including retailers, go through when buying. Furthermore, Fawzy and Samra (2008:133) propose that the buying stages differ for different organisations and should be adapted for buying in different types of organisations. The following hypothesis was therefore formulated:

H₀ There are no significant differences between types of craft retailers and the number of buying stages they go through

H₁ There are significant differences between types of craft retailers and the number of buying stages they go through

This hypothesis serves to determine whether the number of buying stages differs across the five types of craft retailers. ANOVA testing was conducted to test H₁ and the results are reflected in Table 6.6.

Table 6.6: Mean scores and ANOVA results for stages across types of craft retailers

Types of craft retailers	N	M	SD	DF	F value	P value
Craft store	90	13.16	2.42	4	1.70	0.1506
Small interior/gift stores	26	11.84	3.01			
Large stores	28	13.53	2.39			
Speciality stores	27	12.88	3.05			
Destination retailers	35	12.80	2.63			

As can be seen in the table, the p-value of 0.1506 is larger than the specified significance level of 5 percent, thus showing no significant differences in the mean values of the

number of stages of the buying process and across different types of craft retailers. Thus, there is no significant difference in the stages craft retailers go through across types of craft retailers. **H₁ was therefore not supported and the null hypothesis was accepted.**

According to Johansson and Burt (2004:816), the number of buying stages is determined by the types of products being bought and might not be the same for different types of products. However, the findings in this study suggested that different types of craft retailers do not differ regarding the number of stages they go through.

6.5.1.2 Hypothesis 2

It was necessary to determine if craft retailers in SA go through different stages in the buying process because of differences in their buying experience. This will be useful for craft producers selling to craft retailers with more years of buying experience compared with those who have less buying experience. Therefore, it is hypothesised that:

H₀ There are no significant differences between the years of buying experience of craft retailers and the number of buying stages they go through

H₂ There are significant differences between the years of buying experience of craft retailers and the number of buying stages they go through

ANOVA testing was done to determine if there were significant differences between the numbers of stages across the years of buying experience. These results are reported in Table 6.7. As can be seen in the table, the p-value of 0.3351 is larger than the specified significance level of 5 percent, thus showing no significant differences in the mean values of the stages across years of buying experience. Therefore, the null hypothesis was accepted and H₂ was not supported.

Table 6.7: Mean scores and ANOVA results for stages across years of buying experience

Buying experience	N	M	SD	DF	F value	P value
0-5 years	73	13.19	2.65	2	1.10	0.3351
>5-10 years	69	13.00	2.30			
10+ years	64	12.62	2.95			

It can be concluded that craft retailers with different years of buying experience do not differ regarding the number of buying stages they go through when buying craft products. It seems that buying experience plays no significant role in the number of buying stages used.

6.5.2 RESEARCH OBJECTIVE 2

To determine if different groups of supplier selection criteria can be identified

This objective measured if certain groups of supplier selection criteria could be identified since there were 39 criteria listed on the questionnaire. Factor analysis was conducted to determine the groups among the selection criteria. The Bartlett's test of Sphericity reached statistical significance. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy value exceeded the recommended value of 0.60, indicating that the data were suitable for factor analysis.

Four factors with eigenvalues exceeding 1 were identified. Only three factors had a satisfactory Cronbach alpha of more than 0.70. The factors explained a total variance of 34.27%.

Upon closer inspection the analysis did not yield factors that could be theoretically supported or explained. Further attempts including fewer factors also resulted in unexplained groupings. Therefore it can be concluded that different groups of supplier selection criteria could not be identified and supported.

6.5.3 RESEARCH OBJECTIVE 3

To ascertain the importance that craft retailers attach to supplier selection criteria

In Chapters 1 and 5, it was stated that craft producers are unable to access the craft retail market and that they produce products that are not in demand. Therefore, an understanding of the supplier selection criteria used by craft retailers in choosing their suppliers is important for craft producers who want to sell to the craft retailers. This

requires that craft producers are aware not only of the supplier selection criteria but also of the importance attached to each of the criteria. This will prepare producers to focus on those criteria that are important when selling to craft retailers and to offer craft retailers what they do want. Highlighting the supplier selection criteria according to importance, based on mean scores, will be useful for craft producers, enabling them to understand the needs and requirements of craft retailers and to use their limited resources to focus on the most important criteria. Table 6.8 below shows the supplier selection criteria in order of importance, based on the mean scores.

Table 6.8: Importance of supplier selection criteria

Order of importance	Supplier selection criteria	M	SD
1	Product quality	4.59	0.71
2	Product is exciting and attractive	4.39	0.74
3	Product styling and design	4.18	0.87
4	Product distinctiveness/unique	4.18	0.90
5	Supplier's willingness to cooperate with us	4.18	0.97
6	Product's sales potential, i.e. product will sell	4.17	0.93
7	The ability to supply products based on our demand/requirements	4.15	0.92
8	Supplier capacity, i.e. the ability to supply needed quantity	4.13	0.99
9	Delivery reliability, i.e. the ability to deliver on time	4.12	1.17
10	Total cost of acquiring the product	4.08	0.99
11	Supplier's willingness to negotiate prices	4.07	1.04
12	Supplier introduces new products or improvements from time to time	3.91	1.07
13	Good product ideas that match current trends	3.88	1.07
14	Ability of the product to fit in with existing ranges	3.88	1.08
15	Products are handmade	3.87	1.20
16	The convenience of placing orders with the supplier	3.86	1.05
17	The flexibility of the supplier to accommodate our changing needs	3.84	1.05
18	Established long-term relationship with the supplier	3.80	1.22
19	Supplier provides new and interesting product idea/s	3.75	1.01
20	Reputation of a supplier	3.74	1.25
21	The supplier has quality management systems in place	3.73	1.22
22	Upliftment/empowerment of small organisations	3.72	1.19

Order of importance	Supplier selection criteria	M	SD
23	Supplier offers competitive prices	3.72	1.24
24	Product is fashionable	3.72	1.36
25	Supplier offers a broad range of products	3.58	1.26
26	Origin of the product	3.55	1.31
27	Our history with the supplier	3.43	1.30
28	Supplier accepts product returns if there is product failure	3.43	1.44
29	Locally manufactured crafts	3.33	1.34
30	Products are packaged according to our requirements	3.33	1.37
31	The supplier provides us with product and organisation information	3.32	1.35
32	Supplier provides after-sales service/support	3.14	1.48
33	Suggested retail price	3.03	1.44
34	Products have a swing tag with information	2.81	1.43
35	Supplier provides marketing support	2.72	1.35
36	Financial position of the supplier	2.57	1.48
37	Supplier provides product training	2.53	1.42
38	Products are certified by authorised organisations, i.e. SABS, proudly SA	2.51	1.55
39	Products are branded	2.36	1.43

The following deductions can be made from Table 6.8 above:

- Some supplier selection criteria were regarded as more important than others.
- The 10 supplier selection criteria considered most important, based on mean value in order of importance, were: 'product quality' (M=4.59, SD=0.71), 'product is exciting' (M=4.39, SD=0.74), 'product styling and design' (M=4.18, SD=0.87), 'product distinctiveness/uniqueness' (M=4.18, SD=0.90), 'supplier's willingness to cooperate with us' (M=4.18, SD=0.97), 'product's sales potential' (M=4.17, SD=0.93), 'the ability to supply products based on our demand/requirements' (M=4.15, SD=0.92), 'supplier capacity' (M=4.13, SD=0.99), 'delivery reliability' (M=4.12, SD=1.17) and 'total costs of acquiring the product' (M=4.08, SD=0.99), which were also very important.
- Delivery reliability was rated the ninth most important supplier selection criterion. However, SD = 1.17 was high, indicating the differences in the craft retailers' response on this criterion.
- The five supplier selection criteria rated least important were: 'products are branded', 'products are certified by authorised organisations such as SABS or Proudly SA', 'supplier provides product training', 'financial position of a supplier' and 'supplier

provides marketing support'. 'Products are branded' (M=2.36, SD=1.43) was least important to craft retailers, followed by 'products are certified by authorised organisations such as SABS or Proudly SA' (M=2.51, SD=1.55), 'supplier provides training' (M=2.53, SD=1.2), 'financial position of a supplier' (M=2.53, SD=1.42) and 'supplier provides marketing support' (M=2.72, SD= 1.35).

- The criteria that are extremely important had the high mean score of between 4.59 and 4.07, while those considered moderately important had mean scores of between 3.99 and 3.50. The slightly important criteria had mean scores of between 3.49 and 2.36.
- Although not among the top 10 supplier selection criteria, the supplier's willingness to negotiate prices, which is an extremely important criterion in supplier selection, had a high mean score of 4.07.

The finding that product quality was considered the most important criterion is in line with previous studies on supplier selection criteria that also identified it as the most important criterion (Kim & Boo, 2010:512; Skallerud & Gronhaug, 2009:204; UNIDO, 2007:29; Government of Canada, 2005:29; Craft Council of Ireland, 2001:16; Hansen, 2001:164). Francis and Brown (1985-6:2) reported that organisations buying products that are difficult to measure or specify, such as crafts, are more concerned about quality than price, as evident in the findings for craft products with product quality ranking first and price only 33rd. Hansen (2001:164) found product quality, reliability and product returns to be the most important supplier selection criteria for supermarkets buyers. Furthermore, USAID (2008: 28) found quality, price and timely delivery to be the most important criteria for retailers. However, this study found reliability to be the ninth most important supplier selection criterion and product returns the 28th most important, which confirms that criteria differ for different types of products and organisations. A study investigating Tanzanian craft retailers also listed quality as the most important criterion that craft retailers in Tanzania look for, which strongly supports the finding that quality is critical for craft retailers (Belgian Development Agency, 2012:30).

It is argued, furthermore, that product quality is more important for buyers who are selecting suppliers for the first time (Kim & Boo, 2010:512,514). The relatively low importance attached to branding in this study is in line with findings from Hansen (2001:164), who also reported that branding is less important for buyers. Marketing

support was found to be more important for up-market stores than for middle-range stores that consider it only of moderate importance (Skallerud & Gronhaug, 2009:204). This is also reflected in the results reported in Table 6.8, as branding had a mean value of 2.72, indicating that it was only slightly to moderately important.

To explore this objective further, two hypotheses were developed relating to the types of craft retailers as well as to the buying experience of the buyers of craft products. The hypotheses formulated from the above objective are discussed next.

6.5.3.1 Hypothesis 3

This hypothesis ascertains whether the importance of supplier selection criteria differs for different types of craft retailers. Retailers differ in size and organisational structure. The literature, as discussed in Chapter 5, has indicated that supplier selection criteria differ for different types of retailers. It was therefore hypothesised that:

H₀ There are no significant differences between different types of craft retailers and the importance they attach to selected supplier selection criteria

H₃ There are significant differences between different types of craft retailers and the importance they attach to selected supplier selection criteria

A MANOVA test conducted to compare the different types of craft retailers and the importance attached to supplier selection criteria found a significant difference: $F(95, 997) = 1.87$, $p = 0.000$; Wilks' Lambda = 0.45. The null hypothesis was rejected and H₃ was supported since there were significant differences between different types of craft retailers and the importance they attach to selected supplier selection criteria.

To determine where the significant differences were among the five types of craft retailers, an ANOVA was conducted and significant results are depicted in Table 6.9.

Table 6.9: MANOVA results for supplier selection

Supplier selection criteria	df	F value	P value	Partial Eta Squared
Supplier accepts product returns if there is product failure	5	2.413	.037	.052
Financial position of the supplier	5	4.736	.000	.096
Our history with the supplier	5	2.614	.025	.056
Supplier offers a broad range of products	5	7.608	.000	.146
Products are certified by an authorised organisation	5	3.550	.004	.074
Origin of the product	5	2.468	.034	.053

From the table above it can be seen that there are significant differences among the five groups of craft retailers and the importance they attach to the following criteria: supplier accepts product returns if there is product failure, financial position of a supplier, our history with the suppliers, supplier offers broad range of products, products are certified by authorised organisations such as SABS, Proudly SA and origin of the product. Significant differences could not be found among the other 33 supplier selection criteria. It is interesting to note that significant differences exist among the criteria that are moderately and slightly important since the criteria supplier accepts product returns if there is product failure was rated the 28th, financial position of a supplier the 36th, our history with the suppliers 27th, supplier offers broad range of products 25th, products are certified by authorised organisations such as SABS or Proudly SA 38th and origin of the product the 26th most important supplier selection criterion as shown in Table 6.8.

To determine where the significant differences lie within the five groups of craft retailers, Duncan post-hoc tests were conducted and these results are reported in Table 6.10 below.

Table 6.10: Results for the Duncan post-hoc test

Types of craft retailers	Supplier selection criteria	Subset	
		A	B
Supplier accepts product returns if there is product failure	Craft stores	3.07	
	Small interior/gift stores		3.93
	Large retailers	**3.67	**3.67
	Speciality stores	**3.64	**3.64
	Destination retailers	**3.69	**3.69
Financial position of a supplier	Craft stores	**2.65	**2.65
	Small interior/gift stores	2.15	

Types of craft retailers	Supplier selection criteria	Subset	
		A	B
	Large retailers		3.23
	Speciality stores		3.11
	Destination retailers	2.09	
Our history with a supplier			
Our history with a supplier	Craft stores	**3.44	**3.44
	Small interior/gift stores	3.15	
	Large retailers	**3.67	**3.67
	Speciality stores	2.96	
	Destination retailers		4.00
Supplier offers a broad range of products			
Supplier offers a broad range of products	Craft stores		3.97
	Small interior/gift stores	2.70	
	Large retailers		3.43
	Speciality stores		3.54
	Destination retailers		3.94
Products are certified by authorize organisation such as SABS and Proudly SA			
Products are certified by authorize organisation such as SABS and Proudly SA	Craft stores	**2.66	**2.66
	Small interior/gift stores	1.96	
	Large retailers		3.27
	Speciality stores	**2.79	**2.79
	Destination retailers	1.97	
Origin of a product			
Origin of a product	Craft stores	3.53	
	Small interior/gift stores	3.37	
	Large retailers	3.30	
	Speciality stores	3.46	
	Destination retailers		4.26

** Groups in the same subset (A or B) do not differ significantly.

The following results are evident from the above table:

- Craft stores (M=3.03) considered the criterion 'supplier accepts product returns' to be significantly less important than small interior or gift stores did (M=3.93).
- The speciality stores (M=2.09) and large retailers (M=2.15) attached significantly less importance to the criterion 'financial position of a supplier' than destination retailers (M=3.11) and small interior/gift stores did (M=3.23).
- The destination retailers (M=4.00) differed significantly from the speciality stores (M=2.96) and small interior/gift stores (M=3.15) in attaching a higher importance to the criterion 'our history with a supplier'.

- Small interior/gift stores (M=2.70) placed more importance on the criterion 'supplier offers a broad range of products' than did all the other groups.
- Large retailers (M=3.27) placed more importance on the criterion 'products are certified by an authorised organisation such as SABS, Proudly SA' than small interior/gift stores (M=1.96) and destination retailers (M=1.97). Bienabe and Vermeulen (2007:3, 9) found that large retailers buy from suppliers who adhere to the required standards, which is similar to the findings in this study. However, this study also found that certification by SABS or Proudly SA was not one of the important supplier selection criteria across all craft retailers.
- Destination retailers (M=4.26) attached more importance to the criterion 'origin of the product' than all the other types of retailers.

The above results show that craft retailers of different types attach different levels of importance to selected supplier selection criteria, which is in line with findings in existing studies. Hansen (2001:166-7) reported that supermarkets differ in the importance they attach to selected supplier selection criteria. Yu, Fairhurst and Lennon (1996:20) also reported that the store characteristics influence the market choices of retail buyers and that some large retailers who purchase large quantities at the local markets have different needs from those smaller retailers who buy limited quantities.

In studying the food retailers, Skytte and Blunch (2006:114) posited that the different customer groups within the food retail market placed different levels of emphasis on supplier selection criteria. For example, one customer group emphasised long-term relationships while the other customer group emphasised traceability of the supplier and products. The study also showed that supplier selection criteria differ for different products in the food retail market. However, Skytte and Blunch (2006:115) reported that product quality and product ranges have little influence among the food retailers.

According to Paige & Littrell (2002:323), retailers differ in terms of product assortment qualities, such as where they buy their products, uniqueness, product quality and quantity of craft products they buy. Skytte and Blunch (2001:144) reported no differences among retailers regarding the importance attached to different supplier selection criteria. However, this study has indicated that supplier selection criteria used by different craft retailers differ

only for the criteria considered slightly important and not for those considered most important.

Financial position is useful when selling to large retailers (USAID, 2006:38); however, this study has found that the financial position was considered only slightly important and that only the craft stores and the small interior/gift stores attached importance to financial position. The product origin was found to be the second aspect craft retailers use to determine the quality of products in Tanzania (Belgian Development Agency, 2012:31). While the origin of the product was not found to be important for craft buyers, it was found to be necessary for telling the story about the products (Government of Canada, 2005:19). This study found that the origin of the product was rated as only slightly important and that the destination retailers placed more emphasis on this criterion than did other craft retailers. The next section discusses hypothesis 4.

6.5.3.2 Hypothesis 4

This hypothesis focuses on the significant differences between the years of buying experience of craft retailers and the importance they attach to supplier selection criteria. While it is important for craft producers to understand the supplier selection criteria craft retailers use to evaluate their suppliers, it is also important to understand the importance attached to different supplier selection criteria for different types of craft retailers with different years of buying experience. The literature, as discussed in Chapter 5, has also indicated that the number of years of buying experience influences the supplier selection criteria that retailers use (Park & Krishna, 2001:267; Yu, Fairhurst & Lennon, 1996:20 and Ettenson & Wagner, 1986:58). Thus, the hypothesis was formulated as follows:

H₀ There are no significant differences between craft retailers' years of buying experience and the importance they attach to supplier selection criteria

H₄ There are significant differences between craft retailers' years of buying experience and the importance they attach to supplier selection criteria

MANOVA testing was conducted and the Wilks' Lambda value of 0.71 is greater than $p < 0.05$, indicating that there was no significant difference between years of buying

experience and the importance craft retailers attached to selected evaluative criteria: $F(57, 609)=1.28$, $p=0.086$; Wilks' Lambda =0.71. Therefore the null hypothesis was accepted. This implies that the years of buying experience do not play a role in the importance craft buyers attach to the supplier selection criteria. This finding concurs with Johansson and Burt, (2004:810), who reported that the experience of a buyer is only important when buyers select suppliers from the existing supply relationships and not when looking for new ones. Furthermore, Farrell (2006:96) found that criteria used by import buyers differed with years of buying experience. The buying experience was found to apply mainly in the rebuy situation (Mawson & Fearene, 1997:242), which supports the findings that years of buying experience do not influence the criteria used by craft retailers.

6.5.4 RESEARCH OBJECTIVE 4

To determine what kind of different groups of information sources can be identified

This objective concerns whether certain groups of information sources could be identified since there were 20 sources of information listed on the questionnaire. Factor analysis was conducted to determine the groups among the sources of information. The Bartlett's test of Sphericity that tested the overall significance of all correlations reached statistical significance ($p<0.0005$). The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy value was 0.815, indicating that the data were suitable for factor analysis as the measure exceeded the recommended value of 0.60.

Table 6.11 shows the three factors with eigenvalues exceeding 1. Each factor had an acceptable Cronbach alpha of more than 0.70 (Cronbach alpha of 0.73, 0.72 and 0.84). The three factors explained 27.24 percent (Factor 1), 9.17 percent (Factor 2) and 7.5 percent (Factor 3) of the variance and a total variance of 43.96 percent, which is below the acceptable percentage of variance of 0.70.

All three factors had eigenvalues higher than 1 and ranged between 1.358 and 4.90. Factors were labelled internal and personal information (Factor 1), promotional information (Factor 2) and print advertising (Factor 3). The naming of factors required the judgement of

the researcher (Hair *et al.*, 2010:112) and was done in such a way as to ensure that the naming closely resembled the variables making up the factors.

Factor 1, labelled internal and personal information, included 12 items, accounting for 27.24 percent of the total variance. The variables included in Factor 1 are: 'visit to craft producer's workshop', 'visit to craft wholesalers', 'ask existing suppliers to find us what we need', 'salespeople from the craft producer provide information', 'craft producer visits us with samples', 'networking with buyers from similar stores', 'users/end consumers of craft products', 'visit to competitor organisation', 'buyer's experience' and 'existing records'.

Factor 2 included 4 items and accounts for 9.17 percent of the total variance and was labelled promotional information. The variables in Factor 2 include 'visit to trade show exhibition', 'search the Internet', 'supplier catalogues, and 'sales promotion materials from suppliers'.

The last factor, Factor 3, was named print advertising and had two variables. The two variables contributed 7.5 percent of the total variance. Variables include advertisements in trade news and advertisement in consumer magazines.

Table 6.11: Factor analysis for information sources

Sources of information (variables)	Factor 1 (Internal and personal information)	Factor 2 (Promotional information)	Factor 3 (Print advertising)
Visit to the trade show/exhibition	0.176	0.368	-0.065
Visit to the craft producer's workshop/studio	0.490	0.104	-0.159
Visit to craft wholesalers	0.643	0.109	-0.285
Ask existing suppliers to find us what we need	0.435	0.051	0.002
Search the Internet	0.013	0.414	0.244
Salespeople from the craft producer provide information	0.391	0.081	0.175
Craft producer visits us with product samples	0.402	-0.020	-0.015
Advertisement in trade news	0.115	0.190	0.747
Advertisement in consumer magazines	0.066	0.162	0.749
Networking with buyers from similar craft stores	0.355	0.090	0.235
Users/end consumers of craft product, i.e. through suggestions and queries	0.303	0.200	0.066
Supplier catalogues	0.047	0.772	0.039

Sources of information (variables)	Factor 1 (Internal and personal information)	Factor 2 (Promotional information)	Factor 3 (Print advertising)
Sales promotion materials from suppliers	0.070	0.728	0.139
Visit to competitor organisation/s	0.389	0.077	-0.003
Buyer's experience, i.e. gained from buying craft products	0.468	-0.095	0.054
Existing sales records	0.341	-0.102	0.112
Information about suppliers from colleagues	0.481	0.055	0.026
Research done by marketing research agencies on our behalf	0.367	0.135	0.119
M	2.61	2.46	2.08
SD	0.51	0.76	0.92
% of variance explained	27.24	9.17	7.54
Component reliability	0.73	0.72	0.84
Eigenvalues	4.904	1.651	1.358

*Loadings smaller than 0.30 are not accepted

Using Pearson correlations, the relationship among the three factors was determined and these results are reflected in Table 6.12 below.

Table 6.12: Correlation matrix

	Factor 1	Factor 2	Factor 3
Factor 1	1.000	0.486 <0.0001	0.422 <0.0001
Factor 2	0.486 <0.0001	1.000	0.504 <0.0001
Factor 3	0.422 <0.0001	0.504 <0.0001	1.000

It is evident that all three factors are correlated.

From the factor analysis above, three groups of information sources were identified as internal and personal information (Factor 1), promotional information (Factor 2) and print advertising (Factor 3), which addresses objective 4.

6.5.5 RESEARCH OBJECTIVE 5

To determine how often craft retailers use different sources of information

The descriptive results indicated that some of the sources of information were used more often than others. Therefore, the sources of information were listed according to the order of use, as shown in Table 6.13.

Table 6.13: Information sources most often used by craft retailers

Order of importance	Sources of information	M	SD
1	Existing sales records	3.08	0.97
2	Buyer's experience i.e. gained from buying craft products	3.07	0.82
3	Craft producer visits us with product samples	2.80	0.93
4	Ask existing suppliers to find us what we need	2.77	1.04
5	Salespeople from the craft producer provides information	2.65	0.98
6	Visit to craft wholesalers	2.59	0.96
7	Information about suppliers from colleagues	2.59	0.98
8	Visit to the craft producer workshop/studio	2.57	1.11
9	Search the internet	2.56	0.98
10	Supplier catalogues	2.52	1.07
11	Visit to the trade show/exhibition	2.50	0.94
12	Visit to competitor organisation/s	2.47	1.02
13	Users/end consumers of craft product, i.e. through suggestions and queries	2.45	0.94
14	Networking with buyers from similar craft stores	2.41	1.01
15	Sales promotion materials from suppliers i.e. brochures and pamphlets	2.27	0.99
16	Trade/industry association information/data	2.14	0.99
17	News stories in trade publications	2.09	0.86
18	Advertisement in trade news	2.09	1.01
19	Advertisement in consumer magazines	2.06	0.97
20	Research done by marketing research agencies on our behalf	1.88	1.06

From Table 6.13, it is evident that:

- The five most often used sources of information were 'sales records' (M=3.08, SD=0.97), 'buyer's experience' (M= 3.07, SD=0.82), 'craft producer visits us with product samples' (M= 2.7, SD=104), 'ask existing suppliers to find us what we need'

($M= 2.76$, $SD=1.04$) and 'salespeople from the craft producers provide us with information' ($M= 2.65$, $SD= 0.99$).

- Existing sales records ($M=3.08$) and buying experience ($M=3.07$) were sources used most often. This implies that craft retailers make more use of internal sources of information than external sources such as research organisations, advertisements and trade shows/exhibitions.
- The information source 'visit to the craft producer's workshop/studio' had a high standard deviation of 1.11, showing that not all craft retailers agree to this source of information.
- Although the information source 'ask existing suppliers to find us what we need' had a mean score of 2.76, it had a high SD of 1.04, indicating that not all craft retailers were in agreement.
- The source 'visit to wholesalers' and the 'information about suppliers from colleagues' had a mean score of 2.59, implying that they were used with the same frequency.
- The five least-often used sources of information were found to be: 'research done by marketing research agencies on our behalf' ($M=1.88$), 'advertising in consumer magazine' ($M=2.06$), 'advertising in trade new's ($M=2.09$), 'news/stories in trade publications' ($M=2.09$) and 'association/industry trade information data' ($M=2.14$) which have the lowest mean scores.
- It appears that craft retailers do not often use sources of information such as advertisements that are available through mass media, as indicated by the fact that advertisements in trade news and consumer magazines had very low mean scores of 2.09 and 2.06 respectively - indicating that these sources are used infrequently.
- With regard to marketing research, the majority of craft retailers are small organisations that, for economic reasons, could possibly not afford the use of market research agencies. Trade/industry association information/data and news stories in trade publications were also not often consulted by the majority of craft retailers, with mean scores of 2.14 and 2.09 respectively.
- The use of catalogues was the 10th most often used source of information. This correlates highly with the fact that craft producers buy crafts that are distinctive/unique, which limits the use of catalogues since catalogues are suitable mainly for standardised products.

- One interesting point is the fact that exhibitions were found to be the 11th most often used source of information. Government sets aside a budget to finance craft producers who are exhibiting their products locally and internationally, yet exhibitions are not often consulted by craft retailers.
- Sales promotional materials were also less often used by these craft retailers, as shown by a low mean score of 2.27 and a standard deviation of 0.99.
- It is worth noting that promotional information sources were less often used than internal and personal sources.
- The most often used sources of information had mean scores varying from 3.08 to 2.59, the moderately used sources of information had mean scores of between 2.57 and 2.45, while the less often used sources of information had mean scores of between 2.41 and 1.88.
- Craft retailers also integrated sources of information by relying on a variety of sources.

The Urban-Econ Tourism (2010:44) study showed that craft retailers make use of the Internet, local and trade magazines and brochures and make purchases from exhibitions and visits to craft producers. Another study found that retailers use exhibitions, catalogues, trade magazines and suppliers as the most important sources of information (Esbjerg & Skytte, 1999:17). The above findings differ from the findings of this study, which show that craft retailers rely heavily on sales records and buying experience. Johansson (2002:578) noted that retailers involved in buying new products search extensively for suppliers and rely on external sources instead of internal sources. Retailers increase the competitiveness of suppliers by monitoring the market and making direct comparisons of new suppliers with existing ones (Mawson & Fearne, 1997:241), which requires that craft retailers make information available. Only retailers involved in modified rebuy search for internal information such as sales and cost. Johansson (2002:581) also found that retailers relied on marketing research and the supplier as important sources of information. This is only partially supported by the findings reflected in Table 6.13, as visits from suppliers were ranked third but marketing research, which is seldom used, was ranked last.

Two hypotheses were developed, one referring to the differences between different types of craft retailers and how often they utilise information sources and the other to the number

of years of experience of buyers and their use of information sources. The hypotheses flowing from the above objective are discussed next.

6.5.5.1 Hypothesis 5

This hypothesis tests whether there are significant differences between the different types of craft retailers and how often they utilise information sources. Since there are different types of craft retailers, there is a possibility that some types of craft retailers use certain sources of information less often than others. To determine this, the ANOVA test was run to ascertain how often different types of craft retailers utilise information sources. It was therefore hypothesised that:

H₀ There are no significant differences between different types of craft retailers and how often they utilise information sources

H₅ There are significant differences between different types of craft retailers and how often they utilise information sources

To test the above hypothesis, three sub-hypotheses were formulated. This was after the factor analysis identified three groups of information sources, such as internal and personal, promotional information and print advertisement. The internal and personal information explained 27.24 percent of the total variance while promotional information and print advertisement explained 9.17 percent and 7.5 percent of the total variance respectively. The three factors were also found to correlate positively with each other. The three sub-hypotheses are listed and discussed below as H_{5a}, H_{5b} and H_{5c}. ANOVA tests were run for each of the three hypotheses. The first hypothesis was thus formulated as follows:

H_{5a} There are no significant differences between different types of craft retailers and how often they utilise internal and personal information sources

H_{5a} There are significant differences between different types of craft retailers and how often they utilise internal and personal information sources

This hypothesis tests if there are significant differences between the different types of craft retailers and how often they use internal and personal sources of information. Table 6.14 depicts the results of this hypothesis.

Table 6.14: Mean values and ANOVA results for types of craft retailers and internal and personal sources of information

Types of craft retailers	N	M	SD	DF	F value	P value	Semipartial Eta square
Craft stores	90	2.69	0.52	4	1.46	0.217	0.0280
Small interior/gift stores	26	2.46	0.50				
Large retailers	28	2.52	0.49				
Speciality stores	27	2.75	0.52				
Destination retailers	35	2.66	0.45				

As evident from Table 6.14, no significant differences were found among types of craft retailers and the use of internal and personal sources of information. The p-value of 0.216 is larger than $p < 0.05$, indicating that there are no significant differences. **Therefore the null hypothesis H_{50a} was accepted.**

It is thus evident that the type of craft retailer does not play a role in the extent to which certain internal/personal sources of information are used.

Factor analysis also identified promotional information as a source of information. The next hypothesis was therefore formulated as:

H_{50b} There are no significant differences between different types of craft retailers and how often they utilise promotional information sources

H_{5b} There are significant differences between different types of craft retailers and how often they utilise promotional information sources

The above hypothesis was formulated to determine whether significant differences exist among the different types of craft retailers and how often they utilise promotional information. To achieve this, the ANOVA test was conducted to determine how often craft

retailers use promotional information as a source of information. Table 6.15 reports the results of the ANOVA for promotional information.

Table 6.15: Mean values and ANOVA results for types of craft retailers and promotional information

Types of craft retailers	N	M	SD	DF	F value	P value	Semipartial Eta-square
Craft stores	90	2.69	0.52	4	2.49	0.0446	0.0476
Small interior/gift stores	26	2.46	0.50				
Large retailers	28	2.52	0.49				
Speciality stores	27	2.75	0.52				
Destination retailers	35	2.66	0.45				

It can be seen from the above table that there is a significant difference, at $p < 0.05$, and in the mean score of the five types of craft retailers: $F(4, 206) = 2.49$, $p = .0446$, in the different types of craft retailers and how often they utilised promotional information. **Therefore the null hypothesis H_{50b} was rejected and H_{5b} was supported.**

Because there were significant differences among the types of craft retailers with regard to how often they utilised promotional information, Duncan's post-hoc test was conducted among the five types of craft retailers to determine where these differences lay. Table 6.16 below shows the results of the Duncan's post-hoc test on promotional information.

Table 6.16: Duncan's multiple range test for promotional information

Names of craft retailers	Subset	
	A	B
Craft stores	2.46**	2.46**
Small interior/gift stores	2.65	
Large retailers	2.58	
Speciality stores	2.61	
Destination retailers		2.14

**Groups in the same subset (A or B) do not differ significantly.

The following deductions can be made from the above table:

- The destination retailers made significantly less use ($M=2.14$) of promotional materials than did small interior/gift stores ($M=2.66$), speciality stores ($M=2.61$) and large retailers ($M=2.58$).

Thus different types of craft retailers differ in their use of promotional materials as a source of information.

Print advertisements were also identified as a group of information sources through factor analysis. The next hypothesis was therefore formulated as:

H_{0c} There are no significant differences between different types of craft retailers and how often they utilise print advertisements

H_{5c} There are significant differences between different types of craft retailers and how often they utilise print advertisements

The above hypothesis tests if there are significant differences between the different types of craft retailers and how often they utilise print advertisements. The ANOVA test was used to determine if any difference exists between different types of retailers and how often they utilise print advertising. The means and ANOVA results for print advertising are reported in Table 6.17 below.

Table 6.17: Mean values and ANOVA results for types of craft retailers and print advertising

Types of craft retailers	N	M	SD	DF	F value	P value	Semipartial Eta square
Craft stores	90	2.01	0.98	4	1.29	0.2767	0.0251
Small interior/gift stores	26	2.26	0.94				
Large retailers	28	2.32	1.00				
Speciality stores	27	2.12	1.00				
Destination retailers	35	1.84	0.72				

As can be seen from the table, with a p-value = 0.2767, there is no significant difference between the mean scores of types of craft retailers and how often they use print advertising. **Therefore, the null hypothesis H_{50c} was accepted and H_{5c} was not supported.** This implies that different types of craft retailers use print advertising with the same frequency. From the above discussions the conclusion can be drawn that craft

retailers differ in how often they utilise promotional information but do not differ in their use of internal and personal information sources as well as print advertisements. Thus H_0 was rejected since H_5 was partially accepted because of significant differences among different types of craft retailers and how often they utilised promotional information.

6.5.5.2 Hypothesis 6

The years of buying experience might influence the extent to which organisations use certain sources of information. As with different types of craft retailers, it is important for craft producers to understand how often craft retailers with different years of buying experience utilise information sources. Fairhurst and Fiorito (2001:97) reported that the years of buying experience affect the nature of the information that retailers use and that in a modified rebuy situation, buyers seek more information than in a straight rebuy situation. This implies that information sources used will differ for a new buy situation in comparison with modified and straight rebuy situations. Ettenson and Wagner (1986:58) also reported that buyers with different buying experience differ in the type of information used and that with certain sources of information, buyers with different years of buying experience use similar sources of information. The hypothesis was therefore formulated as:

H_0 There are no significant differences between craft retailers' years of buying experience and how often they utilise information sources

H_6 There are significant differences between craft retailers' years of buying experience and how often they utilise information sources

Since factor analysis identified three factors namely internal and personal information, promotional information and print advertisement, the following three sub-hypotheses flowed from the above hypothesis:

H_{6a} There are no significant differences between craft retailers' years of buying experience and how often they utilise internal/personal information sources

H_{6a} There are significant differences between craft retailers' years of buying experience and how often they utilise internal/personal information sources

The above hypotheses test whether craft retailers with different numbers of years of buying experience differ in terms of how often they utilise information sources. As illustrated in Table 6.18, there is no significant difference between years of buying experience and how often different types of craft retailers use internal/personal information sources. **Therefore, the null hypothesis H_{60a} was supported (p=0.2977, greater than p<0.05).**

Table 6.18: Mean values and ANOVA results for years of buying experience and internal and personal sources of information

Years of buying experience	N	M	SD	DF	F value	P value	Semipartial Eta-square
0-5	73	2.65	0.51	2	1.22	0.2977	0.0117
>5-10	69	2.72	0.48				
10+	64	2.55	0.54				

Craft retailers with different numbers of years of buying experience did not differ in how often they used internal and personal sources.

H_{60b} There are no significant differences between craft retailers' years of buying experience and how often they utilise promotional information

H_{6b} There are significant differences between craft retailers' years of buying experience and how often they utilise promotional information

To determine how often craft retailers with different years of buying experience utilise promotional information, ANOVA test was conducted. As can be seen in Table 6.19 below, there were no significant differences between years of buying experience and how often craft retailers used promotional information. **Therefore, the null hypothesis H_{60b} was accepted (p-value=0.8904, greater than p-value=0.05).**

Table 6.19: Mean values and ANOVA results for years of buying experience and promotional information

Years of buying experience	N	M	SD	DF	F value	P value	Semipartial Eta-square
0-5	73	2.65	0.51	2	0.12	0.8904	0.0011
>5-10	69	2.72	0.48				
10+	64	2.55	0.54				

From the findings it is evident that the number of years of buying experience does not play a role in how often retailers utilise promotional information.

H_{6c} There are no significant differences between craft retailers' years of buying experience and how often they utilise print advertising

H_{6c} There are significant differences between craft retailers' years of buying experience and how often they utilise print advertising

To determine whether there were significant differences between craft retailers' years of buying experience and how often they utilised print advertising, an ANOVA test was conducted, with results depicted in Table 6.20 below.

Table 6.20: Mean values and ANOVA results for years of buying experience and print advertising

Years of buying experience	N	M	SD	DF	F value	P value	Semipartial Eta-square
0-5	73	2.65	0.51	2	0.10	0.9016	0.0010
>5-10	69	2.72	0.48				
10+	64	2.55	0.54				

Form the above table, it can be seen that there were no significant differences between number of years of buying experience and how often craft retailers used print advertising.

Therefore, with p-value=0.9016, the null hypothesis H_{6c} was accepted.

As regards the extent to which craft retailers use different sources of information, it seems that internal sources of information were used more often than external sources. It is also evident that the number of years of buying experience of craft retailers does not play a role in the extent to which they make use of different information sources. However, significant

differences were found between different types of retailers and the use of promotional information.

A summary of the hypotheses as discussed in this chapter are presented in Table 6.21 below:

Table 6.21: Summary of hypotheses tested

Alternative hypotheses		Supported or not supported
H ₁	There are significant differences between types of craft retailers and the number of buying stages they go through	Not supported
H ₂	There are significant differences between the years of buying experience of craft retailers and the number of buying stages they go through.	Not supported
H ₃	There are significant differences between different types of craft retailers and the importance they attach to selected supplier selection criteria	Supported
H ₄	There are significant differences between craft retailers' years of buying experience and the importance they attach to supplier selection criteria	Not supported
H _{5a}	There are significant differences between different types of craft retailers and how often they utilise internal/personal information sources	Not supported
H _{5b}	There are significant differences between different types of craft retailers and how often they utilise promotional information sources	Supported
H _{5c}	There are significant differences between different types of craft retailers and how often they utilise print advertisement	Not supported
H _{6a}	There are significant differences between craft retailers' years of buying experience and how often they utilise internal/personal information sources	Not supported
H _{6b}	There are significant differences between craft retailers' years of buying experience and how often they utilise promotional information	Not supported
H _{6c}	There are significant differences between craft retailers' years of buying experience and how often they utilise print advertising	Not supported

6.6 SUMMARY

This chapter analysed and documented the empirical findings of the study. The first section of the study reported on response rate, followed by the reliability and validity of the study. Following this was a discussion of the descriptive statistics, which focused on the demographics of the respondents, the number of stages in the buying process, the supplier selection criteria and the information sources used by craft retailers.

The supplier selection criteria scale used in this study was reliable, as a Cronbach's alpha of 0.84 and 0.72 for information sources was reported. Five research objectives were formulated and discussed and the six hypotheses were tested. Since factor analysis identified three factors for information sources, two hypotheses based on information sources were further broken down into three sub-hypotheses each. The results for each of the hypotheses were presented in the chapter. The study listed the number of buying stages craft retailers go through but no significant differences could be found among different craft retailers with respect to years of buying experience in the stages of the buying process. The study could also not identify any significant differences among craft retailers' years of buying experience with respect to the importance attached to supplier selection criteria. However, it was found that craft retailers differed in the importance attached to five of the 39 selected supplier selection criteria. The significant differences were not evident in any of the top 10 most important supplier selection criteria. Craft retailers also differed regarding the importance attached to internal and personal sources of information but not in their use of promotional information and print advertising.

The chapter concluded with a summary outcome of each hypothesis. The results presented useful information for craft producers marketing their products to craft retailers in SA and could assist craft producers to improve their marketing strategies. The proposed marketing strategies for craft producers are discussed in the next chapter. The conclusions drawn and recommendations made are also dealt with in the next chapter, which is the last chapter of this study.

CHAPTER 7: CONCLUSIONS, IMPLICATIONS AND RECOMMENDATIONS FOR FUTURE RESEARCH

7.1 INTRODUCTION

The previous chapter reported the results of the study and was preceded by a discussion in Chapter 5 on the research methodology followed in this study. Chapter 6 reported results useful in understanding the buyer behaviour of craft retailers. This chapter will use the results reported in Chapter 6 on craft retailers to propose a marketing strategy for craft producers targeting craft retailers. The main findings of the stages in the buying process, the supplier selection criteria and information sources used will be recapitulated, and conclusions based on these findings will be drawn. Thereafter the implications of each main set of findings will be discussed and recommendations will be made. A discussion of the proposed marketing strategy for craft producers will follow, after which the limitations of the study will be noted and recommendations made for future research. This will be followed by an evaluation of the objectives and hypotheses set in Chapter 1, in order to determine if they have been achieved.

7.2 MAIN FINDINGS RELATING TO THE BUYING PROCESS

As mentioned in Chapter 1, the craft industry in SA has grown in terms of retail sales revenue generated. Craft producers face difficulties, however, in selling to craft retailers because of a lack of understanding of what craft retailers look for. Such an understanding will enable craft producers to formulate better marketing strategies targeted at craft retailers.

7.2.1 CONCLUSIONS OF AND IMPLICATIONS REGARDING THE MAIN FINDINGS OF THE STAGES IN THE BUYING PROCESS

The first objective of this study was to determine the number of buying stages craft retailers go through when buying crafts. These objectives were listed and discussed in

Chapters 1 and 5 of this study. The results of the stages in the buying process were reported in Chapter 6, and the main conclusions drawn regarding the stages craft retailers go through are presented in this section.

A list of 16 stages was provided based on the literature review and interviews. The majority of craft retailers (66 percent) go through a lengthy buying process consisting of 16 stages. This is an indication that the buying process of some craft retailers involves far more stages than those suggested in the existing literature. It is also an indication that craft product buying is a complex process and that craft retailers are involved in a new buy situation. This could be due to the lack of standards in the industry and the fact that craft producers are scattered all over the country.

As stated in Section 6.5.2, the most used stages in the buying process are 'we identify a need for craft products', (94 percent), 'we determine characteristics and/or quantity of the products needed' (91 percent), 'we search for potential suppliers' (87 percent), 'we evaluate and select suppliers' (97 percent), and 'we negotiate trading terms with suppliers' (87 percent). It is therefore important for craft producers to ensure that they are aware of the needs of retailers for craft products and also to ensure that retailers are aware of them. As some small craft producers may not have the necessary skills to enter into negotiations with large retailers, this is an area where government could play an important role by providing training and legal advice.

The least used stages are 'we develop contractual agreements with the supplier' (68 percent), 'we create precise description of the craft products needed' (67 percent) and 'we place trial order/s and finalise the approval of suppliers' (72 percent). No significant differences were found among the different types of craft retailers and the number of stages retailers go through. It can be concluded that the majority of craft retailers exhibit homogeneous buyer behaviour by going through the same number of buying stages in the buying process. This suggests that little variation exists and will ultimately make it easier for craft producers who want to make use of a standard/undifferentiated approach of selling to craft retailers. Craft retailers with different years of buying experience also exhibit similar buyer behaviour in going through the same number of buying stages, implying that experience does not play a role in the number of buying stages used.

Only 67 percent of craft retailers create a precise description of craft products needed. The remaining 33 percent could represent those craft retailers that buy products that are exciting and attractive. This creates an opportunity for new craft producers with exciting, innovative products to sell to these retailers. Craft producers should attempt to identify the needs of craft retailers in terms of product description and develop products according to craft retailers' requirements. An understanding of craft retailers' needs will enable producers to supply the needed items and increase their chances of being selected as a supplier. This implies that craft producers must investigate which products are needed by different types of craft retailers and develop only those that craft retailers need.

The ability of craft producers to satisfy the needs of craft retailers depends on their understanding of what craft retailers need. Therefore, the main findings on the supplier selection criteria which craft retailers use to evaluate craft producers are discussed in the following section.

7.3 MAIN FINDINGS RELATING TO SUPPLIER SELECTION CRITERIA

The success of craft producers depends on their ability to develop and produce products that satisfy the needs of both craft retailers and end consumers. To succeed, craft producers must improve their understanding of how craft retailers evaluate their products and organisation as well as of the most important supplier selection criteria considered by craft retailers. This section will report the main findings and draw conclusions based on supplier selection criteria.

7.3.1 CONCLUSIONS OF AND IMPLICATIONS REGARDING THE MAIN FINDINGS OF SUPPLIER SELECTION CRITERIA

In Section 6.5.3, the ten most important supplier selection criteria were listed, in order of importance, as quality, the fact that the product is exciting, product styling and design, product distinctiveness/uniqueness, the supplier's willingness to cooperate with retailers, the product's sales potential, the ability to supply products based on retailers' demand/requirements, supplier capacity, delivery reliability and the total costs of acquiring the product. Craft producers should incorporate these criteria into their marketing strategy.

They should also make sure that each of these important criteria is acted upon by incorporating those criteria that are product-related, such as quality, the fact that the product is exciting, product styling and design and product distinctiveness/uniqueness, into the product during the new product's development stages. They could also incorporate criteria such as the ability to supply products based on retailers' demand/requirements, supplier capacity, delivery reliability and total costs of acquiring the product into their distribution and pricing strategy, by ensuring that the right product, at the right time, at the right place and at the right price is delivered to the retailers. Craft producers could also use the ten most important supplier criteria to position their organisations and products against their competitors.

The least important supplier selection criteria are that products are branded, products are certified by authorised organisations such as SABS or Proudly SA, the supplier provides product training, the financial position of a supplier and that the supplier provides marketing support. Craft producers should thus place less emphasis on these criteria than on the most important ones. Again this is advantageous to the small craft producers lacking financial resources as they do not need to go through the often lengthy and expensive process of gaining certification for the products or providing marketing support that could be expensive.

It is interesting to note that product quality was rated the most important supplier selection criterion, yet having products certified by authorised organisations such as SABS or Proudly SA was indicated as the second least important supplier selection criterion. According to Cawley, Gaffey and Gilmore (1999:40), product quality can be achieved through certification in terms of possession of a quality mark or symbol, possession of a regional label and specification in terms of production delivery and traceability or link to a culture, and attractiveness in terms of design, texture, appearance, price and personal attention. When marketing their products some organisations emphasise quality features such as those that specify responsible use of natural environment or quality marks and certification of products (McDonagh & Commins, 2000:17), yet some craft retailers do not consider certification an important criterion. Larger craft producers with more resources could apply for certification of their products through relevant bodies such as the SABS,

and use this as a quality indicator when selling to retailers. They could also seek the governmental support required to quality assure their products.

Craft retailers consider the total cost of acquisition rather than price alone. This is shown by the fact that the total cost of ownership is rated the 10th most important supplier selection criterion, whereas price is ranked 33rd in level of importance. However, craft retailers buy from suppliers who are willing to negotiate prices (11th most important of all criteria) and also evaluate the price competitiveness of craft producers (23rd most important criterion). Craft retailers visit remote areas, driving as far as 1000 kilometres looking for craft producers, some of them camping at places near craft producers to acquire stock (Mutua *et al.*, 2004:97-8). This is possibly why total costs of ownership are more important than price alone. Therefore, there must be more focus on the total cost of ownership by the craft producers when setting their prices. Craft producers must also be willing to negotiate prices since this is very important to craft retailers.

The study also found a significant difference between different types of craft retailers and the importance they attach to supplier selection criteria. The significant differences between the five groups of craft retailers and the level of importance they accord certain criteria refers specifically to selected criteria such as 'supplier accepts product returns if there is product failure', 'financial position of a supplier,' 'our history with the suppliers', 'supplier offers broad range of products', 'products are certified by authorised organisations such as SABS and Proudly SA' and 'origin of the product'. It is also worth noting that significant differences exist among the moderately and least important supplier selection criteria but not among the most important supplier selection criteria. This means that no matter which type of retailer the craft producers target, initially they can focus on the most important criteria.

The findings also revealed that craft stores attached less importance than did small interior/gift stores to the criterion 'producer accepts product returns'. This may be because owners or buyers of these stores travel to remote areas to acquire the items and might not be able to take them back to the supplier after purchase. The small interior/gift stores place more importance on the financial position of a supplier than do galleries, museums and jewellery shops, large stores and destination retailers. This might be due to their small

size and limited resources, which means that they do not have the financial resources to risk dealing with financially unstable producers, which could affect future supply or delivery.

The retailers that place most value on 'our history with the supplier' are the destination retailers, followed by speciality stores and large retailer stores. This implies that they would rather work with craft producers that have a good track record and that are proven to be reliable. Large retailers develop their own craft product designs based on customer preferences and trend indicators from around the world and look for suppliers to execute product development at the lowest possible price (USAID, 2006:37). If craft producers were to work more closely with retailers to determine how to satisfy their needs and expectations, retailers would approach them whenever they had designs that required development.

The small interior/gift stores place more importance on suppliers offering a broad range of products than do all the other groups. Although this criterion was not rated among the most important ones, it is essential that craft producers targeting small interior/gift stores satisfy this retail group's need of product variety. For craft producers, this means that they need to have a broad as well as a wide product range if they want to sell to these retailers. Craft producers could also develop specific product lines for these retailers.

Large retail stores are more likely than small interior or gift stores and destination retailers to place importance on products that are certified by an authorised organisation such as SABS and Proudly SA. The ability to meet specified standards is one of the challenges faced by craft producers. However, they need to adhere to these standards if they want to market their product successfully to retailers. Retailers such as Mr Price offer training programmes to craft producers with the aim of developing saleable products. The training programme was established after it was realised that product design and development were necessary for sustainable income generation for craft producers and it ensures that craft producers supply high-quality products that are unique (Science in Africa, 2006:2). Craft producers planning on targeting these large retailers need to attend such training courses to learn new skills and establish relationships with craft retailers.

The results showed that craft stores attach more importance to the origin of the product than the other retailers do. The reason for this may be that craft stores sell the majority of their products to tourists, including international tourists who would be more interested in buying products that have nostalgic value for them. For craft producers targeting this specific retail group it could be beneficial to emphasise the origin of their products through branding or swing tags, which allow craft retailers to tell a story or recount the history of their products and organisations.

Since product branding was rated the least important of the supplier selection criteria, craft producers could focus on other product-related criteria rather than branding when developing new products. The reason for the low importance accorded to branding may be that certain craft products, such as jewellery and wooden products, do not need the attachment of a name to enhance their appeal, while some retailers such as Mr Price sell their products under their house brand. However, it would be unwise for craft producers to ignore branding entirely, since a brand name is able to contribute to the recognition of the craft producer.

The fact that the number of years of buying experience was found not to play a role in the importance attached by craft retailers to selected evaluative criteria implies that craft producers could sell to retailers regardless of their years of buying experience.

For craft producers to formulate a marketing communication strategy targeted at craft retailers, they need to be aware of the sources of information retailers most often use. The next section discusses the main findings relating to information sources.

7.4 MAIN FINDINGS RELATING TO INFORMATION SOURCES

Information about craft producers and their products is important to craft retailers, who often need to find new craft producers. Craft producers should therefore make information easily accessible to them. This requires that craft producers be aware of the sources of information most often used by craft retailers in searching for suppliers and products, and formulate a marketing communication strategy using the most appropriate sources to

convey information to craft retailers about new and existing products and any other information craft retailers might need.

7.4.1 CONCLUSIONS OF AND IMPLICATIONS REGARDING THE MAIN FINDINGS OF INFORMATION SOURCES

In Section 6.5.5, it was reported that the five most used sources of information are sales records, buying experience, craft producers visiting with product samples, retailers asking existing suppliers to find what they need and salespeople from craft producers providing information. Craft retailers also visit wholesalers and use information about suppliers from colleagues as a source of information. Visiting craft retailers with product samples provides an opportunity for craft producers to market their products easily and effectively since they can combine the motive of supplying information about their products with discussing retailer's needs; they are also able to determine whether their products satisfy the needs of the craft retailer. The fact that some craft retailers ask existing suppliers to find craft products on their behalf implies that craft retailers are involved in a working relationship with certain craft producers. It also implies that there is a benefit for craft producers in developing working relationships with other craft producers so that they can be referred to craft retailers whenever they are looking for suppliers. Since craft retailers visit wholesalers to source information, craft producers could make use of wholesalers to sell or simply supply information about their products.

The five sources of information used least often are research done by marketing research agencies for the retailers, advertising in consumer magazines and trade news, news/stories in trade publications, and association/industry trade information data. The fact that craft retailers make little use of advertising or of association/industry trade information data is actually to the benefit of craft producers, since they are mostly small or possibly start-up organisations that lack financial resources, because financial resources are needed for membership of the associations or industry bodies

Promotional information is moderately used by craft retailers in comparison with internal and personal information. However, some craft retailers use it more often than others do. For example, the small interior/gift stores use such information more often than speciality

stores, large stores and destination retailers do. This implies that craft producers could use promotional information, which includes visits to exhibitions, use of the Internet, supplier catalogues and promotional materials, when targeting these retailers. It is also worth noting that promotional information sources such as Internet searches, supplier catalogues and exhibitions were rated the 9th, 10th and 11th most often used sources of information, indicating that they are used moderately in comparison with other sources of information.

Different types of craft retailers differ in their use of promotional information sources but not in the use of internal and personal sources and print advertising. Therefore a marketing communication strategy that combines various sources of information targeted at different types of craft retailers would be required. However, a strategy using internal and personal sources as well as print advertising could work for all types of craft retailers.

Craft retailers who differ in years of buying experience do not differ in their use of certain information sources, meaning that they all use similar sources of information. This allows craft producers to make use of similar sources of marketing information when targeting craft retailers of varying levels of experience in the buying of crafts.

The use of print advertising is limited among craft retailers, which implies that this form of marketing communication is not the most effective one in targeting retailers. Craft producers should therefore rather spend their budget on other forms of marketing communication. The next section will make recommendations for the formulation of an effective marketing strategy for craft producers, based on the findings of the study.

7.5 RECOMMENDATIONS FOR THE FORMULATION OF A MARKETING STRATEGY FOR CRAFT PRODUCERS

The main purpose of this study was to investigate the buyer behaviour of craft retailers in SA and to use the results as inputs for the development of a marketing strategy for craft producers marketing crafts to craft retailers. A marketing strategy, as discussed in Section 4.2, consists of the marketing mix elements that are targeted at a specific market segment. In this case, there are different craft retailers in SA, some of which exhibit similar behaviour in going through the same number of buying stages, attaching the same importance to the top ten supplier selection criteria and consulting similar sources of

information. Therefore, a similar marketing strategy is proposed for all craft retailers except in areas where there are some differences in the buyer behaviour of craft retailers. In the latter case, different marketing strategies targeted at different craft retailers will be proposed. Before the marketing strategy can be formulated, environmental scanning will be discussed. This is because environmental scanning affects the marketing strategy, requiring an organisation to collect information internally and externally before formulating a strategy.

7.5.1 ENVIRONMENTAL SCANNING

Craft producers need to research the different kinds of products their targeted retailers carry and develop and design products that match the needs of these retailers. This includes the collection of information by talking to craft retailers to determine whether products have been satisfactory. Such information can be used to improve the craft producer's marketing strategy. Craft producers can also use the information when negotiating with craft retailers on areas that were found to be unsatisfactory.

It is essential for craft producers to be aware of market trends and competitors' products and prices. They should access information useful to them in remaining informed of current trends, issues and constraints in the market. They also need to understand the total costs of ownership incurred by craft retailers, an aspect which will be important when setting and negotiating prices. The researching of new product ideas and the continuous development of products that will sell is essential.

Craft producers should match current trends in terms of product quality, styling and design, uniqueness and products that are exciting and attractive, since these product attributes could change over time. Since good ideas might become dated, continuous research in new ideas could make craft producers successful. For craft producers to supply the right product at the right time and in the right quantity, they would need to estimate what craft retailers will demand and start to prepare production ahead of time.

There are many Internet websites providing ideas on new trends, product styles and design which can be accessed by craft producers. However, this requires that craft producers have access to Internet. There are also many interior décor magazines, some of

which publish product designs, which could be used as a source of new ideas. Magazines dealing with topics such as interior design, houses and gardens, fashion footwear, art and general household matters can be used by craft producers to learn about fashion trends which can be incorporated into their product designs and styles. Such publications allow them to keep up with current trends as well as popular colours, product sizes and designs. Visiting competitors to window-shop and observe what is for sale and what is frequently purchased is a valuable means of studying changing trends.

Because craft retailers evaluate and/or select craft suppliers during the buying process, craft producers need to identify the supplier selection criteria used by craft retailers.

Although the least used stages are 'we expedite and evaluate the supplier's and product performance' and 'we provide the suppliers with feedback about product performance', craft producers should maintain contact with craft retailers in order to collect information about the retailer's assessment of their performance and that of their product/s, as well as to motivate retailers to keep them informed of their performance.

7.5.2 TARGET MARKETING AND POSITIONING

Since there are various types of craft retailers in SA, it could be necessary for craft producers to target certain retailers whose needs they are able to meet. The study investigated five types of craft retailers consisting of craft stores, small interior and gift stores, large retailers, speciality retailers and the destination retailers. These retailers could have different needs and behaviours, but the findings of this study reflected that craft retailers do not differ in the number of stages they go through during the buying process and do not differ in the most important supplier selection criteria used to evaluate craft producers. Therefore, craft producers could adopt an undifferentiated target marketing strategy by following a similar process when selling and marketing their products to different types of craft retailers.

Because craft retailers did not differ in the importance they attached to the ten most important supplier selection criteria, craft producers could emphasise these selection criteria when marketing to all craft retailers. Emphasis should be placed on quality, the product is exciting, product styling and design, product distinctiveness/uniqueness,

supplier's willingness to cooperate with retailers, product's sales potential, the ability to supply products based on retailers' demand/requirements, supplier capacity, delivery reliability and total costs of acquiring the product.

However, craft retailers differed in some supplier selection criteria and therefore craft producers could differentiate their approach by emphasising 'producer accepts product returns' when marketing to craft retailers except for the small interior/gift stores that considered this as less important. Craft producers could also place more emphasis on their favourable financial position when marketing their products to the small interior/gift stores than when selling to galleries, museums and jewellery shops, large stores and destination retailers. Moreover, 'our history with the supplier' is more important for the destination stores than for speciality and large retailers and craft producers should use this criterion when selling to destination retailers. Craft producers could also place more emphasis on their range of products when marketing to small interior/gift stores compare with other retailers. When marketing to large retailers, more emphasis should be placed on 'products that are certified by an authorised organisation such as SABS and Proudly SA' than with the small interior/gift stores and destination retailers. The origin of the product is important to craft stores and craft producers should emphasise product origin when marketing to this retailer type.

Craft producers must also position their organisations and products against their competitors. To achieve this, they should use the 10 most important supplier selection criteria and position their organisations and products against these criteria. Continuous effort should be made to improve the craft producers' position against the most important criteria. The rest of the section will focus on the four elements of the marketing mix.

7.5.3 CRAFT PRODUCT STRATEGY

There is a need for craft producers to understand the needs of craft retailers so that they do not waste scarce resources on developing products that are not needed by craft retailers. The majority of craft retailers go through an extended buying process involving 16 stages. Craft producers must get involved in each of the stages in order to influence craft retailers' buyer behaviour. For example, the two most used stages are 'we recognise

the need for craft products' and 'we determine the characteristics and quantity of products to be bought'. Craft producers could take their new product ideas to craft retailers and discuss the ideas with them, thus enabling them to see if craft retailers like the idea and whether they will want to buy the product. This is possible only if craft producers have researched new product ideas that match the current trends.

If craft producers become involved in the stage when craft retailers determine the characteristics and the quantity of products needed, they will be able to define product characteristics which they must incorporate into their new products during the new product design and development stages. The involvement of the craft producer in the planning of quantities to be ordered will enable craft retailers to be aware of the available supply. However, this requires that craft producers develop close working relationships with craft retailers.

It is of the utmost importance that craft producers understand the specific product requirements of craft retailers so that they can develop products to meet those requirements. Since the majority of craft retailers (73 percent) formulate the supplier selection criteria for evaluating craft producers during the buying process, craft producers need to identify these criteria so that they can work on incorporating them in their marketing and business strategy. This can be achieved in different ways, such as by visiting craft retailers, bringing new product ideas or samples to discuss with them or by asking retailers what they look for in specific products. Although this study has identified the most important supplier selection criteria, these change over time and craft producers must keep abreast of these changes. For those retailers that do not have a precise description of products during the buying process, craft producers would have to ensure that they develop products that match the most important supplier selection criteria so as to create an awareness of their products with craft retailers.

What is important to craft retailers is product quality first, followed by products that are exciting and attractive, the styling and design of the product, product distinctiveness/uniqueness and the product's sales potential. Craft producers must focus on these criteria during the new product design and development stages, ensuring that

products are created that are of high quality, attractive and unique, thereby increasing the sales potential of the product.

Products of high and consistent quality need to be developed by craft producers to satisfy the needs of craft retailers. Craft producers might upgrade and maintain product quality by ensuring that the right kind of raw material, suitable for a higher quality end product, is used. They could also ensure regular control during the production process, allowing them to deliver a more consistent product quality. In addition, craft producers could apply strict final quality control measures before sending the products to retailers. They might also need to emphasise quality throughout their transactions with retailers, who are often on the lookout for new suppliers and something new and different.

Craft producers must also certify their products with organisations such as the SABS or Proudly SA when selling to large stores that rate this criterion more highly than the do small interior/gift stores and the destination retailers. It is wise to offer a wide variety of products when targeting craft stores and destination retailers that rate this criterion highly. Craft producers could also develop specific product lines for these retailers.

Developing similar products but with different designs and styles might allow craft producers to target different craft retailers who have different product requirements. This will also enable craft producers to provide a broader range of products from which craft retailers can select what is best suited to their stores. Retailers might also want to carry more than one kind of product design. For example, while the Kim Sacks gallery sells various craft products, the gallery also has a large section displaying ceramics products of different kinds which are highly exclusive and highly priced. There will be a need to balance the quality of products with the prices set. Retailers such as Makro and Pick n Pay Hyper, which are large stores, would sell ceramics that are unique and of high quality but moderately priced since the majority of their target market belongs to the middle class.

It is essential that craft producers develop and update their products from time to time and keep track of changing trends. In addition to updating product quality, craft producers must also update product designs and styles so as to make products look unique. It is important that craft producers avoid copying other producers' ideas since this limits their ability to

offer styles that are unique and can be identified with their organisation. Product development must be a continuous exercise that ensures that creativity and innovation are the first priority. Because of the diversity of craft products, craft producers should note trends affecting the different types of products they produce. For example, retail markets such as the décor markets are fashion driven and their needs change continuously.

Moreover, craft producers can also take advantage of the fact that the majority of craft retailers go through a trial stage by using this stage to test their quality levels and ability to deliver sufficient quantities on time. During this stage, information on product performance can be collected and product requirements negotiated with the retailers to ensure that the product meets their needs.

Craft producers could ensure that product designs remain relevant to the traditional, transitional and modern styles as required by craft retailers. The traditional designs are driven by age-old designs as well as by culture and traditions. Modern designs keep up with changes in the preferences and taste of craft buyers while the transitional is a combination of traditional and modern.

There are different types of craft retailers who sell different products within their retail stores. For example, speciality craft retailers specialise in craft products and buy any kind of craft, while destination retailers focus more on travel, thus emphasising gifts and souvenirs. Craft producers might need to develop different product types for different craft retailers to ensure that they have enough product lines to sell to a variety of craft retailers as well as to satisfy the needs of retailers that want variety within their stores. However, the number of product lines will be dependent on the availability of resources. The formation of cooperatives could enable craft producers to add more product lines than a one-man organisation can do.

Branding, although only slightly important to craft retailers, can also be used. The name of the artist (craft producer) may be used as a brand name. This is important for managing the reputation of the organisation since the reputation gained by the artist could be transferred to the products the artist produces. When marketing to international markets, it is useful for craft producers to use the name of the place or country where the product was

made. This combines branding with another, more important, criterion, 'place of origin', an important one for craft stores. Some craft producers, such as Carrol Boyes, have successfully used branding to make their products unique and are commanding high prices for their branded products. Branding, product identity and originality are very important in order to distinguish products from the mass-produced equivalent.

The use of suitable packaging and appropriate packing materials for certain products, with the name of the company and contact details of the producer on the packaging, can also reflect the branding to create a quality image and identify the source of origin.

Attaching a swing tag serves a number of purposes: contact details can be included so that customers can access the craft producers and can be given more information about them. Tourists want information on how the product is made and the types of materials used. This information written on a swing tag can be used for marketing purposes, especially for retailers such as destination stores, speciality stores and gift stores targeting tourists. Other items of information that can be included on the swing tag are that the product is locally manufactured or that the craft producers adhere to fair trade principles such as paying a fair wage in the local context, offering employees opportunities for advancement, providing equal employment opportunities for all people, particularly the most disadvantaged, and engage in environmentally sustainable practices.

Some regions are so well marketed and well known that craft producers can use the origin of the product as a marketing tool. For example, the CCDI has established the Handmade Cape brand, which communicates the origin of the product and can only be used by those craft producers in the Western Cape.

Some large stores such as Makro, Pick n Pay Hyper and Checkers Hyper sell handmade items which constitute only a small part of their product ranges. Craft producers should bear this in mind when selling to these retailers as they need to ensure that they have the necessary production capacity.

7.5.4 CRAFT PRODUCER MARKETING COMMUNICATION STRATEGY

Marketing communication is another element of marketing strategy. Craft retailers search for suppliers during the buying process. To achieve the goal of identifying potential customers, craft retailers use various sources of information to learn about suppliers and their products, Craft producers could formulate an integrated marketing communication strategy using various sources to convey information to retailers. It is possible for craft producers to combine sources such as visits to craft retailers, with samples, use of salespeople where possible to visit craft retailers, and promoting their products through wholesalers. Supplying information to the buyer's colleagues in a craft retailer organisation, encouraging craft retailers to visit their studios by sending out invitations or hosting open days are other possible methods. Craft producers might not be able to convey information using sales records and buying experience but can make sure that their products meet the most important supplier selection criteria for their products to sell and to create a positive lasting buying experience for craft retailers, thus building good relationships and establishing a good track record.

Craft producers provide information that includes price changes, product shortages and date of availability, new products, discontinued items, changes in packaging, labelling, size and promotional activities. They should also ensure that product samples and price lists are readily available at all times upon the buyer's request. Additional information on financial stability, consistency of supply and ability to meet specific and varied delivery requirements may also be provided. Product lists and illustrations are useful to the retailer. When selling new products to retailers, craft producers are expected to supply information on the product and its composition, where ingredients are sourced, development history, other stockists and the retail price asked by competitors, which should be readily available.

One method of marketing products successfully to craft retailers involves visiting craft retailers, with product samples. This enables craft retailers to see the products and they might then also negotiate product designs and styles with the craft producers. This is also an opportunity for craft producers to collect information which might be useful in improving their products and to use the visit to discuss other product ideas with craft retailers.

It is important that craft producers cooperate with other craft producers since craft retailers use them as sources of information. This would also be useful in that craft producers could cooperate in completing large orders. Since the majority of craft producers are small companies that might have no salespeople, the visit to craft retailers by the producer serves a number of purposes.

Another opportunity for craft producers lies in promotional information such as Internet use, catalogues and use of trade exhibitions. Craft producers can make moderate use of this source of information, targeting small interior/gift stores and speciality stores, since they make more use of this source than other retailers do. However, the large retailers and the destination retailers can also, to a limited extent, be targeted with promotional information.

The Internet, while only moderately used by craft retailers, can also be used as a good method of conveying information to craft retailers. Craft producers must improve their use of the Internet to increase the image of their organisation and products, and also encourage retailers to adopt the use of the Internet. There are many websites such as Buy Africa, Arts Link and SA Arts that craft producers are able to use to market their products. SA Handmade and CCDI also publicise craft producers on their websites, which is something craft producers can take advantage of. Craft producers can use the Internet for developing their own websites, which can be expensive, or by using craft-related public websites such as those mentioned above.

Although retailers do not always make use of exhibitions to source producers, craft producers could still make use of these events to increase their business exposure by targeting exhibitions such as the SARCD, which are aimed at specific craft retailers, to increase awareness of their organisations. Other exhibitions could also be targeted, depending on the target market of the exhibitions. For example, Decorex targets both end consumers and craft retailers, making it of value to craft producers. Exhibitions also provide an opportunity for craft producers to network with other producers and to identify the latest trends.

The destination retailers use catalogues less often than other craft retailers do. This could mean that these retailers buy fewer standardised products. Therefore, it might be useful for craft producers to develop catalogues only for those products targeted at destination stores and other retailers that make use of catalogues. Craft producers should be willing to make adaptations of products to suit each retailer's specific needs. Catalogues showing different product designs and styles can be distributed to retailers, allowing them to select what they want. Forming a collective would allow craft producers to gain an economy of scale and share costs, enabling them to produce catalogues to be sent to retail stores for browsing. The CCDI also have product catalogues on their websites which craft producers in the region may use. Craft producers, as a cooperative, can also approach government or its agencies for funding required for developing crafts catalogues. Product catalogues can also be distributed at exhibitions targeted at craft retailers. Craft producers need to consider working closely with associations, government agencies and departments, such as SA Handmade and the DTI, which offer support services to craft producers in the form of producing craft catalogues.

Print advertising is the least used source of information for craft retailers and therefore of little value to craft producers, who could focus instead on those sources more often used by craft retailers. Organisations such as the CCDI and other craft organisations can be used by craft producers to list their products or to promote their organisations. Some of these organisations publicise products on their Internet sites and craft producers can take advantage of these. However, this should be combined with other forms of marketing communication that craft producers can afford.

The use of promotional videos or CDs can also be adopted by craft producers, who will be able to control how the product is made and tell the story of their products. This is useful for retailers who would then be able to assess the products at their own convenience and might also make suggestions as to the specifications of the product they order. Craft producers can distribute copies of videos or pictures of products to craft retailers via email, which is less costly and less time consuming.

7.5.5 CRAFT PRODUCER PRICING STRATEGY

Craft producers need to consider not only their own profit but also the profit margin of retailers. Craft retailers attach more importance to the total cost of ownership than to the competitive and suggested retail prices. This requires craft producers to understand the total costs of ownership since the price that craft retailers set is determined not only by the actual price they pay for the product but by all costs involved in acquiring the products, such as searching for suppliers, visiting suppliers, and transportation and promotion of products. Craft producers thus need an understanding of the costs involved in acquiring their products and to manage and control their costs accordingly, which will also enable them to price their products competitively. They should carefully determine their pricing strategy to ensure that it increases the sales potential of their products, which is an important criterion for craft retailers.

The majority of craft retailers operate from major shopping centres that charge high rental rates which influence the prices craft retailers are willing to pay for craft products. The fact that craft retailers visit remote areas involves costs such as transportation, visits to craft producers, accommodation and delivery. Retailers also cover the costs of running a store and managing orders from under-resourced and widely dispersed suppliers, as well as for transporting products from craft producers to the retailers at times. The craft producers' selling price should be determined and included in order to set competitive prices. To do this, craft producers could analyse competitor prices and also determine if there are any standard prices for their products.

Therefore, Instead of pricing for profit only, producers must look into competitor prices, their profit margin, the retailer margin as well as the retailers' costs of acquiring the product. Encouraging bulk buying could help craft producers cover costs through producing more of the same products, especially when selling to large retailers. When setting their prices, craft producers must also consider the quality of their products, their uniqueness as compared with products of other craft producers, the time spent in producing them and the quality of the raw materials. Prices should be compared with those of other craft producers. Information about the prices set by other craft producers can be collected by checking prices of competitors at retail shops or by visiting competitors'

workshops to check and evaluate their prices. Craft producers could still ensure that they produce unique products by improving their product designs as and when needed and also by avoiding copying other producers' designs.

Craft producers must be able to negotiate prices with craft retailers and should learn the factors of negotiation such as responsiveness, price, time of payment, stock-keeping, cooperative activities, volume, delivery, product assortment, product quality and specifications.

Moreover, craft producers should consider offering or negotiating discounts based on quantities bought. Where possible, discounts can also be offered for prompt payment. However, craft producers must ensure that their pricing strategy earns them profitability. It is also advisable for craft producers to share their financial position with craft retailers when marketing their products to them. This can be done by communicating their financial position whenever they sell to craft retailers such as small interior/gift stores, galleries, museums and jewellery shops, large stores and destination retailers.

7.5.6 CRAFT PRODUCER DISTRIBUTION STRATEGY

Craft producers should re-evaluate their strategy regarding distribution of their products. They need to assess their willingness to cooperate with craft retailers, their ability to supply products based on craft retailer demand/requirements, their ability to supply sufficient quantity (capacity) as needed by craft retailers and their delivery reliability. These are the most important distribution-related supplier selection criteria that craft retailers look at when evaluating suppliers. Some of the reasons why craft producers cannot deliver reliably and on time are that they have no transportation and also lack resources to make sufficient products on time. They could encourage retailers to collect the stock after purchase or to hire third party transportation services. However, the latter could be more expensive than if retailers collected their stock. Where possible, craft producers can use public transportation to deliver the stock personally to retailers. Alternatively, craft producers can also use special parcel services for delivery of products.

To succeed in selling to craft retailers, craft producers could improve their supply capacity by targeting craft retailers whose quantity needs they can satisfactorily match. For example, they could first target small interior/gift stores that buy in small quantities and the larger retailers only when they are able to manufacture large quantities. They could also form cooperatives with other craft producers which will enable them to supply enough to craft retailers. They could also consolidate orders, enabling them to increase their ability to deliver the right quantity on time while also meeting production, labelling and packing specifications.

Craft producers might try locating their workshops closer to their target market to ensure they are able to deliver on time and to reduce transportation costs. Craft producers in SA have a reputation of being unreliable, so must avoid delivering products late, delivering the wrong product/colour or never delivering at all. When such problems occur, they need to communicate with craft retailers and take corrective action such as referring the order to other craft producers who can supply the ordered products. It is necessary to check the order specifications against the delivery to ensure that the right products are delivered, as well as follow up with craft retailers after delivery to ensure that they have received the correct order.

Some craft retailers negotiate trading terms with suppliers. Craft producers could negotiate with craft retailers on quantities to be delivered based on what craft producers can supply. Negotiations should take place prior to the actual delivery date. Craft producers should also ensure that they negotiate all the delivery requirements to match the craft retailers' needs so that the correct order can be executed at the right time.

The criterion 'producer accepts product returns when there is product failure' was rated 28th in order of importance. However, the criterion is more often used by small interior/gift stores than by the craft stores. Craft producers must accept product returns and could also encourage retailers to do so if the product is faulty.

Craft producers must also communicate their financial position when marketing their products to craft retailers such as small interior/gift stores, galleries, museums and jewellery shops, large stores and destination retailers.

It might also be important for craft producers to negotiate with craft retailers on how to meet their supply requirements. For example, supplying the needed products can be done over a period of time instead of at once. Craft producers should be able to produce the products as per ordered design and agreed price, ensuring that products are of consistent quality and following the instructions for labelling and packaging. Anticipating what craft retailers might need and when will also help craft producers to produce enough and be able to supply as and when needed. This would mean preparing to supply the quantities needed as well as development of products according to the specification of craft retailers. This stage applies only to those craft retailers that place the trial order first. Craft retailers could collect information about whether the craft retailer was satisfied or dissatisfied with the trial order and use the information to improve their marketing strategy.

Since some craft retailers enter into contractual agreements with craft producers, craft producers might emphasise this stage during the negotiation process to ensure they have repeat orders. This can also be used as a basis for building relationships with craft retailers and to discourage them from searching for new suppliers every time there is a need for new products. Where possible, craft producers could negotiate with those craft retailers that do not enter into contracts and persuade them to enter into a service level agreement with them.

Some craft retailers also place trial orders during the buying process. It is possible for craft producers to use this stage as an opportunity to prove their worth and their ability to deliver the products as ordered at the right time and in the right quantity. It is also at this stage that craft producers can negotiate trading terms with retailers.

Craft producers must ensure that craft retailers can place orders conveniently by making use of various methods such as visiting craft retailers to take orders, the use of emails or taking telephonic orders. This would offer craft retailers more options and increase the convenience of placing orders. However, the majority of craft producers rely on cell phones, where numbers can change over time. This means that craft producers are inaccessible by craft retailers. While email is convenient, some craft producers access the Internet only via an Internet café, which means they might not receive orders on time. Craft producers could balance the use of cell phones and email, but must make sure that they

can always be reached by cell phone. Email can be received on some cell phone handsets, which is an even more effective method of receiving orders for craft producers. The proposed craft sourcing enterprise can also be used by craft producers as a channel to close the gap between them and craft retailers by taking orders from retailers on behalf of craft producers.

Craft producers could provide marketing support if needed, and if they have the resources. For example, the Crafters Market, a craft retailer in SA, allows craft producers to merchandise their products and The Tiger's Eye expects craft producers to demonstrate how they make their products at some of their stores located at the airport, thus targeting international tourists who are interested in how products are made. However this is not a very important criterion for retailers and should not pose a big problem for small craft producers that do not have the capacity to provide such support.

Although some craft retailers do not develop contractual agreements with craft producers, craft producers could use those that do as testimonials to persuade potential retail customers to enter into contracts with them.

Because craft producers are small organisations, some of them cannot afford their own transport. Possibilities include making use of third party transport services or selling products excluding transportation costs so that craft retailers bear the cost of transportation. It is not advisable for craft producers to produce more stock for keeping in the storerooms/warehouses unless the products are highly in demand. However, where craft producers can identify needs and anticipate the demand for certain products, styles and designs, they could produce more stock to store in warehouses so that they will have enough to supply craft retailers.

If there is a lack of resources and craft producers find it difficult to supply the required stock in the right quantity, it may be possible for them to produce items during the low season and sell them during the high season. This requires that they study the market demands so that products will remain relevant in the high season.

7.5.7 CRAFT PRODUCERS AND BUYER–SUPPLIER RELATIONSHIPS

Long-term relationships with suppliers were indicated as the 18th most important supplier selection criterion, making buyer–supplier relationships moderately important for craft retailers. However, craft retailers rated ‘suppliers’ willingness to cooperate with us’ as the fifth most important supplier selection criterion, implying that craft producers must find a way to create and manage their relationships with craft retailers. Craft retailers also rated ‘our history with suppliers’ as slightly important, suggesting that craft producers should satisfy the needs of craft retailers through matching the most important supplier selection criteria to create a reputation for being a reliable and capable supplier of quality products. This will also involve satisfying those craft retailers that place trial orders prior to placing a big order to ensure that they come back for more products.

Furthermore, building relationships with craft retailers can also be achieved by getting involved during the stages in the buying process of craft retailers, where producers might be able to influence some of the activities in the stages in their favour. Some craft retailers work closely with suppliers in the designing and production of products, which requires that craft producers develop and maintain long-term relationships with suppliers. It is during these stages that craft producers can maintain their relationships with craft retailers. Furthermore, some craft retailers such as the destination stores attach more importance to their history with suppliers, emphasising the importance of building good relationships. Developing relationships with suppliers will encourage craft retailers to report back to craft producers on their performance, which can empower craft producers to improve their performance.

Craft producers can visit craft retailers frequently with new or improved products to keep them informed of their products. Continual communication by telephone and email can also help build relationships between the two. Satisfying craft retailers by using the strategies suggested above, as well as by incorporating the 10 most important supplier selection criteria, will also help to build the relationship.

Since some craft producers are illiterate and might not have the resources necessary to adopt the above marketing strategy, government and its agencies could be approached for assistance. For example, government could continue providing training on new product

design and development, product quality management, pricing, marketing, financial management, legal aspects and distribution. Training could also be offered for craft producers to learn about craft retailers' needs and buyer behaviour. Government could also sponsor craft producers, assisting them in creating catalogues, attending craft exhibitions and accessing the Internet. This can be done at national, regional and local levels. More importantly, government needs to determine what kind of support should be made available to craft producers and assess the effectiveness of such programmes, since some might not be effective. Government could also strengthen support to reach more craft producers than they currently do.

Furthermore, government could look into strengthening the CCDI and establishing similar organisations across all provinces to offer services and support similar to that offered by the CCDI. The CCDI staff can be used to train staff in other regional craft development agencies. This would benefit crafters at local and regional level since they will be become more competitive and will be able to close the market access gap. In addition to establishing agencies like the CCDI in other provinces, government needs to consider funding and supporting the formation and establishment of non-profit organisations at local level to support and assist in the marketing of craft products. Apart from helping with marketing craft products on behalf of craft producers, these organisations will help local crafters to receive training. Local organisations can also help to overcome the weaknesses of regional organisations like the CCDI that cannot effectively reach and target all crafters in the region for many reasons, including the inaccessibility of some crafters. Some crafters are not able to visit the CCDI or any other regional agency to make contact with its staff; therefore, a local agency will be beneficial being located closer to the producers. This local agency or non-profit organisation can also organise workshops and seminars for craft producers and collect and disseminate market information on behalf of craft producers.

The local organisations can play the role of a marketing agent, while operating as non-profit organisations. This will help overcome the current challenge of lack of access to markets faced by craft producers. The local organisation will also help reduce the costs of acquiring products for craft retailers, who will be able to access different products from different craft producers in one location. This, in turn, will enable craft producers to earn a reasonable profit from their products, since some of the costs will be reduced. The

organisation might also assist craft producers in sourcing quality and cost-effective raw materials as well as in bringing craft producers together to work as a cooperative. Since exhibiting at exhibitions such as Decrorex and SARCD A might be very expensive, the local organisation might also organise exhibitions at local level, funded by government, its agencies or private organisations targeted at craft retailers.

It will also be necessary for government to establish a public craft website where craft producers can market their products. This website could be used to list craft producers and their products as well as their contact details. However, it is essential that government make this service accessible to the majority of crafters and not only a handful, as is currently the case.

Government can also establish a newsletter or electronic newsletter targeted mainly at craft retailers, in which different craft producers are listed. This could be useful for craft retailers to identify craft producers and to gain their contact details. It is imperative that such a marketing vehicle target not only a few but the majority of craft producers so that as many craft retailers as possible have a chance to appear in the newsletter.

7.6 LIMITATIONS

Specific limitations were evident in the literature review and the empirical phase of the study and will be discussed in the section to follow.

7.6.1 LITERATURE LIMITATIONS

Certain limitations based on the literature review were identified, namely:

- Literature on the craft industry in general and craft retailer's buying behaviour was limited. Therefore some of the literature used in this study was based on retail stores other than craft retailers and other B2B organisations. It is also possible that some important empirical research on the topic may have been done, but is not yet documented in the literature or not accessible and therefore excluded.
- There was also not enough literature on the buying process, supplier selection criteria and information sources used by craft retailers. Existing research on the craft industry

consists mainly of reports from government and its agencies as well as international governments and agencies. There is little academic research related to the craft industry literature.

- Literature on organisational buyer behaviour was also sourced from research on industrial organisations since there are fewer models on retailer buyer behaviour.
- Owing to the lack of literature on craft retailing in SA, the theory relied strongly on literature from other countries.

7.6.2 EMPIRICAL LIMITATIONS

A number of empirical limitations should be highlighted following the empirical part of the study:

- The study adopted a convenience sampling method. Only craft retailers that were easily accessible were targeted. The non-response error and the sampling error could not be determined.
- Although the study targeted craft retailers in SA, it was not possible to target retailers in all the provinces because of lack of data on craft retailers. Some of them were inaccessible because their phones were out of order or the retailers were no longer in operation. Some craft retailers were not interested in participating.
- It was also not possible to target equal numbers of different types of craft retailers, owing to convenience sampling, fewer large retailers and because some of them were either not interested or they were difficult to get hold of.
- Owing to the nature of non-probability sampling, the respondents used in the study are not representative of the broader SA craft retail population. Therefore, the results cannot be generalised.

Despite the above limitations, the study provided background on the buyer behaviour of craft retailers in SA. Where gaps exist, future studies could be conducted to fill those gaps that fell outside the scope of this study. Below are the recommendations for future research.

7.7 RECOMMENDATIONS FOR FUTURE RESEARCH

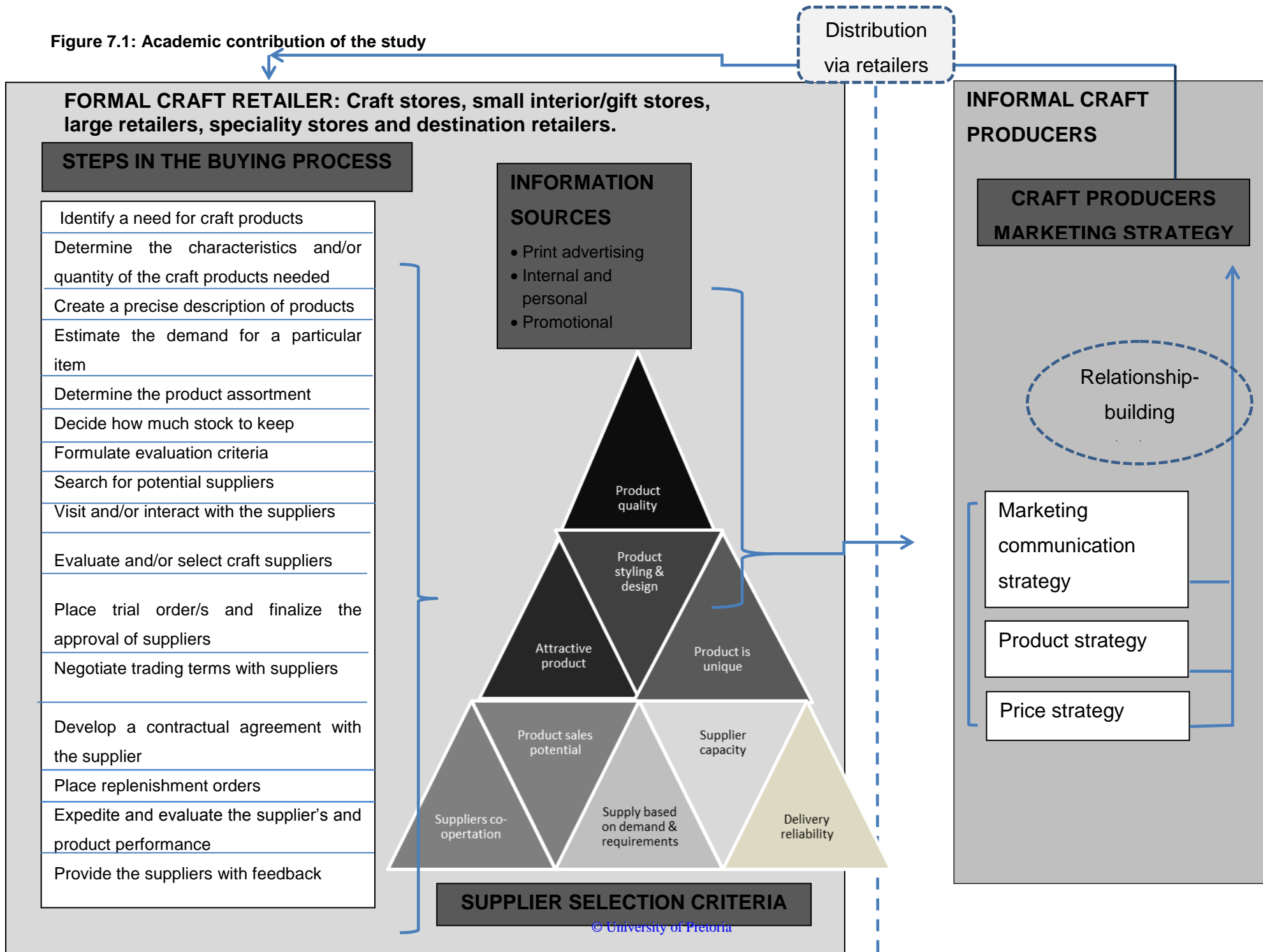
The recommendations for future research are as follows:

- This study did not determine which products sold well among craft retailers. Another study could be conducted to investigate this.
- Although the study has identified the stages in the buying process as well as the most important supplier selection criteria, it did not provide information on what happens in each of the stages and how the stages are executed. The supplier selection criteria such as quality, for example, did not indicate the level of quality since craft retailers could define quality differently. Therefore a study could investigate what craft retailers do in the buying process and how they execute the process. The study could also investigate how different retailers define criteria such as quality.
- This study might not apply to international retailers. Therefore another study could investigate the buyer behaviour of international craft retailers and compare the findings with those of the local retailers.
- This study could also be replicated in a different industry to investigate how retailers behave when buying other products.
- It might also be necessary to investigate consumer buyer behaviour of craft products to determine what consumers buy and why, since the study targeted craft retailers only.
- It might also be important to conduct a feasibility study for different craft products in order to assist craft producers in developing products that are in demand.
- The type of information required by retailers is yet another area that needs exploration.

7.8 ACADEMIC CONTRIBUTION OF THIS STUDY

Figure 7.1 below illustrates the academic contribution of this study.

Figure 7.1: Academic contribution of the study



The left hand side of the figure represent the formal craft retail sector, which is investigated in this study. The craft retailers investigated in this study were grouped into five main groups: craft stores, small interior/gift stores, large retailers, speciality stores and destination retailers. The study investigated the buyer behaviour of craft retailers with specific reference to (a) the stages in the buying process followed, (b) importance of various supplier selection criteria and (c) the information sources used when searching for potential suppliers. As apparent from Figure 7.1, craft retailers go through a lengthy buying process. Craft retailers also have as the nine most important supplier selection criteria, product quality, attractiveness of the product, design and style of the product, product is unique, supplier co-operation, product sales potential, supply based on demand and requirements, supplier capacity and delivery reliability. The various sources of information craft retailers use when searching for potential suppliers can be divided into main three factors: print advertising, internal and personal and promotional sources. Knowledge gained from the investigation of buyer behaviour of craft retailers can then be used as input for the informal craft producers, as shown in the right hand side of Figure 7.1. Knowledge gained from the buyer behaviour of craft retailers can then be used to formulate an effective product, marketing communication, pricing and relationship-building strategies. These strategies feed into the craft producers' marketing strategy aimed at formal retailers.

7.9 EVALUATION OF THE OBJECTIVES AND HYPOTHESES SET VS THE RESEARCH RESULTS

In chapter 6, the results of the study were presented. In this section, each of the objectives will be stated and for each of the objectives, the summary of the results will be presented to determine if they have been met.

The first objective was to determine the number of buying stages craft retailers go through when buying crafts. The results indicated that craft retailers go through 16 stages in the buying process. However, craft retailers use some stages more than others. The five most used stages were 'we identify a need for craft products', 'we determine the characteristics and/or quantity of the craft products needed', 'we evaluate and/or select craft suppliers', 'we negotiate trading terms of suppliers', and 'we search for potential suppliers'. Therefore

it can be concluded that the first objective has been achieved since the number of stages has been identified. The results of this study also revealed that there were no significant differences between different types of craft retailers and the stages they go through when buying crafts. Therefore this objective was satisfied. There were also no significant differences found between the years of buying experience of craft retailers and the stages they go through when buying crafts.

The second objective was to determine if different groups of supplier selection criteria can be identified. The factor analysis could not identify any meaningful groups.

The third objective was to identify the importance of the supplier selection criteria craft retailers use when evaluating craft producers. The questionnaire listed 39 supplier selection criteria and craft retailers rated their importance. The ten most important supplier selection criteria were identified as 'product quality', 'product is exciting', 'product styling and design', 'product distinctiveness/uniqueness', 'supplier's willingness to cooperate with us', 'product's sales potential', 'the ability to supply products based on our demand/requirements', 'supplier capacity', 'delivery reliability' and 'total costs of acquiring the product'. This objective was also achieved as the relative importance of the selection criteria was determined and the 10 most important supplier selection criteria were identified.

The results showed that there were significant differences between different types of craft retailers and the importance they attach to: 'supplier accepts product returns if there is product failure', 'financial position of a supplier', 'our history with the suppliers', 'supplier offers broad range of products', 'products are certified by authorised organisation such as SABS, Proudly SA' and 'origin of the product'.

In addition to the above, the results of this study also reported no significant differences between the years of buying experience of craft retailers and the importance they attach to selected supplier selection criteria. This objective was also met.

The fourth objective was to determine if different groups of information sources can be identified. The outcomes of the factors analysis identified three factors of information sources: internal/personal sources, promotional information and print advertising.

The fifth objective of the study was to identify the most used sources of information which craft retailers consult when searching for suppliers. The study identified the five most often used sources of information as 'sales records', 'buying experience', 'craft producer visits us with product samples', 'ask existing suppliers to find us what we need' and 'salespeople from the craft producers provide us with information'. In addition to the above findings, the study also revealed significant differences between different types of retailers and how often they utilise promotional information but no differences were found for internal/personal sources of information or print advertising.

Furthermore, there were no significant differences found between years of buying experience and how often different types of craft retailers use internal/external source of information. The results indicated that there was no significant difference between years of buying experience and how often craft retailers use direct marketing. The findings also showed that there were no significant differences between years of buying experience and how often craft retailers use advertising. This objective was therefore realised.

7.10 SUMMARY

The findings of this study will be useful to craft producers who want to target craft retailers. The results outlined the buying process, including the number of buying stages that craft retailers go through, indicating that it is an extensive buying process. The 39 supplier selection criteria were investigated and the results revealed that some supplier selection criteria are more important than others. Quality was found to be the most important supplier selection criteria followed by 'product is exciting and attractive', 'product styling and design' and 'innovation/uniqueness'. This implies that craft retailers place more emphasis on product-related criteria than on organisation/supplier-related criteria.

In addition, the study also investigated the most frequently consulted sources of information by craft retailers when looking for craft producers. Internal and personal sources such as sales records and buyer's experience were found to be the most often used sources of information. Craft producers could use what has been learned from the buying process craft retailers go through, the importance they attach to supplier selection criteria as well as the sources of information most often used, to incorporate them in their marketing strategy.

The study will benefit not only the craft producers but also government and its agencies. Information can be used for training purposes and for policy making. For example, the DTI introduced the funding for craft organisations as a strategy to help support the industry owing to its potential for economic development and job creation. The findings could also be used for the formulation of the marketing strategy of government agencies marketing craft products on behalf of craft producers.

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