

E-Commerce Options for Third World Craft Producers

Research Brief

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E-commerce continues to grow at a rapid rate. This presents new opportunities and challenges to SMEs in developing countries, especially those in urban areas and where deregulated telecommunications markets bring rapid diffusion of affordable Internet access. The general view of fair trade crafts is that while the giftware and craft market is growing steadily, fair traded hand made crafts have lost ground. They represent a small share of the market, are rarely profitable.

In reviewing a number of commercial and fair trade e-commerce businesses selling craft goods over the Internet, the evidence suggests that apart from anecdotal stories and illustrations, there is little evidence to suggest that these operations are selling a significant amount of craft goods direct to consumers.

It is in this context that Gamos conducted this research, aiming to determine if and how craft producers in less developed countries can take advantage of the Internet and e-commerce to sell their goods and so benefit their families and communities. The research, conducted over two years included detailed consultations with actual producers in India and Bangladesh.

What are the Barriers...

The research identified a number of barriers that producers face when trying to sell directly to the customer.

You can see, but you cannot touch, feel and smell -The Internet is good at displaying colour images of handicrafts items in an on-line catalogue or web page, but still struggles to convey other important aspects such as quality and finish.

Digital photographs are not colour accurate - By the nature of the way digital images are captured, compressed and viewed, digital photographs are not colour accurate. While this is a factor for consumers, it is even more critical for retail buyers.

Consumers expect high service standards - Consumers expect high standards of service from retailers in the High Street, and by extension, on-line retailers.

Trusting the company/brand - Customers are increasingly wary of ordering from companies or shops unknown to them 'at home', especially since it can be hard to measure a company's worth or effectiveness from a web site alone.

Financial security - Consumers have legitimate concerns about using their credit/debit cards to make on-line payments – especially internationally.

Personal data - Increasingly consumers are becoming aware of the amount of personal data which is held about them.





Key Findings

On-line catalogues

Although sales of craft goods via on-line catalogues to individual consumers have been low to date, catalogue-based web sites can be a helpful enhancement when dealing with wholesale and retail buyers, especially where these are integrated with stories about producers and other promotional content.

Design

Many producers consider design input from professional designers from the US and Europe to be crucial to help them develop suitable export products. A possible application of Internet technology could allow a designer (or designers), based in Europe or the US, to offer real-time consultancy and advice to producers.

Email

In a survey of fair trade organisations, email was identified as the most important communications medium, ahead of fax and telephone, by both producers and importing organisations. Of 34 fair trade producer groups who answered the questionnaire, 91% had email (62% had a web site). Investing in email is one of the most cost-effective benefits of the Internet for producers, bringing both cost savings and improvements in efficiency and speed of communications.

Multimedia

Video and other multimedia formats allow new, cost-effective ways of promoting craft products and the stories of the artisans who make them.

Market information

While the Internet allows customers or buyers in Europe or the US to see products from a less developed country on-line, it also allows producers to see what craft goods and giftware are currently on sale in key stores in the North.

Recommendations

- Consider first the market for any product. Consider producing something which wears out or is consumed – long life ‘single’ products (e.g. brass boats) are not a good strategy; food products can be very effective once the initial hurdles have been overcome.
- The local market is often as important or more important than the export market.
- Internet web sites are good for advocacy. Simple sites (not necessarily with shopping facilities) can be used for educating the public to the conditions of the handicraft producers and lead to improvement of conditions, encouraging direct longer term contact.
- Business to business opportunities do exist on the Internet. However there are some difficulties in product protection – commercial copyright of latest designs.
- There are opportunities for improving the supply chain of existing handicrafts through ICT. This includes the items stated above.
- There are some opportunities for ‘digital crafts’ using the Internet to protect indigenous knowledge and create income streams from it. Alternative Trading Organisations (e.g. Oxfam) who offer handicrafts should explore these opportunities.
- There are opportunities for Ethical Tourism that can be built on the experience of handicrafts.

The full report is available to read at:

www.ecommerceandpoverty.info

For more information on Gamos Ltd and its activities please visit:

www.gamos.org



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