



***BTC TRADE FOR DEVELOPMENT***



***Market Research on***

***Handicraft Products in  
East Africa – Tanzania***



## Market Research on Handicraft Products in East Africa - Tanzania



**Prepared for:** Belgian development agency (BTC)

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***BTC***

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## 1 Acronyms

- COFTA - The Cooperation for Fair Trade in Africa
- GOIG – Getting old is to grow society, Tanzania
- TANFAT - Tanzania Network for Fair Trade
- TBS - Tanzania Bureau of Standards
- COSOTA - The Copyright Society of Tanzania
- BASATA - BALAZA LA SANAA LA TAIFA or National Arts Council
- BRELA - Business Registration and Licensing Agency (which is under the Ministry of Industries and Trade)
- ZRB - Zanzibar Revenue Board
- TBS - Tanzania Bureau of Standards
- SIDO – Small Industries development organization, Tanzania
- TPC-Tanzanian Posts Corporation

## 2 Background and Objectives

**Trade for Development Centre** is a Belgian Development Agency (BTC) programme. TDC believes that fair and sustainable trade is a way to decrease poverty. It gives smallholders in the South the opportunity to develop in a sustainable way. TDC work around three main themes:

### 1. Trade Support

#### **Financial Support**

As part of the Trade for Development Centre (TDC), the Producer Support Programme aims at identifying smallholder organizations (cooperatives, associations, businesses) that develop fair and sustainable trade projects and at providing financial support to them as well as financial management and marketing expertise.

#### **Marketing Support**

The Centre is expert in "marketing and sales". It supports BTC-projects which want to bring their consumer products and -services in the market. They offer:

- Advise in business and marketing
- Analysis of the market
- Coaching in marketing

### 2. Expertise on fair and sustainable trade

The Trade for Development Centre is a centre of expertise that keeps track of the evolution of fair and sustainable trade. The TDC tries to inform consumers, authorities, producers and other economic actors as objectively as possible about existing labels and guarantee systems, among other things. The TDC disseminate information via their website, newsletters and various publications. They also participate in seminars about fair and sustainable trade.

### 3. Raise awareness

The Trade for Development Centre organizes campaigns to encourage consumers, economic stakeholders and Belgian public authorities to eat, drink and use fair and sustainable products from developing countries. The fair trade week is their most famous campaign.

Within the framework of this programme, TDC is starting up technical assistance in marketing to Fair Trade Organizations in Tanzania producing handicrafts. The Tanzania Based Organization GOIG will be the first to be enrolled for the marketing assistance, to be followed by other members of the umbrella organization COFTA. So far most of the producers merely sell their

product to places visited by tourists (hotels, handicrafts markets and shops). The tourism market being too volatile and too small to absorb the quantities produced urges the producer organizations' to look into other market outlets. However, they lack objective and qualitative market information necessary to explore and identify new market opportunities. This survey in East Africa will therefore be of great value to (Fair Trade) handicraft producers in East Africa).

## 2.1 Research Objective

The Trade for Development Centre would like to conduct market research on the handicraft industry in Tanzania, with the aim of obtaining data that will provide producer organizations like GOIG and other COFTA – members with the **information needed to formulate their sales & marketing strategy and develop their business further**. The study covered the following aspects; trends, consumer profile, competitors, Sales outlets and trade chains and total market estimation.

## 2.2 Study approach and sample split

In order to obtain the information needed by TDC, Ipsos Synovate used a mixed methods approach;

- Desk research
- Qualitative research and
- Quantitative research

### Quantitative approach:

Ipsos Synovate set out to collect data through face to face trade interviews with handicrafts traders at their formal trade points. Besides these interviews, we also conducted mystery enquires / observations while at the formal trade outlets at different times of the day. The survey was conducted in three regions/ cities; Dar es salaam, Arusha and Zanzibar. The sample split was as in table 1 below;

**Table 1: Achieved sample split**

	Dar es salaam	Zanzibar	Arusha
Open market traders (Open air markets, Art galleries, Art centers)	24	14	15
Handicrafts / Curio shops and duty free shops	10	10	10
Hotels	5	5	5
<b>Total</b>	<b>39</b>	<b>29</b>	<b>30</b>

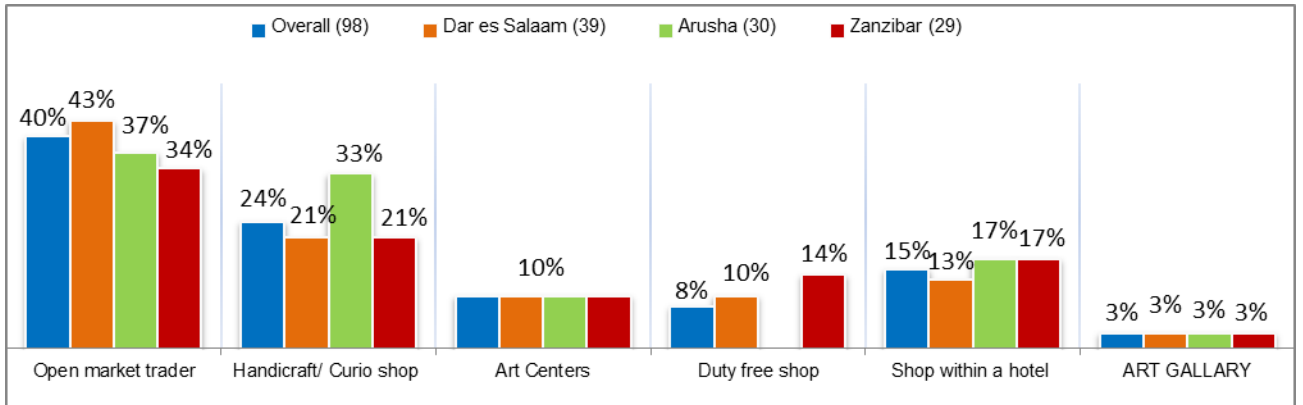
The sample was split into three broad categories in order to take care of all the formal handicraft trade points in Tanzania. These were open market traders, handicraft/ curio shops and duty free



shops and shop within hotels. Majority of the handicraft traders sell their products in open air markets and that is why this category had a higher sample.

Our achieved sample for the formal trade points was as in the figure 1 below;

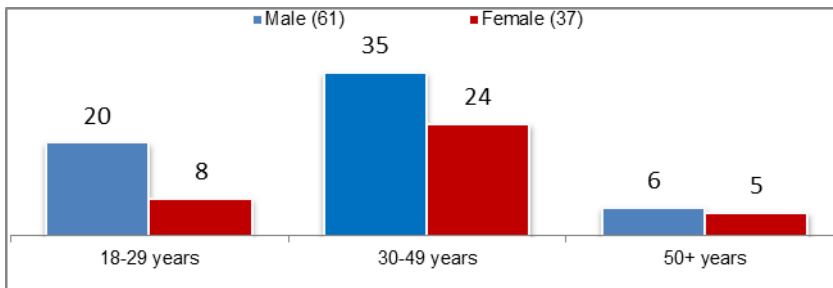
Figure 1: Achieved sample, formal trade points



Base=98

Once at the different trade points, we randomly identified the traders that we interviewed for the survey. From the traders' demographics more of them are male compared to the females. Most of the traders sampled were in the age bracket of between 30-49 years of age.

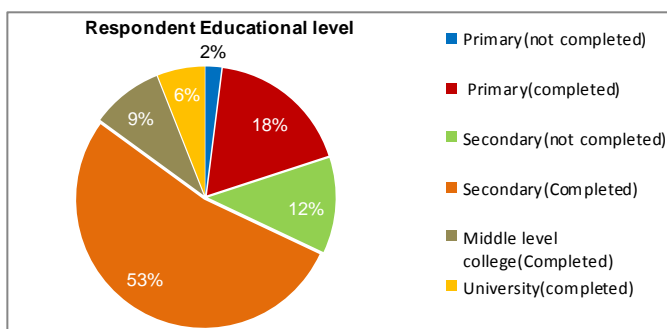
Figure 2: Handicraft trader's ages



Base 98

Additionally majority of the sampled traders have only got up to secondary school education. Most of these traders are in this business because they cannot secure formal employment.

Figure 3: Handicraft trader's education level



Base 98

**Qualitative approach:**

In addition to interviews with the traders, we also qualitatively conducted in depth interviews with key informants/ opinion leaders within the handicraft industry in Tanzania. This allowed us to gather perceptions and attitude that could not be explained quantitatively. We targeted 8 persons in the following sectors;

Sector	Informant interviewed
Promotion councils	Tanzania Network for Fair Trade (TANFAT); Working towards alleviating poverty among the marginalized in Tanzania; lobbying and advocacy for the rights of Tanzanian small scale producers; and promoting and developing its members hand made products.
Standards / certifications body	Tanzania Bureau of Standards(TBS); Setting and verifying products' standards
Patent registration body	The Copyright Society of Tanzania (COSOTA); Defending and protecting the welfare and rights of artists including craftsmen.
Relevant ministerial bodies	Ministry of Education and Vocational Training; University of Dar es Salaam; Lecturing fine arts courses
Private sector organizations	Manufacturing and export company, Dar Es Salaam. Manufacturer & Exporter of Textile Handcrafts, Gift Accessories, Home Textiles, Food Processing
Large exporters and importers	Mikono Handicraft Marketing Co. Ltd (Exporter); Buying and selling of handicraft products both in and out of the company
Traders	Mount Meru Curio and Draft Market; Producer of effigies
Traders	Miraji Art & Handcraft; Wholesaler of Handicraft Products



### 3 Executive Summary

- The handicraft industry in Tanzania is rich and diverse in terms of the products portfolio, volume, quality and variety but largely dependent on the foreign tourism market. The industry is fragmented and to large extent unorganized.
- In the recent past, the industry has experienced significant changes some of which can be attributed to the growth of the middle class in Tanzania, product development and increased competition. Besides these, lower foreign customer demand due to the financial crisis in the west has had an effect on the market.
- Two broad categories of handicrafts dominate this industry; home decoration / house ware and fashion accessories within which we have a huge variety of products. Utensils made of wood, table mats and decoration items are the most traded home decoration handicrafts while the most traded fashion accessories are Kikoi, bags and purses, shawls, neck & beachwear.
- Even though the priority market has been the foreign nationals/ expatriates working in Tanzania or coming for holiday, interest in handicrafts has grown amongst the locals with most of them going for fashion accessories compared to house ware/ home decorations.
- The demand for handicrafts by locals is highest during the festive seasons compared to any other occasions. Amongst the foreigners, it is at its peak during the tourism peak season that is usually around the third to fourth quarters of the year (i.e. June – October and December- January respectively) as most of the foreign purchasers are usually tourists.
- The key factors that majority of the customers take into consideration when shopping for handicrafts is quality, how authentic/ original the handicraft is and pricing.
- There are three major chains through which products move from the artisans/ producers to the end customer;
  1. The artisans/ producer >> final consumer (the main player in this kind of distribution is the producer as s/he is the only player)
  2. The artisan/ producer >> marketing organization >> handicraft trader>> final consumer (The main player in this case is the marketing organization as they are the ones who source for the markets for the products)

3. The artisan/ producer (in remote areas)>> distributor/ intermediary trader/ wholesaler (who distributes it to the towns)>> handicraft trader >> final consumer (The main player is the retailer as s/he is the one who is in a position to know the customers' demands therefore ensure that the products are made according to the customers' demands)
- Pricing is majorly determined by the traders as no known price controls have been implemented. Most of the traders set their prices at a 100% margin.
  - Handicraft traders employ various marketing activities in order to reach out to their customers. Most traders offer discounts to their customers. They also, though to as small extent, do advertise their products and offer promotions.
  - Most of the traders that were sampled in this survey (83%) do not belong to any handicrafts' traders associations.
  - For the local handicraft traders their major competitors are perceived to be the Chinese, whose products have flooded the market and are substitutes for locally produced goods including handicrafts; Indians, who mostly have their own handicrafts shops and use the tour companies' drivers to whom they pay commission to bring them customers and Pakistanis; whose products are manufactured en masse hence the supply is constant and they are cheaply priced hence more affordable for the locals. Locally, the upper class handicraft traders are also considered to be competitors to the average or lower end traders as they are considered to have the means to market their handicrafts to the international customers/ clientele.
  - Most of the sampled traders do not sell their products in the international market. But for the few who did, they mentioned majorly traders from Kenya as their main competitors. Other mentions included traders from South Africa, Zimbabwe, Namibia, Mozambique, Malawi and West African states of Ghana and Bukina Faso
  - Some of the reasons advanced as to why these competitors have an edge over the local handicrafts traders in Tanzania are that they have better marketing strategies with a focus on outside markets, they have more defined chains of distribution, they are more advanced technologically e.g. selling their products online and that they get assistance from their governments.
  - Overall there is very low awareness of fair trade and its practices amongst traders. Majority of the sampled traders (91%) have never heard of the term "fair trade".

## 4 Conclusions and Recommendations

### A) Handicraft Industry Structure

- The study indicated that the handicraft industry in Tanzania is not well structured; a structured industry allows for implementation of industry laws that are well followed and enhanced. The Fair Trade concept might not be effectively implemented due to this reason. Driving for an umbrella body that governs the handicraft industry in Tanzania is of grave importance. This umbrella body also allows for lobby groups that can be very effective in representing the industry in other government or international issues affecting the traders. BTC can implement programs that create awareness on the importance of organizational bodies; this will allow for BTC to engage majority of the trader/ producer in their objectives.
- Joining or formation of trade associations would also assist the traders by providing them with economies of scale such as lower production and marketing costs therefore lower prices for their goods which will in turn enable them attract more consumers. Such organizations will also enhance their credibility in the eyes of donor organizations as well as those of other stakeholders as they would find it easier to deal with more formalized organizations. In this way access to credit and other facilities will be easier for the individual traders.
- For the artisans/ producers in the rural areas, they majorly depend on other more established traders (trade points) or marketing organizations to buy their products in order for them to reach the end customer. Traders associations/ organizations would be able articulate their rights and source markets for them.

### B) Capacity building

- There is need to capacity build the handicraft traders. Most of the handicraft traders have only up to secondary school education and as such majority do not have any professional training in business. Exchange programs can be used to facilitate first hand experiences that expose the traders and manufacturers to other competitor markets. The objective of the exchange programs should be driven by building the capacity of the trader and manufacturers in the following areas:
  - ⇒ Product development and designs
  - ⇒ Products diversification
  - ⇒ Products marketing and selling
  - ⇒ Customer service and communication skills
  - ⇒ Business Management and Financial skills

The above skills will enable the traders and manufactures become professionals in managing their outlets thus competing in international markets.

- Opportunities/ forums for networking would also be good starting point for these traders. Donors (BTC) could play an important role in funding a networking event, during which handicraft enterprises can brainstorm and then come up with clear objectives on how to cooperate and continue networking in the future.

### **C) Fair Trade Awareness**

- Awareness of fair trade practices amongst the traders and the consumers is very low. There is need for information dissemination on what fair trade practices are, the benefits of practicing this and also the need for customers to support this by buying fair trade certified handicrafts. This can be done by organising various forums such as seminars and workshops where the entrepreneurs in the handicrafts industry can be enlightened on various fair trade practises.

### **D) Innovation**

- Handicraft industry in Tanzania has witnessed huge competition from other markets like Kenya and China. To ensure a competitive edge from this market; Tanzania will require to innovate more on their product offerings and also diversify their products. BTC can leverage on this by organizing programs that target the traders and manufactures skills development.
- Very few of the sampled traders have embraced the use of technology in their businesses; this is one area that their competition is greatly overshadowing them. Embracing technology e.g. using the internet to reach out to their customers on their product offerings, will be essential in tapping into the growing middle class and also enable them to compete effectively internationally.

### **E) Raising demand among locals**

- There is a lot of potential for high quality and uniquely designed handicraft products in Tanzania. The industry is highly dependent on the tourists, but there has been a rise in demand for handicrafts among the locals due to the growth of the middle class. Special emphasis needs to be put to target this group. Product originality and quality are key considerations that customers of handicrafts consider when purchasing these works of art.

## **F) Marketing**

- Marketing and training are two areas that are essential to the success of handicraft enterprises. The enterprises themselves should see what their capacity for these areas is and donors and support organizations should realize that these are areas where their efforts can make a real impact.
- Marketing at national (and even at international level) is essential for the growth of handicraft enterprises in Tanzania. *Face-to-face marketing* and attending *craft fairs* are the most effective way of setting up, and maintaining, a customer base. For handicraft enterprises with no presence in larger urban areas for example Dar es Salaam and Arusha, the costs of attending fairs (including travel costs, accommodation etc) are very high. This is an investment and risk that most handicraft enterprises simply cannot make, especially when they are yet to reach break-even point.
- While it is clear that the biggest market for selling handicrafts in Tanzania is to be found in the tourism sector and among expatriates living in large cities in the country, it is not always easy to get access to this market. *Language barriers* can make it difficult to communicate effectively with potential customers. For those who aim to sell wholesale - and who do not have their own shop- introducing an enterprise over email hardly ever brings new customers. The best way to find new customers is to meet with potential customers face to face. Trade fairs are a good opportunity to do this, although this way an enterprise will only meet a small number of potential customers. Another way to increase chances in the market would be by visiting shops and hotels directly. Unfortunately, many (large) hotels are not easily accessible as non-guests and it is especially difficult to enter as a Tanzanian artisan. This makes direct, face to face marketing nearly impossible.
- The costs of development and printing of marketing materials are relatively high for most handicraft enterprises, but much needed to get a handicraft enterprise on the road to success. Professional marketing materials can increase sales and thereby can increase the enterprise' ability to earn enough income to pay for its own printed marketing materials in the future.

## 5 Key Findings

### 5.1 Current Trends in Handicraft Industry and customer profile

The handicraft industry in Tanzania has witnessed significant changes over the last two to three years. Some of the changes can be attributed to the growth of the middle class in Tanzania, lower customer demands due to the financial crisis in the west, product development and competition.

#### 5.1.1 Handicrafts traded in

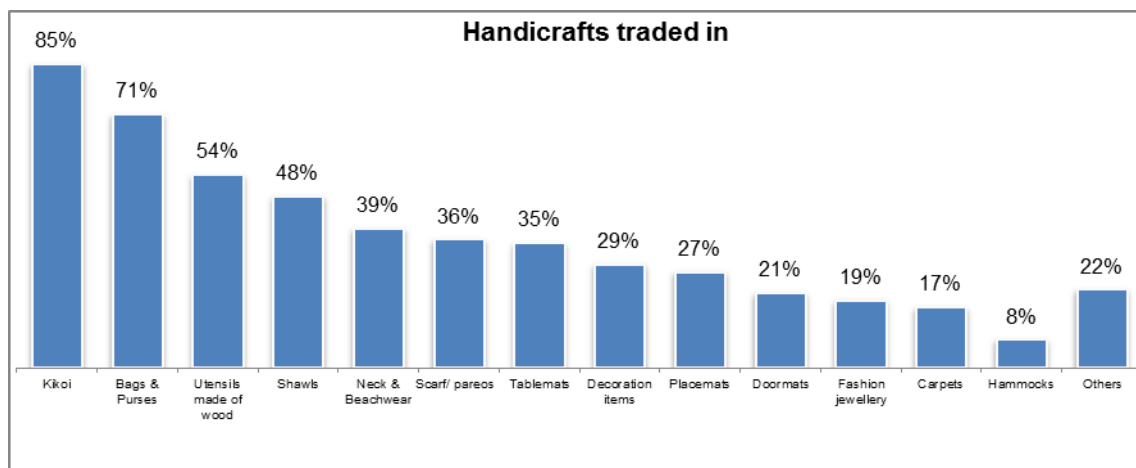
Majority of the traders we interviewed trade in both, home decoration/ house ware and fashion accessories. Among the most traded in home decoration/ house ware handicrafts include;

- utensils made of wood
- table mats and
- decoration items

Fashion accessories mostly traded in include;

- kikoi,
- bags and purses,
- shawls,
- neck & beachwear and
- scarf/ pareos

Figure 4: Handicrafts traded in



Base 98

### 5.1.2 Handicraft prices

Most of the handicrafts are sold in small, large and medium sizes depending on customer preferences and the product itself. The average products pricing vary from one to another with carpets and utensils made of wood amongst the most expensive handicrafts.

The prices also vary from one region to another; with no particular trend on which region the handicrafts are most expensive as this again varies differently for different products in the different towns.

The range of the prices between the minimum and maximum is large in most product categories as these products are not just different in size but also on materials used to make them and their final quality.

This therefore allows traders, based on how they position their products, to be able to reach all customers irrespective of their purchase power.

Some of the factors mentioned by traders as considered when setting the prices for the handicrafts include how the product is made (design) and the demand for the product. These may explain why we have some products whose larger sizes are cheaper than their smaller sizes.

**Note:** The below table shows the average prices as mentioned by the traders, this table should only be used to give a picture of how averagely the products are priced. A complete retail audit study would give precise prices.

**Table 2: Product Average prices**

Product prices in TSh.		Overall (93)			Dar es Salaam (34)			Arusha (30)			Zanzibar (29)		
Home decoration/ House ware		Small	Medium	Large	Small	Medium	Large	Small	Medium	Large	Small	Medium	Large
Carpets	Min	15,000	12,000	20,000	15,000	20,000	35,000	20,000	12,000	60,000	25,000	50,000	20,000
	Max	75,000	1,000,000	600,000	50,000	1,000,000	600,000	75,000	55,000	120,000	50,000	150,000	170,000
Doormats	Min	2,000	3,000	5,000	5,000	.	20,000	5,000	15,000	33,000	2,000	3,000	5,000
	Max	17,000	60,000	80,000	12,000	.	20,000	17,000	60,000	80,000	5,000	40,000	80,000
Tablemats	Min	3,000	5,000	7,000	5,000	8,000	15,000	4,000	6,000	7,000	3,000	5,000	9,000
	Max	40,000	65,000	130,000	40,000	60,000	105,000	20,000	65,000	80,000	6,000	60,000	130,000
Placemats	Min	3,000	5,000	8,000	8,000	12,000	15,000	5,000	10,000	15,000	3,000	5,000	8,000
	Max	40,000	25,600	50,000	18,000	25,000	50,000	15,000	22,000	45,000	40,000	25,600	50,000
Hammocks	Min	60,000	95,000	70,000	.	.	120,000	60,000	95,000	150,000	70,000	150,000	70,000
	Max	70,000	150,000	210,000	.	.	120,000	60,000	95,000	150,000	70,000	150,000	210,000
Utensils made of wood materials	Min	1,000	4,000	5,000	1,500	4,000	5,000	1,000	4,000	7,000	2,000	5,000	7,500
	Max	50,000	500,000	3,000,000	40,000	500,000	3,000,000	30,000	160,000	2,000,000	50,000	70,000	20,000
Decoration items	Min	2,000	5,000	10,000	4,000	6,000	10,000	2,000	8,000	25,000	2,500	5,000	10,000
	Max	50,000	150,000	300,000	20,000	150,000	300,000	15,000	100,000	200,000	50,000	70,000	120,000
Fashion Accessories		Small	Medium	Large	Small	Medium	Large	Small	Medium	Large	Small	Medium	Large
Kikoi	Min	300	3,000	2,000	3,000	5,000	8,000	2,000	3,000	5,000	300	4,500	2,000
	Max	25,000	50,000	90,000	25,000	30,000	25,000	20,000	50,000	50,000	25,000	15,000	90,000
Fashion jewellery (Not made of gems or precious metals)	Min	300	2,000	5,000	300	2,000	5,000	6,000	10,000	30,000	2,000	3,000	6,000
	Max	25,000	40,000	170,000	25,000	40,000	170,000	6,000	10,000	30,000	15,000	15,000	25,000
Scarf/ pares	Min	700	3,000	80	700	5,000	8,000	1,000	5,000	80	1,000	3,000	5,000



	Max	10,000	35,000	20,000	10,000	15,000	20,000	7,000	12,000	20,000	5,000	35,000	15,000
Neck & Beachwear	Min	300	1,000	1,500	1,000	2,000	2,000	500	1,000	1,500	300	5,000	8,000
	Max	50,000	30,000	500,000	15,000	10,000	25,000	15,000	30,000	500,000	50,000	9,000	15,000
Shawls	Min	2,500	1,000	8,000	3,000	4,000	20,000	4,000	5,000	10,000	2,500	1,000	8,000
	Max	12,000	30,000	200,000	12,000	30,000	90,000	7,000	15,000	200,000	7,000	10,000	20,000
Bags & Purses	Min	1,300	2,000	5,000	5,000	2,000	5,000	1,300	3,500	5,000	2,500	5,000	8,000
	Max	40,000	35,000	60,000	25,000	35,000	50,000	40,000	30,000	60,000	10,000	15,000	18,000

### 5.1.3 Customers

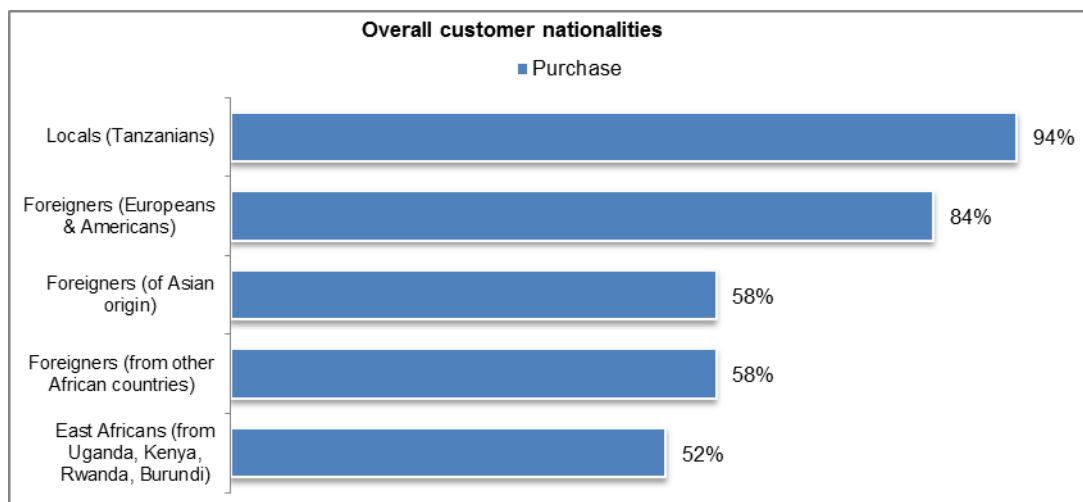
Overall according to the sampled traders, their customers are of either gender though the females were mentioned to be slightly more than their male counterparts especially in Zanzibar. For either gender of customers, majority are aged above 25 years with most of them perceived by the traders to be between the ages 36-45.

According to the sampled traders, majority of the persons who visit their trade points to purchase handicrafts are Locals (Tanzanians) followed by foreigners (Europeans and Americans). See figure 5 below;

However in terms of value, foreigners (Europeans and Americans) are the most purchasers of handicrafts; they are the priority market. See Figure 6 below;

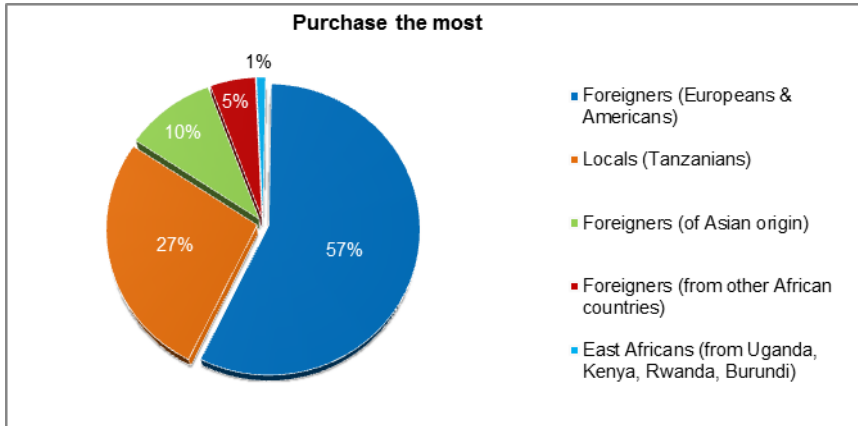
**Note:** The traders could not determine the particular nationalities of their customers and as such; Foreigners (Europeans & Americans), commonly referred to as “wazungu” in Swahili, refers to “white persons” irrespective of their country (or continent) of origin. This category would include all “white persons” of European and American Origin.

Figure 5: Handicraft customer’s nationalities



Base 98

**Figure 6: Handicrafts customer’s nationalities (who purchase the most)**



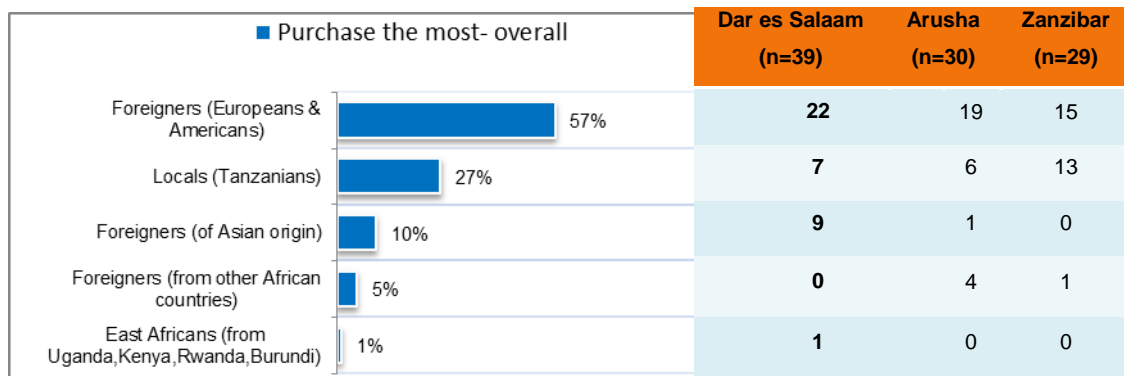
Base 98

Taken as whole, the handicraft market in Tanzania is largely a tourists’ market. The locals in Tanzania, while taken as a whole, lag behind their international counterparts with regard to purchasing of handicrafts.

*“To some extent, this is a difficult business because here in Tanzania it depends on visitors from outside the country. It is very difficult for the locals to buy these things from us, but when there is no business at all, we depend on the locals to buy from us.”*  
 (Handicrafts Producer, Arusha)

A look at the customer profile by region also shows the same trend, foreigners (Europeans & Americans) are the priority market for the handicrafts traders.

**Figure 7: Customers who purchase most by region**

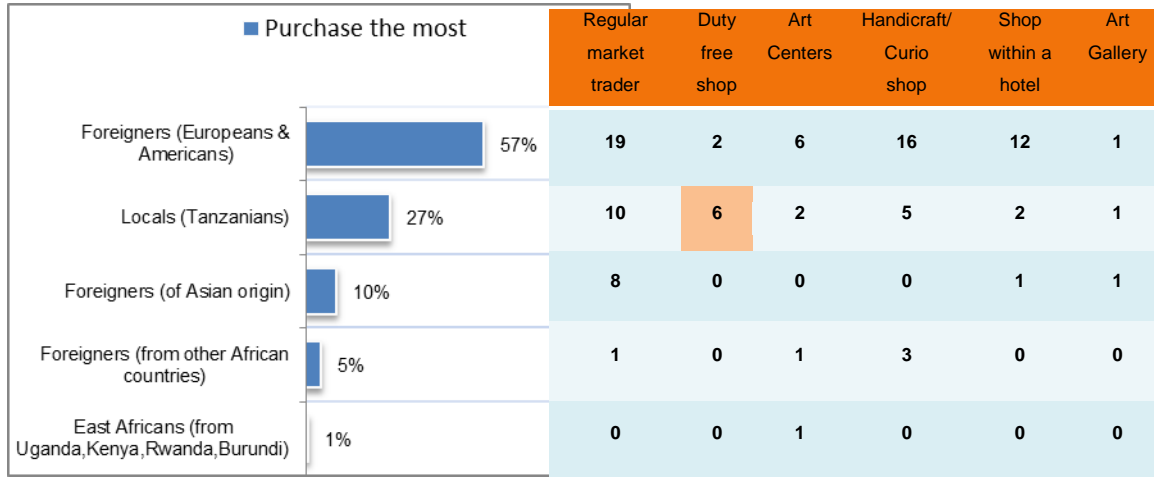


Base 98

A look at the customer profile by point of purchase again shows the same trend, foreigners (Europeans & Americans) are the ones who purchase most handicrafts. However among the 8

traders who were sampled at the duty free shops, 6 said that the customers who purchased the most from them were locals (Tanzanians). Duty free shops offer goods at reduced prices; this could be the motivation to the Locals to buy handicrafts from there.

Figure 8: Customers who purchase most by point of purchase



Base 98

Some of the factors that are perceived to have led to the handicraft industry to be largely a tourist market are:

- i. Price- Locally made handicrafts are significantly more expensive than manufactured goods hence less preferred.
- ii. Habits- The locals are perceived to not have a culture of decorating their houses with locally produced handicrafts.

*“Well, I would like to say first of all as Tanzanians we don’t have the tradition of decorating our houses with our own things. If we did that then the art business would sell a lot internally.”*

*(Large exporters and importers, head of Mikono Handicraft Marketing Co. Ltd)*

*“The market is still low since most Tanzanians lack the habit of decorating their houses using traditional items, unlike foreigners who buy in quantities.”*

*(Handicrafts wholesaler, Zanzibar)*

However, there has been a slight rise in the demand for handicrafts amongst the middle and upper class consumers locally.

*“All I can say is that there is a general rise of demand for the handicraft products in the middle and upper-classes.” (Chairperson, COSOTA)*

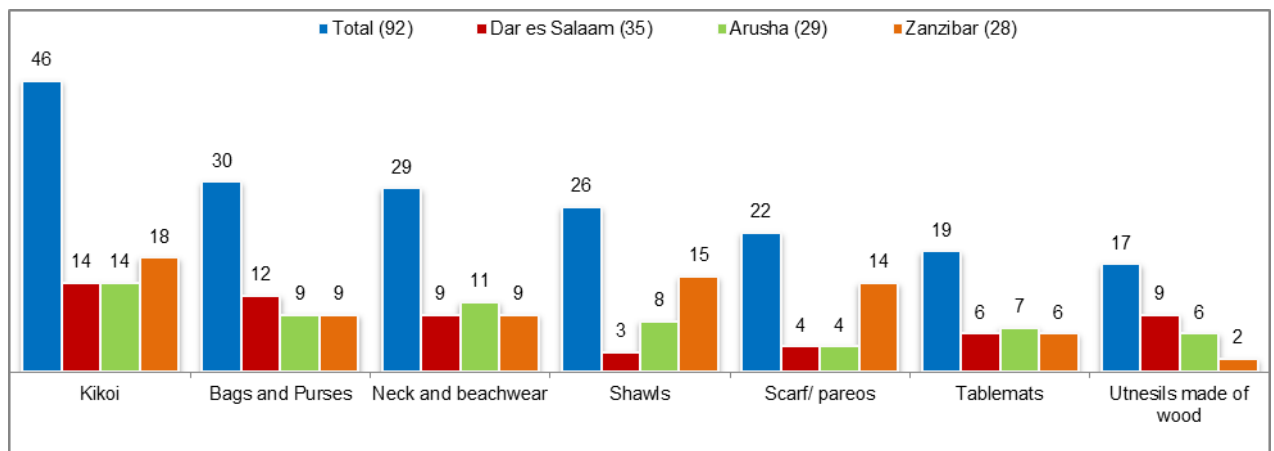
The rise in the number of locals purchasing handicrafts can be attributed to a change in the tastes and preferences especially amongst the middle to upper class where in the past having local artifacts was considered a “European thing” whereas now it is common place for the locals to have them in their houses and to adorn African jewellery.

Fashion accessories are the more sought after handicrafts compared to home decoration/ house ware/ by the locals (Tanzanians). The highest demand is for kikoi followed by neck & beachwear, bags & purses. The kikoi is a striped cloth with the fringed ends / rectangular piece of cloth with traditionally hand knotted ends and made from cotton. Key feature are the distinctive colored bands knotted at the end.

**Note:** Some of the sampled traders trade in both the locally made kikoi and the imported one; besides some make modifications on the imported kikoi before selling them. At the point of sale these are always mixed and if the customer is not aware they are sold to either. Please refer to the appendix for further explanation on the kikoi.

**Note:** The below tables refer to information gathered from the sampled traders

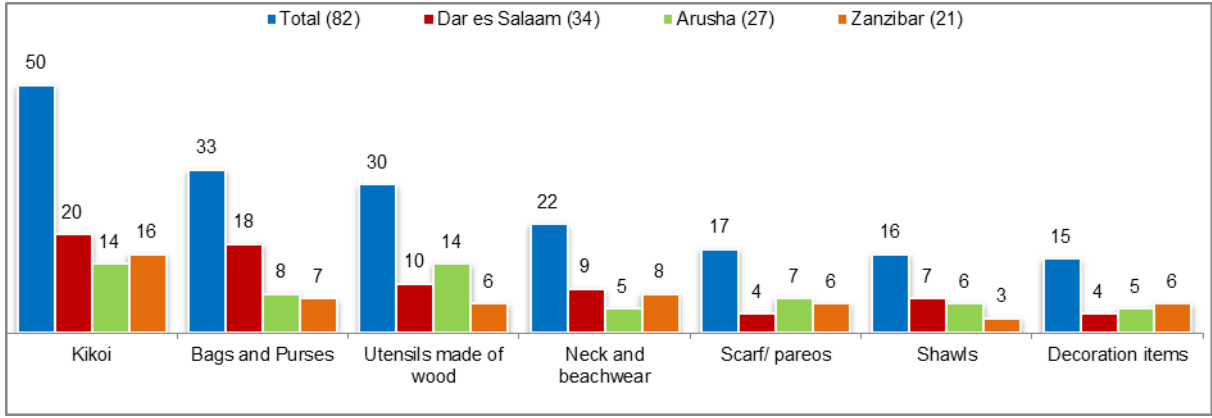
Figure 9: local (Tanzanians) demand handicrafts



[Base 92](#)

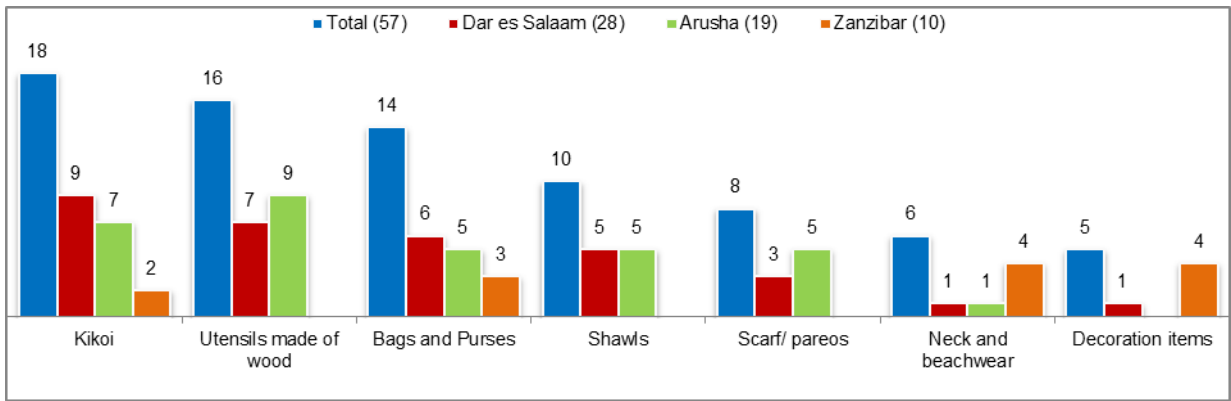
On the other hand, for the foreigners, their demand for handicrafts does not have a skew towards either fashion or home decoration accessories. Kikoi and utensils made of wood are amongst the most purchased handicrafts among all the foreigners except for East Africans (from Kenya, Uganda, Rwanda and Burundi) whose demand for Kikoi is not as high.

Figure 9: Foreigners (Europeans & Americans) demand handicrafts



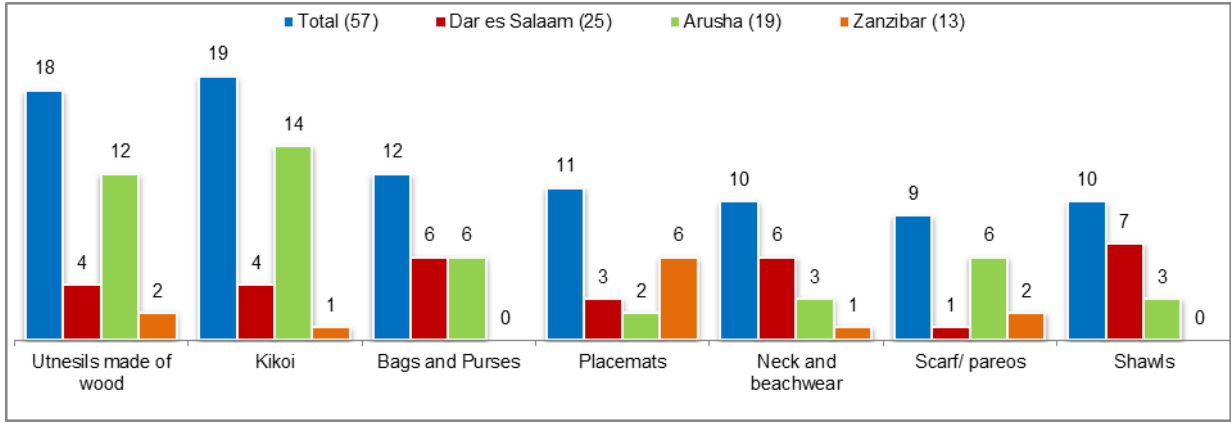
Base 82

Figure 11: Foreigners (of Asian origin) demand handicrafts



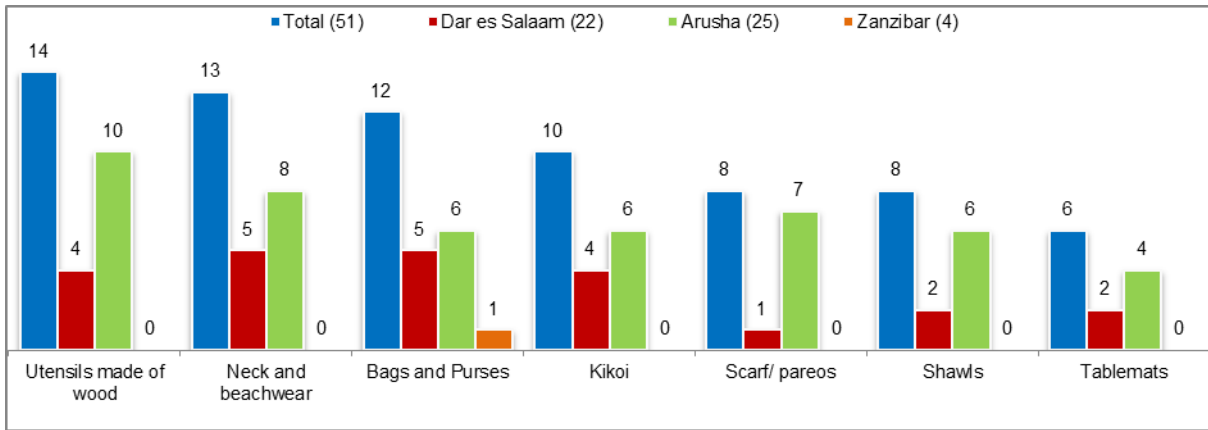
Base 57

Figure 12: Foreigners from other African countries demand handicrafts



Base 57

Figure 13: East Africans demand handicrafts



Base51

**Despite international/ foreign customers being the main purchasers of locally made handicrafts, there has been a decline in demand of local handicrafts by them.** This can be attributed to the global economic meltdown which led to a decrease in the consumers' disposable income hence reduced demand for goods especially those considered to be luxury. It is perceived that they now only buy handicrafts whose value is perceived to be low hence lower profit margins for the traders.

*“During the global financial crisis, the Western markets dropped very drastically, I can say the market was seriously shaken especially for people who were depending solely on it.” (Handicrafts wholesaler, Zanzibar)*

*“...before the economic crisis our business was good, life was better because foreigners used to come here with their money and buy whatever pleased their eyes but*

*nowadays they budget before coming here and avoid buying unnecessary items.”  
(Handicrafts producer, Arusha)*

*“Demand has decreased because of the failure of the economy. Our products have become a luxury i.e. people consider it more rational to buy food instead of beauty products that is one.*

*Two, competition has become fiercer; every country and every culture is striving to bring its products to the market and that depends on whether you are powerful enough. If you are, then you can compete.” (Handicrafts producer, Arusha)*

Some other developments that have been witnessed in the handicrafts industry within the past 3 years are:

There has been a market expansion i.e. the number of suppliers and the quantity of handicrafts available for sale has increased.

- a) The awareness level on the part of the suppliers is on a gradual rise i.e. they now do their work on the basis of contracts as well as pricing their products profitably.
- b) There is increased competition for market for the handicrafts both locally and internationally.
- c) The quality of handicrafts in the market is improving due to adoption of technology in the crafting and design hence local producers have to keep on improving the quality of their goods to keep up with competition.

*“What has changed is awareness. Initially people were not aware and worked without contracts and they sold their products at very low prices. Now they are exposed and work with contracts.” (Chairperson, COSOTA)*

Despite the positive changes that have been witnessed in the handicrafts industry in the recent past, there is a feeling that the market still lags behind others both regionally and internationally in terms of producing what the market wants, using modern technology and marketing of the products which is seen to be attributed to the craftsmen’s background i.e. they are not educated (post Secondary school) and that is why they end up in the handicrafts business in the first place.

*“The creativity has been so low because of the producers’ background which makes them involve themselves in arts because they don’t have jobs.” (Chairperson, TANFAT)*



#### 5.1.4 Perception on the local handicrafts in the market

In light of the trends mentioned above it is a general perception that local producers do take consumer trends into consideration when developing their products.

*“I have realized that customers do check our products and bring their demands on how they want the product to be.” (TANFAT)*

The locals perceive the handicrafts to be expensive luxury items that are out of their reach hence not a priority when it comes to spending.

*“They think that these are luxurious items because they are not very important to them as other items such as food and clothing are.” (COSOTA)*

Local customers also think that the handicrafts products are outdated and old fashioned. They also perceive the local handicrafts to be of poor quality due to perceived lag in technology. They generally do not regard the local handicrafts highly.

*“They think it is a local outdated technology, they are wrong, they never bother to develop traditional knowledge. They think the equipments used are archaic, thus they need international standards since technology has evolved.” (Handicrafts Producer, Zanzibar).*

#### 5.1.5 Perception of the international market on the quality of local handicrafts products

Currently international market is perceived to be receptive to the Tanzanian handicraft products; a fact that can be attributed to good quality products. In 2009 WFTO global award was won by a Tanzanian from the handicraft industry:

*“Frankly speaking, they like our products. For instance, in 2009 I received the WFTO global award, first winner. Therefore I can say that I have established a record that Tanzania has the best beauty products, so how can one say they are not good?” (Manufacturer of textiles, Dar es Salaam)*

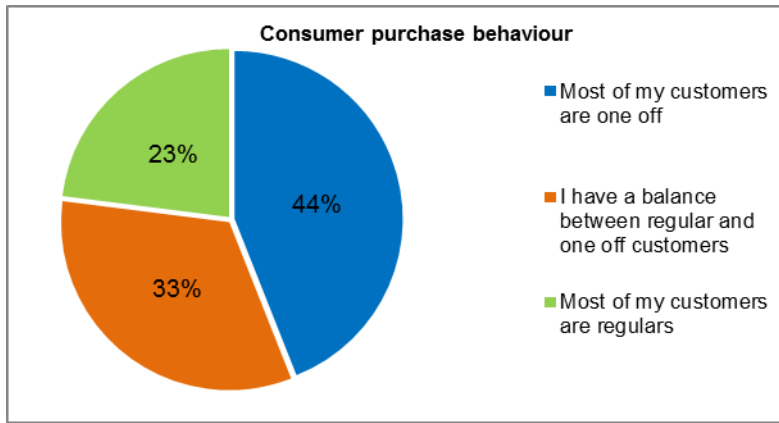
Foreigners also consider them to be souvenirs that remind them of the places that they have visited.

*“Most foreigners like our products since they are original, of natural quality – it is like someone drinking orange juice and another eating the orange itself.” (Handicrafts producer, Arusha)*

### 5.1.6 Consumer purchase behavior

Most of the customers who buy handicrafts are not regular purchasers of these commodities. Only less than one third of the sampled traders mentioned that most of their customers were regular. Close to half of the traders mentioned that their customers are one-off.

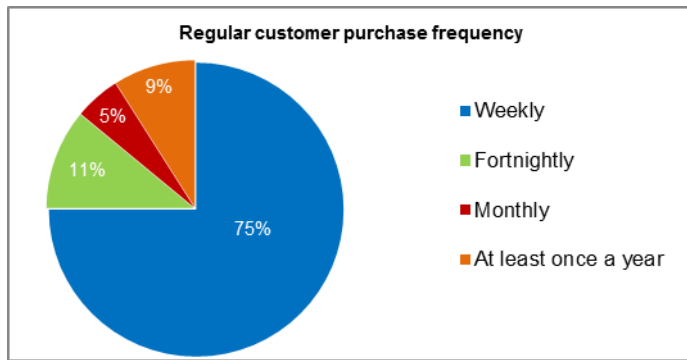
Figure 14: Customer purchase behavior



Base 98

For the traders who said they have regular customers, most of these customers visit them on weekly basis. There is high possibility that these customers would be local traders in handicrafts who buy these products for resale.

Figure 10: Regular customers purchase frequency



Base 55

### 5.1.7 Customer Purchase Occasions

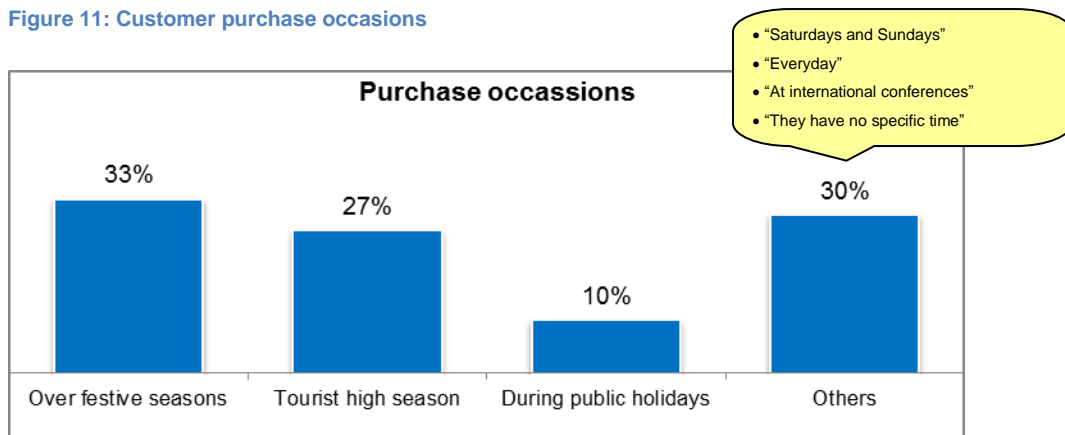
According to the sampled traders, the demand for handicrafts differs depending on different occasions and seasons and also different days of the week.

The demand for handicrafts by locals is highest during the festive seasons compared to any other occasions. Since most of the customers are one-off this would be the period when

probably most of them are free and on holiday and also probably be looking for gifts etc. They also make purchases during public holidays and over the weekends.

The demand for handicrafts by foreigners is at its peak during the tourism peak season that is usually around the third to fourth quarters of the year (i.e. June – October and December-January respectively) as most of the foreign purchasers are usually tourists. Overall during the day it was observed that most customers purchase time is from morning to about 2pm.

Figure 11: Customer purchase occasions

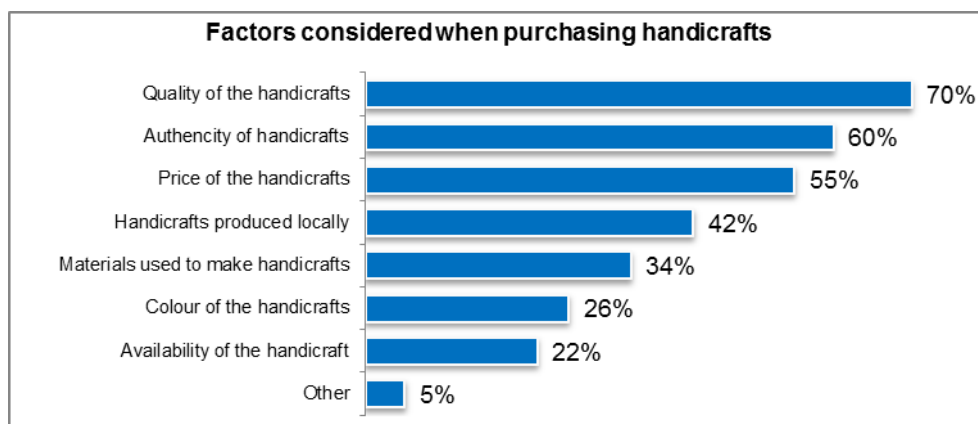


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### 5.1.8 Factors that consumers look out for when purchasing handicrafts

According to the sampled traders, the key factor that majority of the customers take into consideration when shopping for handicrafts is their **quality**. **How authentic/ original** the handicraft is, is another key attribute taken into consideration even more than the price of the handicraft. Customers also seem keen to support local traders as the fact that a handicraft product is **produced locally** is appealing to them.

Figure 12: Factors considered when purchasing handicrafts



Base98

### Drivers towards the purchase of locally made handicrafts

Feedback from some of the key informants interviewed, producers of handicrafts, indicated that some of the key attributes that drive customers towards the purchase of locally made handicrafts include;

- i. They are perceived to be unique i.e. each is different from the other as they are specifically handmade.
- ii. The house wares/ house decorations such as paintings and wooden sculptures and effigies are high value items hence are held as “trophy” items.
- iii. They are used as collectors’ items- especially for foreigners who are interested in all things African.
- iv. Handicrafts are generally perceived to be more durable than manufactured products from countries such as China.

*“You know the reasons why people may prefer these products is because they are not the same with manufactured goods, because of the fact that they are handmade hence are considered to be unique.” (Handicrafts Producer, Arusha)*

## **5.2 Sales outlets and Trade chains**

The size and management of handicraft enterprises varies a lot. The enterprise can consist of for example one person in which case the trader either produces/ sources for the handicrafts by himself and also manages the business, a trader who employs other people to do the production/ sourcing of handicrafts as he manages the business or say a cooperative organization that has several persons who deal with production as others manage the business part.

### **5.2.1 Trading licenses**

In order for these traders to set up their businesses they require licenses, almost all the traders are aware of this (91% of the sampled traders). Some of the licenses mentioned as required include;

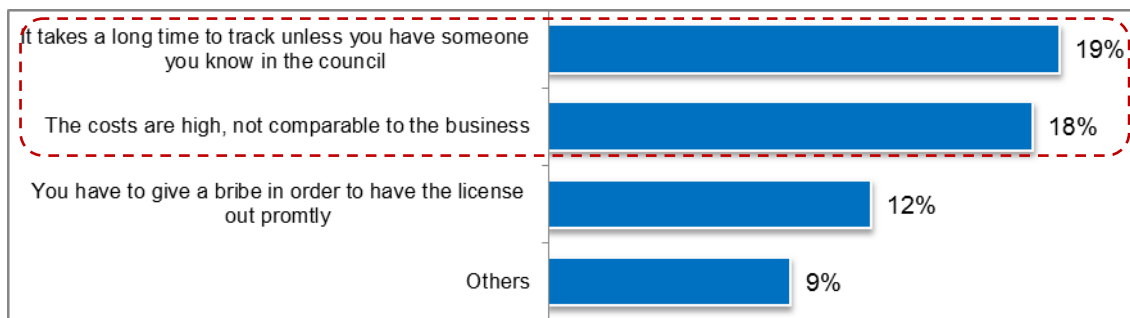
- A license from the city council
- A license from the Tanzania revenue authority
- A few mentioned that they require licenses for the raw materials they use, market License, and Export License.

A majority of the traders (close to 70% of the sampled respondents) said they have both the city council and the Tanzania revenue authority licenses. Nonetheless they do have challenges in obtaining these licenses; these include;

**City Council license**

The traders who have an operating license from the city council, a fundamental requirement before they can be allowed to legally run their businesses, mentioned various challenges when obtaining these. The major challenge in was that it took long to obtain this license unless one knew someone at the city council. The traders also complained about the cost being abit high and not comparable to the size of their businesses.

Figure 1813: Challenges in obtaining city council license

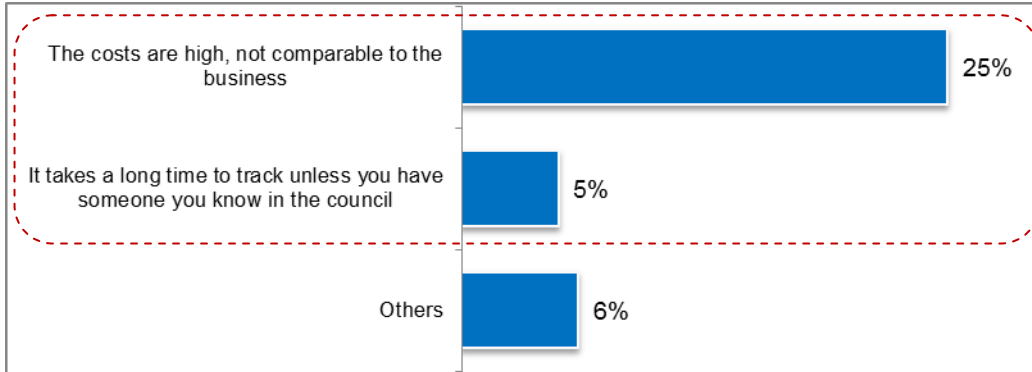


Base 74:

**Tanzania revenue authority license**

Among the traders who have an operating license from the Tanzania revenue authority, the biggest challenge they faced in obtaining the license was the cost which they said were too high and not commensurate to the size of their businesses. The Authority also needs to improve on the time it takes for one to obtain a license once applied for.

Figure 14: Challenges in obtaining the Tanzania revenue authority license

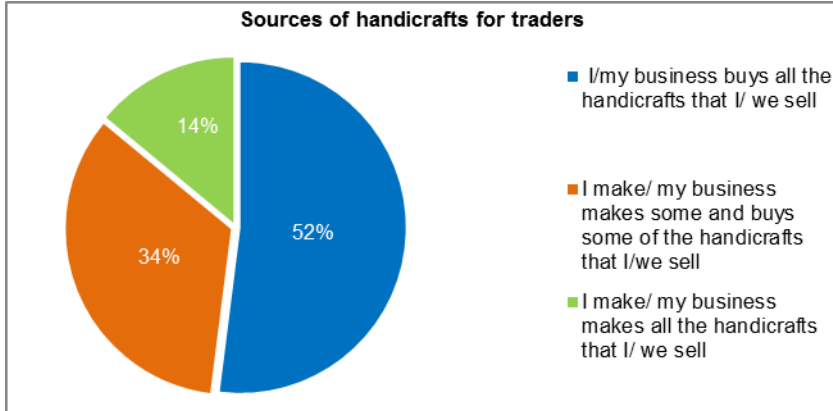


Base72

### 5.2.2 Source of Handicrafts for traders

Among the sampled traders, a very small proportion of them; one in every ten, make the handicrafts that they sell. Most of the handicrafts that they sell are bought from other sources.

Figure 15: Sources of handicrafts for traders



Base 98

The diagram below (Figure 21.) shows how the handicraft traders obtain their handicrafts. For those traders who do not make their handicrafts on their own, they obtain these from; Artisans/producers, wholesalers, intermediary traders or cooperative artisans/producers organizations.

Wholesaler intermediary traders and cooperative organizations obtain these handicrafts from the artisans/ producers.

Figure 21: Handicrafts trade chain



The sampled traders' source their handicrafts from different sources as mentioned above and not exclusively from one source.

**Distribution Stage**



**Option 1:**

The artisans/ producer >> final consumer

**The Main player** in this kind of distribution is the producer as s/he is the only player.

**Option 2:**

The artisan/ producer >> marketing organization >> handicraft trader>> final consumer

**The main player** in this case is the marketing organization as they are the ones who source for the markets for the products.

**Option 3:**

The artisan/ producer (in remote areas)>> distributor/ intermediary trader/ wholesaler (who distributes it to the towns)>> handicraft trader >> final consumer

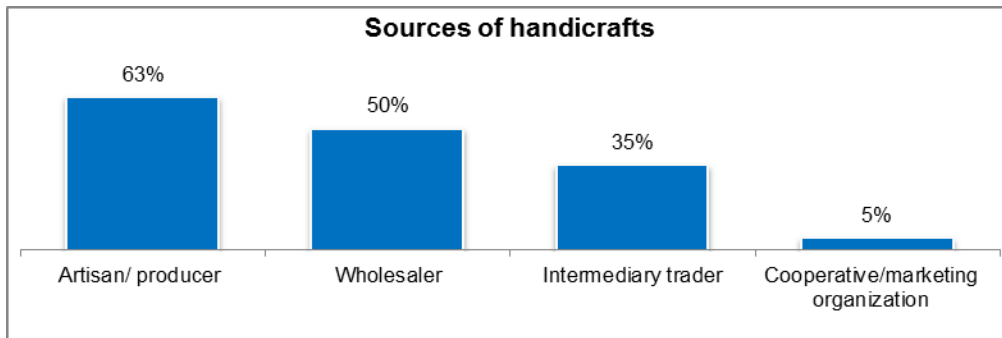
This option is especially useful for those craftsmen in remote areas who would find it challenging to access the markets in the towns and vice versa i.e. for the market to access the products. Typically, producers sell their products to intermediary traders/ middlemen (vendors) or to kiosks located strategically in high tourist areas, for example in hotels, city centers, and on the way to national parks.

**The main player** is the retailer as s/he is the one who is in a position to know the customers' demands therefore ensure that the products are made according to the customers' demands.

*“The final seller is the one who portrays that he is the designer and the representative of the producers. He is the one who knows the needs of customers and disseminate the information in the same manner to the producer.” (TANFAT)*

**Overall most of the traders sampled source their handicrafts from artisans/ producers directly** as shown in Figure 22 below. However a good number too, source from wholesalers and intermediary traders.

Figure 22: Traders source of handicrafts



Base 84

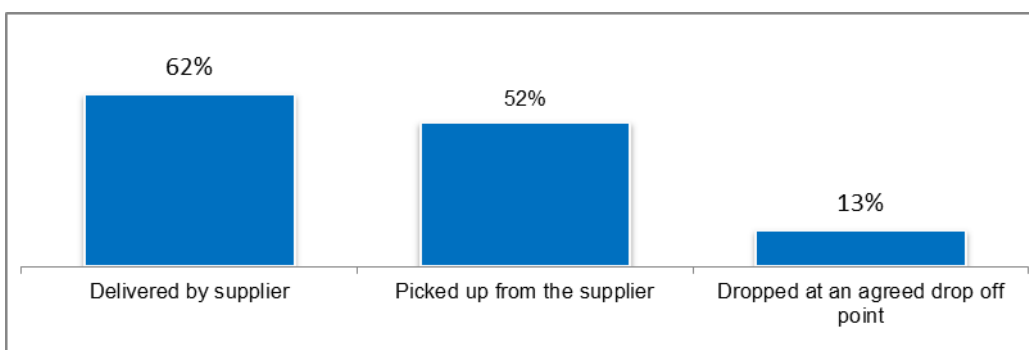
**How these handicrafts are delivered**

For the traders who buy handicrafts to later sell; there is generally an arrangement between the different players in the handicraft industry on how these products are delivered to the end trader.

In most of the time they are delivered by whoever is supplying them; in this case the handicraft traders sampled are supplied by the artisans/ producer, intermediary trader, cooperative organization or by the wholesaler. In some other cases the trader themselves pick up these products from these sources.

In a few instances, the sampled traders mentioned that they agree on a common drop off point where they pick the handicrafts once delivered by their suppliers. See figure 23 below.

Figure 23: How handicrafts are delivered



Base 84

**Logistics**

The logistics of many handicraft enterprises, especially those working in rural areas with artisans who do not all work in one location, can be challenging. Customer orders need to be

handed out to artisans swiftly so that the production process is not delayed, and then products need to be collected once ready. This process is much easier in an enterprise where all artisans work together in the office compound, and where orders cannot only be handed out the same day, but it is also possible to keep an eye on quality control and the speed of the production process.

Different rural enterprises deal with this in a variety of ways:

Some enterprises, particularly those who do not need to hand out additional product materials before production can start, place orders for new products by phone, and agree with group leaders that they will bring the products either by bus or by bike to the enterprise office at an agreed date. Other enterprises (some of which had tried the above) prefer to go to the groups themselves to place orders. This has an added advantage of being able to see all artisans and discuss issues with regard to quality control, the group functioning and dynamic, training and other issues that might come up. The costs of this are high though, and visits cannot be made too often. This means that on average it takes longer for these enterprises to fill an order.

One enterprise uses an intermediary person, who lives closer to the artisans and has access to other forms of transportation that enables her/him to send the products to the enterprise office. Roads in rural areas are often bad, worsened by heavy rains, which at times can make it difficult to reach certain groups or to send products to the customer. Product delivery within the country is done in a variety of ways such as; for those enterprises based in larger cities in Tanzania there is often the option to send orders via a special parcel service offered by large bus companies or specialized logistics companies.

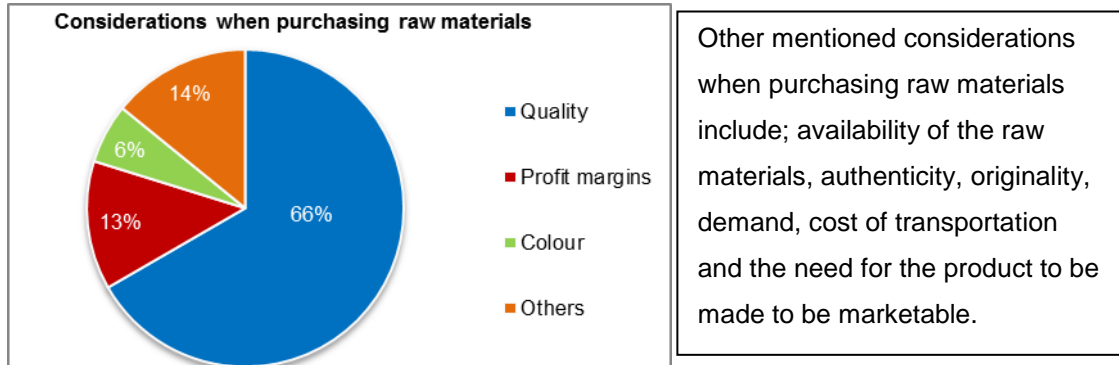
In more remote areas such services do not exist. While enterprises based in these areas can use other bus companies to ship their products, they are often charged much higher rates and there is no storage at the bus stand for the parcel, which means someone has to be there when the bus arrives to collect the parcel.

The Tanzanian Posts Corporation (TPC) is generally reliable and offers good value. From more remote areas in the country parcel delivery can take up to a couple of weeks. Using TPC, one can pay a small amount extra to be able to trace the parcel. TPC also has an EMS service, although they do not necessarily deliver parcels faster in-country, while the price is higher. Enterprises with access to an airport, and who have customers with access to an airport (which is mostly the case, as most customers are based in Arusha, Dar es Salaam and Zanzibar) sometimes use local airfreight.

### Considerations when purchasing raw materials

For the traders who make their own handicrafts, they have to obtain raw materials for this. The key aspects that they consider when deciding on the raw materials to purchase are quality and profit margins.

Figure 24: Considerations when purchasing raw materials for making handicrafts



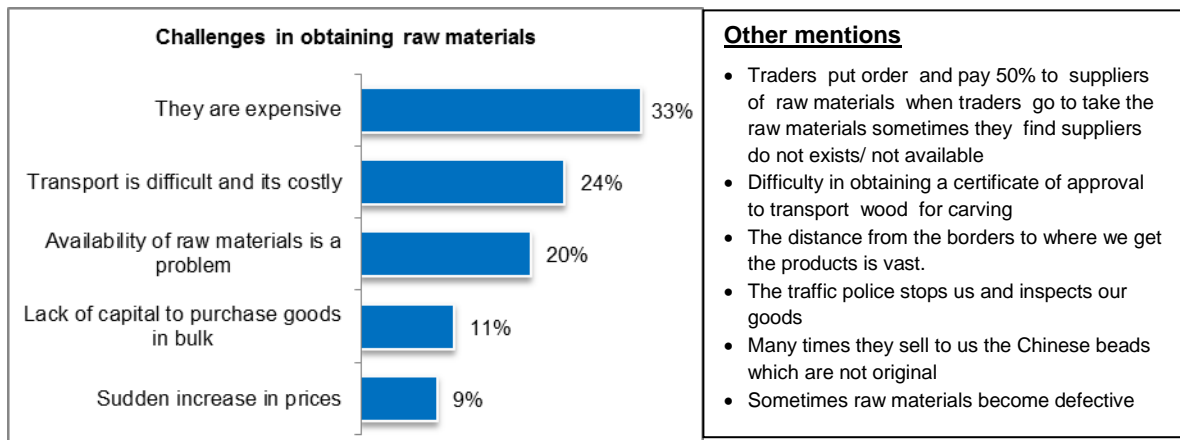
Base 47

### Challenges when sourcing for raw materials

There are several challenges that the traders who make their own handicrafts face when obtaining raw materials. Some of the major challenges mentioned by most traders include;

- High cost of the raw materials
- High costs incurred in transportation and
- The unavailability of these raw materials

Figure 25: Challenges in obtaining raw materials

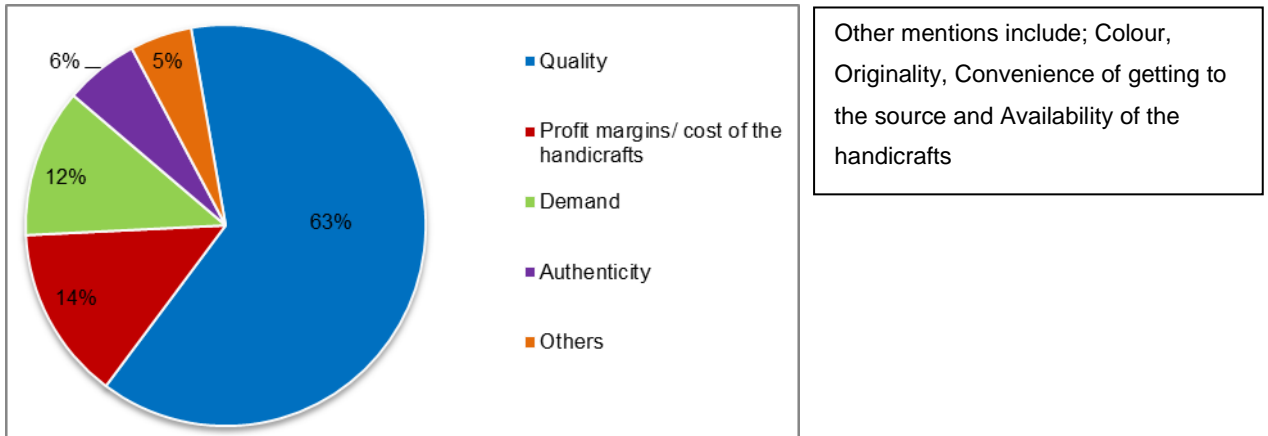


Base 47

**Aspects considered when purchasing handicrafts by the traders**

Quality is the key aspect considered by the traders who source for the handicrafts before re-selling them.

Figure 26: Aspects considered when purchasing handicrafts by traders

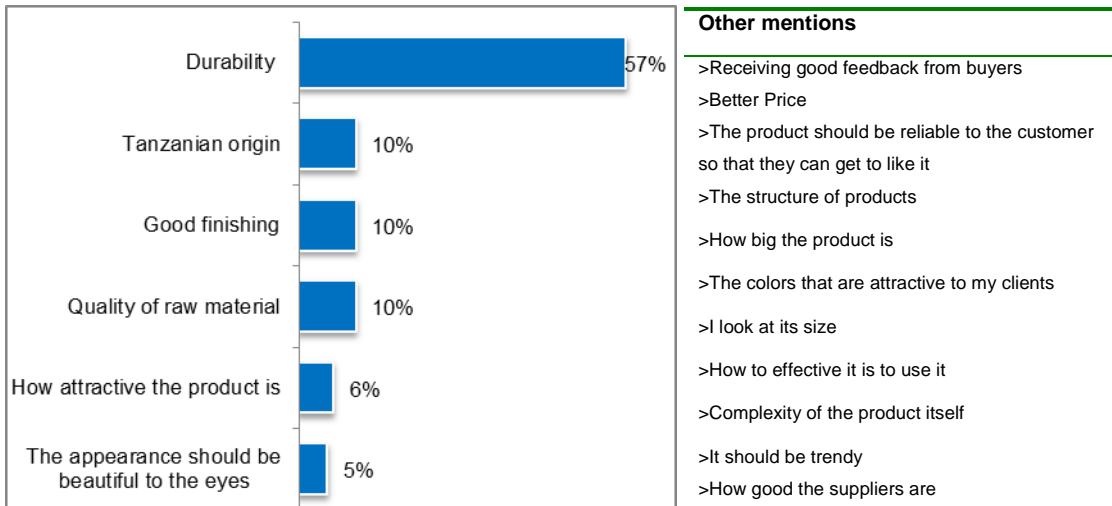


Base 84

**Aspects of quality considered**

The key aspects of quality considered by the traders as they source for handicrafts include the how long lasting the product will be, the need for the product to have been made in Tanzania, good finishing and the quality of the raw material used to make the handicraft.

Figure 27: Aspects of quality considered



Base 77

### 5.2.3 Pricing of handicrafts

Pricing is determined by the traders, no known price controls have been implemented. Most of the traders set their prices at a 100% margin. Of the different sampled trader categories, majority of them said they buy their handicrafts at half the price they intend to sell them at. This gives them a lot of room to set the final price for the products depending on the customer's purchasing power.

Table 22: Prices traders buy handicrafts for

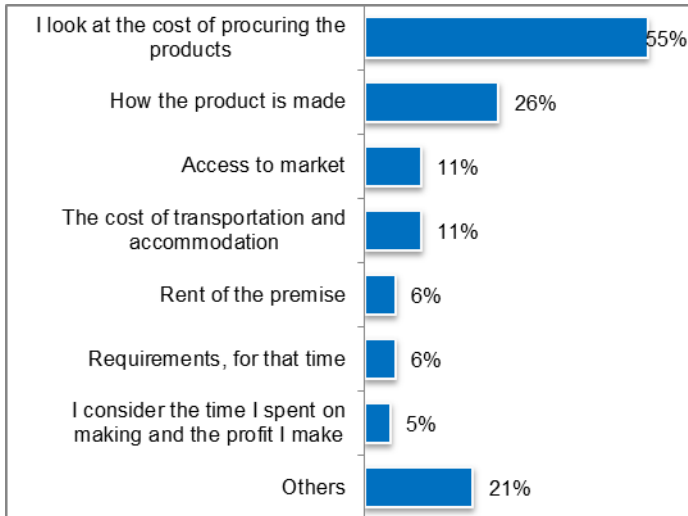
Source of handicraft	Prices bought at		
	Less than half price you sell it at	Half the price you sell	More than Half the price you sell it at
Artisan/ producer (n=53)	13%	70%	17%
Intermediary trader (n=29)	21%	41%	38%
Cooperative/ organization (n=4)	0%	100%	0%
Wholesaler (n=42)	19%	67%	14%

### Factors considered in fixing the selling prices

The cost for which the products are bought at is the key consideration by the handicraft traders when setting prices for their commodities. Other market factors that influence handicraft prices include; access to the market, cost of transportation and the rent of the premises.

Figure 28: Factors considered when fixing selling prices

Other mentions
>Attraction of the product
>The quality of the raw materials used
>Understanding how much a customer can pay for a product
>How big or small the object is
>Authenticity of the product
>I compare prices with other merchants

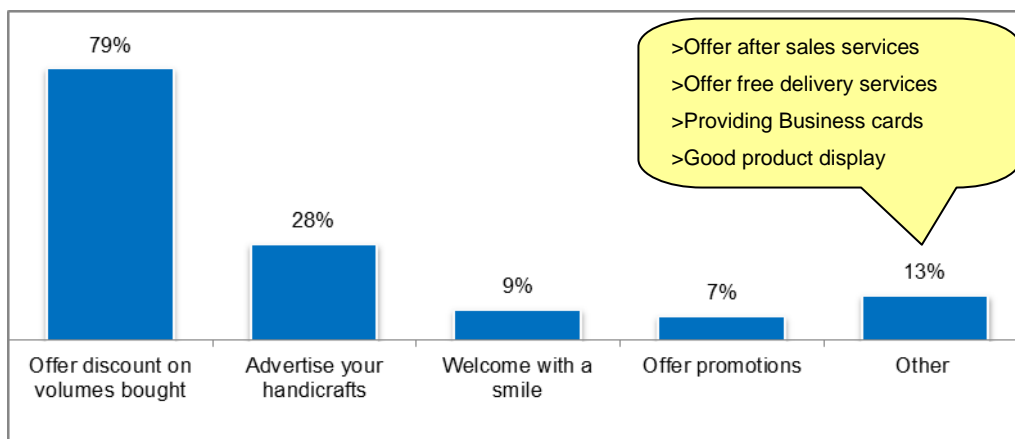


[Base 84](#)

### 5.2.4 Marketing strategies

Handicraft traders employ various marketing activities in order to reach out to their customers. Most traders offer discounts to their customers. They also do advertise their products and offer promotions.

**Figure 29: Market activities**



[Base 98](#)

Additionally other marketing strategies include;

- Participation in trade fairs such as sabasaba and nanenane- employed by the small traders who cannot afford other means. Sabasaba is the Dar es Salaam trade fair organized by the Board of External Trade in Tanzania. It takes place at Mwalimu J.K. Nyerere Trade Fair grounds. The fair enjoys patronage of the Tanzania business community who both exhibit and use it as a forum for business exchange. Over the



years, this promotional event has established itself as the shop window for Tanzania products (handicrafts included) as well as the East, Central and the Southern African Region. This has in turn attracted exhibitors of various products from all over the world.

- Participation in International trade fairs e.g. New York Trade Fair, Frankfurt Trade fair and Bangkok Trade Fair-employed by large companies who can afford to do so.
- Advertisements through the internet, use of brochures and leaflets.

Some of the promotions employed, include;

- “If a customer purchases goods worth more than Tshs.100,000 (One Hundred thousand shillings) I add him one product free”
- “If he buys many products, I add him/her one”
- “If he adds five toys, I add one”

These promotions are offered at least on a monthly basis.

#### 5.2.5 Handicraft traders associations

Most of the traders that were sampled in this survey (83%) do not belong to any handicrafts’ traders associations. For the few who do below are some of the roles these associations play in their businesses;

- Help in research
- Helps find markets for their products
- Help sell their art work
- Advertising Tanzanian handicrafts
- Upgrading traders business by offering them loans/ credit
- Helps in exporting their products out of the country without any disturbances
- They provide advice on business

Some of these associations that these traders belong to include;

• Artists Association of Tanzanian handicrafts (CHAWASATA)	•TANFAT
• Tinga tinga and craft arts promotions society	•Mikono
• Museum art centre	•Kwanza collection
• Faweta (Federation of Association of women)	•Fulio Kishimbo

entrepreneurs)	
• WAKIMA (Entrepreneurship at village museum)	• Goig Society
• Tancrafts	• Fruit
• Mount Meru Curio Market	• Kipepeo
• Falu carving group	• Karibu Hut
• Chamber of commerce	• SIDO (Small industries development organization Tanzania)
• Fantrade	• Wamwa

Additionally very few of the traders sampled have any locally/ internationally recognized certifications for their businesses. One of the mentioned certifications is;

- Certificate of BASATA

## 5.3 Competition

### 5.3.1 Local competition

For the local handicraft traders their major competitors are perceived to be:

1) China

Their products have flooded the market and are substitutes for locally produced goods including handicrafts.

2) India

They have their own handicrafts shops.

They are perceived to be competition as they use the tour companies' drivers to whom they pay commission to bring them customers.

*"...what I know is that when the foreigners come they buy more from them. Their system of doing business is as I told you; they use the tour companies to bring foreign customers to their shops, so when drivers do that they receive some commission..." (Handicrafts producer, Arusha)*

3) Pakistan

This is attributed to the fact that goods from these countries are manufactured en masse hence the supply is constant and they are cheaply priced hence more affordable for the locals.

Locally, the upper class handicraft traders are also considered to be competitors to the average or lower end traders as they are considered to have the means to market their handicrafts to the international customers/ clientele.

### 5.3.2 Regional competition

The sampled traders view their regional competition to be Kenya and Uganda. They perceive the handicraft traders from these countries to be ahead of them in the trade due to better and more advanced marketing strategies and support from their government, more so the Kenyan traders.

### 5.3.3 International competition

Most of the sampled traders do not sell their products in the international market. But for the few who did, they mentioned majorly traders from Kenya as their main competitors. Other mentions included traders from South Africa, Zimbabwe, Namibia, Mozambique, Malawi and West African states of Ghana and Bukina faso

### **Competition markets internationally**

Of the few traders that mentioned that they do have competition internationally, their competition target markets mentioned include; Africa (South Africa, Zimbabwe, Uganda and Central Africa), AMERICA, Europe and Oman

Factors that are seen to contribute to these competitors having an edge over the local handicrafts traders in Tanzania are:

1. Better marketing strategies with a focus on outside markets.

*“Kenyans are so successful in advertising themselves” (Handicrafts producer, Arusha)*

*“In other countries situation is different, they have special areas for selling artistic items for the country. So there need be more power to be able to compete in the markets, and if the country had planned street markets where one could see the products, I think productivity would highly be improved as a result”.*

*(Manufacturer of textile handicrafts, Dar es Salaam)*

2. More defined chains of distribution

*“Their things are of excellent quality and are very marketable because they have good market chains and many production groups of artists, who are informed of the international markets....” (Handicrafts producer, Arusha)*

3. More advanced technologically e.g. selling their products online.

*“The Kenyans have been in business for a long time, are more outgoing and are more educated.” (Handicrafts wholesaler, Zanzibar)*

*“Our competitors are more endowed, they have the great skills and the knowledge, for example they use internet to find customers directly from their countries.”*

*(Handicrafts Producer, Arusha)*

4. Assistance from the government.

*“We can say other countries like Kenya care about their handicrafts industry since they are assisted by their government in selling their products abroad, unlike us who sell in the local markets only.” (Handicrafts producer, Arusha)*

## Perception of competitors' products

### Local Competition

The local handicrafts traders sampled perceive the Asian local competitors' products to be of **inferior quality** when compared to theirs.

*"...For example when you take a locally made marble product and a Chinese plastic product, the first is more durable. This is because, handicrafts are made more carefully." (Manufacturing and export company, Dar es Salaam)*

*"Most foreigners like our products since they are original and of natural quality; it is like someone drinking orange juice and another eating the orange itself. I am saying that because for example this coconut bowl is more real than the Chinese one, which is a fake." (Handicrafts trader, Zanzibar)*

The **prices** of local competitors' products are perceived to be lower than those of local traders. This can be probably attributed to the fact that they are produced en masse hence the pricing can take advantage of economies of scale. Another aspect brought about by the mass production is that they are perceived to **lack uniqueness**.

### Regional Competition

The handicrafts produced by regional competitors more so Kenyans are perceived to be more or less the same quality. The price of their products is however perceived to be more as compared to the prices of the local handicrafts.

*"Their prices are higher when compared to ours. Even the foreigners are happy with our prices you find them sending their friends to come buy from us here at the market place." (Handicrafts producer, Arusha)*

*"But as I told you, they trade online; therefore their prices are high since they deal with the whites, most of whom are rich." (Handicrafts trader, Zanzibar)*

It is perceived that the market considers the regional competitors' products to be of high quality mainly due to the marketing employed by these competitors.

### International Competition

There seems to be very little knowledge of the international competitors' products on the part of the local stakeholders as they know very little about their prices and image. They have a vague idea on what products the international competitors trade in but very little on their pricing and knowledge.

The competitors' products can be compared to the local products on the following attributes:

**Table 23: A comparison between locally produced handicrafts and competitor handicrafts**

<b>Attribute:</b>	<b>Local Product</b>	<b>Competitor Product</b>
Packaging	x	✓
Durability	✓	x
Finishing	✓	✓
Creativity	✓	✓

**Products offered by competition that are different from what the traders offer**

Kenyans are considered to produce mostly house hold/ interior decorating items; while the Ghanaians are considered to produce wooden products.

However the kind of products offered by the competitors are perceived to not be very different from what is offered by the local traders i.e. the product range they offer is the same. Some of the different products mentioned as offered by competition include;

- Household decorations/ House ware: Paintings, wooden carvings, decorative rags
- Fashion accessories: Jewellery, khangas, Maasai sandals and African print shirts.

*“Ghana produces mostly tree products and ones which are more real. Kenya do mostly interior, they do designing a lot. Rwanda was well advertised by Genocide and they are well supported by the government.”*  
(TANFAT)

Another difference mentioned was that competition products are made from machines.

## 5.4 Total Market Estimation

### 5.4.1 Local market

Generally production of handicrafts for the local market is controlled depending on the market demands. Production is thus higher during the festive season or on holidays when more sales are expected. However there has been an increase in the number of customers who buy handicrafts locally.

### 5.4.2 International Market

On the international market, the demand for handicrafts is generally higher as the traders get to sell their products in higher volumes as long as the market likes them. For some foreigners once they like an item they order it in huge amounts to even go and sell them in their own countries.

*“Locally, production outweighs demand; when a Tanzanian buys such products then it is that he is either of the origin related to the product or he works in a hotel, so our products are not things that you can display in sabasaba for everyone to buy. But internationally, demand outweighs supply, because as soon as one displays a product in a trade fair, a customer may order the whole container.”(Manufacturer of textile handicrafts, Dar es Salaam)*

From the sampled key informants, there is a feeling that the distribution process of the handicrafts to the international market is not that effective. It is perceived that the distribution centers in Tanzania are few in comparison to what the country as a whole can offer as the demand internationally is there.

*“In distribution, we have the same major distribution which makes it weak. Taking into account that we have more than 22 regions but we still have same distribution centers which are Zanzibar and Dar es Salaam and Mwanza. But would be nice if we had other distribution centers such as Iringa and Singida,” (TANFAT)*

A few handicraft enterprises export their products to other countries, most often to western countries in the northern hemisphere and to a lesser extent, to countries in the region, such as Kenya. Export numbers are usually low. Large(r) scale export is sometimes done through companies that specifically deal with the export of handicrafts. The competition for local market is not high compared to regional and international market. At regional level Kenya is the major competitor<sup>1</sup>.

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<sup>1</sup> [Source: Marketing Officer- BASATA](#)

Generally, expectations with regard to quality, packing and pricing from western importers are very high and hard to meet. Competition with Asian handicraft enterprises is very steep, especially when taking into account the pricing of their products. To be able to compete with the Asian market Tanzanian producers should ensure that their product designs are unique and of the highest quality <sup>[1]</sup>

An example of a company that exports to the international market is Foot Loose (T) Ltd which has a good number of customers worldwide in USA, Germany, Korea and Japan for the last 3 years. They sale and exports different handicraft products to different clients; some of the handicraft products include mats, decorative beads, table cloths etc. <sup>[1]</sup>

Foot Loose (T) Ltd can produce products worth USD 500,000 every month if they are given a good lead-time. But depending on the nature of the product requested, because of their Association with over 1500 people, they are able to produce up to 1000 pieces within a period of 15 days save for the weather -if products need drying in the sun. This will depend very much on the size and materials to be used; however their production capacity is very much flexible depending on order requirement. Besides the 1500 works with a reserve force of part time labor force of about 500 freelance style craftsmen. All these could be incorporated if the orders in place require short time delivery. <sup>[1]</sup>

To help take advantage of the ready market internationally, the following suggestions were made:

- I. Capacity building for the locals: they need to be educated on the handicrafts industry so as to make them aware of among other things the value that it adds to the local economy.
- II. The local handicraft producers need to be educated on the changing global trends and also on the marketing strategies they can use to ensure that their products are always purchased.



## 5.5 Fair Trade Practices

### 5.5.1 Awareness

Overall there is very low awareness of fair trade and its practices amongst traders. Majority of the sampled traders (92%) have never heard of the term “fair trade”. Of the few traders who mentioned that they had heard of the term, below are their responses to what they understood fair trade to be;

*“It’s the togetherness of the commercial producer and owner of the business that focuses on the profit”*

*“Provide equitable basis to businesses and product developers in distributing profits”*

*“The federation of the handicrafts and artists to meet and have a common market”*

*“Doing business for equal rights between the manufacturer and supplier of products of entrepreneurs”*

*“Finding markets for derivative products and the art work”*

Industry stakeholders interviewed are aware of TANFAT which they said has its own networks and whose scope of work is within the WTO regulations i.e. avoidance of child labor, paying fair wages, environmental conservation and transparency in their operations was established to ensure fair practices in the handicrafts trade.

*“In fact, even Tanzania has a program like that, it is called TANFAT, and they have their own network. Their scope of work is within the WTO regulations, which include avoidance of child labor, payment of fair wages and environmental conservation, besides being transparent. Therefore they are here in Tanzania although there are some of us who are yet to acquire membership, but they are working.”*

*(Handicrafts producer and trader)*

Out of the traders who were familiar with fair trade only two knew of an organization that advocated for fair trade i.e. **Serrv**. The only activity mentioned that Serrv engaged in to promote fair trade practices was the organizing of seminars.

The term fair trade was mostly associated with seeking greater equality in international trade, better conditions and securing the rights of disadvantaged producers’, workers and better pricing accompanied with decent working conditions and local sustainability.

**Table 24: Statements associated with fair trade**

Statements	No of traders
>Better trading conditions to, and securing the rights of, disadvantaged producers and workers	7
>Seeking greater equity in international trade	6
>Better prices, decent working conditions, local sustainability	6
>Partnership based on dialogue, transparency and respect	3
>Contributing to sustainable development	3
>Cost of production and materials is more than final product cost	2
>Workers are exposed to poor conditions including lack of rights, forced to work long hours with no access to facilities such as running water or toilet	2
>Higher social and environmental standards	2
>Discrimination against the poorest and weakest producers	1

Base 8

The traders understanding of some of the benefits that an organization stood to gain by engaging in fair trade practices are;

- Increase in income
- Getting information on foreign markets
- Being known in foreign countries
- Get international markets
- Education on how to make manual arts

**Local trader’s sensitivity to fair trade**

According to the key informant producers of handicrafts, the local traders perceive the handicrafts trade to have unfair competition in the sense that their business do not have a level playing field as compared to their completion (foreigners). Foreigners are seen to have more resources in terms of finances and educated manpower hence they are at an advantage when producing and marketing their products.

*“We in the low class have no means to secure credit or loans, unlike our foreign competitors, most of whom have the ability.” (Handicrafts wholesaler, Zanzibar)*

*“Tanzanians have low income, while the competitors have the tools and capital, so we look just inferior.” (Handicrafts wholesaler, Zanzibar)*

*“It is difficult to see the role of rules in this industry since the more powerful players use money to influence the rights.” (Handicrafts Producer, Arusha)*

*“I don’t think if there is fair-trade in Tanzania. Fair-trade was created by Europeans who are wealthy. I don’t think if there is fairness.”(Manufacturing and Export Company, Dar es Salaam)*

**Customer’s sensitivity to fair trade**

According to the traders sampled, the customers are not keen on fair trade product labels on handicrafts probably because of lack of awareness both with the traders and the consumers.

Most traders mentioned that their customers are keen on handicrafts that are environmentally friendly. And that they were willing to pay more for products that are sourced directly from the local producers.

**Table 24: Customer sensitivity to some fair trade aspects**

	Yes	No
My customers prefer handicrafts that are environmentally friendly	95%	5%
They are willing to pay more money for a product that is directly sourced from the local producers/ artisans	62%	38%
My customers prefer ethically certified handicrafts	59%	41%
My customers prefer to buy handicrafts that I/ my business makes rather than the ones I buy	57%	43%
My customers are not keen on whether my handicrafts are imported or locally produced	48%	52%
My customers ask for fair trade handicrafts products labels	9%	91%
My customers are willing to pay more for handicrafts that have the fair trade handicrafts products labels	8%	92%

Base 98

## 6 Appendix

### Kikoi

Kikoi is a striped cloth with the fringed ends / rectangular piece of cloth with traditionally hand knotted ends and made from cotton. Key feature are the distinctive colored bands knotted at the end.

Three types are common:

1. Light material colored. Common in Zanzibar and made there by tie and dye. Used by men women and even children



2. Very light and bright colored almost like *leso*. Locally made in Zanzibar as well. Locally called Ujiji



- Whitish/ cream material wrapped around waist or made into shirts/ or wrapped on waist. This type is mostly imported from India, China etc. Common in Arusha.



- Other common variations below including masai kikoi



### Handicrafts sourced for from different sources

The category of handicrafts sourced from Artisans, Wholesalers, intermediary traders and cooperative organizations are the same as shown in the table below;

**Table 3: Handicrafts mostly sourced for**

	Artisan/ producer (53)	Wholesaler (42)	Intermediary trader (29)	Cooperative/ organization (4)
Bags & Purses	29	20	15	–
Kikoi	20	31	16	–
Utensils made of wood materials	19	11	5	–
Neck & Beachwear	16	12	5	3
Placemats	14	5	4	–
Tablemats	10	5	10	1
Decoration items	9	13	4	–

Shawls	7	20	11	1
Carpets	5	4	6	-
Doormats	4	14	5	-
Fashion jewellery(Not made of gems or precious metals)	4	7	-	3
Scarf/ pares	4	16	4	3

### Fair trade

We asked the traders about some aspects of fair trade. Their responses were as in the table below; the sampled traders indicated that they would be more willing to buy from the producer who is fair trade compliant when the fair trade producer prices were 10% and 20% higher. Two things would explain this rather “different” result.

1. Most of the traders are not aware of fair trade (92% of the sampled respondents), the ones aware may not have understood the context of the question with regard to fair trade.
2. The traders could have assumed that with the products being sold at 10% or 20% higher, then their quality would be better and also they would be able to mark them up by a similar percentage.

	Total	Fair trade compliant source	Non Fair trade compliant source
Prices are the same	8	4	4
If the Fair trade producer prices were 5% higher	8	3	5
If the Fair trade producer prices were 10% higher	8	5	3
If the Fair trade producer prices were 20% higher	8	6	2
If the handicrafts had the same quality	8	4	4
If the Fair trade producer had better quality	8	4	4
If the trading relationship was professional in both cases	8	4	4

### Trade points visited during the study

A LIST OF VISITED OUTLETS :HANDCRAFT MARKET STUDY IN TANZANIA, 2012

Serial	Region	Category(Open Market, Handcraft/Curio shops, Hotels)	Outlet	Geographical Description
1	DAR	SERENA HOTEL	HOTEL	OHIO NA ALLY HASSAN MWINYI HOTEL- CITY CENTRE
2	DAR	ART CENTRE	MAKUMBUSHO	ALLY HASSAN MWINYI ROAD -MUSEUM CENTRE

3	DAR	ART GALLERY	MWENGE	MWENGE VINYAGO (SAM NUJOMA ROAD), CULTURAL CENTRE
4	DAR	CURIO SHOP	SEA CLIFF	LOCATED ON THE SEAFRONT NEAR THE BEACH, INDIAN OCEAN
5	DAR	CURIO SHOP	OSTERBAY	MOROGORO STORE- HIGH CLASS AREAS
6	DAR	CURIO SHOP	NAMANGA	MSASANI ROAD- MIDDLE AND HIGH CLASS AREAS
7	DAR	CURIO SHOP	MASAKI	HIGH CLASS AREAS
8	DAR	DUTY FREE SHOP	MIKOCHENI A	ALLY HASSAN MWINYI -HIGH CLASS AREAS
9	DAR	DUTY FREE SHOP	TOWN	SAMORA ROAD NEAR TTCL-CITY CENTRE
10	DAR	KEMPINSKI HOTEL	HOTEL	MAGOGONI STREET- CITY CENTRE
11	DAR	MIKADI BEACH HOTEL	KIGAMBONI	MJI MWEMA ROAD-LOCATED ON THE SEAFRONT BEACH AREAS
12	DAR	OPEN MARKET	MAKUTANO	KARVICE STREET MASAKI- HIGH CLASS AREAS
13	DAR	OPEN MARKET	MWENGE	MWENGE VINYAGO (SAM NUJOMA ROAD), CULTURAL CENTRE
14	DAR	OPEN MARKET	OYSTERBAY	MOROGORO STORE- HIGH CLASS AREAS
15	DAR	OPEN MARKET	MWENGE	KATOKE STREET (MASAKI), HIGH CLASS AREAS
16	DAR	OPEN MARKET	SLIP WAY	LOCATED ON THE SEAFRONT NEAR THE BEACH, INDIAN OCEAN
17	DAR	OPEN MARKET	MAKUTANO	KATOKE STREET (MASAKI)-HIGH CLASS AREAS
18	DAR	SOUTH BEACH HOTEL	KIGAMBONI	MJI MWEMA ROAD-LOCATED ON THE SEAFRONT BEACH AREAS
19	DAR	SUN RISE BEACH HOTEL	KIGAMBONI	MJI MWEMA ROAD-LOCATED ON THE SEAFRONT BEACH AREAS
20	ARUSHA	AFRICAN HOTEL	MNARANI	TOURIST AREAS
21	ARUSHA	ART CENTRE	NEAR MUNICIPAL COUNCIL OFFICE	CLOCK TOWER ROAD-CITY CENTRE
22	ARUSHA	ART GALLERY	KIBO PALACE	TOURIST AREAS
23	ARUSHA	ARUSHA HOTEL	CITY CENTRE & TOURIST AREAS	CITY CENTRE & TOURIST AREAS
24	ARUSHA	CURIO SHOP	NEAR PALACE HOTEL	MNARANI-TOURIST CENTRE
25	ARUSHA	CURIO SHOP	NEAR KILOMBERO MARKET	KILOMBERO MARKET, BUSINESS AREAS
26	ARUSHA	CURIO SHOP	NEAR MAKUMBUSHO	ALLY HASSAN MWINYI ROAD ROAD NEAR MILLENIUM TOWER
27	ARUSHA	CURIO SHOP	NEAR MUNICIPAL COUNCIL OFFICE	CLOCK TOWER ROAD-CITY CENTRE

28	ARUSHA	CURIO SHOP	MNARANI	TANESCO ROAD-HIGH CLASS AREAS
29	ARUSHA	CURIO SHOP	NEAR ARUSHA HOTEL	CLOCK TOWER ROAD-CITY CENTRE
30	ARUSHA	MOUNT MERU HOTEL	SEKEI/MOSHI ROAD & ARUSHA ROAD	BUSINESS CENTRE
31	ARUSHA	NAURA HOTEL	SANAWARI	SANAWARI/MATAWI
32	ARUSHA	NEW ARUSHA HOTEL	CLOCK TOWER	CLOCK TOWER ROAD-CITY CENTRE
33	ARUSHA	OPEN MARKET	NEAR CCM OFFICE ARUSHA	FIRE ROAD-BUSINESS CENTRE
34	ARUSHA	OPEN MARKET	NEAR CCM OFFICE ARUSHA	TANESCO ROAD -HIGH CLASS AREAS
35	ZANZIBAR	AFRICAN HOUSE HOTEL	SHANGANI	CITY CENTRE & TOURIST AREAS
36	ZANZIBAR	ART CENTRE	SHANGANI	CITY CENTRE & TOURIST AREAS
37	ZANZIBAR	ART GALLERY	NGOME KONGWE	MUSEUM CENTRE
38	ZANZIBAR	BLUE BEACH RESORT HOTEL	MJI MKONGWE	MUSEUM CENTRE
39	ZANZIBAR	CURIO SHOP	SHANGANI	CITY CENTRE & TOURIST AREAS
40	ZANZIBAR	CURIO SHOP	KIPONDA	HOTEL AREAS
41	ZANZIBAR	CURIO SHOP	HURUMZI	CITY CENTRE & TOURIST AREAS
42	ZANZIBAR	CURIO SHOP	STONE TOWN	CITY CENTRE & TOURIST AREAS
43	ZANZIBAR	DUTY FREE SHOP	SHANGANI	CITY CENTRE & TOURIST AREAS
44	ZANZIBAR	DUTY FREE SHOP	HURUMZI	CITY CENTRE & TOURIST AREAS
45	ZANZIBAR	EMERSON HOTEL	HURUMZI	CITY CENTRE & TOURIST AREAS
46	ZANZIBAR	MAZRUI HOTEL	SHANGANI	CITY CENTRE & TOURIST AREAS
47	ZANZIBAR	MERU MERU HOTEL	HURUMZI	CITY CENTRE & TOURIST AREAS
48	ZANZIBAR	OPEN MARKET	MJI MKONGWE	MUSEUM CENTRE
49	ZANZIBAR	OPEN MARKET	SHANGANI	CITY CENTRE & TOURIST AREAS
50	ZANZIBAR	OPEN MARKET	HURUMZA	CITY CENTRE & TOURIST AREAS