

## Promoting Sri Lankan handicrafts to the global market

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### Abstract:

*Handicrafts have a traditional value in a nation's culture and heritage. With increasing globalization and rising demand for home accessory products, the global handicrafts market is expanding. Handicrafts are identified as a key income generator in many countries as their consumption patterns represent both local and international taste. The key to success remains in catering to the demands of global consumers and remaining updated as an industry. This study aimed to understand the impact of fusion branded crafts and the tourism sector on the handicraft industry in Sri Lanka. Although Sri Lanka has strong cultural roots embedded in society to develop traditional industries such as the handicraft sector, the industry as a whole is struggling to maintain its position to attract consumers. This is one of the key reasons why the study aims to identify fusion branded crafts as the key solution to revive the industry. The study identifies the theory of planned behaviour as well as branding in order to analyze the feasibility of developing fusion branded crafts in Sri Lanka. The research was conducted using a questionnaire, and the data collected comprised of quantitative data. Primary data were collected from over 100 respondents, and the data were used to prove the research hypotheses. It was found that there is a strong preference for fusion and branded crafts. Therefore, for future research, it is suggested to explore handicraft promotion strategies in terms of a rising tourism market.*

**Key words-** branding, designer products, fusion, handicrafts

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## Introduction

In spite of the recent economic downturn, the significant growth of the global handicraft market and a rise in the interest for global products has unravelled greater opportunities for artisans (Barber & Krivoshlykova, 2006). With the home accessory market strongly influenced by fashion as well as global consumer taste, it is no longer possible to view traditional artisanal products in isolation from global market trends and competition (Khan & Amir, 2013). The brisk rate of changing market trends presents a major challenge for handicraft exporters, while the advancement in globalisation has aggravated the challenge faced by the artisan community (Barber & Krivoshlykova, 2006).

As stated by Subramanian & Cavusgil, (1990), in most developing countries, the development of a handicrafts market abroad needs significant levels of investment and is done best by the government organisations. The emergence of dedicated public companies aiding the growth of the handicraft sector presents a unique opportunity for Sri Lanka, if utilized appropriately. The literature further emphasizes the notion that the survival of the handicraft sector significantly depends on the understanding of the global demands of consumer segments. According to numerous global studies conducted by the United States Agency of International Development for Global Handicrafts, low-end (priority on low prices) markets are expanding, with the competition at the low end being strong and requiring significant production capacity. China and India have primarily

exploited this segment through mass-scale production, low-cost bases, and western designs.

The rise of globalisation has changed the business landscape for many businesses and opened up opportunities to many in the recent past (Auer, Borio, & Filardo, 2017; Gereffi & Kaplinsky, 2001). One of the key industries facing this change is the handicrafts market which is required to make some key changes for future success. One such country facing the pressure is the Sri Lankan handicrafts sector. As shown by Mahgoub & Alsoud, (2015) increased globalization has meant that the traditional artisan industry and their products cannot be in isolation from the global trends and international competition. The essence of the study is based on the fact that best practices used by global competitors, such as using fusion handicrafts coupled with strong branding, and the booming tourism sector will enable Sri Lankan crafts to be positioned in the global market as a successful competitor. This study used the three-key export-oriented strategies tailored specifically to the key consumer segments (inbound, outbound, local, business tourists), to determine the applicability of the best practices in the Sri Lankan context, as this aspect is unexplored to date.

The literature review provides theories and best practices from successful handicraft-exporting nations and highlighting the importance of fusion crafts and the positive impact branding has on elevating consumer demand. However, there is still a lack of empirical and scientific research on the handicraft sector and their respective cultural significance on a global level (Mahgoub

& Alsoud, 2015; RANA, 2018). The suitability of the export strategies used by global competitors in the Sri Lankan context remains unexplored, and this study aims to fill this gap in the knowledge. The results of the primary research are combined with the best practices to identify the effectiveness and applicability of the findings. The study concludes with recommendations for the future of the handicraft sector and avenues for future research.

### **Literature review**

Handicraft is an item, which is created by hand or by using simple, often traditional tools, which serves a purpose beyond decoration. Handicrafts, crafts, or craft products are synonyms for artisanal products, which are components of creative industries. As per Qattan, (2009) artisanal products are items that are mainly produced manually or even mechanically, with the direct manual contribution from the artisan playing a substantial role in the generation of the finished product. Dash, (2011) states that, handicrafts are a unique medium for expressing a certain country's identity, heritage, and culture. These products are significant to the country of production mainly because of the skills and the traditional and local materials used in the manufacturing process of these products.

Today, in many developing countries, the handicrafts industry is seen as a major source of employment, and the volume of exports associated with it accounts for a significant part of the export economy. As per Barber & Krivoslykova, (2006 p.1), "The growth of international markets for home accessory products and

an increased interest in global goods have opened up new market opportunities for artisans". This notion is further backed by the development of the global craft sector, with the value of handicrafts increasing from US\$ 75 billion in 1999 to approximately US\$ 984 billion by the year 2023 (Market, 2018). According to numerous global studies conducted by the United States Agency of International Development for Global Handicrafts, low-end (priority on low prices) markets are expanding, with the competition at the low end being strong and requiring significant production capacity. China and India have primarily exploited this segment through mass-scale production, low-cost bases, and western designs. As per Jayawardhana & Surangi (2010), because this industry is highly labour intensive, China and India are reaping the profits of the industry with their tremendous labour force, thereby creating themselves a significant position in the global handicrafts industry.

Dash, (2011) suggests that for satisfying the evolving consumer tastes and preferences, artisans have to constantly update craft techniques and discard traditional patterns and styles in order to embrace contemporary ones. According to the Central Bank of Sri Lanka Report (2012) only gems, diamonds, and jewellery accounts for 5.7% (+ 5.2% year-over-year [YOY]) of the total exports of the country, with leather, travel goods, and footwear accounting for 0.6% (-14.9% YOY) and ceramic products, for 0.4% (-6.65% YOY). In contrast, in countries such as Italy, the craft sector accounts for 24% of the national export volumes, with craft exports accounting for 17% of the national GDP (Noella,

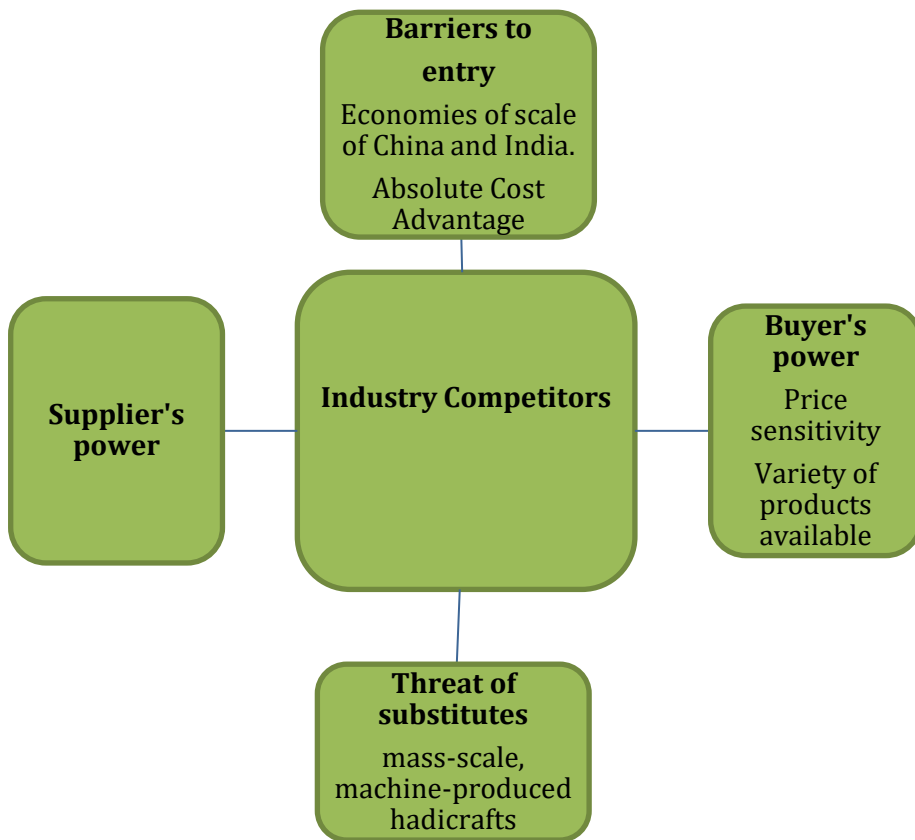
2007). Therefore, Sri Lanka lacks the ability to satisfy the global demand for handicraft products. In the attempt to satisfy global preferences, fusion crafts have been introduced to boost the demand for local crafts.

The integration of traditional design elements to a modern and contemporary design to arrive at a final product is identified as a fusion product (Heng, 2016). The handicraft industry is a major source of employment in Sri Lanka, but handicraft export constitutes a small percentage of the export economy. As per McComb, (2012), a market-based product development approach coupled with a more business-oriented outlook is essential for handicraft development in export markets. In the current situation, a clear strategy is needed to shape up the enterprises, strengthen sector competitiveness, and boost the sector's export volumes. The effectiveness of such policies is evident in China, as shown by Ernst and Young, (2012 p.19) report: one of the main factors directly contributing to the success of the Chinese handicraft exports is "adoption of an aggressive pro-export strategy by central authorities". For developing a long-term export strategy, it is crucial to adapt to the global trends in developing artisanal products. Therefore, emphasis must be placed on the use of branding handicrafts, by learning from relevant examples from

other successful nations and applying the relevant strategies in the Sri Lankan context.

However, as the Sri Lankan craft sector attempts to enter the global market, it is crucial that the global forces affecting the handicraft sector are dealt with cautiously. As per Bryson, (1988), firms in the modern era not only require effective strategies to position themselves in the market but also need to develop the groundwork for implementing these strategies in the volatile corporate climate. Sri Lanka may establish the most promising export strategy for handicraft promotion, but to succeed, a greater understanding of global competition and adversary behaviour is critical.

This section primarily will use the five forces model for identifying the key drivers shaping the industry competition in the global handicraft market. The analysis will attempt to identify how the global competitive forces in the handicraft category can affect Sri Lankan handicraft in its venture into the export market. The main areas of focus are the barriers to entry, buyer power, and the threat of substitute. These three factors are primarily analysed throughout the research hypothesis and later compared against the primary data gathered in the study.



**Figure 1. Forces influencing the Sri Lankan craft sector**

Porter's model is used to assess the primary threats that could be encountered by Sri Lanka Handicrafts in exporting local handicrafts. In the context of the current study, the term "barriers to entry" refers to the cost advantages of dominant players, such as China, have in the sector. "Supplier's power" refers to the concentration of a few dominating competitors in the global handicraft market. "Threat of substitution" refers to the easy substitution of premium-priced handcrafted pieces with the modestly priced mass-scale machine-produced

craft items. A detailed analysis of each of the key forces related to handicrafts is presented below:

### **Barriers to Entry**

The handicraft industry has a significant number of barriers to entry, especially in a global context, primarily the dominant global players such as China and India. China holds a dominant position in the world as a key exporter of handicrafts and has established this stature for the foreseeable future. As per Barber &

Krivoshlykova, (2006) China's enormous production capacity, coupled with the low labour cost, has made it a near impossible task for foreign competitors to compete, particularly on price and volume aspects. Through economies of scale, they have the comfort to produce items at a lower cost per unit, thereby lowering the number of firms in the business and diluting the competition. This cost-efficient level of production exercised by China creates a significant barrier for new competitors like Sri Lanka to enter the global market, as the entry unit cost of the local artisanal products will be very high for Sri Lankan products.

In a more optimistic perspective, Sri Lankan handicrafts have the opportunity to penetrate the largest handicraft markets such as the USA and EU, as product differentiation is a key aspect consumer seek in these Western markets. As detailed by Vietrade, (2012) market potential for low-cost, mass-market suppliers is limited in the Western markets, where well-designed products are in high demand. The research primarily focuses on differentiating the Sri Lankan industry in terms of branding and introducing fusion crafts. The primary data gathered through the questionnaire provides valuable data on the extent to which local crafts can be differentiated to suit global demand.

### **Threat of Substitutes**

As per Barber & Krivoshlykova (2006), large craft producers in China excel in mechanizing the production process (packing, cutting, etc.) and using advanced machinery for finishing

processes. Innovations of such scale enable Chinese producers to manufacture craft products that are near-exact copies of handmade handicrafts on a mass scale from other countries. Even though the finishing may not be as elegant as a handcrafted artisanal piece, buyers are inclined to opt for these Chinese products owing to their modest price tag. Authentic handicrafts face a serious threat from these machine-produced, semi-handcrafted products, which are rapidly proliferating in the global market. As per McComb, (2012) consumers have options ranging from a US\$500 handmade telephone wire basket to a US\$0.50 plastic cardholder. Consumers are automatically attracted to the modest price tag provided by the Chinese craft producers. However, this study explored the consumers' preference for handcrafted products with a higher price tag as opposed to cheaper machine-made ones. The impact of pricing on consumer preference is further analysed using theories of consumer behaviour and pricing.

### **Buyer's Power**

The bargaining power of consumers can simply be described as the ability of the consumer to put the firm or the supplier under pressure. In other words, the price levels of the respective firms significantly affect buyer power. In terms of the global handicraft market, consumers have limited choices in handicrafts, as few firms dominate the global supply. As most markets are highly price-sensitive, global buyers are inclined to settle on the low-priced, mass-produced craft items as opposed to expensive artisanal items from new

suppliers.

Moreover, the barriers to entry have also curtailed the buyers' power to a certain extent. With the dominant players opting for a limit pricing approach, new producers such as Sri Lanka attempting to penetrate the global market are discouraged to an extent. This constraint itself unravels greater opportunities for Sri Lankan crafts, as consumers do not have the luxury of a wider product range, and few suppliers dominate this market. The low power of a buyer is an opportunity to exploit global tastes and preferences through innovation. This point corresponds to the research hypothesis that fusion handicrafts increase the demand for craft products. This study attempts to clarify whether introducing fusion crafts and branding will help differentiate local crafts in the global market, thereby offering greater choice to buyers, eventually increasing the global demand for Sri Lankan handicrafts.

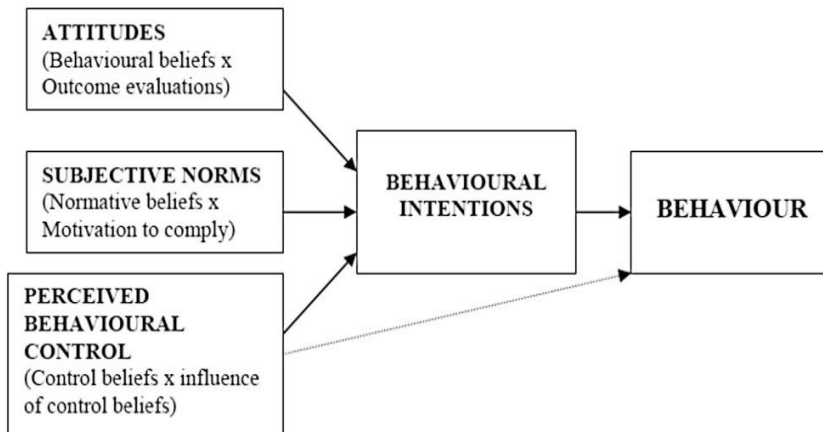
Qattan, (2009) states that the market is currently tending towards artisanal products with shorter product lifecycles, moving from indigenous designs to modern minimalistic ones. As the market for purely primitive designs is diminishing, "global style" products combining traditional elements with contemporary designs are a growing category (International, 2007). As per Ernst and Young (2012), most of the developing countries, which are successful in capturing the global market, are those that have adapted their technology and workmanship to the international demands and trends. However, in understanding the global

tastes and preferences of consumers, it is pivotal to understand consumers' beliefs and preferences of handicrafts; this will be done by analysing consumer behaviour with regard to the craft sector.

### **The research framework**

As highlighted in the introduction, one of the key objectives identified is to understand global consumer preference to sustain in the handicraft business. In the process of understanding human behaviour as well as evaluating certain factors that influence the consumer decision making process, we have looked at the theory of planned behaviour (TPB) (Phu, Hai, Yen, & Son, 2019). The theory primarily looks at attitudes, subjective norms, perceived behavioural control and the level of knowledge impacting upon an individual's behaviour patterns (Ajzen, 1985). The theory of planned behaviour (TPB) is implemented in many fields of study and it suggests how human behaviour can be monitored. Attracting tourists and understanding their behaviour patterns in relation to fusion crafts as well as branded handicrafts requires significant focus. As previous lines of work in tourism related sectors has shown, the theory of planned behaviour could provide a holistic understanding of the consumer attitudes and the final purchase intention (Dutta, 2016). This work has also been empirically tested in the field of handicrafts to a certain extent where purchase patterns of handicrafts as well as how to devise appealing crafts to match the consumer preferences are identified with the use of the TPB framework (Meitiana, Setiawan, Rohman, & Irawanto, 2019). This would





**Figure 3. Theory of planned behaviour (Ajzen 1991)**

allow the study to identify the impact of developing fusion crafts on the Sri Lankan handicraft industry and identify the cues on buyer attitude towards repeat purchasing craft items.

In order to prove the hypothesis of increasing demand for crafts by using fusion products, primary data is gathered from the consumers to understand their choice and preference. With the use of Attitudes towards behaviour refer to the individual's overall evaluation of a particular type of behaviour. Ajzen, (1991) elaborates that beliefs related to consequences of behaviour determine the attitudes towards that behaviour. Hence, different attributes of handicrafts like artistic value, craftsmanship, and uniqueness are specific attributes the consumers may be attracted to. This may result in building up a strong positive attitude in the consumer's mind regarding the crafts (Hansen, Jensen, & Solgaard, 2004). For instance, handicrafts are high

TPB, consumer behavioural intent is perceived to identify their likeliness in adopting such behaviour. As per Kim & Karpova, (2010), a theory is used to analyse the underlying reasoning behind attitudes, social norms, and behavioural aspects of decision-making. It also describes the impact demographics and surroundings have on the decision-making process (Ajzen, 1980).

in craftsmanship, look more appealing, have genuine differentiated designs, and are of high quality, so ultimately, the image built through the positive attitudes will eventually lead to consumers showing positive behaviour, i.e., purchasing the handicrafts.

Individuals also face social pressure to perform a certain type of behaviour. As per Ajzen, (1980) an individual believes that those closest to him/her expect him/her to perform a specific behaviour without a doubt. Therefore, subjective



belief arises when an individual accomplishes or fails to perform a task in the midst of social pressure. One may be willing to purchase handicrafts because of the social pressure from important referral groups such as family or close friends. Therefore, subjective norms could be identified as a social factor that leads to a certain level of peer pressure leading individuals to adapt to a particular kind of behaviour (Vesci & Botti, 2019). Subjective norms can be measured by the perceived expectations of the referral against the motivation of an individual to fulfil that particular expectation (De Silver & Kundu, 2013).

Moreover, it is equally important to understand the extent to which a person feels he or she can perform a certain type of behaviour. As per Ajzen, (1991), the greater the availability of resources and opportunities and the fewer the obstacles in performing a certain behaviour the greater the level of perceived behavioural control over behaviour. The understanding of the TPB framework is further extended through the work of perceived behavioural control (PBC) (Kiriakidis, 2017). PBC is identified as the extent to which an individual believes their behaviour is in their control (Trafimow, Sheeran, Conner, & Finlay, 2002). Vamvaka, Stoforos, Palaskas, & Botsaris, (2020) highlights two elements of PBC self-efficacy on the knowledge and skill level as well as the perceived controllability as external factors such as resources and barriers influencing a certain decision-making process. In fact, with regard to handicrafts, Mogindol & Bagul, (2016) has highlighted that there is, in fact, a difference in the PBC when you consider

the consumer to be a local or a tourist. According to the above notion, it can be assumed that consumers have a favourable attitude towards purchasing handicrafts owing to their belief that buying these products enhances their social status and prestige.

Pricing is identified as one of the most important marketplace cues affecting the buyers' decision-making process. Primary data were gathered from consumer segments to identify the level of price sensitivity when introducing fusion, branded crafts. As per Lichtenstein, Ridgway, & Netemeyer, (1993), price represents the amount you forgo in a purchase decision, meaning higher prices negatively affect the purchase probability. This is further explained by De Silver & Kundu, (2013); Girón, Hernández, & Castañeda, (2007) who found a positive correlation between the level of income and purchasing of handicrafts in general. Dash, (2011) explains that with the commoditization of handicrafts, consumers are influenced to buy different kinds of handicrafts owing to their belief that the products have an emotional connection with particular cultures, customs, and values. Because of the deep emotional connection that consumers have with a particular type of handicraft, they are willing to pay a premium price for that product, and this is an opportunity to exploit the market dominated by cheaper rivalry.

However, recent studies have shown that consumers intentionally manipulate the meaning and attitude related to a certain product (Campbell, 2005). This notion is further clarified by the expectancy value model of attitudes, where individuals'

beliefs and evaluation aspects on that belief are formed to be the behavioural beliefs creating an attitude towards a particular behaviour (Ajzen, 1991). This means that a consumer may be willing to purchase a certain type of handicraft if he/she believes that they can maintain or elevate their status in society by purchasing that high-end craft piece. This means consumers are placing greater emphasis on branded handicrafts in order to elevate their social status.

### **Branding**

The impact of branding has become ever more important in most industries as a key differentiating factor for businesses and their products. As per McComb, (2012) branding is at the heart of the cultural sector, with consumers increasingly being concerned about their status as well as seeking for products and services that boost their status. The primary aim of analysing branding theory is to evaluate the research hypothesis that value addition to crafts through branding will boost consumer demand. The above notion is clarified through primary research involving the questionnaire survey. Product branding, as per Keller, (1993) can be categorized under brand attributes varying from product related aspects like size and texture to non-product related-aspects like pricing and packaging. As per Raizada, (2012) promotional methods such as branding are extremely expensive. This allows government organizations such as the Sri Lankan Handicrafts Board to provide the finance for developing branding and adding value to the products.

The relevance of branding Sri Lankan

handicrafts is further highlighted by porter's analysis of the threat of substitutes, thereby implying that the most feasible strategy to enter the global market is through differentiation. With global competitors such as China and India dominating the craft industry with their low-cost, mass-scale products, Sri Lankan handicraft has the opportunity to penetrate the market through unique designs and products to match the global taste. Branding adds a completely new level of product distinction, especially when competing in the high-end market. As per the literature, there is a growing demand in the handicraft market particularly in the high-end segment, where the middle-class consumers' demands are expanding not only in the Western but also in the Asian region (Barber & Krivoslykova, 2006).

The luxury market currently focusing on distinctive designs and quality is an ideal target market for the Sri Lankan crafts, already placing heavy emphasis on uniqueness and differentiation. Branding gives recognition to the local products globally and also strengthens consumer confidence in the reputation of the brand. For instance, the French fashion giant Chanel has been designing products for well over a century, proving that buyer confidence coupled with status allow a brand to command a higher price from its consumers (McComb, 2012). However, to cater and compete in the exclusive high-end markets, it is advisable to collaborate with renowned fashion houses in private partnerships. Kovesi & Johnson, (2020) showed how Max & Co., an Italian fashion company, linked up with African producers of handbags and accessories. Further, the House of Pierre

Cardin linked with Indian handloom producers for promoting their products in the European market (Subramanian & Cavusgil, 1990). On both occasions, the collaborations proved highly successful owing to the reputation the fashion designers brought into the partnership, thereby adding value to the domestic craft products.

According to Cooper, (1986), product failure can be attributed to a misunderstanding of customer requirement, which is a crucial factor artisans need to consider. It's not about merely a question of the level of skill or craftsmanship, but offering products consumers demand and are willing to pay (Steenkamp, Van Heerde, & Geyskens, 2010). With modern technological advances, e.g. the Internet, communicating directly with consumers and other aspects have gained immense importance (Xiang, Magnini, & Fesenmaier, 2015). As per Abbate, (2017), the revolution of the Internet has led to the formation of a single global market for crafts where all the businesses are competing in the same field, thereby heightening the already competitive environment. With the increasing usage of online marketing, local handicraft retail websites, such as Laksala, need to use the best web marketing techniques for attracting tourists and other target consumer audiences. Effective marketing communications require the marketer to encode the message in a way that takes into account how the consumer will decode it (Bakri, Krisjanous, & Richard, 2020). Furthermore, it is crucial that the target messages are transmitted through efficient media and feedback channels are established to monitor the responses of

the receivers (Kotler, 2007). With regard to the handicraft market, it is crucial that the message is clear for both the buyer and seller.

The statistics for the handicraft industry bear many similarities with the statistics for the tourism industry, as both industries run parallel to each other. As per ICRA (2011), tourist arrivals to Sri Lanka increased by 46% in 2009; consequently, domestic travel and spending by locals also increased by a considerable amount during the same period. As explained by Nedelcheva, Dogan, Obratov-Petkovic, & Padure, (2011), local crafts are an important element of culture, and culture is vital to maintaining competitiveness in the tourism sector. Fillis, (2009) stated that tourism and handicraft trade complement each other, as community tourism is linked with the crafts and creativity levels of those communities. As per the findings of McComb, (2012) the modern tourists are seeking for more authentic tourist experiences, where they can closely interact with the local community and culture. This opportunity can be captured through the establishment of the "Ape Game" (Our Village) by the Sri Lankan Handicrafts Board where foreigners are given the opportunity to experience the authentic village environment and a society characterised by agriculture and traditional industries

In summary, the literature review section initially aimed at understanding the industry as a whole in terms of the five forces model and aimed to develop the theoretical understanding of consumer behaviour in relation to handicrafts with the theory of planned behaviour (TPB).

## Methodology

The section presents the research methods employed to gather data for the study, namely the research design, sample population, sampling techniques, and data collection and analysis. The data were gathered from the Sri Lanka Handicraft Board Outlets (Laksala) situated around the capital city Colombo – this city was chosen primarily because most of the handicraft boutiques are situated in the city limits, and as the airport is close to the city, tourist traffic has been high here, before it spread across the island.

## Research Design

The main objectives of the study were to determine the effectiveness of adapting fusion-style handicrafts in satisfying global demand, analyze the consumer preference for branded crafts as well as to determine whether tourism boosts the sale of handicrafts. Based on this understanding the following three hypotheses were developed.

H1: There is a relationship between the craft demand and fusion crafts

H2: There is a relationship between craft demand and branding

H3: There is a relationship between craft demand and tourism.

Quantitative research methods were used for this study to explore the consumer intention towards fusion crafts, branding, and the impact of tourism on this industry. Quantitative analysis is useful for understanding how consumer

preferences vary according to demographic factors and determining the sample sizes falling under each segment. Further, the quantitative techniques used in the research enable effective analysis of statistics and figures as stated in the hypothesis (Lee, 1992). The purpose of this approach was to identify the extent to which the target consumer segments preferred fusion crafts as opposed to traditional and contemporary products whilst taking into account factors such as pricing. Nonetheless, using only a quantitative approach tends to limit the understanding of the human element of the data, as it presents a static view of social life separate from the individual (Bell & Bryman, 2007).

In order to address the three hypotheses highlighted earlier in the research, a questionnaire was used. The questionnaire yielded a significant amount of empirical data regarding consumer preferences regarding handicrafts from a small target segment and the questionnaire was considered a more standardized method than an interview for gathering primary data (Harris & Brown, 2010). However, even though data analysis becomes easier using a standardized questionnaire, there is a possibility of participants misinterpreting the questions (Harris & Brown, 2010). To address this issue, an initial pilot test was carried out with the shop staff. They were explained what was expected of them when answering the questionnaire, so that they could handle queries from the actual respondents participating in the survey.

Quota sampling was used in this study to obtain a sample that categorizes people according to various categories

(Bryman E., 2011). This sampling technique was used to measure how the demand for different types of handicrafts varied among the target consumer segments. Quota sampling is used in situations where budgets and time are limited. However, to compensate for these limitations, the questionnaire covered more than 100 respondents at the Laksala outlets, covering the key consumer segments (inbound, outbound, local and MICE) – the minimum recommended sample size for achieving a reliable result falls between 100–200 participants (Lozano, García-Cueto, & Muñiz, 2008).

The questionnaire contained a series of close-ended questions regarding handicraft pricing and branding. Because the responses to pre-determined close-ended questions are very specific, it is easy to compare these responses (Saunders, Saunders, Lewis, & Thornhill, 2011). Furthermore, close-ended questions were used to simplify the coding of answers because, in the case of open-ended questions, the responses need to be read in detail in order to derive a theme (Bryman E., 2011). However, some questions used the Likert scale to determine consumer preference in a broad spectrum (Bryman & Bell, 2011, p. 240), with “1” denoting “strongly agrees” and “5”, “strongly disagree”. As the research involved the collection of primary data, potential ethical issues have been taken into consideration. The respondents voluntarily participated in the survey and were informed of their right to withdraw from the study at any point. Furthermore, respondents’ anonymity was maintained at all times

and confidentiality of their feedback was also maintained.

For the survey questionnaire, 100 respondents were selected from the key consumer segments initially identified as vital to the Sri Lankan craft industry. In terms of income, the majority (over 84%) were in the income range of below \$40,000. Of note, this figure is significantly greater than the per-capita income of Sri Lanka, i.e. \$4000 (Fernando & Nizar, 2018). Over 75% of the sample population had attended university or had higher education qualifications. This is a crucial element in terms of consumer knowledge and understanding of fusion handicrafts and other global trends. The age of the majority of the respondents ranged between 25 and 45 years, with the highest proportion of respondents, 26%, belonging to the middle-age category, i.e., 35–45 years. The proportion of young consumers aged 25 years was very low, i.e., 16%, meaning handicrafts do not attract the young consumer segments at present.

### **Data analysis**

The primary data reveals that fusion handicrafts have the highest level of consumer preference. Over 50% of the sample population preferred fusion crafts, and modern crafts were the least preferred option. This finding is in line with what was previously highlighted by Qattan, (2009), i.e. the modern global trend towards crafts combining traditional designs with contemporary ones in the handicraft sector.

**Table 1. Descriptive statistics for preference of craft type**

	N	Minimum	Maximum	Mean	Std. Deviation
Prefer fusion crafts	100	1.00	5.00	2.4100	1.24799
Prefer traditional crafts	100	1.00	5.00	2.8900	1.37727
Prefer contemporary crafts	100	1.00	5.00	3.0900	1.20684
Valid N (listwise)	100				

Source: author's own

Table 4 highlights consumer preference for fusion crafts. Contemporary crafts remain the least preferred option, with a mean of above 3, which corresponds to the results in Table 3, with only 13% of the sample population preferring it to the other two options. Therefore, the first hypothesis is proven.

Based on the first hypothesis that there is a significance of fusion handicrafts, we further wanted to understand what factors were contributing to fusion handicrafts relative to non-fusion. This was mainly identified by focusing on some of the key demographic information such as age,

income levels, type of visitor. Education level was not considered as it was non-significant. We carried out a regression analysis with the dependant variables of two categories of fusion and non-fusion. In achieving this process, we have re-coded the 3 craft types identified in the questionnaire (traditional, contemporary, fusion) into fusion and non-fusion as a first step. Secondly, the age groups from the questionnaire, which had 7 data points were re-coded into 3 data points. Finally, the type of visitor demographic was re-coded into two items to include foreigner and non-foreigner.

**Table 2 Regression analysis**

Factor	Wald statistics	significance	Odds ratio
Age (AGEG)	3.376	0.066	1.906
Type of visitor (VISITG)	2.631	0.105	1.962

Source: author's own

According to the logistic regression analysis, specifically on the re-coded variable of the type of visitor, the odds ratio value of 1.962 visit (tourist or local) indicates it is two times more likely for locals and locals living abroad to prefer fusion crafts over and other craft types relative to casual and business tourists.

On analyzing the mean figures, it is evident that there is a strong consumer preference for fusion and traditional crafts as opposed to modern crafts. This does indicate that consumer choice is to an extent influenced by the high level of craftsmanship and uniqueness that is rarely found in modern products (Hansen et al., 2004).

On analyzing the results, it is evident that there is a strong tendency, almost 60%, towards associating Sri Lankan handicrafts with popular designer brands. The mean figures of 2.2 and 2.4 for branded crafts and willingness to pay a premium imply that consumers are willing to accept designer products in stores. This point can be linked to the literature, where McComb, (2012) states that branding is at the heart of the cultural sector, with consumers using it as a status symbol to elevate their position in society. Furthermore, the significant preference towards branded crafts is supported by the findings of Barber & Krivoshlykova, (2006) who highlighted that the growing demand for high-end handicrafts is not limited to the Western world and aggressively rising in Asia.

**Table 3. Descriptive statistics for branding and premium price**

	N	Minimum	Maximum	Mean	Std. Deviation
Designer	100	1.00	5.00	2.2600	1.26826
Higher price for branded	100	1.00	5.00	2.4000	1.27128
Valid N (listwise)	100				

Source: author's own



**Table 3. Correlation between branding and premium price**

		Designer	Higher price branded
Designer	Pearson Correlation		.536**
	Sig. (2-tailed).		.000
Higher price for branded	Pearson Correlation	.36**	
	Sig. (2-tailed)	.000	
		100	100

\*Correlation is significant at the 0.01 level (two-tailed).

Source: author's own

Pricing is another crucial element in the attempt to promote designer crafts. The positive correlation of .536 does highlight the consumer willingness to pay a premium for a designer craft. As previously explained by Ajzen, (1991) the belief that purchasing handicrafts elevates social status is a key determining factor here, that could be implied based on the results. This notion can also be linked to the level of consumer education and income and also the pricing function as discussed in the findings section. As was seen with the demographic data, the consumer segments are highly educated, and they have the ability to afford crafts with a premium price tag. Consumers who have these resources, as pointed out by (Ajzen, (1991) have fewer obstacles in performing the desired behaviour, i.e.,

purchasing designer crafts. Therefore, the second hypothesis that consumers are willing to purchase designer crafts and pay a premium for these craft pieces is proven. The tourist category was found to be the key driver for the sale of local crafts. This segment forms almost 80% of the key consumer population, with casual tourists accounting for 37% of the tourist population. These figures correspond to the findings of Konarasinghe, (2017)– the number of tourists is expected to grow rapidly in the coming years. Overall, 80% of the sample segment preferred fusion branded crafts to the other two options. This finding implies that the tourists are the major contributors to the growth of local craft sales and their choices are very similar to global craft tastes.

**Table 4. Preference for designer crafts**

Visit	Mean		Std. Deviation
Tourist casual	2.3243	37	1.29216
Outbound.	2.0000	24	1.21584
Local	2.6190	21	1.35927
Business tourist.	2.0556	18	1.16175
Total	2.2600	100	1.26826

Source: author's own

From the given statistics, it is evident that the casual tourist segment has the lowest mean figure of 2.1351, indicating its strong preference for fusion crafts. The three key tourist segments (business, casual, and outbound) show the lowest mean figures, indicating their strong preference for branded crafts. Hence, satisfying the demands of the above mentioned tourist segments would eventually boost the growth of the local handicraft market, therefore proving the third hypothesis.

### Discussion

The aim of this research was to find out the ways in which Sri Lankan handicrafts can be promoted in the global market. The primary focus was placed on branded fusion handicrafts. On analysis of the primary data gathered with the questions, it was found that fusion crafts with strong branding have a high preference amongst the target consumer segments. The

regression analysis carried out on the fusion craft segment based on the demographics identified that the locals both living in Sri Lanka and abroad were twice more likely to purchase a fusion craft as opposed to a tourist consumer. This finding is also in line with the work of Mogindol & Bagul, (2016) that identified the foreign tourists would have a different perspective in their intentions to purchase locally made handicrafts in a particular country as opposed to locals. On the other hand, the data showed that foreign tourists were actually more likely to choose traditional crafts as opposed to fusion products. The cultural embeddedness of the products and the authenticity attributes are identified as key elements tourists recognise in their purchase decision of handicrafts (Mogindol & Bagul, 2016). Furthermore, previous lines of work have shown similarities to the findings highlighting the importance of providing local products made by the locals and create an

authentic cultural experience for the tourists (Akhoondnejad, 2016). Identifying such differences in the form of demographics and catering to the needs of such particular segments would be crucial and a feasible strategy for the development of the craft sector in the long run. This also could be addressed in the follow-up studies on the area to further explore the emerging understanding of the particular demand for fusion-based crafts.

The primary data was gathered regarding consumer willingness to accept fusion and branded crafts. However, it is vital to cater to the specific needs of the identified target segments for delivering tourist packages to the segments and increasing their level of awareness. Developing packages specific to the needs of a particular tourist category and communicating the message clearly of the offerings could attract a significant audience. (Perks & Ferreira, 2017). Traditional handicrafts can be “sold” as part of the Sri Lankan cultural package and mini-tours and courses centred on handicrafts, gemming etc. could be developed to extend the average stay of tourists and increase the average handicrafts-related sales to tourists. It is crucial that the customers be educated about the variety of crafts offered, as they need to be clearly informed prior to a product purchase. Tourists have shown interest not simply in identifying the typical ‘tourist attractions’ but they want to be educated and identify the processes of certain cultural activities (Andari & Suprayitno, 2020).

Key consumer demands need addressing through effective marketing campaigns. As the primary data have highlighted the

immense potential for branding handicrafts, the marketing strategies need to be aligned with the extensive promotions carried out by the tourism board in Sri Lanka. Further, Tables 7 and 8 highlight the low levels of communication, as 20% of the consumers in both segments are not completely aware of the effectiveness of branding. As earlier explained by Kotler, (2007) there should be clear lines of communication for both the consumer and the seller for reducing communication mismatching. Astiti, (2017) highlights that tourists should be able to clearly appreciate the value of the craft pieces, with a clear understanding of the products and services offered, a crucial aspect in their decision-making process. A key managerial implication is developing subtle marketing approaches such as hotels and restaurants providing one-stop-shop services to customers and offering their premises for craft sales, exhibitions and duty-free shops for gift items will provide avenues for gaining foreign currency through handicraft sales in a subtle but effective way. Developing the concept of a one-stop-shop would allow tourists to further enjoy the cultural experience and find all their requirements more efficiently (C. Cooper, 2018).

### **Limitations and future work**

As given with any research, the current study has several drawbacks. First of all, this research was conducted primarily in Colombo, so the results may not clearly depict the wide consumer perspective in the island. Most of the data gathered were limited to a few Sri Lankan Handicrafts Board (Laksala) outlets. The handicraft business in particular in Sri Lanka has

now expanded further with the establishment of new private sector businesses such as Lakarcade, establishing their presence significantly in Colombo within a short life span (Gamage, 2018). Therefore, these new players also need to be considered to gain greater insights into the role of fusion crafts as well as understanding the changing consumer preferences in the craft industry.

Furthermore, the total sample size was only 100 respondents and in proving the consumer behaviour and preference there could be a need to have a larger sample. Especially in the understanding of the role of fusion crafts with relation to the demographic factors, future work could expand the study to a bigger audience or as a cross-section of the tourism industry to further confirm the developed understanding. Furthermore, the study had a few key demographic factors such as income level, consumer time, education, etc which were not considered for in-depth analysis. In addition, the conclusions are based solely on the findings from the primary data because of the lack of studies on this topic, especially on the use of fusion crafts and branding to uplift the industry in Sri Lanka.

The study took into consideration some key demographic variables such as age, type of tourist, etc, and we were able to run a logistic regression on the first hypothesis of the strong preference for fusion crafts to identify who the key segments were. It was evident that, it was actually the locals living in Sri Lanka and abroad who showed a preference for fusion crafts and the tourists preferred

either traditional or contemporary products. This is quite a novel finding which needs to be further tested empirically and analysed with future research work. Secondly, we focused on only three factors in answering our research question. However, a variety of other factors (social, economic political, etc.) have an impact on consumer decision-making. Furthermore, this research focused on handicrafts in general, but further research could be focused on specific segments of handicrafts, e.g., furniture, home décor, jewellery, etc., for understanding consumer behaviour in depth. Further research should focus on understanding the use of fusion and branding in other nations as well.

## **Conclusion**

This study looked at the Sri Lankan handicraft sector to understand the importance of catering crafts to the global consumer in order to become sustainable as an industry. The study focused on three key hypotheses for the study focusing on identifying the relationship between the demand for crafts and fusion crafts, craft demand and the role of branding as well as analyzing the relationship between demand for crafts and the tourism sector. The study adopted a quantitative technique of developing a survey questionnaire and using SPSS statistical software to analyze the empirical data. The data analyses revealed that there is a significant relationship between craft demand the tourism sector and by branding crafts, it further boosts demand for crafts. One of the most interesting findings of the study was on the relationship between fusion crafts and

craft demand. Although this relationship was significant proving the study hypothesis, further exploring the demographic variables using techniques of logistics regression yielded novel and possibly important directions for future research in the area of developing fusion handicrafts.

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