IS A MARKET-LED APPROACH CRUCIAL TO ART AND CRAFT SMALL AND MICRO ENTERPRISES GROWTH AND SUSTSINABILITY IN THE KWAZULU-NATAL MIDLANDS?

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DECLARATION

I hereby declare that the work presented in this thesis is original. Where material from different sources has been used due acknowledgement is made. This thesis has not been submitted to any other University for the purpose of award of a degree.

Noelle M. S. Obiri. Date: 13/03/03

As research supervisor I agree / disagree to the submission of this thesis.

Dr. S.L. Hendriks. Date: 13/03/03.

ABSTRACT

The purpose of the study was to investigate if art and craft small and micro enterprises (SMEs) in the KwaZulu-Natal Midlands of South Africa view market analysis as being a vital ingredient to the growth and sustainability of their businesses and whether or not they do adopt a market-led approach to running their businesses. The study went further to ascertain if adopting a market-led approach ensured growth and sustainability as measured by increasing sales turnover and job opportunities created.

Motivation for this study came from the realisation that SMEs play a vital role in the world as a whole but especially so in developing countries. As large corporations downsize, SMEs create much needed employment opportunities, jobs that are not easily replaced by technological improvements (machines) because SMEs are highly labour intensive. In so doing they help alleviate poverty albeit in a small way. It is therefore imperative that research be carried out on various aspects and arms of SMEs to assist the Government, SMEs and service providers make informed decisions that will help nurture growth and sustainability in SMEs.

The art and craft sector was preferred as a case study because it is one into which the marginalised communities (rural population) especially women can easily enter into. This is because usually they already possess the skill to craft as passed down from their parents and grandparents. Raw materials used in crafting are easily available and are cheap (sometimes recycled). In addition, crafting can be done in the home at a person's convenience while they look after their children or carry out other house chores.

Thirty out of a possible sixty art and craft SMEs who produce market and sell their own products were interviewed between February and March 2001. The data collection instrument used was a questionnaire, filled out by the researcher during face to face interviews. The face to face interview was selected as a data collection method because of the advantages it offers such as the researcher and respondents both being able to clarify either a question asked or an answer given.

Findings of the study indicated that only one third of the sampled SMEs adopted a market-led approach in running their businesses and all of these did so after setting up their businesses. This was despite the fact that a larger percentage (53 percent) felt that market analysis was essential to the growth of their businesses. Reasons for this disparity were explored. Further analysis brought out the fact that most of the Sampled SMEs experienced growth in terms of higher sales returns and more job opportunities created irrespective of the business approach adopted. However the market-led businesses had an edge albeit not statistically significant.

Based on these findings, recommendations were made to Government, SMEs and service providers on how to assist and ensure growth and sustainability of SMEs. Suggestions for further research were also made.

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To all I say asanteni sana. Mubarikiwe.

DEDICATION.

This work is dedicated to my late mother Keziah Hope Musanga. I know you would have been very proud of me.

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LIST OF ACRONYMNS AND ABBREVIATIONS

ACCI	**Association of Crafts and Creative Industries**
ACTAG	**Arts and Culture Task Group**
AIT	**Aid to Artisans**
ANOVA	**Analysis of Variance**
CSBP	**Centre for Small Business Promotion**
DACST	**Department of Arts, Culture, Science and Technology**
DMI	**Duns Market Identifiers**
DTI	**Department of Trade and Industry**
FDI	**Foreign Direct Investment**
GDP	**Gross Domestic Product**
GNP	**Gross National Product**
HSRC	**Human Sciences Research Council**
ILO	**International Labour Organisation**
KHULA	**Limited Liability Company set up under DTI to provide loans and equity capital to Small business sector**
KZN	**KwaZulu-Natal**
KZNDEAT	**KwaZulu-Natal Department of Environment Affairs and Tourism**
KZNTA	**KwaZulu-Natal Tourism Authority**
LDCs	**Less Developed Countries**
MMA	**Midlands Meander Association**
NGOs	**Non-Governmental Organisations**
NSBC	**National Small Business Council**
NTSIKA	**Company set up by DTI to provide business development support to small, medium and micro enterprises**
ROHA	**Restoration of Human Abilities Association**
SMEs	**Small and Medium Enterprises**
USA	**United States of America**

CHAPTER ONE
INTRODUCTION

Small and micro enterprises (SMEs) are fast becoming an increasingly important industry to the economies of many countries. This is because they are the major employers of the ever-increasing labour supply and meaningful contributors to the Gross Domestic Product (GDP) of various economies (Hodgetts and Kuratko 1995:6-8; Frese 2000:3-6). Large corporations are downsizing labour due to advances in technology, improvements in management techniques and a need for cost reduction and profit maximisation. Furthermore, SMEs have added advantages such as having the ability to employ more labour per unit of capital (Harper 1984: 16), acting as a nursery for innovation and providing market for local raw material and recyclable waste. Hence, there is need to find ways in which these SMEs can grow in a sustainable way, and be assured of growth, in terms of increased sales and employment creation.

The question this study addresses is whether or not art and craft SMEs in the KwaZulu-Natal Midlands are able to define what their product is, who will buy it (i.e. their markets) and why they will buy it (unique and striking aspects of their products). The research will explore if the ability to answer these questions is directly linked to increased business growth in terms of financial turn-over and job opportunities created. In other words, the study advances that for more income and employment to be generated by SMEs sustainable growth must occur (where turn-over and job opportunities increase steadily over time). The study aims at demonstrating that sustainable growth in KwaZulu-Natal Midlands art and craft enterprises is dependent on these SMEs adopting a market-led approach as opposed to a production-oriented approach.

When an SME is set up, the usual assumption is that the owner intends that the business should expand in terms of increasing turnover and job opportunities created. One way that can ensure such sustainable growth is for the SME owner to adopt a

market-led approach. Such an approach places emphasis on the customer and what their needs are. It requires finding innovative ways in which to constantly communicate with customers and potential customers. Therefore all decisions made, in relation to product design, colours, pricing and distribution are based on the needs of the customer and consumer. A market-led approach benefits a business in the sense that it gets to know what its customers need and is therefore able to read the ever-changing trends in taste and preferences. Consequently the business can then adjust their production plans in order to fit them with the needs of their customers. Since the product made then suits the needs of the customers there is an assurance that it will be sold and therefore sales will increase. Such a trend is desirable because for more income and employment to be generated by the SMEs, sustainable growth has to occur in these businesses (i.e. growth where a business turnover and number of employees increases steadily with time). This study therefore aims at demonstrating that sustainable growth in SME businesses is dependent on SMEs adopting market-led approaches in their businesses.

Due to an increase in the number of tourists that visit KwaZulu-Natal as a tourist destination, all sectors related to tourism have great potential to flourish, if the market opportunities are carefully managed and exploited. For this reason therefore, this research will focus mainly on the art and craft SME sector because it is considered to be closely linked to tourism and is a pertinent contributor to the socio-economic development of South Africa. Several factors can be linked to this importance. First, since art and craft SMEs are directly linked to the tourism industry and tourism is projected to grow in Southern Africa, every industry associated with tourism will also have the potential to grow and expand and thus, create more job opportunities. Second, many people in rural communities (particularly women), are endowed with art and craft skills, culturally handed to them by their forefathers. These skills remain largely unutilised economically, yet they can be easily tapped, with only slight "polishing" needed to make the end products presentable and marketable. Nurturing these skills and employing them in SMEs, would assist local women who desperately need a source of income, in order to survive. Third, because art and craft enterprises are labour intensive, they have enormous potential to employ many people, who are unlikely to be replaced by machines. Crafts items are largely hand made (and that is the main aspect that sells them). Therefore, in order to increase production volumes,

as is likely, more personnel may have to be employed. Lastly, this industry has a low capital entry point. This means that people with limited investment capital and weak literacy skills (low education levels), can venture into the art and craft business.

This study is particularly important because it aims to establish whether or not a market-led approach has positive spin-offs for the art and craft businesses. If a market-led approach is found to have benefits, then recommendations will be made on how to adopt such an approach and this information will assist art and craft SMEs in the region to ensure growth. Producing goods that customers want would enable SMEs to breakthrough into the domestic as well as the export markets because their products will be in demand. More sales and profits are deemed to be beneficial to the local economy as this would ensure more injection into the GDP.

Improved SMEs within the KwaZulu-Natal Midlands area will translate into more job opportunities for rural communities in areas such as Mphophomeni, Bulwer, Impendle and Dargle Valley and consequently improve the quality of life of the rural population, especially women and children.

The study is based in the Natal Midlands, an area that lies between Pietermaritzburg, Howick, Mooi River, Nottingham Road and Greytown. It is mainly a farming area with activities such as horse studs, commercial crop and forest farming alongside dairy cattle farming. The Midlands is one of the main areas that local and international tourists visit and it harbours major tourist attractions such as the Drakensberg Mountains, battlefield sites, museums and galleries, hiking trails and numerous trout fishing outlets. It also boasts a great many sporting attractions such as the swimmers' midmar mile, Midmar marathon and various bike-a-thons.

Statistics show that the success of these businesses is linked to the success or growth of tourism in the area. The Human Sciences Research Council (HSRC), carried out a survey in 2001 that concluded that KwaZulu-Natal is the country's most visited domestic holiday destination. About 6.5 million people visit KwaZulu-Natal annually, boosting the local economy by R5 billion (DACST 1998:19). The province also receives an average of 509,000 foreign tourists annually who generate an additional R3.8 billion annually. Of these tourists, 28 percent visit art and craft outlets. In 2000

the domestic market saw 1.7 million people visit the midlands and battlefields (MMA 2002:1). These visits generated R1.02 billion. Of this amount 10 percent was spent on art and craft items. The KwaZulu-Natal Midlands also receives a large number of foreign tourists. In 2000, approximately 93,000 tourists visited the KwaZulu-Natal Midlands and battlefields and spent R152.3 million. KwaZulu-Natal is the second largest contributor to South Africa's gross domestic product (GDP), contributing 15 percent.

1.1 Problem statement

Is the sustainable growth (in terms of increased sales turnover and more job opportunities created) of art and craft SMEs in the KwaZulu-Natal Midlands, dependent upon whether or not they adopt a market-led approach to running their businesses?

1.2 Sub-problems

The following sub-problems were formulated in order to guide and assist in the research.

Sub-problem one: Do the sampled SMEs consider market analysis as being vital to sustainable SME growth?

Sub-problem two: Do the art and craft SMEs of KwaZulu-Natal Midlands carry out market analysis? If so, at what point do they adopt it? What methods do they use to carry out this market analysis?

Sub-problem three: Does adopting a market-led approach lead to increased sales turnover and job opportunities created?

1.3 Research hypothesis

The study formulated a specific hypothesis to use as a focal point while carrying out the research.

A market-led approach benefits art and craft SMEs in the KwaZulu-Natal Midlands in terms of increased sales (turnover) and employment opportunities created.

1.4 Conceptual framework

Figure 1.1 below illustrates the conceptual framework of the study and qualifies the aspects of the study, namely art and craft SMEs adopting a market-led approach and whether or not doing so translates into increased sales turnover, increased job opportunities and consequently sustainable growth. The diagram also demonstrates that each set of sub-problems are interrelated.

1.5 Assumptions

In carrying out this research, it is assumed that the owners of the sampled SMEs wish to expand so that they can generate a higher turnover, create more employment and successfully tap into both the domestic and export markets.

The study also assumes that because of a projected increase in tourism in South Africa, there is therefore a continued and potentially an increasing demand for craft and curio products in current and potential markets. It is also assumed that the domestic market for such products is an under-explored 'sleeping giant' capable of generating enormous potential for the art and craft industry in South Africa, which can then be actively exploited.

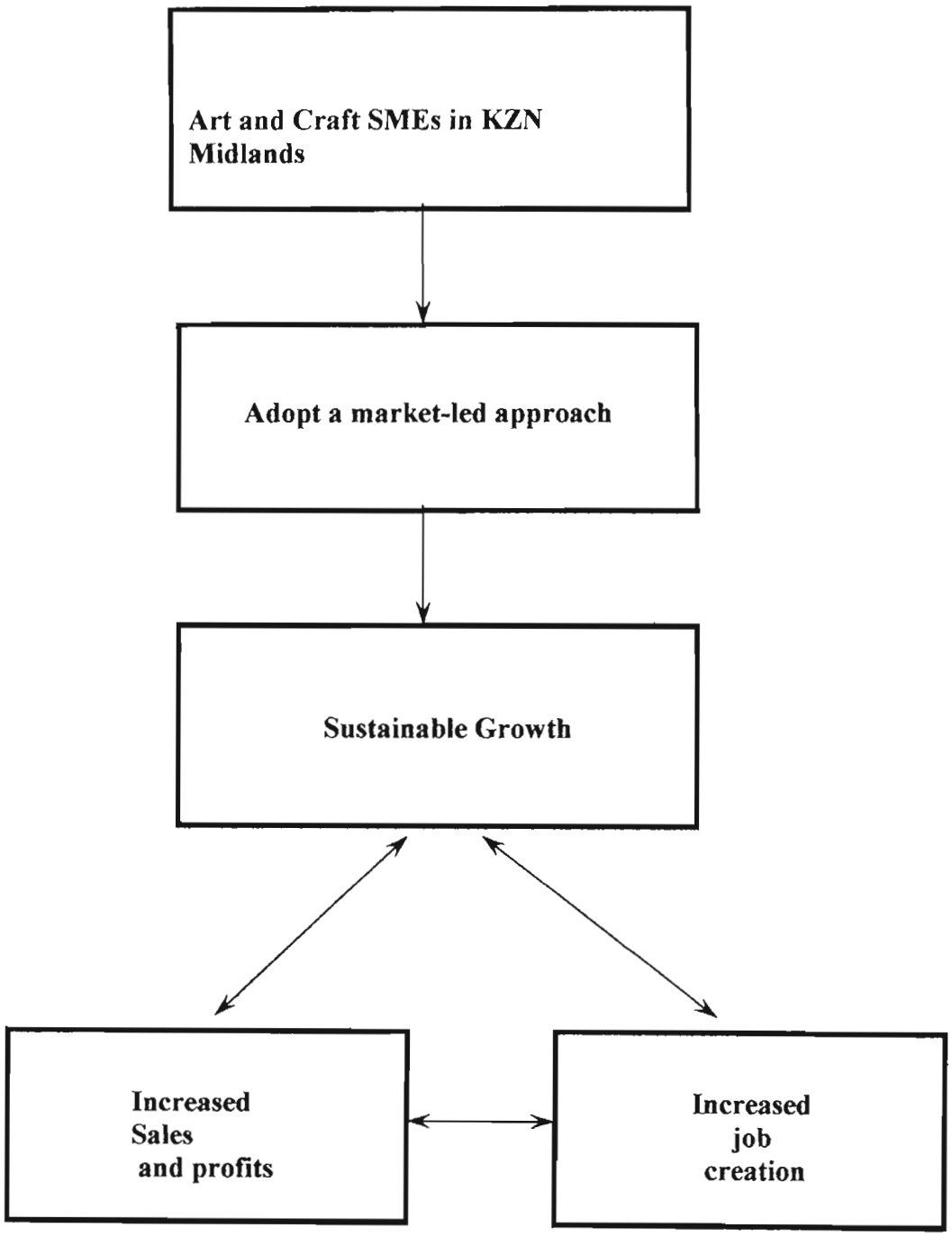

Figure 1.1 Conceptual framework of study

It is assumed that the selected sample of thirty SMEs (50 percent of the population of art and craft SMEs in the Midlands) is representative enough of all art and craft SMEs in the KwaZulu-Natal Midlands, and that all possible enterprises were included in the population from which the sample was selected.

Assumptions were made that those businesses that only operate during peak seasons (for example at Easter and Christmas times) are mainly used as a secondary source of income, and therefore the owners of such businesses were content with the size of their business and would not necessarily want to expand beyond what they could presently manage.

Middlemen were expressly excluded on the assumption that they already would be practising a market-led approach since they only source products that they already have a market for or which they are sure will sell fast. It was assumed that middlemen are inherently market oriented in their approach to business operations.

1.6 Scope and limitations of study

Firstly, the study was conducted in the KwaZulu-Natal Midlands region. The fieldwork was carried out between February and March of 2001. These were considered "lean" business months immediately after the Christmas holidays and it was assumed that SME owners interviewed would be relaxed and more willing to answer questions as opposed to carrying out the interviews during "peak" season when the SME operators would much rather be serving customers. As this period followed the peak holiday season in December, it was assumed that the off-peak time would not affect the results. Only art and craft SMEs were included in the population and sample. Hence, the research findings cannot be generalised to other SME sectors such as food, catering, engineering or industrial related SMEs. However, because the study covered a wide array of art and craft SMEs (e.g. businesses dealing in wood, bronze, metal and stone carvings, paintings, fabric painted products, carpets, ceramic products, leather products, chimes) it's finding can possibly be extended to all other craft based businesses in the KwaZulu-Natal Midlands. The sample size was 30,

which represented 50 percent of the population and was viewed as being representative enough.

Secondly, the research was limited to SMEs that were in operation all year round irrespective of whether it was peak season or not. Businesses that sprout during peak seasons for example at the end of the month and during Easter, Christmas and school holidays, then close down operations until the next peak season were expressly excluded from the sample. Thus, the recommendations of this study may not be generalised for seasonal businesses and those run as a pastime or hobby and which are viewed as a secondary source of income.

Third, the study did not investigate aspects such as start-up capital invested, SME owner's ability to access finance for expansion, business owner's possession of necessary crafting skills as well as the trends and levels of demand of each product. Such aspects, while they may influence enterprise success, were assumed not to influence the marketing strategy of the sampled enterprises, because there are simple and inexpensive market analysis methods, and these methods were explored in this study.

Fourth, the study population included only art and craft SMEs from the KwaZulu-Natal Midlands region that produced, marketed and sold their own products. The study expressly excluded middlemen (i.e. those who sourced different products from different producers and did not make any themselves) and enterprises that produced and sold to middlemen. The study assumed that middlemen already know what their customers wanted and thus they looked for particular products from various sources, products for which they already had a ready market.

Lastly, because of the specific factors that defined the sample, such as those mentioned in the second and fourth paragraphs of this sub-section, as well as the geographical location of study, the sample tended toward having more of one race, the whites as opposed to the general trend where crafters are mainly black. Thus there is a limitation to the extent to which these conclusions can be generalised.

1.7 Chapter summary

The significance of SMEs in job creation and income generation cannot be over emphasized. Therefore research into various aspects of SME development is welcome and will contribute greatly to the sustainable growth and development of the SME sector and increase cash injection into the economies of especially developing countries, in this instance, South Africa.

The problem of the study is to determine if the art and craft SMEs in the KwaZulu-Natal Midlands are market-led or production oriented in their approach to operating their businesses. It seeks to demonstrate that it is important for SMEs to adopt a market-led orientation where they constantly communicate with their customers and potential customers. In this way SMEs keep up with changing tastes and preferences of customers and therefore produce goods for a known and desired need. Some policy changes to support development of art and craft SME sector in the KwaZulu-Natal Midlands will be suggested. The rationale of this study lies in the significant role that SMEs play in the social and economic development of South Africa. The study gives a basis of the need for entrepreneurs to understand the importance of informed trading decisions that are based on the needs of the market. The study further expounds on the potential of art and craft SMEs in view of the envisaged potential of the tourism industry in South Africa.

The findings of this study will assist the art and craft SME entrepreneurs, the government policy makers and Non Governmental Organisations (NGOs) in the Midlands and elsewhere in the country in the challenging task of ensuring that SMEs are productive and sustainable in the long run. This can be achieved specifically by adopting a market-led approach in the art and craft SME sector.

1.8 Structure of the dissertation

This dissertation has been divided into six chapters. Chapter one states the problem and gives it's setting. This chapter introduces the background to the research and states the study's problem statement and sub-problems. Chapter one further outlines

the research hypothesis, states the significance of the study, assumptions made and points out the scope and limitations of the study. Chapter two reviews relevant literature related to the importance and relevance of the SME sector to the South African economy. The same chapter further sets out the history, development and potential of the art and craft industry, pointing out the importance and benefits of a market analysis process to SME development. Chapter three describes the study area and gives the characteristics of the sample. In chapter four, the research methodology is outlined. Here the data collection and sampling methods are described as well as the methods used in data analysis. Chapter five reports and discusses the findings of the research in detail. Finally, the summary of the study, conclusions and recommendations of the research are outlined in chapter six. Suggestions for further research will also be presented in the same chapter.

CHAPTER TWO
LITERATURE REVIEW

The main focus of this research will be the business approach adopted by the art and craft businesses in the midlands area. The idea being brought forward is that there are numerous unexplored and unexploited market opportunities that exist. However unless these art and craft businesses use a market-led approach, where market trends are investigated and taken into account in terms of product design, colours, packaging, pricing and even distribution, these opportunities will largely go untapped. This in effect stifles the possible growth of such business ventures.

This chapter will therefore review literature on the global trend of SMEs with a focus on Africa, and in particular South Africa. An outline of the origins of art and craft and its emergence as a pertinent income generating activity are presented. Contribution of art and craft SMEs to the local economy and the problems these SMEs experience are highlighted. The concept of globalisation and technological advancements and its effect on business management are also discussed. The chapter also explores the role of market analysis in facilitating the growth and sustainability of business ventures. The structure adopted in this chapter is outlined in Figure 2.1.

2.1 Emergence of the art and craft industry

Literature on the art and craft sector is indecisive in giving a generally accepted definition of "crafts". Lucie-smith (1981:11) defines craft making as a talent that requires special skills and knowledge. The Arts and Culture Task Group (ACTAG), a group set up by the South African Department of Arts, Culture, Science and Technology (DACST), defines art and craft as specifically referring to "the production of a broad range of utilitarian and decorative items manufactured on a small scale with hand processes being part of the value added content. The production of these goods utilises a range of synthetic and natural materials" (DACST 1998:8).

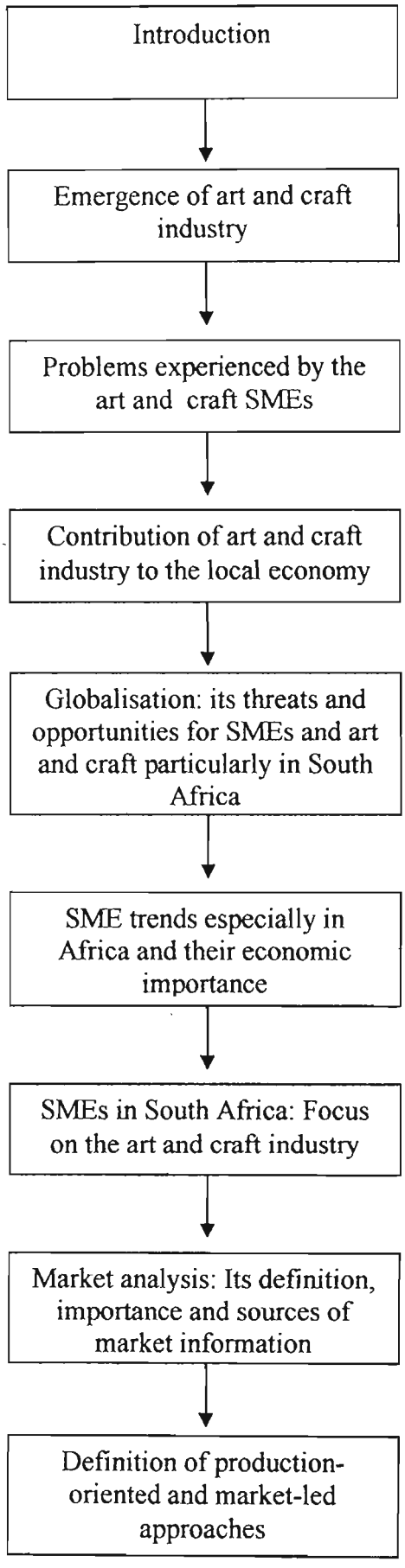

Figure 2.1 Structure of the literature review.

Art and craft have been an integral part of the culture in many societies around the world. Craft skills were often passed down the generations as a form of cultural education, and a vehicle through which younger generations learnt the values and attributes of society. Traditionally, art and craft was used for three main purposes. Firstly symbolism, where the younger generations learnt an art in order to understand certain aspects about life such as emotions and changing seasons. For example: the Choctaw Indians, who taught craft to the younger generation, for them to know how to express their emotions, gave a gift of fruit in a heart shaped basket to indicate sincerity and also weaved baskets that indicated the movements of water in a particular season (Lucie-Smith 1981:24). Another example comes from the Aleutian Mountains where basket weaving was taught, not for commercial purposes, but for the ceremonial aspects of life. The young ladies were taught to understand and respect nature and the different seasons. They gathered and dried the weaving blades in summer, then weaved them in the winter (Lucie-Smith 1981: 25).

Secondly, art and craft items made often had domestic uses, which mainly included carrying water and grains, as storage vessels, cooking utensils and decorative ornaments. Ceramics is an old form of craft and was used to make pots mainly for domestic uses such as cooking and fetching and storing water from the rivers. Dagan (1988:25) contends that calabashes were made and used by various communities such as the Senegalese, mainly for household needs including fermenting milk, storing beer and other domestic uses. The Zulu tribe also made large pots for food storage and beer brewing. The Ndebele of South Africa were taught painting and they used it to decorate their homes (Courtney-Clarke 1986:84-86). Clothing made out of skins and beads also played an important role in traditional cultures (Courtney-Clarke 1986: 28).

Thirdly, art and craft was used for cultural and ritualistic functions such as initiation and wedding ceremonies, funerals and communication between the living and the spiritual realms. The Zulu's made and wore beads, cow and goatskins as a way of communicating cultural values in a symbolic language (Engblom 1989:15). These dress codes expressed the status of an individual e.g. a married woman dressed differently from a young unmarried girl (Engblom 1989:10). The Zulu also crafted earplugs and necklaces to wear as protective charms to wade away evil spirits.

Headrests were made to facilitate communication between the physical and spiritual existences (Zaloumis 2000:39, 45). The above examples go to show that art and craft in the olden days existed as a way of life where items are made for the purpose of using them within the homestead, and not particularly with an intention to sell them and make financial gains.

During the middle ages, a social and economic middle class emerged in Europe, leading to the development and sophistication of art and craft (Jeffri 1992:xv). This sophistication took place to suit the needs of the new middle class. Two examples of changes included glazing ceramic products and embroidering cloth. Even though they were still making utility items, traditional art and craft activities expanded to include the commercialisation of these traditional items. Craftspeople were slowly becoming "professionals" and began to realise that the skills they possessed could earn them a living through manufacturing commercialised products.

In the industrialisation period, middle and upper classes in Europe and America became increasingly interested in art and requested portraits and historic scenes to be painted for them, at a price. Art consequently became a "valuable occupation" symbolising commercialisation (Jeffri 1992:xvii). However, art and craft skills were still being handed down from generation to generation within families or through apprenticeships. Ceramics as a business began to grow during the 1880's and 1890's when women set up art potteries and began operating as fully fledged and successful businesses (Jeffri 1992:xx).

Later, as technology improved and modes of transport such as trains, planes and vehicles were invented, more people were increasingly able to travel and integrate, hence the idea of making products from these crafts skills and selling them grew even more. With more people discovering and appreciating different cultures, crafters discovered that these visitors had a need to take back home handcrafted or curio tokens to remind them of the places they had visited, show their relatives and friends or use them as a decorative feature. Further, improved technology had introduced machines such as the potter's wheel, which enabled potters to increase production of pots in a shorter time. The economic potential of art and craft had began to expand rapidly.

Since the mid-twentieth century, curio markets have burgeoned in economically active areas around the world. Today, more people want to learn a skill in the craft industry because it extends beyond the traditional functions it holds, and offers opportunities for them to earn a living. Consequently, most art and craft businesses constitute a part of the mainstream SMEs. In other words they have employment opportunities ranging between five and fifty persons (DACST 1998: 5).

Globally, developed countries dominate the international art and craft industry both in terms of consumption and production (DACST 1998:14). This is because both producers and consumers in these countries are well resourced. Developing countries on the other hand, dominate the production of the craft items that are mainly hand-made. However, the developing countries tend to rely on aid and clientelle from the developed countries, mainly the United States of America (USA) to build and develop their art and craft sector. The global turnover of this sector was estimated to be at U.S. $35 billion in 1995 and of this the craft industry in the United States of America alone generated US$10.85 billion (DACST 1998:14). In comparison, the South African craft sector is valued at about R1.8 billion annually (DACST 2002 b:1). Prominence of the craft industry in developed countries is to some extent aided by the supportive structures these countries have in place to assist and develop the industry. For instance the United States craft industry has various organisations that serve SME needs and provide technical and financial services. Examples among these include Association of Crafts and Creative Industries (ACCI) and Aid to Artisans (AIT). The United Kingdom has four arts councils, ten regional arts boards and local government offices that assist crafters with marketing, sales development and the generation of an index of producers and funding. The information generated by these organisations greatly assists art and craft businesses in decision making such as what markets are available and how to break into them.

In developing countries the art and craft industries tend to rely on international aid to develop and market their products. This aid is usually channelled through Non Governmental Organisations (NGOs), such as Project Gateway in Pietermaritzburg, South Africa or through churches and church organisations. Developing countries largely depend on the United States and European countries for craft markets in which

to offer their products for sale. Indeed, in 1994 this dependency translated into financial gain for 800,000 families in developing countries such as Malawi, Zimbabwe, Zambia, Kenya and South Africa to name a few and have continued to benefit from this growth in markets, since then (DACST 1998:18). The Asian craft markets are not as lucrative as those in the western countries because they produce their own, more highly specialised craft items that are considerably cheaper than products from South Africa (DACST 1998:20). The art and craft items from developing countries are marketed through specialist shops, mail order and through churches and church organisations (DACST 1998:18). Products made suit the needs of the overseas and tourist market. So far the needs of the local markets in developing countries are largely ignored, yet there is great potential in local markets becoming consumers.

2.2 Significance of art and craft

There are several factors that make art and craft an important economic industry particularly for the poor people, especially those that are living in the rural areas. First, the capital entry requirements for this industry are often low enough for the poor to be able to enter. For example crafts can be made from recycled materials such as paper and wood off cuts, which can be easily found or afforded by the poorer segments of society. Second, art and craft enterprises are labour intensive and cannot be substituted by conventional factory production type structures, such as conveyer belt systems. Indeed the selling point or main attraction of most of the craft items (especially from developing countries) is the hand made and labour intensive aspect they possess. Thus, the craft industry is able to maintain the jobs it creates (Jesse 1999:37). Third, a craft business can be based in the home and is therefore often suitable for women whose household responsibilities often restrict their mobility and ability to be away from home. Fourth, this industry produces a diversity of products such as toys, furniture, clothes, musical instruments, linen and decorating items, all of which can be used for different purposes. With this wide differentiation of products made, one is able to venture into and make items that suit their skills. Therefore a craft worker can easily choose an area for which they have appropriate skill. Lastly, engaging in crafting activities is very therapeutic, and is even used in rehabilitating

patients with a wide range of illnesses such as mental illness and various types of abuse including substance abuse. One hospital that employs this treatment method is the Evatt ward of the provincial hospital in the city of Port Elizabeth in the Eastern Cape province of South Africa (ROHA 2002:1). It can also be used as a relaxing and recreational therapy (Anon 2002:1 b).

One other factor that makes the art and craft industry significant is the contribution it can have to an economy. This contribution does not only relate to the money gained by the public coffers from crafting activities, but also from other spin-offs of the sector. These include gains made by producers of the raw materials, incomes made by role players of the sector especially the rural population and the recycling capabilities this sector possesses (DACST 1998:29). Even though the incomes earned by persons employed in this industry seem insignificant, at between R100 to R5000 per month (DACST 1998:30), many of the role players feel it has gone a long way in uplifting their lifestyles albeit in a small way. Art and craft outlet owners travel a lot to exhibitions, shows and festivals in order to be able to market and sell their products. In the process they not only earn money but spend it on accommodation, food, fuel, exhibition fees and other incidentals, and in so doing contribute in a small way to other sectors of an economy (DACST 1998:30).

It is difficult to keep statistics on the number of craft businesses and their actual contribution to the economy because of several factors. Firstly, the art and craft sector is very fluid, and many craft businesses have short-lived life spans and are opportunistic in the sense that they depend on external factors. For example the tourist peak seasons see the mushrooming of craft businesses, which close down once that season is over (DACST 1998:22). Secondly, the size of the art and craft industry cannot be easily quantified because estimates for national figures are taken from databases which only list registered companies, yet there are many more unregistered craft businesses. At any given time there are new enterprises being created while others close. These craft businesses open and close at such a rapid rate that publicity associations cannot keep a current register (DACST 1998:22). Nonetheless, the South African Department of Arts, Culture, Science and Technology estimated that there were about 800,000 craft businesses in 1998 (DACST 1998:24). Because of the nature of the craft sector, economic data concerning income generated by the craft sector is

inadequate. The estimated contribution of the art and craft sector to Gross Domestic Product (GDP) of the South African economy is 3 percent. However this figure is included in what is termed as cultural industries. The contribution solely from the craft sector could not be isolated (DACST:2002:1 a).

However, according to a report by the Department of Arts Culture, Science and Technology (DACST 1998:30), suggestions were made that the art and craft sector has significant, but limited, economic benefits to both producers and retailers in rural areas. Despite this, governments around the world have continued to try to promote and develop this sector. For example in South Africa, the DACST set up the Arts and Culture Task Group (ACTAG), a body tasked with co-ordinating art and craft stakeholders in order to propose viable solutions for this sector (DACST 1998:8). The craft industry is measured in terms of its exports (where export means products shipped out of the country to be sold in another country), and therefore the figures are grossly under estimated (DACST 1998: 12).

The private sector recognises the value of the craft SMEs and is beginning to look for ways to exploit this potential. For example in South Africa a company referred to as Buy-Afrika, offers a cost effective service where art and craft SMEs can market crafts via the Internet (http://www.buy-afrika.com). The company only charges a small fee on large overseas orders and the profits they receive are ploughed back into a development project in the country. They are on record as being quite successful and boast a good number of export contracts (DACST 1998:28).

2.3 Problems related to art and craft SMEs

Problems facing the art and craft industry in developing countries are similar to those of SMEs in other sectors. These include lack of financing for start-up and expansion, consequently efficient production capacity is deficient, lack of readily available raw materials and equipment, poor market analysis and poor infrastructure (DACST 1998:6). However, marketing and market research are perhaps key factors that are more often than not ignored by the SMEs and most service providers (Meyanathan 1994: 10). Marketing is done as a once off activity, usually undertaken after

production of the goods or when the products are not performing very well on the market. In other words, the craft industry is more production oriented rather than market oriented, where the producer makes a very high quality product, then begins to look for a market for it, rather than first investigate exactly what products the market needs and wants then produce these items. Since the aspect of adopting a market-led approach is the main focus of this research, a detailed explanation of and comparison between a production-oriented versus market-led approaches will be explored in section 2.8.

There exists a strong relationship between the craft and tourism industries in developing countries. As tourist numbers increase, so does demand for art and craft products both locally and internationally, because people in developed countries tend to buy products from countries, which they or their friends and relatives have visited, and which they are therefore familiar with (DACST 1998:16). These tourists give feedback that the crafters can use to improve or develop their products. Vital cash flow is also received from these tourists. The art and craft industry in South Africa has not sufficiently tapped into the global craftwork market. However, it has potential, especially since tourism in South Africa is growing and the enhanced global profile of South Africa adds to the potential it has for various business sectors including the craft industry (DACST:7). However, the DACST (1998:16) caution that reliance on international business could render the South African craft industry vulnerable to any detrimental or negative changes in the developing countries. Therefore DACST further suggests that craft businesses should also rely on domestic demand to ensure their sustainability.

The 1996 white paper on development and promotion of tourism describes South Africa as a lucrative tourist destination and recognises the importance of tourism to the development of the local art and craft industries. In the study area of this research (KwaZulu-Natal Midlands) and the KwaZulu -Natal (KZN) Province in general, the art and craft industry is closely linked to tourism. The weather and scenery attract numerous tourists to KwaZulu-Natal who in the process also visit various art and craft outlets. The high capacity booking and full room occupancies in hotels, demonstrate that tourists are largely attracted to the KwaZulu-Natal Province (e.g. Durban

International Convention Centre) (Watkins 1997:142-143). This points to a high potential for art and craft SMEs in KwaZulu-Natal and the study area in particular.

2.4 Globalisation and SMEs

Globalisation can be defined as a process in which the world is viewed as a single world-wide market that can create growth and profit opportunities for all economies, through efficiencies in engineering, production, sales, purchasing and distribution. In simpler terms, Porter (2002:1) describes globalisation as being a situation where people around the world are more connected to each other. Information, money, goods and services flow freely between various parts of the world. The idea behind the globalisation concept is to create a free flow of commerce, labour and capital. Globalisation is not an end in itself but a means to achieving high levels of efficiency in productivity and consequently profitability by tapping into the worldwide economic cycles.

Globalisation has however borne a situation where most of the foreign direct investment (FDI) circulates within the developed countries and very little is invested in the developing countries. For example between 1980 and 1984, Africa received only 2.4 percent of Foreign Direct Investment. Between 1988 and 1989 this figure dropped further to 1.9 percent (Amoroso 1998: 61). In the 1990's FDI in Africa plummeted to even lower figures and over 60 percent of FDI was located in only three markets, North America, Europe and Japan. Thus, globalisation seems to have benefited the developed countries, which have access to markets in the less developed economies at the expense of local producers. Since developed countries have better technology, their products are of usually a higher quality and made at lower costs compared to those made by local manufacturers. Thus, the latter cannot compete favourably in their backyards and are consequently pushed out of business. Globalisation has therefore led to an increase in the downsizing of labour in both public and private organisations, especially in the less developed countries (LDCs), with a resultant rise in the number of unemployed people, who have to find new innovative ways of earning a living. Many of the unemployed or retrenched have resorted to starting their own small and micro businesses or seeking employment from

such enterprises. Consequently, SMEs enterprises now play a crucial role in the industrial structures of most countries worldwide, but particularly in the developing nations (Meyanathan 1994:1). They provide a livelihood and employment for the retrenched and unemployed masses.

This shift toward small businesses is an international trend. South Africa is no exception and is going through the same changes. By 1997, 15 million people participated in the SME sector (DTI 1998:1). The pace of SME start-ups has accelerated over the past few years as both the public and private sectors restructure and retrench employees. Despite the rise in numbers of SMEs, there are still fundamental problems that hinder the growth and development of aspiring entrepreneurs. Some of these problems include low quality of goods, poor book-keeping and sales forecasts to name a few. The art and craft sector for which this research lays focus also forms part of the SME structures.

2.5. SME trends

Current world trends indicate that SMEs form an important sector of many economies, especially in developing countries (Frese 2000:3-6, Mead and Liedholm 1998: 61-70, Hodgetts and Kuratko 1995:6-8, Meyanathan 1994:3). Mead and Liedholm (1998:64) approximate the average annual growth rate of SME establishment in developing countries to be at 20 percent increase on the previous year's total start up numbers. They further estimate that eight out of ten jobs in the United States of America (USA) are created from the small business sector (Mead and Liedholm 1998:61). This is because SMEs have increasingly become a substitute for large public and private sector firms in terms of both their contributions to the gross domestic product (GDP) of an economy and as an employer of labour.

Besides globalisation, there are three other factors that have led large enterprises to constantly downsize. First, advances in technologies, which lead to the manufacture of machines that are able to perform the workload of various persons and are therefore a cheaper option. Second, the need for cost reduction and profit maximization due to

increased competition in the market place and lastly, management innovations (Meyanathan, 1994: 1,3).

The large enterprises are able to produce more output with less labour due to technological advances, and are accordingly not in need of and therefore unable to absorb the growing labour supply, especially in developing economies (Stoneman 1987:14). This has resulted in wide scale unemployment, unequal income distribution and inflation, creating the need for the unemployed to find alternative ways of earning a living.

In South Africa, the adult unemployment rate (based on the expanded definition that includes persons not working, but too discouraged to actively look for jobs), stands at 37 percent on average. The labour force survey done in February 2001 by Statistics South Africa shows that rural areas are worse hit, with unemployment at a record 43 percent as compared to urban unemployment, which stands at 33.5 percent (Statssa 2001:1). The Implications of such statistics is that, there is consequently an urgent need to create an economic environment in which SMEs are able to grow and develop in a sustainable manner, in order to absorb some of the ever-increasing labour supply. This is because SMEs employ more labour per unit of capital (Harper 1984:16), suggesting in effect that they are more labour intensive in contrast to their turnover and in comparison to larger firms. Frese (2000:3) who quotes the ILO as having recognised that the small business sector is labour intensive supports this view. The SME sector however, will neither eradicate poverty nor eliminate unemployment, however it is better to have menial jobs than nothing at all. Fifteen thousand menial jobs support the survival of an estimated 75 thousand people in South Africa (Barker 1999:95). Research has shown that in Africa 17 percent to 27 percent of working age people are currently involved in micro and small-scale businesses outside of agriculture (Frese 2000:4).

Several studies (Sunter 2000:31-32, Jesse 2000:32, Skinner 1999, Rogerson 1998:53, Watkins 1997:142-143 &1999:47-50, Kasongo 1995) assert that the SME sector plays a crucial role in contributing to a range of development objectives such as those listed in table 2.1.

Table 2.1. Contribution of the SME sector to economies.

• They create wealth and employment. For example 90 percent of formal businesses in South Africa in 1994 were categorised as SMEs and employed approximately 2.4 million people, 1.7 percent of all economically active population (Vosloo 1986: 166).
•These SMEs have a remarkable capacity of absorbing labour. Because they do not use extensive technology, they largely employ unskilled labour. In so doing they re-distribute wealth because the economically vulnerable are the ones that gain the most employment in such firms.
•These SMEs are usually family owned. They therefore strengthen the extended family and other social systems.
•The SMEs are a nursery for larger entrepreneurship and a source of entrepreneurial talent and innovation. These small businesses have the potential to, if nurtured well grow into larger enterprises.
SMEs have a high propensity to mobilise domestic savings and turn them into investments.
• SMEs can respond effectively and fast to market changes.
Serve specialised markets largely overlooked by larger firms. In so doing, they satisfy basic needs of their customers.
• Since they are scattered all over the country and they make differentiated products.
•They are a market for local raw materials, because many of the art and craft role players do not have a capacity to import. They use available resources efficiently and economically (DACST:15).
•They use less capital, which is a scarce resource.
•Gross domestic product (GDP) is sometimes used as an indicator of an economy's growth. SMEs are important because they contribute immensely to the GDP of a country.

In Africa, the SME sector is haphazard and not effectively organised, because it is largely used as a last resort to help alleviate unemployment. Therefore, even though it already contributes significantly toward the economies of developing countries, (e.g. 13 percent of GDP of Kenya in 1995 (Mead and Morrison: 1996) and 9 percent GDP of South Africa in 1998 (DACST 1998:4)), it has the potential to contribute much more. Currently SMEs generate small amounts of income for a large number of people. In other words it does not particularly alleviate poverty or solve the problem of low standards of living (Barker 1999:95), but rather it assists people to survive and be able to pay off their day-to-day expenses.

The flourishing of emerging market economies in South East Asian countries such as South Korea, Hong-Kong, China, Malaysia, and Singapore is largely linked to the successful nurturing of their SME sectors. For example, SMEs are the backbone and constitute a large percentage, 98 percent of enterprises in China, (Meyanathan1994:11). These firms employ 70 percent of the working population and contribute 55 percent to the gross national product (GNP). These countries' economies have shown a continued steady growth over the past decade. For instance South Korea is now said to be among the top five economies in the world. This is largely due to innovation through the growth and development of their SME sector especially the textile, footwear and also the parts and components industry. Selected industrial sub-sectors have been set apart exclusively for the SME sector and these businesses have been provided with financing for the businesses, as well as for research and development and training (Meyanathan 1994: 10,11). This has resulted in rapid growth in sub-contracting in South Korea, which accounted for 42 percent of the value of the manufacturing sector by 1986, and is evidence that a strong SME sector leads to sustainable growth. It is therefore imperative that other developing nations learn from such examples and create atmospheres in their countries where innovation can thrive and where the SME sector is able to grow and develop. Extensive research needs to be carried out in order to find ways in which the SME sector can take full advantage of the potential it has in order for it to grow.

2.6 Factors that hinder growth in the SME sector

The significance of SMEs in job creation and income generation cannot be overemphasised. However, failure of SMEs has often been linked to the lack of finance to start or expand the SMEs businesses. In a South African study carried out by Chandra et.al (2001;33, 35), finance also featured as a constraint to SME growth. Most sampled SMEs finance their enterprises through retained earnings and soft loans from family. The same study reported that finance became less of a problem once the enterprise grew (Chandra et.al 2001; 35). This has led to government-based organisations being formed in order to make available affordable finance for SMEs, especially in developing countries (e.g. Khula in South Africa). Despite the financial assistance to SMEs they continue to experience problems and slow growth rates, which often culminate in their closure and thus the overall limited growth and development of the SME sector (Mead & Liedholm 1998: 65). Another constraint is the lack of awareness by SMEs, of the existence of agencies that can assist them. For instance Chandra et.al (2001:39-40) lament that despite the establishment of SME funding agencies only 7-34 percent of South African SMEs are aware of these initiatives. One such agency is KHULA, an affiliate of the Department of Trade and Industries (DTI) which is only known to 20 percent of the SMEs they sampled (Chandra et.al (2001:39-40).

Mead & Liedholm (1998: 66) report that most newly established SMEs encounter numerous problems and as a result close within the first three years of operation. Most of the businesses that have closed cited lack of demand for their products as a reason for closure, which suggests that most did not carry out adequate market analysis before opening, and that market analysis it would seem is essential to the success of any business.

Lack of skills training and/or technological transfer to SMEs is another factor that hinders SME growth. King and McGrath (1999:9) and Chandra et.al (2001:23) are of the opinion that without technology and skills training, SMEs cannot upgrade and transform effectively. Hans (1999:156) asserts that it is essential for the SME sector to reduce costs and improve the quality of their products, and "all this requires the infusion of new technologies". This need arises from the fact that the SMEs largely

employ unskilled labour and operate only on the basic technology. They subsequently cannot produce items either in bulk or of extremely high quality and are thus disadvantaged when in competition with imported goods, or when they try to break into new and expanding markets. Jeans (1999:170-175) expresses the view that small businesses need to collaborate with those who have technology, in order to improve their product quality. Programs such as the Nigerian Open Apprenticeship Scheme (King and McGrath 1999:9) have been put in place to offer skills training and ensure technological transfers in an attempt to tackle this problem.

Chandra et.al (2001:47) suggest a further constraint to SME growth as being where the SMEs are located in relation to their proximity to both product inputs as well as product market. This location usually has implications on the costs of either transporting inputs to the business site or alternatively transporting the finished product to the market. If an SME is located away from either their inputs or market then transportation costs eat into profits.

Crime is also a constraint especially in the urban areas of South Africa (Chandra et. al 2001:48). In this study 94 percent of the respondents expressed the opinion that crime needed to be handled. Of these, 61 percent had suffered from one form or another of crime.

2.7 Role of SMEs in South Africa

In South Africa, SMEs play a triple role that includes increasingly creating job opportunities, boosting the economy and most importantly empowering the previously marginalised South Africans. SMEs are a stepping-stone into a business career. About 90 percent of formal business in South Africa can be categorised as SMEs (Rwigema and Karungu 1999: 114). Immediately the new South African Government was installed in 1994, it realised the potential benefits of the SME sector and have since embarked on putting in place policies and mechanisms aimed at assisting the sector to develop and flourish. In 1995, the President's conference on small business was held and in the same year the Department of Trade and Industry established organisations such as KHULA, NTSIKA, the National Small Business Council (NSBC) and the

Centre for Small Business Promotion (CSBP). These organisations were each mandated to assist the SMEs from differing angles (Rwigema and Karungu 1999: 114). All this effort as explained above goes to indicate that SMEs are viewed as being of vital importance to the economy (Rwigema and Karungu 1999:115).

The South African Department of Trade and Industry defines a micro enterprise as one with less than 5 employees, a small enterprise as one with fewer than 50 employees and a medium enterprise as one with up to 100 employees (DTI 1998:1). Barker (1999) regards the SME sector as economic activities that have characteristics of being disorganised, legal but mostly unregistered, individually or family owned and using simple labour intensive technology. The Department of Trade and Industry reported that small business accounted for 4 out of every 10 employees in 1998. In another study, Daniels (1999) reports that SMEs employ 27 percent of adult population as compared to 15 percent of the formal sector.

Since the general performance of SMEs demonstrates that there is room for improvement, there is need to closely investigate ways in which the SMEs can be assisted so as to improve and increase their growth and survival rates.

2.8 Market analysis and the conceptual framework of the study

Many problems facing SMEs can also be attributed to internal management deficiencies. As Harper (1984:1) states, that "small businesses are said to need more credit, training, advise...as if external assistance alone can solve all their problems and enable them to employ the growing work force..." He goes on to state that once finance has been made available to the SMEs, they then complain that their products lack markets in which to sell and this becomes the next "excuse" for the SMEs (Harper 1984: 26). Harper (1984:2) suggests that the SME sector needs to look within themselves and examine how best to tap markets for their products, to ensure sales and maintain and expand market shares. In other words, SMEs should explore innovative and cost-effective ways in which to carry out regular market evaluation and make constant adjustment in production, in order to make items that suit the market needs. Kuzwayo (2000:8-10) explains in detail a situation where in the

townships blacks have problems in accommodation since the houses are too small. He points out that this poses an opportunity for which manufacturers of sleeping couches can capitalise. However to be able to do so, they need to explore the townships and find out what the actual needs of these potential customers are. In giving these examples, Kuzwayo asserts that to be able to effectively exploit any potential market, one needs to analyse and understand that particular market.

2.8.1 Market-led versus production oriented approaches

That customer needs should be the driving force behind businesses decisions, is a concept that needs to be embraced by all SMEs. In a study done in 1996, Pelham and Wilson realised that having a market-oriented approach in the business had a positive impact on the performance of the business. This means that the firm focuses on the needs of the customers and ventures to satisfy these needs as best as they possibly can.

The critical issue being investigated in this research is whether the art and craft SMEs use a market-led or production-oriented approach in carrying out their businesses. A market led approach or market-orientation, is defined in Naver and Slater (1990:21) as "the organisation culture that most effectively creates the necessary behaviours for the creation of superior value for buyers thus superior performance for the business". In other words, the activities of a business, starting from the purchase of raw material to product design, packaging, display and even pricing are designed to suit the known needs of customers. This approach recognises that the main objective of a business is to maximise profits. To achieve this goal, it is essential to sell the products. For the product to sell, it has to suit the needs of the market, which in turn emphasises the necessity for a business to carry out a market analysis regularly and make changes to the product if and when the market requires the changes. This approach recognises the fact that customers needs inevitably change from time to time and therefore it is imperative that a business keeps up to date with such changes in order to make products that suit customers and are therefore sure to sell.

In contrast, a production oriented approach focuses mainly on the product. The reasoning in this approach is that as long as a product is of a high quality, it will

eventually sell. Therefore resources are spent on researching how best to improve the variation and quality of a product. SME owners who adopt this approach, struggle to acquire new technologies in order to make high quality products and simply hope to sell them one way or another without having done any market analysis. The focus in this approach is almost entirely laid on the product. Consequently, there is enmasse production of art and craft products that are not sold, thus stagnating the potential growth of the industry as a whole. There are several examples of such cases in Southern Africa, which have adopted a production-oriented approach. Among these include Gateway, a project in Pietermaritzburg, South Africa, which carries out skills training for less privileged people with the intention that they can eventually start their own micro enterprises. In the process of training, Gateway produces items, which it offers for sale. However Gateway has not been conducting any market analysis to investigate the wants of potential customers, and as a result, they eventually experience slow sales. This has led their management to re-think their strategy and they are now focusing more on the wants of their customers in order to incorporate these wants into their operation, be it training or production of crafts (Obiri 2000: 18).

This thesis advances that a market led approach is essential as a means of enhancing, improving and promoting sustainable growth in the arts and crafts industry. Once the market needs are identified, it is easier to fashion a quality product, tailor made for that particular want and in so doing and ensure that the finished product will definitely sell. It should be noted however, that there may be some SMEs that have adopted the production oriented approach, and who are experiencing a steady turnover and consequently do not see the necessity to change their style of business operation. This study does not advance that adopting a production led approach, necessarily results in stagnation and failure of a business, but that a market led approach would almost definitely create more opportunities, which would enhance the sustainable growth of the business.

Adopting a market-led approach means that one constantly carries out market analysis. Market analysis can be defined as the process in which a business gathers information about the needs and wants of their customers, in order to incorporate these wants into business operations. Market analysis gives a business direction in

relation to product planning and design, pricing, marketing and distribution, so that the end product that they offer will be one the customer wants. Smith and West (1985:13) state that many businesses do not listen to their customers. Instead enterprises produce what they think customers may want or what they, the owners want. He further states that paying attention to the wants of customers is more important than producing a high quality product which customers do not want. Market analysis is therefore the process whereby business owners pay attention to their customer's tastes and preferences. Entrepreneurs need to realise that change in the market place is inevitable, therefore it is essential to communicate regularly with markets.

Finance has often affected growth and expansion of the SME sector. Even small-scale entrepreneurs have sighted finance, as being their major problem which, if solved, will enhance the growth of their businesses. Very little emphasis has been laid on the aspect of markets and their needs, yet Ryan (1996:56&59) and Rogerson (1998:57) show that lack of markets is a key hindrance to the development of SMEs. In a survey of 645 SMEs in Johannesburg 75 percent financed themselves and said they needed help in the area of finding markets (Rogerson 1998:58). This indicates a dire need for market analysis to understand where markets are and their needs. All businesses, regardless of size need market information to make appropriate decisions in relation to satisfying customers. However, most small businesses do not carry out market research because they view the process as being very expensive and can therefore be overlooked without dire consequences (Edmunds 1996:1). They prefer to use the hit-or-miss approaches (Edmunds 1996:1), where they rely on guesswork and hunches. Market analysis is a necessary ingredient for the sustainable growth of any business even though it may cost a little bit of money (cost depends on the research method). However, the cost is outweighed by the, vis the profits.

2.8.2 Function of market analysis

Market analysis is a function that links the customer to the producer through the exchange of information, which is then used to identify and define the parameters within which the business can operate (Martin and Schumann 1997). This

communication also assists a business to know when and how to change their product to match any changes there may be in the market place.

According to Jackson (1994:14), the overall purpose of market analysis is to provide a business with information that will allow it to make informed decisions, that can help it improve its services to its customers. Jackson (1994:20) further asserts that some specific purposes for market research can be summarised and divided into two categories, quantitative and qualitative research. The former deals with measurement of the market size, distribution levels and all the concepts that can be quantified and the latter focuses on understanding concepts, e.g. why customers react to a certain phenomenon in a certain way. These categories are summarised in the table 2.2.

Table 2.2 Purposes of market analysis. Adapted from Jackson (1994: 14-20)

Quantitative Purposes	Qualitative Purposes
• Total market size. • Market segmentation. • Trends both growing and declining. • Consumer needs and wants (satisfied and unsatisfied). • Acceptance of new products. • Distribution requirements.	• Competition and the share of market they hold. • Consumption patterns. • Analysis of similar products available on market. • What price consumers are willing to pay for a product? • Ways to link to the market.

2.9 Techniques for market analysis

Most small businesses might ask when it is they need to carry out a market analysis. Sunter (1999) and Kotler and Armstrong (1999) suggest that market analysis should occur any time a business is faced with a question for which it does not have a readily available answer. For examples of such questions see table 2.3.

Table 2.3 Questions that prompt market analysis.

- Why isn't product x performing well on the market?
- How do we penetrate the export market, and what are their needs?
- Our competitor seems to be doing better, why?
- There seems to be a need to change a certain product, how do we go about it?
- How will customers react to the changes?
- Which type of arts and crafts products sell more on the market and why?

The research done to answer such questions need not be very expensive as is pre-conceived. Depending on the budget available and when the results are needed, a business can tailor make a simple system to extract information from their market. However before attempting to carry out the analysis, a business should be able to define its target market (Smith 1985:30). The system adopted for market analysis can comprise of either or both of the following stated research methods, secondary or primary research.

2.9.1 Secondary Research

This is mainly information that is already collected by other organisations for purposes other than the research being undertaken. Usually this can be obtained at a very low cost or even nothing at all from organisations like, the local chamber of commerce and industry; relevant web sites; Department of Trade and Industry (DTI) or any other relevant department; articles in local periodicals; a businesses internal records such as sales invoices, purchase orders; trade magazines and Non-Governmental Organisations (NGOs).

2.9.2 Primary Research

This kind of research is usually done when secondary research has not yielded the actual information being sought or it is used for the purpose of clarifying whatever

information the secondary source has yielded. Primary research differs from secondary research in that it requires some form of fieldwork and is therefore more expensive. Before a business initiates any primary research, the following steps need to be taken into account. First, determine the research objectives and list them down. In other words, it is important to clarify precisely what questions the business needs to find answers for. Questions such as: What product sells faster on the market and why? Why are the sales for product x declining? How can we export? And to where? Such clarification of questions to be answered helps to form the framework that guides the market analysis. Second, select a mode for research. Defining the problem precisely assists in the selection of what mode of research to adopt, for example if it is a simple question like modalities for exporting, then secondary sources may be adequate to answer the question, however if it is a more complex issue such as the decline in the sales of a product, then primary research may be needed. Third, if the business decides to use primary data, e.g. questionnaires, then a sample needs to be selected from the customer population. A larger sample is usually better because it reduces the margin of error. Successful and effective market analysis requires that sufficient information that enables a business to make effective decisions be collected. Market analysis needs to be viewed as an investment that will definitely yield returns and not as an expense.

2.10 Chapter summary

Large firms are downsizing their labour due to technological developments, cost cutting initiatives and better management systems. Consequently, the SME sector is increasingly becoming a source of employment for a growing number of unemployed persons. There is therefore need to ensure that this sector is able to thrive and experience sustainable growth in order to be able to absorb some of the unemployed masses, especially the semi-skilled labour. Art and craft is one such SME sector that has massive potential to grow, and that needs to be exploited. Art and craft has evolved from the times when it was handed down from generation to generation and was used mainly for domestic and ceremonial purposes, to the present situation where it has become a commercially viable skill. Since it is a labour intensive industry, its promotion would lead to wide-spread and sustainable job creation. It is the contention

of this study that for art and craft SMEs to achieve this sustainable growth and consequently job creation, they need to carry out continuous market analysis exercises. These exercises will help business find answers for any questions they may have about their markets. The business will also begin to understand what their customers really require and therefore make informed decisions about what items to produce, in order to meet the wants of their customers. These decisions would involve product planning and design, pricing and distribution. Change is inevitable and therefore market analysis will help inform art and craft SMEs on when and how to modify or change a product as prescribed by the markets.

CHAPTER THREE
SURVEY AREA AND SAMPLE CHARACTERISTICS

The purpose of this chapter is to describe the survey area as well as describe the sample characteristics. These characteristics will include the criteria used to select the study population and the factors that led to the formulation of those particular criteria. The socio-demographic characteristics, as enlisted from section one of the questionnaires (Appendix B) are also tabled in this chapter. The business locations of the art and craft SMEs are reported and comparisons made between the different locations, the business approach adopted, annual income generated and job opportunities created. Gender and education levels of the SME owners were also investigated in the questionnaire.

3.1 Study Area

The KwaZulu-Natal Midlands is a region situated centrally within the KwaZulu-Natal (KZN) Province of South Africa. The area lies between the sub-tropical coastal forests in the east and the Drakensberg Mountains in the west, and encompasses the city of Pietermaritzburg, and towns like Mooi River and Howick. The Midlands lie at an altitude of 3500 ft and is characterized by rolling hills, sparkling streams and green and beautifully lush vegetation. The Midlands has a mild climate of summer rainfall and dry winters, which makes it a comfortable environment, and it is marketed as the area with the "5 B's" vis buzz, berg, bush, battlefields and beach (KZNTA 2002a: 1). Because of the region's close proximity to the coastal sea and its beaches and the various tourist attractions this region offers, it has increasingly become a hive of tourist activity (KZNTA 2002b:1). Additional attractions include the Midmar dam, Howick and Karkloof falls, various Anglo Boer and Zulu wars battlefields, hiking trails, Drakensberg Mountains, various game and nature reserves and the numerous art and craft outlets. Within the same region, lies the famous spot where the former President Nelson Mandela was arrested in 1962 and later incarcerated for 27 years, and where a monument was erected in honour of him. The region also hosts numerous attractive sports events, such as the midmar mile (swimming), midlands marathon and

a mountain biking competition, all of which attract both domestic and international tourists.

The KwaZulu-Natal Midlands is largely inhabited by eucalyptus, pine, wattle and fern carpeted trees with a vegetation that ranges from subtropical forests to an acacia-savannah type (KZN-DEAT 2002:1). The area originated mainly with settlers in the 1800's and is largely a farming district on very fertile land (MMA 2002:1). The main farming activities include: dairy and beef cattle, sheep rearing, market gardening and horse studs and forestry. Besides farming, there are other activities such as trout fishing, bird watching and gliding sites too. In addition to all these activities, there are a hive of SMEs enterprises that have been set-up and are mainly operated from renovated farmhouses or outback buildings. Many of these small enterprises were first established in 1985, when a number of creative white people who had settled in the area in the late 1960's and the early 1970's came together to create a tourist route named the "Midlands Meander" (MMA 2002:1). Small businesses on the meander today include art and craft outlets, accommodation and hospitality outlets, health hydros, wine shops and even breweries.

The art and craft SMEs include potters, weavers, glass-cutters, iron-mongers, and artists on the midlands meander. Although the meander operates as an association of businesses, each business is still responsible for its own market analysis and marketing initiatives (Booysen 2002:15). The meander lies in close proximity to rural areas such as Mphophomeni, Impendle and Bulwa and initiative has been taken by residents of these areas to create a number of additional craft outlets not necessarily affiliated to the MMA. Note should be made that the sample did not only come from the SMEs affiliated to the Midlands Meander Association but that art and craft outlets off the meander were also sampled (see map- Appendix A).

3.1.1 Significance of study area

Information about the art and craft outlets in the KwaZulu-Natal Midlands was accessed by reading through the Midlands Meander Association yearly magazine that gives information about member SMEs and supplies a map. However this magazine only covered SMEs affiliated to the association. For those outlets located within the

study area but not affiliated to the Meander Association, information about them was received by word of mouth. Miss Julia Buss who heads the Ngezandla Zetu (our hands) project was a primary source. This organisation works particularly with previously disadvantaged individuals, to try and help them enhance their crafting skills and find markets for their products. The researcher held an informal conversation with Miss Buss and she gave indications about where some of the SMEs were located. Once the first outlet was located, they also gave contact details of other SMEs too. A few members of the meander also pointed out the businesses within their areas but not affiliated to the meander.

This area was viewed as ideal for the study being undertaken because of various reasons. First, it has a variety of SMEs totalling 200 and 60 of these enterprises deal with art and craft products, and fitted into the decisive factors used to select the study population. These factors included the fact that these particular SMEs produced, marketed and sold their own products, which was the criterion used to select this population. Of the 30 sampled SMEs, 83 percent (25 enterprises) of them belonged to the Midlands Meander Association. The remaining 17 percent (5 enterprises) operated within the specified research area but were not members of the association. Second, the art and craft SMEs in the area are operated by a broad spectrum of entrepreneurs across different socio-demographic characteristics such as gender, age, race and educational levels, whose investigation was imperative to the study of art and craft SMEs. Third, the area is a major tourist area that is well known for art and craft SMEs. Fourth the area is close to rural disadvantaged communities such as Mphopomeni, Bulwa and Impendle locations where unemployment is high, many people possess crafting skills and are venturing into art and craft by either seeking employment in existing enterprises or starting their own outlets, as a source of income and livelihood. Lastly, the art and craft SMEs make products made from a wide range of raw materials such as leather, wood, metal, glass, beads, cloth, wool, ceramics and they also make use of a range of recyclable material such as soft drink cans, plastic papers, and broken hangers to name a few. Most of these raw materials are easily available even to people with limited financial resources. For purposes of this study the raw materials were categorised into eight groups and each of the population of SMEs that comprised the study, was placed into one of these categories depending on the raw materials they used to make their products, see fig 3.1 below:

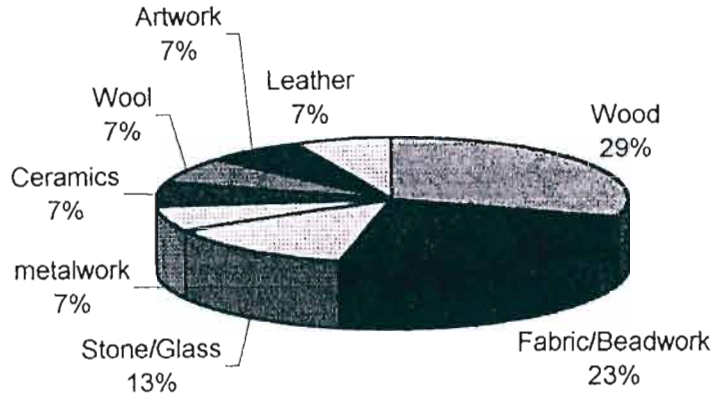

Figure 3.1 Categories of raw materials used in making art and craft products by the total population of SMEs in the study area. 2001 (n=60)

3.2 Sample Characteristics

This population was mapped out using the purposive sampling method where art and craft businesses with the most desirable characteristics were chosen. These desirable characteristics can be described as: first, art and craft SMEs in the KwaZulu-Natal Midlands, second, SMEs who produce, market and sell their own products and last, those who are in operation all year round irrespective of whether the tourist or business season is high or low. The study aimed at SME owners and not their employees.

The art and craft sector is linked to the tourism sector and is therefore a seasonally based business. Due to this factor, art and craft outlets operate in two ways. On the one side are SMEs that operate all year round irrespective of whether it is "high" or "low" season, and on the other are those that only operate during "peak" season, for

example high tourist season, Christmas and Easter holidays. The study only considered those SMEs that operated throughout the year. The issue of "all year round businesses" is pertinent because during certain months, (regarded as "high" seasons because of more sales potentials), new art and craft businesses spring up only to shut down again immediately that "high" season is over. Assessing part time businesses would be very difficult, as they were not operational during the time the research was carried out. These part-time SMEs are usually set-up as hobbies or supplementary incomes and therefore are not a source of primary or regular income. The SMEs chosen were those that produce and sell any curio items made out of wood, ceramics, beads, painted fabric, metal, bronze, paint and paper, waste bottles, cans, and feathers. Some examples of these products include, pots, cups, linen, furniture, bangles, toys, metalwork, art drawings, bowls, banjos, ruck-sacks, aprons, jewellery animal structures, scatter cushions, rugs and carpets (see fig.3.1). The selected population was then stratified using raw materials the business used, as a basis for strata. A sample was then randomly selected from each stratum.

These SMEs carry out their operations in three different modes. First, there are those that act as middlemen. They only source items from other SMEs that produce what they need. This category does not make any products. Second are those that produce on order, mainly for middlemen. Lastly are those that produce, market and sell their own products. The study chose to research the last group who make and sell their own products. This was based on the assumption that middlemen were inherently market-led, since they only source products they have already found a market for.

All businesses are categorized as being either small, medium or micro enterprises (National Small Business Act no. 102 of 1996). The study elected to sample the small and micro enterprises, because these are the ones that are established faster and have a smaller investment capital and so people at the middle to lower end of the economic scale are able to establish small and micro businesses. The sampled SMEs fell into the category of small or micro because of their annual turnover, which did not exceed R5 million. All the sampled SMEs had less than 50 employees (National Business Act-1996).

3.3 Socio-demographic characteristics of sampled SMEs

The socio-demographic features of SMEs are indicated in figures 3.2 and 3.3. All SME owners were over the age of 25 years however, thirty three percent were between the ages of 26 and 35. The majority of SME operators (fourty seven percent) were between 36 and 45 years of age. Only twenty percent were over 46 years. These results indicated that in the selected study area, there was an absence of youth owning any art and craft outlet and a domination of ownership of these outlets by persons in the age bracket of between 36 to 45 years.

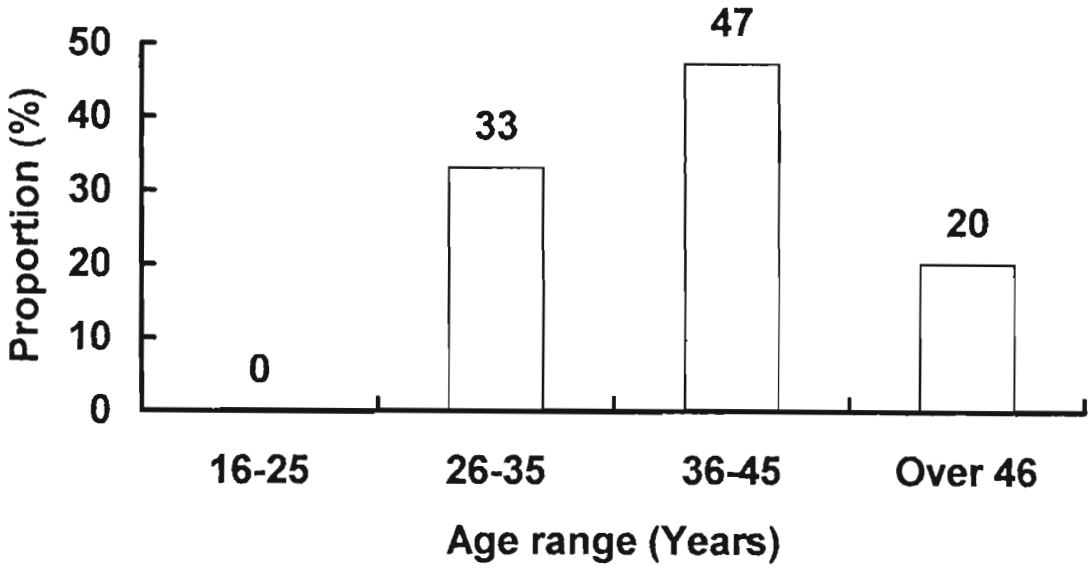

Figure 3.2 Ages of respondents.

All the entrepreneurs had some level of education. Seven percent of respondents had completed primary school level of education (7 years of schooling), fifty six percent of respondents completed grade twelve (Matric) and thirty seven percent possessed tertiary education certificates such as diplomas and degrees in various fields of study (see figure 3.3).

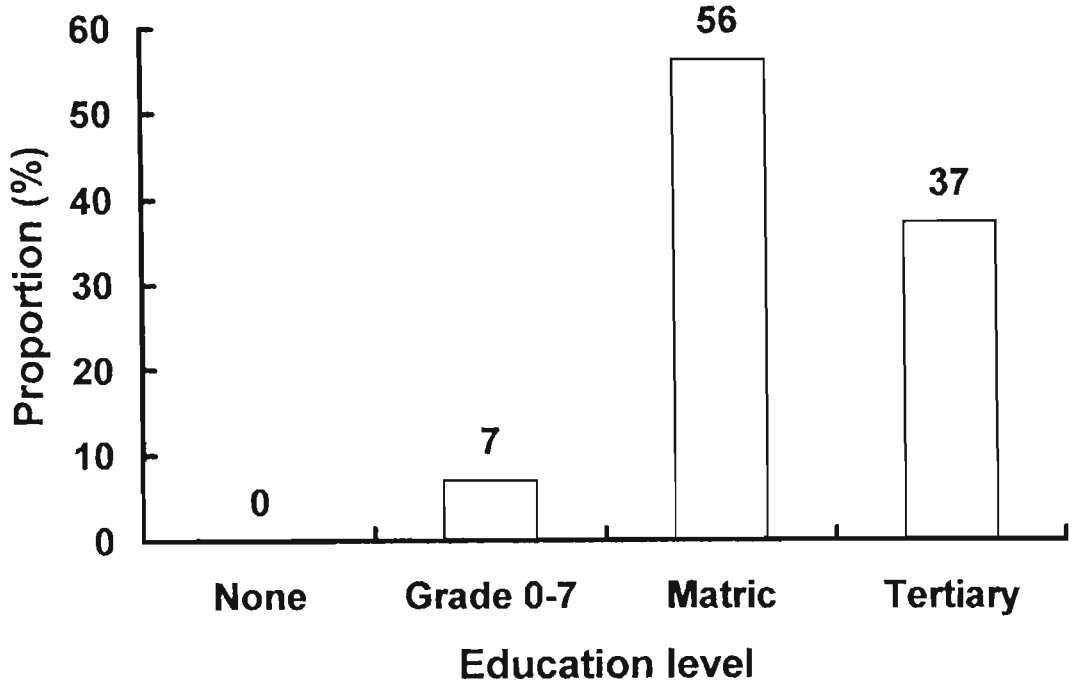

Figure 3.3 Education Levels of respondents

Most of the SMEs were owned by women (sixty three percent) as compared to males who only owned (thirty seven percent). Two-thirds of the sampled art and craft SMEs (sixty seven percent) were owned by white operators and 33 percent were owned by blacks. The trends seen in the demographics of this particular sample are not entirely unique but reflect a general trend in many SMEs, as evidenced by a study carried out by Chandra et.al. 2001:7 which found out that only 7 percent of their sample of SMEs was black owned and 56 percent white owned. The study goes further to suggest that more blacks prefer service business where less skills and capital investment are required (pg 8). This is despite policies aimed at developing non-whites businesses.

3.4 SME locations

The business operation base relates to where the production activities and selling points of the business are located. It should be noted that all the businesses sampled, sell directly to the customer. They do not engage middlemen as a target market, but rather set up outlets from which they sell their products directly to the public. If and

when it is affordable, some of the sampled art and craft SME owners also go out for exhibitions, to open (flea) markets and bazaars, where they still communicate directly with the customer. Middlemen however may go to their outlets just like any other customer and buy products without the SME owner knowing their intention. They would be treated just like any other customer and are not used as a go between for market access.

SMEs operated their businesses from three types of locations (outlets). First, and the largest category of the SMEs, 43 percent, (13 enterprises), were those that carried out their businesses from the homes of the business owners (both for production and as a selling outlet). The second category consisted of 33 percent (10 enterprises), which carried out the bulk of production in their homes then transported the finished products to a selling point, away from the production area, but still within the study area. The third category of SMEs, 24 percent, (7 enterprises), were those who carried out both production and sales in premises away from home.

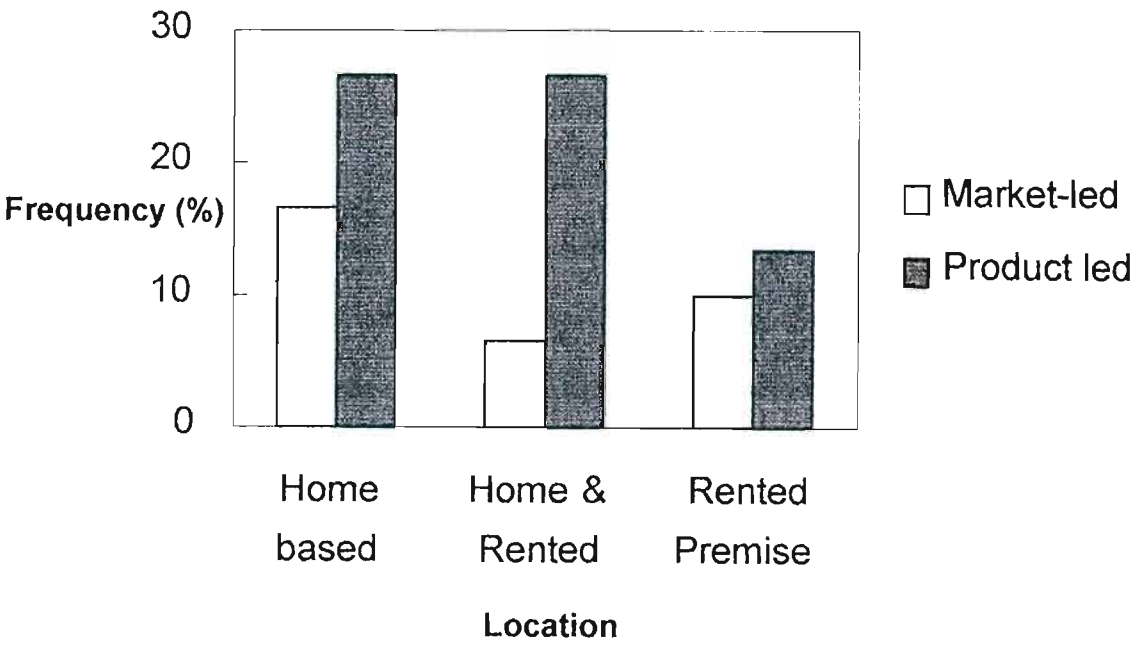

Figure 3.4. Location and business approach of sampled SMEs adopted. KwaZulu-Natal Midlands 2001 (n=30)

On the basis of the nature of the business approach adopted (i.e. whether they carry out market analysis or not) six types of business operation locations were identified (see Figure 3.4 above) namely: SMEs that carry out market analysis operating from the owners home (both for production and as an outlet), were 16 percent, those that carry out analysis and making products at home but having their own outlets away from the production point, were 7 percent, and those that carry out market analysis and whose production and outlets are away from home, were 10 percent, SMEs who do not carry out any market analysis and are fully based at the owners home, were 27 percent, SMEs who do not carry out analysis and make products at home but sell the finished product away from production point, were 27 percent and lastly those SMEs who do not carry out market analysis and operate fully away from home, 13 percent.

3.5 Chapter summary

The KwaZulu-Natal Midlands was selected as a study area because of the many attributes it has to offer. First, it is a green and beautiful lush area with a mild climate and comfortable environment. Second, it lies very close to the coastal regions and beaches. Third, it has several game reserves, battlefields, historic points and even the Drakensberg Mountains. Fourth and most important, over the years many small enterprises have developed, some of which offer art and craft items for sale. All the above stated attributes render the area as a tourist attraction. Because of the tourism factor, it follows therefore that all related business sectors could benefit from spin-offs from the expected increase in tourism. One of the related sectors is the art and craft sector. This makes the art and craft sector worthwhile to study , so that it can be strengthened and can be able to take advantage of whatever potential market it may have.

Since the art and craft sector is a seasonal and dynamic one, where more SMEs spring up during peak seasons such as Christmas, Easter or peak tourist months and close immediately the season is over, it was imperative that the study define exactly which particular art and craft SMEs would be targeted as the population. The SMEs were therefore purposely sampled and the criterion for inclusion was: art and craft SMEs in

the KwaZulu-Natal Midlands that produced, marketed and sold their own products and are in operation all year round irrespective of whether it was high or low season.

These art and craft SMEs produced a wide range of products from different materials such as wood, beads, stone, glass, metal, wool, leather, fabric, ceramics, paper and paint. Some of the products included jewellery, tie and dye cloth ware, designer shoes, ornamental glassware, ruck-sacks, pencil cases, aprons, pots, mugs, bowls, animal wood carvings, paintings, banjos, candle-holders and key holders. In brief, these SMEs concentrate on making items that create curiosity.

The study revealed that all the respondents were over 25 years of age with a majority of them being in the age bracket of 36 to 45 years. This pointed to a lack of youth venturing into art and craft as a means to make a living. One other result was that all respondents had some level of education. Most had completed grade 12 and held matric certificates while 37 percent of the sample held tertiary education certificates. As is the trend in most other countries, more of these SMEs were owned and run by women 63 percent.

CHAPTER FOUR
RESEARCH DESIGN AND METHODOLOGY

This chapter presents the research design and methodology used in conducting the study. It presents the research questions of the study, sampling technique, survey design and data analysis methods used. The research instruments used for data collection such as questionnaires and interviewing will be discussed.

4.1 Research context

The aim of the study was to investigate if the sampled KwaZulu-Natal Midlands art and craft SMEs are largely production oriented or market-led, and whether being either production oriented or market-led has a significant effect on the performance of these enterprises. The research sought to find out whether the art and craft SMEs regarded knowledge about their markets needs as being important and essential to the growth and sustainability of their businesses, and whether they therefore tried to investigate these market needs. Those SMEs that investigated their markets needs were further examined in this study to determine at what point in the life span of the business they undertook a market needs analysis and what methods they used to carry out this exercise. Factors that may have influenced an SME to adopt either a market-led or production-oriented approach were also investigated. A comparison was made between the production-oriented and market-led SMEs to determine whether adopting a market-led approach actually had positive results on the performance of the business in terms of income and job opportunities created.

4.2 Study questions and research design

A research originates with a problem to be solved, and this problem leads to the articulation of a research goal. In this study, the phenomenon that was investigated was whether or not art and craft SMEs in the KwaZulu-Natal Midlands seemed to be more production oriented rather than market-led. The hypothesis for this study was to

emphasize with tangible evidence that being market led would in fact lead to the growth, development and sustainability of art and craft SMEs in the KwaZulu-Natal Midlands.

The research problem was then broken down into three manageable sub-problems, which were then investigated. First, the study investigated the attitudes of the sampled SMEs toward the concept of market analysis and whether or not they thought it was a vital ingredient for the growth of their businesses. Second, the study investigated whether or not the sampled art and craft SMEs in the KwaZulu-Natal Midlands carry out any market analysis and if they do at what point of the business they began the process. The same sub-problem endeavoured to find out what methods those that did market analysis used for this exercise. The various reasons behind an SME either carrying out market analysis or not were also investigated. Lastly, the study sought to determine whether or not a market led approach led to growth in terms of more sales turnover (increased income) and jobs created.

The nature of this research was such that it sought to test the supposition that art and craft SMEs in the KwaZulu-Natal Midlands do not investigate the needs of their markets and do not design their product profile to fulfil known needs. It further sought to illustrate that for an art and craft business to experience growth and sustainability, it is crucial that they ensure that they actively seek information about market needs from the markets, statistical sources, the relevant Government Departments or other service providers. They should therefore make use of this information in making decisions about what products to make available on the market. The idea of this research stemmed from the deductive reasoning that if many art and craft SMEs collapse within the first three years of their operation, then it follows that they do not understand their markets well. In other words they do not produce for a known need or want, but they simply make products, which they hope to sell and keep the business a float.

4.3 Research methodology

Churchill 1995:145 and Chisnall 1997:32,33 among others have categorised research designs into three types, based on the fundamental objectives of the research. First, there is exploratory research whose emphasis is mainly on the discovery of ideas and getting an insight into a problem. It sometimes leads to the formulation of relevant hypothesis for later tests. Second is descriptive research, which determines the relationship between two variables and is sometimes guided by an initial hypothesis. Third is the causal research, which determines the cause and effect relationships. This type of research usually takes the form of experiments. This study set out to determine the relationship between art and craft SMEs being either market–led or production oriented and the effect each business approach would have on growth, profitability and sustainability of a business. This study can therefore be categorised as being descriptive in nature.

Descriptive research can further be classified into two types of studies (Churchill 1995:166). First, there are longitudinal studies, which involve and rely on panel data and panel methods. Second are the cross-sectional studies that use a sample and where various characteristics of the sample are measured once. This study fell into the cross-sectional category because a sample was used and viewed as being representative of the target population. The study sought to determine the business approach adopted (either market-led or production oriented) and the sales turnover and number of persons employed presently. These two characteristics (business approach on the one hand and sales and employees on the other) were then compared to gauge the performance of the SMEs using the two different business approaches. Finally the performance of SMEs with both business approaches was compared to determine which of the two groups seemed to be performing better in terms of sales turnover and number of persons employed. Socio-demographic data such as the gender, age and education level of respondents was collected and compared with sales turnover and number of employees to determine whether they (gender, age, education level) had any impact on the performance of an SME.

This approach is also called the sample survey method and was adopted as being a more appropriate method for the proposed study, since it allows for the researcher to collect a broad spectrum of information from many different cases.

Data gathering instruments commonly used in survey research include the questionnaire, interviews and controlled observation (Bright 1991: 36,39; Leedy 1997: 191, 199, 202). The researcher determined that both the questionnaire and the interview methods would be used in conjunction with one another. In other words the questionnaire was used as an interviewing schedule so that each and every respondent would be asked the same questions in much the same way by the researcher.

4.4 Data collection instrument

The study adopted the use of a questionnaire answered by the sampled SME owners in the KwaZulu-Natal Midlands, as the main data-collecting instrument. As stated by Hague (1993a:11,12) this method was chosen for four reasons. First, questionnaires provide an organized structure for interviews (in the sense that all respondents are asked the same questions in much the same way) therefore making the results more reliable. Second, the questionnaire is a means of recording the facts, comments and attitudes of respondents and helps the researcher refer back in the event of having forgotten the answer of a respondent. It can also be supportive documentation of the research that has been conducted. Third, this means that the questionnaire helps with simplifying the coding and processing of the data i.e. analysis and interpretation. This is of great help to the researcher, since responses are uniformly recorded, coding questions and responses for analysis is easier. And lastly, questionnaires take a relatively shorter time to gather data, especially when being used as an interviewing instrument as well.

In this study, the questionnaires were not self administered by the sample, but rather used as an interview schedule and conducted by the researcher. Thus the researcher carried out face-to-face interviews with the sample and filled in the questionnaire while asking the questions as laid out in the questionnaire. Although face to face interviews are more costly than mailed questionnaires (Hague and Jackson 1999:145),

the researcher chose the interviewing method because they have an added advantage, in that they elicit better explanations, both from the interviewer (who is available to elaborate on the meaning and intention of a question), and respondents (who can answer the question and give an added perspective to their answer). This technique enabled the assessment of the honesty of a respondent and has the added benefit of helping the interviewer understand a respondents beliefs and points of view. Face to face interviews have a further benefit because the interviewer can take steps to ensure the constant interest of a respondent in the subject being researched. Thus if the respondent becomes bored, a diversion can be created to allow the respondent to "blow off some steam" before reverting back to the questionnaire. The issue of confidentiality is also more readily satisfied and accepted, when the interviewer is face to face with the respondent rather than on the telephone or communicating via a posted letter. More time is available for the respondent to reflect and consider his/her answer to any questions being asked, and therefore his / her response will be completed to their best ability (Hague 1993b:24). Lastly, Hague and Jackson (1999:144) assert that refusals by respondents to answer particular questions are less likely to occur with face to face interviews.

4.4.1 Questionnaire structure

The questionnaire (Appendix B) was designed in order to answer the research questions, as outlined in the research design sub-section 4.2. These research questions were formulated from the broader objectives as outlined in the introduction to this chapter. It is within this framework, therefore, that the questions included in the data collection questionnaire were arrived at. The questionnaire was semi-structured. In essence this means that it contained two different types of questions, one with pre-defined answers, (known as close-ended questions) and the other where the respondent was free to say whatever they liked about the subject (open-ended questions). The open-ended questions created a balance and enabled the respondents to be more relaxed, due to the informal approach in which the interview was conducted. These open-ended questions offered the respondents an opportunity to offer added information on the topic being researched, information that was useful and helped the researcher to confirm whether the respondents had been truthful in answering the close-ended questions. In other words these open-ended questions

provided a check and balance to the validity of responses in the close-ended questions.

4.4.2 Types of questions

The questionnaire included different types of questions i.e. classification, attitudinal and behavioural questions. Classification questions are common in most surveys and aim to group respondents in terms of factors such as age, gender and education level. Another type of questions that were used were the attitudinal questions which were formulated around a symmetric 5-point Likert scale (1 - strongly agree to 5 - strongly disagree) with well-defined separate alternatives and a central neutral point (Borg and Gall 1983:423; see Appendix B). These were aimed at finding out the perceptions of the respondents towards issues such as what the market needs are and whether or not it is important to constantly investigate what these needs would be at any particular time, whether they felt market analysis was expensive or affordable, the relationship between poor sales and quality of their products or lack of access to markets and what role if any middlemen play in their industry.

The research also sought to find out facts about the sampled art and craft SMEs. For example, had SME owners in this industry in the KwaZulu-Natal Midlands area ever tried to investigate the markets needs, and if so, how often they did so, and what means they used to gather such data. This therefore warranted the use of behavioural questions such as "have you ever changed your product line"? or "what methods do you use to identify your market needs"?

4.5 Questionnaire structure and organisation

The information gathered using the questionnaire, was broken down into six sections. The respondents were the owners of these SMEs. Section one contained the socio-demographic questions which were of the classification type, such as, the name of the business, and its location and the age, gender, race and education level of the respondent. These classification type questions were aimed at getting to know the respondent and helping both the researcher and respondent to relax. The questions

covering gender, age and education level were used in the analysis to make comparisons and find out whether such characteristics made any difference in the kind of orientation the owner of the art and craft SME took. In other words, whether a business being market-led or production oriented had any significant relation to the gender, age and education levels of the owner.

Section two dealt with factual questions such as when the company was established, how many people were employed at the beginning and how many currently, the turnover they netted at the beginning and how this had changed over time. These questions sought to gauge the rate of growth and progress of the art and craft SMEs, and find out whether this growth led to more employment opportunities.

Section three dealt with factual questions, which concerned items the SME's were producing. It is in this section that the kinds of products the SMEs made and sold were determined. The key question however concerned how the decision on what to make or sell was made by the SME owner. The response to questions in this section went a long way in separating the businesses that were production-oriented from those that were market–led. These questions were used in conjunction with the annual income and business age, to investigate whether there was a significant and positive relationship between those that were more inclined to being market led and their income and age.

Section four contained questions about whether the art and craft SMEs in any way attempted to identify the wants of the market and if so, what methods were used and at what point in the business life cycle they did this. Again, this section qualified section three that tried to answer the question " are art and craft SMEs market-led?" And for those enterprises that are market-led, what methods do they use to communicate and receive feedback from their markets?

Section five contained questions related to the product quality, packaging choices and how the sampled SMEs determined their prices. Questions relating to the marketing and advertising methods used as well as the distribution systems of products were also asked.

Section six contained attitude questions that sought to investigate the perceptions of SMEs toward identifying their markets needs and whether they felt the exercise was expensive or not. Further questions in the same section sought views regarding the lack of adequate exposure to markets and the poor performance of the art and craft SMEs in relation to the low quality products made. The opinions of the sampled SMEs in relation to the roles of market consultants and middlemen in the art and craft sector were also investigated in this section.

4.6 Questionnaire pre-testing

To ensure validity and clarity, the questionnaire was subjected to a review and pre-tested on three SMEs of the selected SME population within the study area. These three SMEs were randomly selected. The questionnaire was also given to a review team that included two members of the academic staff from the School of Business at the University of Natal, two Ph.D. students and a master's student at the University of Natal Pietermaritzburg. Persons on the review team had previous experiences in the use of the questionnaire techniques and SME research. Individuals reviewing the questionnaire were briefed on what the research aimed to achieve and asked to analyse whether the questionnaire would yield the information sought. In other words would the research objectives be achieved using the questionnaire, as it was set? The purpose of involving these "external" critics was to obtain recommendations on where and how to improve the questionnaire. Recommendations from the questionnaire review team were duly received and changes made with regard to the flow of questions.

It should be stressed that, the three SMEs, which were used as a pre-test sample, were not included in the final sample of the population used in the research. Excluding them from the final sample was done to avoid the "practice effect" where respondents, on the second attempt, try to be as correct as they think they should, instead of being sincere and telling what the actual truth is (Balian: 1982; 45).

4.7 Sampling technique

Bless and Higgson-Snith (1995) describes sampling as a technical accounting device to rationalise the collection of information, by choosing in an appropriate way, a restricted set of persons from whom the actual information is drawn. In other words, fewer people than the total population are interviewed and an inference is drawn from this sample, which accommodates the whole population. Sampling, rather than interviewing a whole population, is a more realistic way to collect data. Interviewing the whole population, while it seems preferable would be time consuming, costly and therefore highly unpractical.

The entire list of the population of art and craft SMEs in the study area was compiled from lists of businesses from the tourist and business information centres in the city of Pietermaritzburg and the town of Howick. In addition, the Midlands meander association list was used to identify and update the list of existing businesses. Word of mouth from SME owners and service providers was also a good source of information about where businesses not particularly on the meander were situated. An example of this information being handed by word of mouth was through a small local Non Governmental Organisation (NGO) called Ngezandla Zetu, situated in Pietermaritzburg, and who work closely with people from the rural areas of KwaZulu-Natal Midlands. A total of 60 businesses were identified as meeting the criteria of the targeted population, that is all possible sample. These SMEs were distributed in the entire region covering Nottingham Road, Mooi River and Howick Town.

The study population was selected from all the art and craft SMEs in the KwaZulu-Natal Midlands, using a three point criteria: firstly, the SME produce their own items, second, they market and sell these items themselves and lastly operate their businesses all year round. The total population that fitted into the above stated criteria were 60 SMEs. These SMEs used various types of raw materials, to produce numerous types of items for their businesses. Raw materials used was selected as being the criteria y which to select a sample. For ease in sampling, these raw materials were then categorised into eight different groups (see Table 4.1). To ensure that all the different types of SMEs in the study area were represented in the sample, the SMEs were each classified into one of these eight strata or groups, based on the type of raw

material they used for making their products. Thus, each of the sampled SMEs was placed in one of these strata. For instance, all SMEs making products from wood were in one stratum (group), fabric painters in another, ceramics in another etc.

Table 4.1: Population size and number sampled from each stratum.
KwaZulu-Natal Midlands 2001

TYPE OF RAW MATERIAL	POPULATION (n=60)	SAMPLE (n=30)
Woodwork	15	9
Fabric Painting / Beadwork	14	7
Stone / Glass	10	4
Metalwork	5	2
Ceramics	4	2
Wool	4	2
Leather	4	2
Art Paintings	4	2
TOTALS	60	30

After categorising these SMEs into the different strata, individual art and craft SMEs were then randomly sampled from each stratum. This method of stratified random sampling ensured that at least each and every category was adequately represented in the sample, so that the sample consisted of SMEs making differentiated products from differentiated raw materials. It should be noted that not an equal number was sampled from each group, because the strata of different SMEs differed in size. A variable sampling fraction was used. For example there were more art and craft SMEs dealing with wood products than there were those using metal as a raw material. Thus, samples drawn from the woodwork stratum were larger than those from the metalwork stratum. From the eight strata or categories of SMEs, 30 art and craft businesses were sampled which represented 50 percent of the sampling population.

4.8 Data collection and analysis

The data was collected between February and March 2001. As indicated in the data collection instrument segment, face-to-face interviews were used as a means of gathering the needed information. The researcher contacted the business owners and set up interview appointments that were convenient to the respondents (business owners). The interviews then took place at the various business locations with the average interview duration being 30 minutes. Overall, most of the respondents were co-operative.

After the data had been collected, the questions were coded and the information entered onto a Microsoft excel 2000 spreadsheet from which the analysis was done using the Minitab statistical programme and SPSS version 9(2001). These two programmes are some of the more popular packages (Flemming and Nellis 2000:xvii), which can be easily used by any scholar who needs to analyse data. These programmes were viewed by the researcher as being suitable because they have various statistical capabilities which include calculating descriptive analysis such as mean, median, and standard deviations, analysis of variance (ANOVA), test correlation and significance tests. These packages were selected because of the nature of the data collected. As earlier stated the research was categorised as being descriptive and therefore the analysis needed was of descriptive nature as well as analysing relationships between variables. Minitab also has a qualitative variable that is able to categorise data rather than measure (Flemming and Nellis 2000:6). This includes calculating percentages of ages, race and education levels of the sample, an aspect needed in this particular study. Besides the above stated statistical tests the Pearson's correlation coefficient or bivariate analysis were also carried out.

Besides the statistics, Minitab and SPSS both contain a graphical component (Flemming and Nellis 2000:439, 440) that can create graphs and charts, to be used to illustrate the statistical results of the analysed data. These components were widely used to create graphs and figures that better illustrate data analysis.

4.9 Chapter summary

The aim of the study was to make comparisons between the business approach adopted by an art and craft SME (market-led or production oriented) and its growth and sustainability (sales turnover and jobs created). The study was categorised as being of a qualitative and descriptive nature. A sample survey was viewed as being adequate and fitting to this study and was thus adopted. A sample was then selected from a possible population of 60 art and craft SMEs who produce, market and sell their own products, using the stratified random sampling method. In this method the population is divided into strata (groups). Each group is homogenous in nature. For the study strata was based on the raw materials used to make the products. From each stratum SMEs were then picked randomly. A total of 30 SMEs representing 50 percent of the population were selected.

To collect data, a questionnaire was administered on the respondents using face-to-face interviews where the researcher filled out the answers to the questions. The advantages of using face-to-face interviews was to make respondents relaxed, assess their truthfulness and give both the researcher and respondents opportunity to clarify issues that are not understood. The questionnaire contained various types of question both open-ended and close-ended. These included classification, attitudinal and behavioural questions. The questions were organised into six sections.

Data was collected during the months of February and March 2001. Once data was collected, it was entered onto a Microsoft Excel spreadsheet from where it was analysed using the Minitab statistical programme and SPSS see Appendix C.

CHAPTER FIVE
RESEARCH RESULTS AND DISCUSSIONS

This chapter presents the analysis and discussion of data collected on the survey of art and craft SMEs in the Midlands region of KwaZulu-Natal Province of South Africa. The study set out to evaluate if the sustainable growth (in terms of increased sales turnover and more job opportunities created), of art and craft SMEs in the KwaZulu-Natal Midlands is dependent on whether or not they adopt a market-led approach to manage their businesses.

The main objectives of this study were three-fold. First, to establish the perception of the sampled SMEs toward the concept of market analysis and investigate whether or not they think the concept is vital to the sustainable growth of their businesses. Second, to determine whether the sampled art and craft SMEs in the study area carry out any market analysis and if so, at what point of the business they adopt this practice, and find out what methods they use to carry out the market analysis (for those that do carry out a market analysis). This section also explores the possible factors that could influence the decisions made by SMEs or that impacted on their performance. Lastly, to establish whether being either production-oriented or market-led impacted on the business performance of the sampled SMEs, in terms of their growth and sustainability. Business growth and sustainability was measured using the sales turnover realised and job opportunities created by the sampled enterprises. Thirty art and craft SMEs in KwaZulu-Natal Midlands were interviewed in early 2001, using face-to-face surveys. The results represent a 50 percent survey (n=30) of the total population of 60 identified art and craft SMEs in the study area. The sample was selected using the stratified random sampling method, where the population of art and craft SMEs from the defined study area were categorised (stratified) according to the raw materials they used for their products and then randomly sampled from each strata (see figure 3.1 and sec. 4.7).

The results are presented in four sub-sections. The first section 5.1 reports on the perceptions of the sampled SMEs towards market analysis. Section 5.2 reports the findings on whether the sampled art and craft SMEs carry out market analysis, at what point they adopt the analysis and what methods (if any at all) they use for this communication (market analysis). Factors affecting decisions and influencing the performance of the sampled SMEs will also be explored in this sub-section. Section 5.3 investigates whether or not a market-led approach to managing a business significantly influences the sampled SMEs growth and sustainability in terms of annual turnover and number of employees. After the presentations of findings, each sub-section is followed by a discussion that tries to place the findings into perspective. The final sub-section of this chapter, 5.4, will summarise the study findings and relate these to the study problem and hypothesis.

5.1 Do sampled SME owners consider market analysis vital to sustainable SME growth?

The answers to the above stated sub-problem were elicited by section six of the questionnaire, which contained attitudinal type questions. These questions were formulated with the intention of trying to determine what the perceptions of sampled art and craft SMEs in the study area were, about market analysis, marketing consultants and middlemen, irrespective of whether they practically carried out such analysis or not. The sampled SMEs were also asked whether lack of exposure to markets or poor product quality led to under performance of art and craft SMEs in the KwaZulu-Natal Midlands. The questions in this section had responses of a 5-point Likert scale that ranged from strongly disagree (1) to strongly agree (5). The responses are summarized in Table 5.1 below:

Results of the attitude questions indicated that 53 percent or 16 of the sampled SMEs stated that identifying the needs of customers is essential to the growth, development and sustainability of a business. However, 17 percent or 5 SMEs felt that knowing their markets needs was not essential to their growth and sustainability of their businesses, while another 30 percent of enterprise owners or 9 SMEs gave neutral responses to the attitudinal questions. These results were later compared to those from

the open ended questions to investigate whether or not the percentage of sampled SMEs that felt that market analysis was necessary, was identical or not to that of SMEs found to practically carry out such analysis. In other words the research sought to compare whether the SMEs followed up their ideas with an action plan.

Table 5.1 Attitudes of sampled SMEs towards market surveys, marketing Consultants, product quality and middlemen (n=30).

Attitudinal Questions	1 Strongly disagree	2 Dis-agree	3 Neutral	4 Agree	5 Strongly agree
Is identifying market needs necessary?	0	5	9	14	2
Is identifying market needs expensive?	1	12	2	13	2
Are marketing consultants necessary in identifying market needs?	0	11	5	11	3
Poor performance of SMEs is due to low quality goods.	1	7	2	16	4
Poor sales are due to lack of access to markets.	0	3	2	21	4
Are middlemen a vital link to craft markets?	3	15	1	8	3

The next attitudinal question was designed to answer why SMEs did not venture into identifying the needs of their markets despite their stating that market identification and analysis was essential. The question sought to determine whether SME owners perceived carrying out market analysis as being an expensive exercise. The results indicated that 50 percent of the sampled SMEs (15 enterprises) regarded the market analysis exercise as being a very expensive one. However, 43 percent (13 SMEs) disagreed with the statement that determining market needs was expensive, while 7

percent (2 SMEs) were neutral. The differences in opinion between those SMEs who thought that market analysis was expensive and those that did not think the exercise to be expensive was not significant because the numbers were almost evenly split.

Responses from the previous question prompted the need to find answers for the next question which was why a high proportion of SMEs felt that finding out their markets needs was expensive. SME owners were asked whether it was necessary to engage and use marketing consultants to carry out a market analysis. Results showed that 47 percent (14 enterprises) of the SMEs were positively inclined toward marketing consultants and considered them a necessary requirement to identifying market needs. However 36 percent (11enterprises) of the sampled SMEs, showed negative attitudes towards marketing consultants and disagreed with the notion that marketing consultants were the main route through which one would survey their markets, while 17 percent (5 enterprises) could not make up their minds either way and seemed to be indifferent.

Twenty six percent (8 enterprises) of the sampled SMEs felt that low product quality was not a factor in the under performance of the art and craft SMEs. They attributed failure of art and craft SMEs to external factors such as poor roads in some areas and increasing consumer inflation. Some of the sampled SMEs, 66.6 percent (20 enterprises) agreed that SMEs had a duty to improve their products. However, 2 SME owners were neutral about the question and felt that some SMEs had good quality products and did not do well while others did not have good quality products and performed well. It therefore differed from one SME to another.

Most of the sampled SMEs, 83 percent or 25 enterprises were of the opinion that art and craft SMEs in the study area experienced a lack of adequate exposure to markets. However 10 percent (3 enterprises) disagreed with this notion and expressed the idea that markets were readily available but that SMEs had to make efforts to attract these markets. Only 2 SME owners were neutral about the issue of market exposure and did not express much sentiment either way.

The study revealed that middlemen are generally viewed with a great deal of suspicion by the majority (60 percent) of sampled SMEs. They do not agree that

middlemen are a vital link to art and craft markets, but felt that middlemen seek to buy their products at much reduced prices only to sell them at double (or even more) the purchase price. Eleven of the sampled SMEs or 36 percent however, supported the role middlemen played in their industry although they did not actively use them as marketing agents.

The reason why the attitude section included questions regarding markets, marketing consultants, product quality and even middlemen, was so that the study could investigate whether or not SMEs blamed external factors for their poor performance. Indeed, when asked about market analysis and if it was vital for their businesses, only a slim majority of 53 percent of the sample agreed that it was vital. A large number of sampled SMEs (30 percent) had no opinion about the subject, which may have meant they had not given the idea much thought. However, the majority of 83 percent or 25 of the sampled enterprises blamed their poor performance on external factors such as lack of easy access and exposure to lucrative markets such as Germany and America. This indicated that many of the sampled SMEs were quick to blame external factors whereas when it came to issues about what they could do to improve their businesses, most did not seem to have given the idea much thought.

Fifty three percent of the sampled SMEs felt that identifying customer needs was vital, which signified that they recognised the importance of customers and knowing what their customers need. This falls in line with ideas expressed in various marketing text books. For example, Savidge (1992:iii) emphasizes the importance of a customer and states that there are five vital points, which if believed and executed will help any business (big or small) to thrive. These include firstly the need for customer value to be managed and competition watched, secondly to recognize that customers constantly change their values and demand new products, thirdly that an SME needs to accept change in customers and give them what they want or else loose them, fourthly for an SME to recognize the fact that competition wants your customers and there is need to fight to retain them and lastly to realize that marketing (market research) helps the SME operator to understand various points such as:

- Who wants change and why
- What they want changed

- Price they are ready to pay for the change
- When the change is needed
- Where to place the new changed product/ service

When questions such as those posed above are answered, it helps management of any business to reduce the uncertainty in planning, in relation to issues such as product planning, pricing, marketing, advertising and sales promotion (Birn 1992:26). The sampled SME owners, though they concede that they need to communicate with their customers, they have pre-conceived notions that market research is difficult to carry out.

In conclusion therefore, sec 5.1 revealed that 53 percent of the sampled SMEs were found to feel that market analysis was vital to the growth and sustainability of their enterprises. The remaining 47 percent did not consider market analysis as being vital, because they felt market analysis was an unnecessary expense that ate into their meagre incomes and was time consuming, rather than viewing market analysis as an investment. Section 5.2 therefore deals with the issue of how many of the SMEs that favoured the concept of market analysis actually went ahead and adopted such analysis in the day-to-day management of their businesses.

5.2 Do art and craft SMEs carry out market analysis?

The three questions tabled below (table 5.2) were used to distinguish between sampled SMEs that carried out market analysis and those that did not carry out market analysis. The researcher envisaged that the method used to decide what items to produce would indicate if an SME carried out any form of market analysis. Those SMEs that stated that they used a "gut" feel or simply tried to make a unique product were categorised as being production oriented. Those whose responses included looking out for current trends and asking customers opinions were viewed as being market-led (see sec 2.8.1).

Section four of the questionnaire contained questions related to the issue of products and changing of a product line. The sampled SMEs were asked what prompted them

to change a product (those that did so). The SMEs whose responses included change was because of changes in trends/tastes and preferences and customer recommendations were considered to be market-led, while those that gave responses such as changes due to low sales were viewed as being production oriented. Question twenty three asked whether the SMEs had tried to carry out any form of market analysis. Those that answered yes were seen as being market-led and those that answered no were categorised as production oriented. This question was by far the one that clearly separated market-led SMEs from production oriented ones.

Table 5.2 Responses to questions that indicated whether an SME carried out market analysis or not. KwaZulu-Natal Midlands 2001 (n=30)

	Market-led	Production Oriented
How do you decide which products to make and sale?	• Ask customers their opinions. • Find out what is on fashion (latest trend). • Test run a product.	• Use "gut" feel. • Make what seems nice and unique and it should sell well.
What prompts you to change your product line?	• Trend/fashion changes. • Customer's comments and recommendations.	• Low sales of a product. • Never changed a product line.
Have you ever tried to identify your markets needs?	• Yes 10 SMEs	• No 20 SMEs

The results of the questions stated on Table 5.2 above are also reflected in figure 5.1 below and indicate that 33 percent (n=10) of the art and craft SMEs in the study area adopt a market-led approach in running their businesses. This group of SMEs defines its target markets precisely and constantly investigates what its markets want and need and incorporates this into the businesses production decisions. This was a much

smaller percentage than the 53 percent of sampled SMEs, earlier found to have supported the notion of carrying out market analysis as evidenced through the attitudinal questions asked (see section 5.1 and table 5.1). This apparent difference in statistics, indicates that 20 percent more of the sampled SMEs acknowledged that their businesses were lacking an essential ingredient that would facilitate sustainable growth. Despite their acknowledging the need for market analysis, the sampled SMEs did not follow up their convictions with actual action. This trend can be attributed to the ideas SME owners may have about the practicality of carrying out a market analysis, such as the fact that market analysis is too expensive and complex and can only be carried out by marketing consultants.

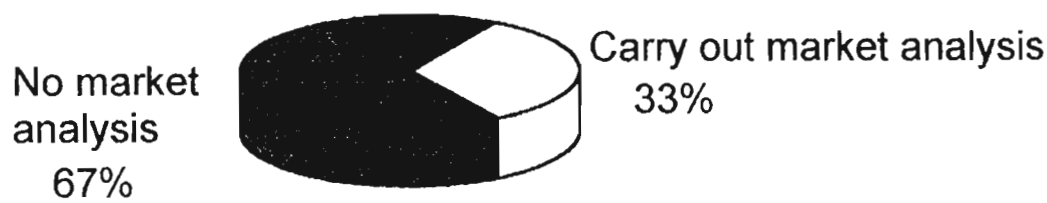

Figure 5.1 Percentages of the business approach taken by SMEs

Although some SMEs are seemingly aware of the virtues of carrying out market research they reportedly lack the finances and adequate time to carry out such analysis on a continuous basis, especially so among the very small or recently started businesses. This is despite the fact that there are some inexpensive methods of carrying out market analysis such as trend observation and informal customer surveys. However, a majority of 67 percent of the sampled SMEs or 20 enterprises are more inclined towards being production oriented. They produce items based on their own perception of what they think can be sold (i.e. through their self-intuition or

inspiration). Since they consider these items as desirable, they assume that their customers will also like them and consequently buy them.

Further statistical analysis using the Pearson's bivariate correlation was carried out to try and explain why only a third of the sampled SMEs carried out market analysis. Results indicated that sampled SMEs that attempted to identify their market needs (10 enterprises) could also clearly define their target markets. The two variables were significantly correlated (r = 0.384*)[1] at the 5% level of statistical significance. The two variables identifying market needs and the annual income of an SME were correlated at (r =0.300) which indicated that those sampled SMEs who could clearly define their target markets were more likely to experience increases in their annual income. Further analysis indicated that the longer an SME stayed in business, the more likely it was that it would begin to try and identify its markets needs through market analysis. This was indicated by statistical results that showed the two variables were mildly correlated (r =0.434*). These results show a distinct relationship between the two different variables. Once an SME begins to identify market needs, it is then able to define its target market and in so doing, can make products for a known need, targeted to a particular group and therefore begin to realise higher sales returns and this assists the SME to survive in business for a longer time.

The decision to identify market needs was not influenced by the type of products a particular SME made, as indicated by the two variables not being statistically significantly correlated (r =0.223). There was no statistically significant relationship between the education level of the sampled SME owners and the decisions they made with respect to whether or not they tried to identify their market needs (r =0.279). There was only a very strong correlation between SMEs identifying their markets needs and customers indicating their needs to the sampled SMEs, as indicated by statistical analysis (r =0.632** at a 1% level of statistical significance). In other words customers indicating their needs to the enterprises formed part of the market analysis strategies of the sampled SMEs. Although there were other ways to find out the needs

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[1] Figures in brackets indicate Pearson's correlation coefficient. Note that:

* indicates relationship significant at 5% level of statistical significance (2-tailed) and

** indicates relationship significant at 1% level of significance (2-tailed).

of their markets, sampled SMEs that carried out such analysis considered customers telling them their needs as being very important.

As reflected in figure 5.1, the majority of the sampled SMEs in the study area, 67 percent (20 enterprises) were inclined towards focussing mainly on the product and not necessarily the customer's needs. These art and craft SMEs were largely similar to other types of SMEs in South Africa, and it was not surprising that few of them, 33 percent (10 enterprises), adopted a market-led approach. At the setting-up stage, SME operators are usually so enthusiastic about the success their businesses can achieve, that they tend to rely largely on their "gut-feel" rather than on actual market information. It is possible that many SMEs shy away from the market-led orientation because of various misconceptions about the functions of market analysis. Among the cited misconceptions is that marketing research is too expensive, not really necessary, is done only on large scales, thus is only for big firms and trying to advertise a product already made is all that is needed to be able to sell it. SME owners seem to place more emphasis on external factors such as lack of finance and markets as being the key problems facing their businesses and a main reason why SMEs do not grow sustainably. In the business of art and craft, most entrepreneurs make products more out of an inner inspiration rather than what the market really wants.

Brown (1985) asserts that this ideology stems from the misunderstanding of the nature and purpose of market research, where it is assumed that market research is only about measuring market sizes of particular products. This misunderstanding appears to be a general trend by most SME owners because they lay more emphasis on finance availability and how to access it, and not on management and market or marketing related techniques.

5.2.1 When do the sampled SMEs adopt market analysis?

None of the ten sampled SMEs who stated that they conduct market analysis initiated the process before set-up. The beginning saw them operating on sheer enthusiasm, the excitement of a new venture and the false notion that there would always be customers based on the novelty run they were experiencing. The majority of sampled SMEs, 67 percent (20), contended that they did not really try to investigate their

markets needs. Only 33 percent (10 enterprises) had attempted to carry out a market analysis. These market-led SMEs used the approach in two different ways. Seven out of the ten market-led SMEs (or 23.3 percent of the total sample), adopted the market analysis process soon after their enterprises were established. These businesses soon realised that it was essential to know the needs of their markets by constantly carrying out market analysis, in order to know what items to produce to suit the needs of the market. Consequently, they found creative, simple and cheap ways of gathering this information from their markets (see section 5.2.3). These SMEs stated that market analysis was a vital exercise that they continuously undertook, because market needs, trends and preferences were constantly changing. However, 10 percent or only three out of the ten of the sampled SMEs who carry out market analysis, only engaged and interacted with their markets whenever their sales were low, suggesting that they only sporadically carried out the analysis. Owners of these businesses indicated that they abandoned the market analysis exercise once their sales began to pick up and only carried out another analysis when they noticed their business sales had began to slow again. This meant that those SMEs who sporadically carried out market analysis, could not tell how often they carried out such market analysis, they only did so when need arose and these times were usually "few and far between" (see table 5.3).

Table 5.3. Times at which sampled SMEs started market analysis (n=30)

	Before set-up.	After set-up.	When sales are low.	Not tried
At what point did you try to identify market needs?	0	7	3	20

As indicated in the above paragraph and table 5.3 few SMEs 33 percent (10 enterprises) carried out market analysis. They did so in two differing ways, firstly by adopting market led tendencies soon after establishing their businesses and carrying on the practice on a continuous basis and secondly by undertaking market analysis

only when their sales are low. The few SMEs that carried out market analysis stated that they did so because they were looking for ways to expand their businesses sustainably and realised that in order to do so they had to communicate constantly with the market in order to make products which were needed and wanted by customers.

Six of the ten owners of the market-led SMEs held matric certificates while the remaining four had tertiary education qualifications. These SMEs had an average business age of 10 years as compared to the SMEs that did not carry out market analysis. They had been in business for an average of 6.5 years.

SMEs owners of the enterprises that carried out market analysis, had all acquired high education levels (Matric and Tertiary level education) and therefore could possibly grasp the aspect of markets and the necessity to understand the needs of the markets in order to include those needs in the production of the items offered for sale. They all seemed to understand the importance of producing items for a known need. There were no clear reasons as to why some of the SME owners carried out the analysis sporadically, however, it is likely that they perceived a continuous market analysis as being too expensive to carry out and not very necessary. This may not be strategic for their businesses because they only investigate needs when their sales are low and therefore are already making losses or poor sales by the time they take some action. The one fundamental aspect that they fail to realise is that the market place is dynamic and therefore customers' wants, needs and tastes constantly change to fit into the latest trend. Birn (1992:27) alludes to the fact that market analysis leads to creative and innovative ways to anticipate and identify customer needs rather than wait for current trends to manifest themselves through a competitor's success. It is therefore imperative that the SME owners constantly try to find out what their markets needs are at any particular moment, hence the need for constant market analysis. As Brown 1985 aptly states "reliable and up to date market information is the cornerstone of a successful marketing strategy and the profitability that goes with it." For the market information to be up to date, continuous analysis is the key and therefore has to be carried out.

5.2.2 Strategies used by the sampled SMEs for market surveys

The research revealed that the ten sampled SMEs who carried out market analysis had devised their own simple methods of conducting market surveys, without necessarily having to use marketing consultants. These methods included test running a product, reading trend magazines, creating a website or linking to others," window-shopping around", word of mouth and telephonic follow ups.

To test run a product, an SME would make one or two pieces of an item as samples. They would then display them in their outlets, or display them on various web-sites (see Appendix C- for addresses of websites used). The entrepreneur would then watch and record how much attention the "new" piece attracted, with the intention of receiving feedback from would be customers about whether they liked the item and if they would like to buy it. These customers would be asked for their opinions on how to improve the item and what changes they would recommend in terms of size and colours. If the response toward the product was positive, a few more would be made and offered for sale. If they were sold quickly and seemed to move fast enough, then more would be made, each time improving the item according to customer's suggestions. The process would continue until the item becomes part of the production line if deemed to be successful or is dropped altogether if the few units made are slow to be bought and do not gather up enough interest.

Both local and international trend magazines that cover topics such as interior design, houses and gardens, fashion and footwear, art and general household topics are bought by the ten market-led entrepreneurs. These SMEs observe and follow fashion trends over a number of months, then incorporate this knowledge into their product design. Their products are therefore viewed as being trendy (fashionable) and dynamic (keeping up with current changes) in terms of currently popular colour schemes, product sizes and general designs.

A few entrepreneurs are trying to set-up their own web pages or alternatively, are linking themselves to other websites designed for the art and craft market (see Appendix E). An example of one such web site is http://www.Buy-Afrika.com where art and craft SMEs can display their wares on the site and receive orders for their

products through this web site. By logging onto the web, customers can order whatever product attracts them and SME owners can observe different designs of products made by different producers and observe which items are sold faster than others and in so doing adjust their product lines accordingly.

Some entrepreneurs go to their competitor's outlets "window-shop" and observe what they stock and what is frequently purchased. This applies especially to those SMEs who specialise in shoes, clothes and accessories such as jewellery and handbags. They also watch the trends of what most people on the streets tend to wear, especially during season changes e.g. from summer to winter. This is all done in an informal way.

Of the sampled SMEs, ten enterprises solicit information from their customers, in other words they use word of mouth to elicit information about product needs. After making a sale they ask what attracted the customer to the product and what changes if any would they suggest can be made to improve the item. Customers are also asked what in their view seem to be the current trends and whether they would make an effort to come again. This includes browsers who walk into the outlet and do not necessarily purchase an item. The contacts of willing customers such as telephone numbers are recorded for future reference.

SMEs that carried out market analysis frequently make follow up telephone calls to their regular customers, in order to keep communication lines open and to ensure they keep the interest of such customers and in so doing try to retain that market share that they have already captured. They also find out what these customers need for the next visit.

These strategies, as employed by the SMEs who carry out market analysis, are similar to those recommended in various market research textbooks. Market research analysts such as Brown (1995) and Cox (1979:12-25) enumerate published sources such as books, journals, reports and circulars, as being a good source for market information. However they go further and state that even internal sources such as sales records and even employees can give a good indication on customer's trends and what their needs are. Birn (1992:47) and Chisnall (1997:53-64) state that there also are commercial

sources where research organizations investigate a particular aspect of an industry or sector and have that data readily available for whoever needs it to buy it Cox (1979: 19). An example is the Duns Market Identifiers (DMI) who have available data about the United States and Canadian markets in various sectors. Unpublished documents such as Government publications and statistics, business directories and trade associations can also give vital information. The last three namely internal sources, commercial sources and unpublished documents are areas which the art and craft SME sector needs to be made aware of and which they need to explore vigorously to their advantage.

5.2.3 Factors that influence sampled SMEs to either adopt a market-led or production-oriented approach.

As only one third of the sampled SMEs carried out market analysis statistical analysis was carried out between various variables to determine whether or not factors such as business location, type of products made, education level and gender of the SME owner and income had any bearing on the decisions an SME made and the performances of some of these SMEs.

Further statistical analysis was carried out to investigate whether or not the type of products made (raw material used) impacted on the performance of the sampled SMEs in terms of annual income realised. The issue of the type of product made was considered to be of importance especially since it was the basis for dividing the population into different groups (strata) from which a sample was randomly drawn. Statistical results indicated however that there was no significant correlation ($r = 0.208$) and therefore the type of product made did not affect income realised by an SME significantly. Statistics also indicated that there was no significant correlation between the two variables, types of product made and the age of the sampled SME ($r = 0.328$). In other words the type of product made did not impact significantly on whether an SME managed to stay in business for a longer period of time. The type of products made and the education level of sampled SME owners showed a non-significant correlation ($r = 0.027$), indicating that one variable did not affect the other. The same applied to comparison made between product made and customers indicating their needs to the SME ($r = 0.087$), where neither variable affected the

other. The likely explanation for this phenomenon could be that by the time an SME started to carry out market analysis and find out what products customers needed the enterprise had already gone into business and had already selected which type of products to make (wood work, beadwork, see sec 3.1.1, fig 3.1). Products made did not have any significant relationship with the number of employees an SME had ($r = 0.167$).

However, on comparing products made and ability of a sampled SME to clearly define its target market, statistical results indicated that the two variables were significantly correlated ($r = 0.437^*$). In other words SMEs that defined their target market were able to produce products that appropriately matched that target. SMEs are often not able to clearly define their markets and consequently produce inappropriate products that do not sell as fast as desired. In this particular study, SMEs that produced wood and leather products were among those that defined their target markets more clearly.

Statistical analyses were carried out to determine whether the location of an art and craft SME influences the kind of business approach adopted (i.e. either market-led or production oriented). Analysis of the data found that the frequency distribution of market-led and production led companies did not differ with the three different kind of operational bases i.e. home based, home and away bases and operational base not at home but fully away in rented premises ($\chi^2 = 1.24$, D.F = 2, see Figure 3.4). Thus, the operation base (i.e. the place of work) did not significantly affect the business approach preferred by the SME owners. This suggests that the SMEs operating away from the owner's homes were not adopting any superior business marketing strategies to their counterparts trading from their homes or vice versa.

SMEs that carry out their productions and sales from the owners home had a mean annual income of R18,904, those producing at home and selling away had a mean annual income of R29,410, while those operating fully away from home had a mean annual income of R12,671. These incomes differed significantly, and this suggests that the annual income of the SMEs was not influenced by where their business operation was based. In other words, home operators were making similar income

returns to those in premises away from a home. The reason why SMEs producing at home and selling from rented premises away from home seem to be making slightly more money could be linked to the fact that their outlets are based near tar roads and in urban areas (e.g. Howick) and easily accessible to customers.

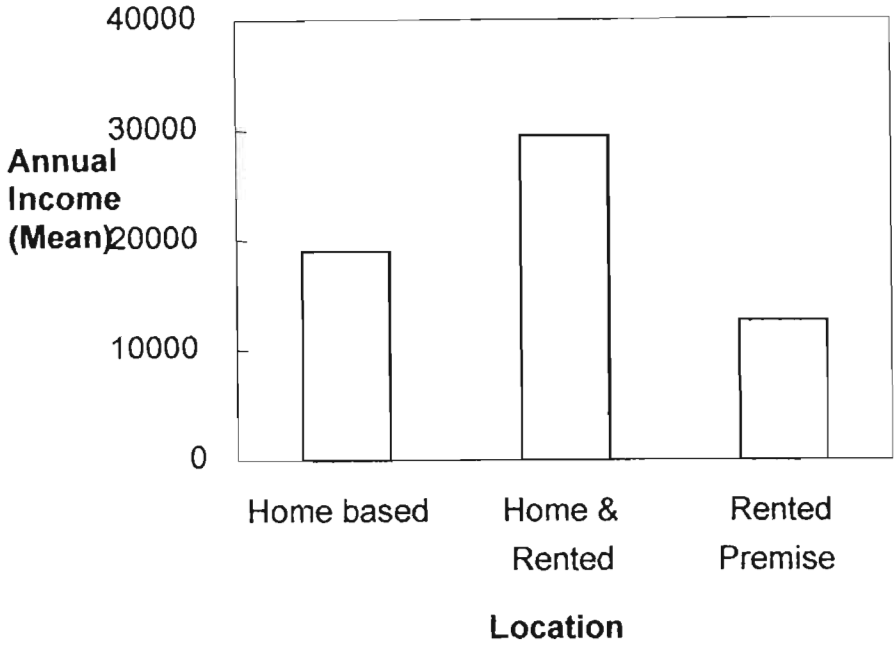

Figure 5.2 Business location and income realised by sampled SMEs. KwaZulu-Natal Midlands 2001 (n=30)

This section investigated whether any of the three categories of SMEs in the study area (home based, home and away based and fully away based/rented premise), had a higher propensity to create more job opportunities. Results showed that the home based SMEs (those producing and selling from home), had a mean number of 5.7 employees, those who make products from home and had a selling point away had a mean number of 8.3 employees while those whose business activities were entirely were away from home (i.e. in rented premises) had a mean of 9.2 employees. These differences were significant. This suggests that the location of SMEs did not affect the number of job opportunities created.

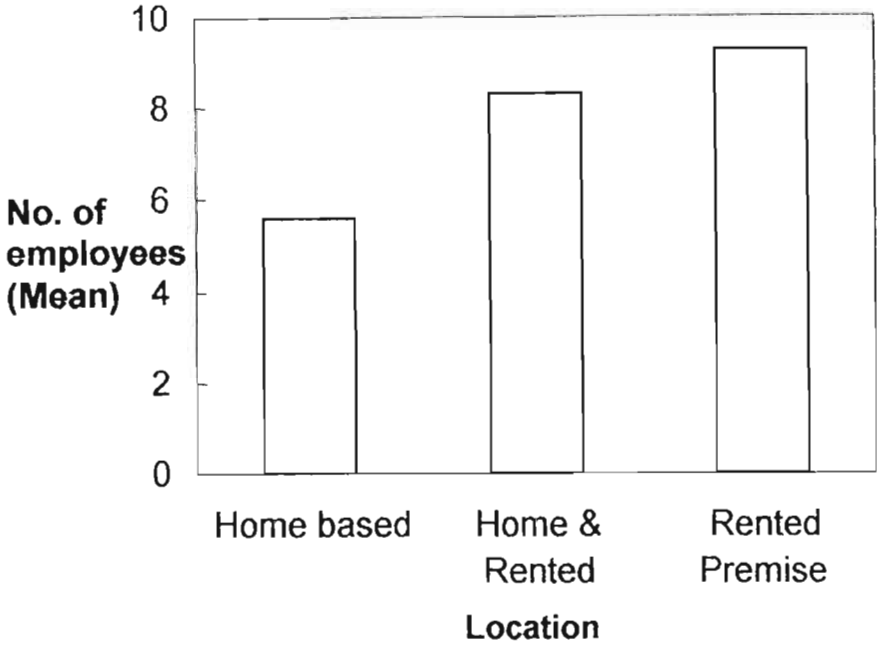

Figure 5.3 Location and number of employees of Sampled SMEs. KwaZulu-Natal Midlands 2001 (n=30)

The results from the three previous paragraphs suggest that whether the SMEs are located in the owners home or using premises away from home, their potential output in terms of annual income generated and employment generated are similar. This may be attributed to the fact that most of the SMEs sampled adopt a similar business approach i.e. they are largely production oriented.

Comparisons were made to gauge whether there was a significant difference between SMEs run by males and those run by females, in terms of their business approach, annual income and number of people they employ. Results indicated that gender did not play a role in determining which business approach the SME adopted. Statistical analysis found the variables not to be significantly correlated (r=0.339). Of the SMEs that carried out market analysis 60 percent (6 enterprises) were run by a male while 40 percent (4 enterprises) were female owned. Among the SMEs that did not carry out

analysis, a bigger percentage 65 percent (13 enterprises) were owned by females while men owned 35 percent (7 enterprises) see table 5.4.

Table 5.4: The business approach adopted by male and female owners of sampled SMEs. KwaZulu-Natal Midlands 2001 (n=30)

	Business Approach		
Gender	Market-led	Production oriented	Total
Male	4	7	11
Female	6	13	19
Total	10	20	30

Art and craft SMEs owned by females had a mean annual income of R134,264, while their male counterparts had a mean annual income of R379,209 (Table 5.5). The two variables gender and income, were not statistically significantly correlated (r= -0.265). With respect to number of persons employed female entrepreneurs employed a mean of 7.9 persons while their male counterparts employed 6.4 persons. These two variables were also found not to have a statistically significant correlation (r=0.103) and points to a relatively similar employment capacity between male and female operated SMEs.

Table 5.5: The mean annual income and number of employees in male and female owned sampled SMEs. KwaZulu-Natal Midlands 2001 (n=30).

Production Factor	Gender		*t* value
	Male	Female	
Mean annual income	379 209	134 264	1.11
Mean number of people employed	6.4	7.9	0.51

The results reported in the last two paragraphs suggest that the gender of a business owner (i.e. male or female) did not influence the style of business approach adopted by the owner nor did it influence the output of the business in terms of annual income earned or number of employment opportunities created in a very significant way.

The research sought to determine whether or not there was any relationship between the education level of an SME owner and the way they run their businesses. In other words, an answer was sought to the question "do the more educated entrepreneurs run SMEs that are market-led, realise more income and employ more personnel?" The results showed that sampled SME owner's entrepreneurs with primary level education had a mean annual income of R. 4,200, those holding matric certificates had R130,735 and those with a tertiary education had a mean annual income of R408, 318. The differences in annual income realised seemed to indicate that, sampled SMEs whose owners had been through tertiary education received a more significant amount of income than those with primary level education. However on statistical analysis, the relationship between these two variables, education level and income, ($r = 0.315$) was not significant.

SME owners with primary level education employed a mean of 8 persons, the same number employed by those with tertiary level education. Those holding matric certificates however, employed a mean of 6.8 employees. The differences among the three were not correlated ($r=0.044$) and suggested that the education levels of business owners did not influence the number of job opportunities they created.

None of the entrepreneurs with primary education carried out market analysis to run their businesses. Thirty seven percent (4 enterprises) and 35 percent (6 enterprises) of entrepreneurs with matric and six with tertiary education respectively carried out market analysis to run their SMEs. However, the relationship between the education level of the SME owner and the business approach they adopted (i.e. market-led or production orientated) was not statistically significant ($r=0.279$).

The study went further and carried out statistical analysis to investigate whether or not the race of an SME owner influenced the performance of the SME. Statistics indicated that the two variables race of SME owner and customers indicating their needs were highly significant (r=0.530**), indicating that white SME owners solicited the opinions of their customers. The correlation between race and an SME identifying market needs was also significant at (r=0.433*). Again the white SME owners were more inclined to carry out market analysis. In relation to an SME clearly identifying target markets the variables were not statistically significantly correlated (r=0.333). This indicated that although more white SME owners were more inclined to identify their target markets clearly, black SME owners were also trying hard to do the same. White SME owners however, did not seem to consider market analysis as being an expensive exercise at all. The two variables were negatively correlated (r= -0.448*).

As indicated earlier, in chapter three, the sample included both art and craft SMEs linked to the Midlands Meander Association and those not affiliated to this association. After data collection, further statistical analysis was carried out to investigate whether there were any similarities or differences between sampled SMEs on the meander and those not on the meander that would explain why only one third of the sampled SMEs carried out market analysis. Results indicated that there was significant correlation between an SME either being on the meander or not and the annual income they realised (r =0.578). However the variables, age of the sampled SME, type of products SME makes, and whether or not the SME identifies market needs were not significantly influenced by an SME either being on the meander or not (r =0.042, r =0.215 and r =0.000) respectively.

The relationship between an SME being on the meander or not and their ability to define their target market was significantly correlated (r = 0.391*). This indicated that SMEs affiliated to the midlands meander association were better able to define their target markets. This could be attributed to the fact that the Association gives their members profiles of the types of tourists who frequent the area, and therefore these SMEs are able to pick out a particular type of "customer" they wish to target. An SME being on the meander or not was not significantly correlated with the education level of the SME owner (r = 0.229). These results indicate that sampled SME who were members of the midlands meander association were slightly better able to define

their target markets. The meander affiliated SMEs also had owners who had slightly higher levels of education (tertiary level).

However, in relation to the number of persons an SME employs and the ability of the sampled SME to ask it's customers to indicate their needs, statistics revealed a non-significant and negative correlation ($r = -0.315$ and $r = -0.118$). This means that SMEs not affiliated to the Meander Association, employed less persons and did not endeavour to have their customers indicate their needs. The main reason why those SMEs affiliated to the Midlands Meander Association had a slight advantage over those that are not, is that as an association they have the resources (mainly collected from fees charged to SMEs for membership) to be able to carry out market research on various aspects, such as numbers of tourists visiting the region at any given time, type of tourists, their income level and approximate amount of money they spend on different activities. Such general information is given to the members. However, how they use this information to their advantage is entirely the discretion of each SME. Such information gives SMEs affiliated to the midlands meander association a slight head-start in the business.

In conclusion, from the sampled SMEs, a typically market-led SME is one affiliated to the Midlands Meander Association and whose owner is a white male.

5.3 Does adopting a market-led approach lead to increased sales turnover and job opportunities created?

The study categorised the SMEs that carried out market analysis as being market-led. In other words they based their business decisions on the needs of their target markets. These businesses also made adjustments and changed their products in order to suit the needs of their customers. As indicated in section 5.2 of this chapter, only 33 percent (10 enterprises) could therefore be categorised as being market-led. The remaining 67 percent focussed mainly on the product, its quality and uniqueness and did not carry out market analysis to find out if those products they made were what their markets demanded. These SMEs (20 enterprises) were therefore categorised as being production-oriented. The study went on to determine whether adopting either

business approach (market-led or production-oriented) had any effect on the performance of the SME.

Section two of the questionnaire elicited information about what the yearly income of each SME was at inception of business and what it was at the time of data collection (early 2001). A similar question was asked about the number of employees an SME had at business inception and at the time of the research. These questions were used to determine whether or not the SMEs sampled had experienced growth in terms of annual sales turnover and job opportunities created, irrespective of the business approach they adopted.

Table 5.6 Growth patterns of sampled SMEs (income and jobs created). KwaZulu-Natal Midlands 2001 (n=30)

Comparisons	Businesses with increase (n=30)	Stagnated businesses (n=30)	Businesses experiencing decreases (n=30)
How many employees did you have at inception and how many now	19	7	4
What were your monthly sales at inception and now	25	3	2

As reflected in table 5.6 figure 5.4 , results indicated that irrespective of whether a sampled SME was market-led or production oriented, the general trend was that 63.3 percent (19 enterprises) of the sampled SMEs, experienced growth in terms of job opportunities created, from the inception of the business to the beginning of 2001, when the data was collected. However, 23.3 percent (7 enterprises) of the sample still have the same number of employees, indicating that they have not created any new job opportunities. However, 13.3 percent (4 enterprises) have experienced a decline in jobs created, they are employing a smaller number of persons than they did at

inception. In relation to income, a larger percentage of the sampled SMEs 83.3 percent (25 enterprises) experienced an increase in their annual income. However, 10 percent (3 enterprises) remained stagnant and receive similar income as they did at the start of their businesses, while 6.7 percent (n=2 enterprises) experienced a decrease in income. Those who experienced stagnation or a decline had been in business for a short time, an average of two years and they placed the blame purely on external factors such as poor performance of the economy, lack of adequate markets, and poor road infrastructure. None of them cited lack of knowledge of their markets needs as being a factor for their reported poor performance.

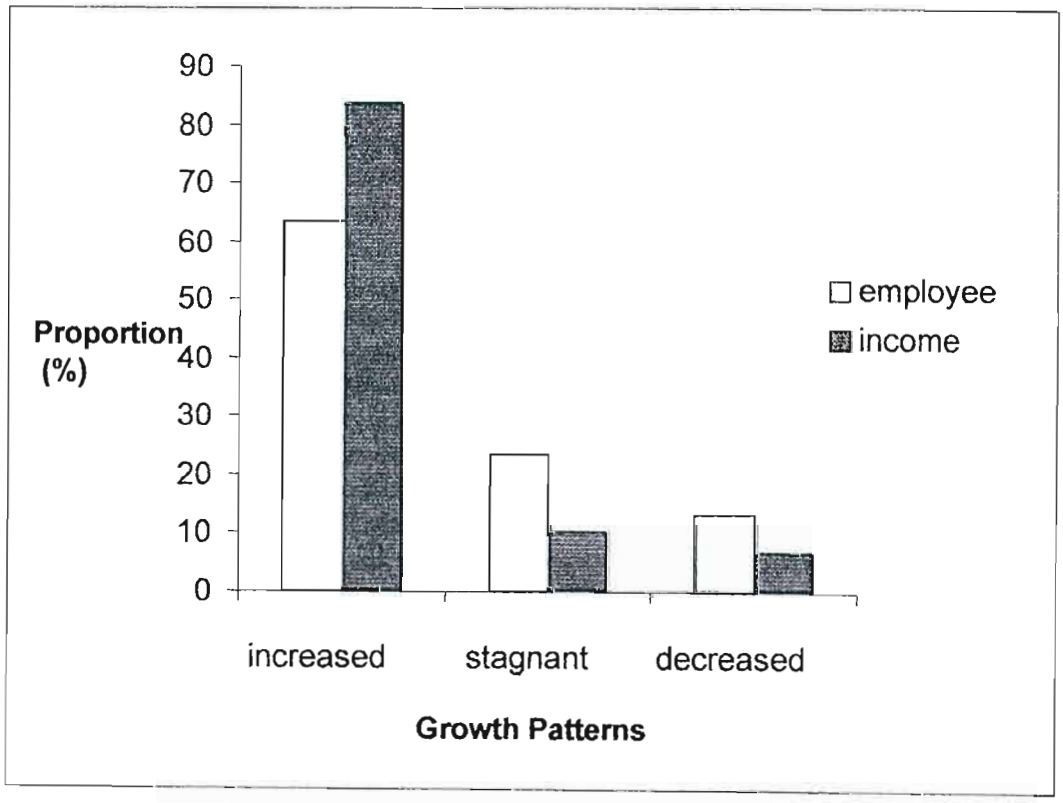

Figure 5.4 Growth patterns of sampled SMEs (Income and jobs created). KwaZulu-Natal Midlands 2001 (n=30)

Among the SMEs that experienced growth in terms of sales turnover and jobs created, were businesses that adopted either a market-led approach or a production-oriented one. The study went further to investigate and make comparisons between market-led

and production oriented SMEs to determine whether or not SMEs of either disposition performed better in terms of employment opportunities created or turnover realised.

Results showed that the mean annual income among sampled SMEs of the market-led SMEs (10 enterprises) was R522,000 per annum larger than that of the production oriented SMEs (20 enterprises), which averaged R80,195 per annum, indicating that market-led SMEs were performing better than production oriented ones in terms of income realised. Statistical analysis carried out to explain this trend indicated that the variable annual income also had a significant correlation with the fact that sampled SMEs could define their target markets ($r = 0.362^*$), which meant that the sampled SMEs who had substantial income were also the same ones that could clearly and specifically define their target markets and carry out market analysis.

The annual income and SME age variables did not correlate ($r=0.244$) showing that some of the sampled SMEs had been in business for a long time but did not make as much income as compared to other SMEs who had been in the craft business for a relatively short time but were realising a higher annual sales turnover. The education level of the sampled SME owner did not have a statistically significant correlation to annual income ($r = 0.315$), indicating that SMEs whose owners had a higher level of education were more likely to experience higher annual income than those whose owners had lower education levels. From this sets of statistics therefore, conclusion can be drawn that a sampled art and craft SME which have been in business longer and whose owners have a slightly higher education level, are more likely to be able to define their target market and identify their market needs and in so doing end up realising higher income level.

The market-led SMEs had a mean enterprise age of ten years, while the production oriented SMEs averaged six and a half years. The difference was found to be statistically significant correlated ($r = 0.345$) and suggested that market-led SMEs had longer life spans. The general trend was that the longer the years in business the fewer the numbers of sampled SMEs represented, as indicated on the figure 5.5.

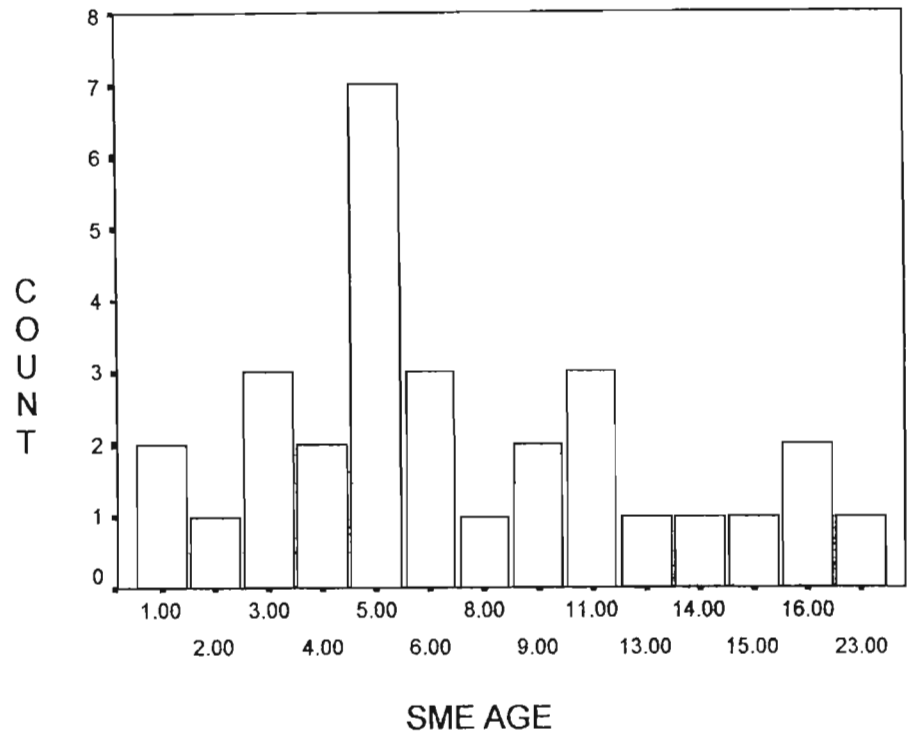

Figure 5.5 Business ages of sampled SMEs. KwaZulu Natal Midlands 2001 (n=30).

The graph above indicates a left skew in its appearance. This indicates that very few of the sampled SMEs had been in business for a long time and may mean that most could only have recently gotten into the business. This lends credit to the facts set out in the literature review that SMEs life span in developing countries is quite short (refer to section 2.6), with more start-ups each year and few SMEs surviving for a long period in business. Further analysis was carried out to investigate whether the lifespan of a sampled SME had any relationship with their ability to clearly define their target markets. Results indicated a significant correlation of (r =0.394*). This meant that for some of the sampled SMEs the longer they managed to survive, the more definite they became about who they wanted to target their products to, as demonstrated in the figure 5.6.

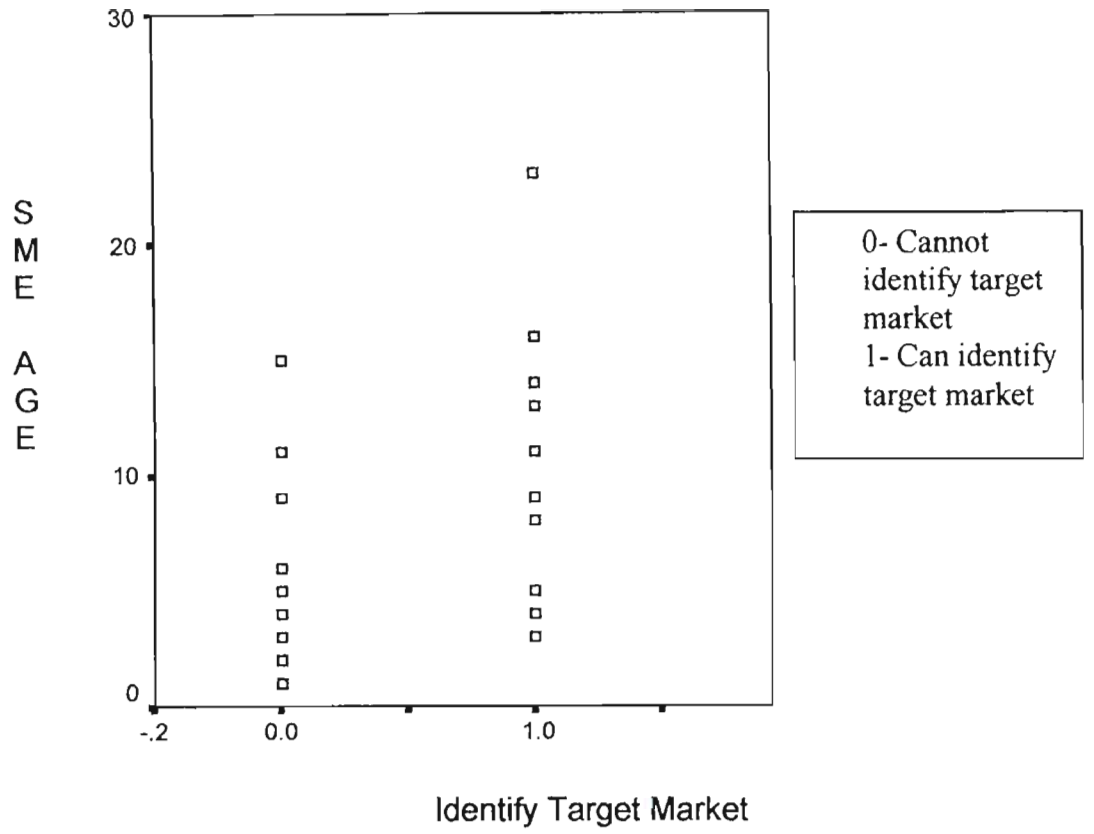

Figure 5.6 Comparison between SME age and ability to identify target market. KwaZulu-Natal Midlands 2001 (n=30)

Note: The □ may represent more than one respondent.

There was no significant statistical relationship between the number of employees of market-led and production-orientated SMEs (r=0.322). Further statistical analysis indicated that, the number of employees an SME had and the age of that particular SME were also not statistically significantly correlated (r =0.314). Therefore it did not follow necessarily that the longer an SME stayed in business, the more the likelihood that it will create more job opportunities.

Statistical analysis indicated that the type of products made by an SME did not impact on the number of persons that particular SME employed. The two variables were found not to be significantly correlated (r= 0.167). The relationship between the number of employees of an SME and its ability to identify market needs was also

found not to be significantly correlated (r = 0.198), indicating that one variable did not influence the other very significantly.

However, the strongest significant statistical analysis carried out using the Pearson's bivariate test, revealed that the two variables discussed in this section, annual income and number of employees had a strong significant correlation (r =0.608**), which means that the more annual income an SME realises the more job opportunities it creates. Therefore growth and sustainability of an SME could actually be measured by using either variable (income or number of employees).

These results on income, number of employees and age of an SME seemed to suggest that market-led SMEs were more productive, had better growth patterns and were more sustainable than production oriented SMEs. However other factors such as ability to define ones target market and type of product also play an important role in enhancing growth as demonstrated in figure 5.4 where 63.3 percent of the sampled SMEs experienced growth irrespective of whether they were market-led or production oriented.

According to Egan and Thomas (1998: 45-46) though, business is about making money from satisfied customers. They further assert that without satisfied customers, there can be no future for any commercial organisation. Effective market analysis is the key to, and offers great potential for profit generation. To have satisfied customers, customer needs both economic and psychological must be understood. Therefore one needs to create effective marketing strategies that will assist a business to make products for a known need and in so doing ensure that customers are happy enough to come back for another product as well as tell other people about the product they have bought and where they bought it from.

The need for market analysis by businesses generally (whether big or small), has become increasingly important because of the current world trading conditions of globalisation (Chisnall 1997:3). There has been vast industrialisation and improved transport and communication systems. Therefore businesses need to have an in-depth and dynamic knowledge of their markets and consumers in order to have specific targeting strategies and to make products desired by the market.

The market-led approach to running a small business is beneficial because the SME produces items for a known need and therefore offers guarantees for greater sales of the products. Besides, constant communication with customers means that the business can detect when changes occur in the trends and tastes of customers and therefore the SME can adjust their products to suit the current needs. Market information, as Chisnall 1997:4 terms it is a "raw material' used by management of a business to make decisions about the day to day operations. Birn 1992:14 also states that market analysis helps businesses to optimise sales and evaluate new markets and opportunities. The study carried out demonstrates that a market-led approach is an added bonus to the sampled SMEs because it further enhances other factors that assist an SME in its growth and sustainability.

5.4 Summary in relation to the study problem and hypothesis

An analysis of the questionnaire and survey data of the art and craft SMEs in the KwaZulu-Natal Midlands was outlined in this chapter and the results are summarised below:

Sub-problem one sought to investigate the attitudes of the sampled SMEs toward market analysis. Results indicated that 53 percent (16 enterprises) of the sampled SMEs felt that knowing their markets needs was vital to their growth and development. However 17 percent (5 enterprises) felt it was not essential while 30 percent (9 enterprises) were neutral in their responses. These results indicate that a significant number of the sampled SMEs (47 percent or 14 enterprises) either did not understand the market analysis concept or if they understood it, did not deem it vital for the success and growth of their businesses. However a slim majority of 53 percent do perceive the concept of market analysis as being of vital importance. Within the same sub-problem, the study investigated what methods the market-led SMEs used to carry out market analysis. These methods included word of mouth, subscribing to trend magazines, having a web-site or being hosted on one by a parent company (such as http://www.Buy-Afrika.com), telephoning customers and window-shopping. This

indicated that the market-led SMEs tried to find cheap and innovative ways of finding out what their markets needs were at a particular time.

Sub-problem two investigated whether or not the sampled SMEs were market-led. Results indicated that most of the sampled art and craft SMEs are production oriented, 67 percent (20 enterprises) and do not have clear guidelines as to what exactly they need to produce for their markets. Production of goods is not based on market needs or trends but rather based on the entrepreneurs' own intuition or aspiration of what items are saleable. However, 33 percent (10 enterprises) of the SMEs expressed the opinion that the key to their sustainability is knowing their markets needs and have consequently adopted the use of a market-led approach to run their enterprises. Of the 33 percent however only 70 percent (7 enterprises) of them can be classified as being fully market-led, because they use this approach continuously. The remaining 30 percent (3 enterprises) only use the system when their sales are low. None of the sampled businesses adopted the market-led approach at the inception of their businesses. Those that now carry out the analysis adopted the approach soon after establishment. These results support sub-problem two and indicate that very few art and craft SMEs have adopted the use of the market-led approach and many of them do not carry out market analysis.

Sub-problem two's results brought out a clear description of a market-led SME as being one affiliated to the Midlands Meander Association, and whose owner was male, white and possessed either a Matric certificate or qualifications from a tertiary institution.

Sub-problem three went further to investigate whether the market-led SMEs had better performance in terms of annual income and number of job opportunities created. Results indicated the market-led SMEs attained a mean annual income of R522,000 as compared to the production oriented who had a mean annual income of R80,195. The market-led SMEs employed an average of 13.1 persons while the production oriented ones employed 4.5 persons. However statistical analysis revealed that irrespective of the business approach adopted (either market-led or production oriented), 83.3 percent (25 enterprises) of the sampled SMEs experienced growth in their annual income, while 63.3 percent (19 enterprises) also experienced an increase

in job opportunities created. These results demonstrate that adopting a market-led approach alone does not necessarily lead to enterprise growth and sustainability. There are other factors that are necessary for SME growth to be achieved, and these include appropriate technical and business skills, spatial location of a business and access to finance which all play a significant role in influencing the trend an SME takes.

In light of the results of the study, it is the contention of the researcher that the hypothesis be rejected, in terms of increased job opportunities, because adopting a market-led approach does not on its own necessarily benefit the sampled art and craft SMEs in the KwaZulu-Natal Midlands.

CHAPTER SIX.

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.

The problem the study aimed at investigating was if sustainable growth (in terms of increased sales turnover and more job opportunities created) of art and craft SMEs in the KwaZulu-Natal Midlands, was dependent upon whether or not they adopt a market-led approach to running their businesses as opposed to a production –oriented approach. The study defined a market-led approach as one that dictates that market analysis be undertaken as often as possible in order for the SME to find out what the actual needs of the customer are, what changes are currently occurring in the market and what the trends at a particular point in time are. In other words, the analysis then informs the SME on what decisions to make in relation to product design, packaging, pricing and distribution. This system is one, which emphasises finding out what the customers want and then produce items to suit those particular needs. In brief, the market-led approach produces for a known need. On the other hand a production-oriented approach was defined as one where the SMEs produced items they thought their customers needed, then offered them for sale. In this approach, issues such as product design, quality, packaging, pricing, colours and size are all decided upon by the SME without any investigation into whether or not that really is what the customers want. Consequently there is an enmasse production of goods that more often than not do not sell as quickly as expected. In brief the SME owners that adopt this approach, use their "gut" feel to make decisions about what products to put out on the market.

The art and craft industry can potentially be of great importance to the economies of most developing countries because of four main reasons. Firstly, if nurtured well and it grows, this industry could directly improve the livelihood of the rural population of KwaZulu-Natal Midlands especially women and children. This is because rural women already possess crafting skills and will be able to gain employment, which in turn will earn them some much needed income. Secondly, there is potential for this industry to grow. Due to the projected growth in tourism, related industries, such as the art and craft industry are therefore bound to benefit from this increased tourism. Thirdly, art and craft is a highly labour intensive industry and therefore any growth in

it will certainly translate into job opportunities. Lastly, because of the industries low entry point, its expansion and growth would incorporate largely semi-literate persons who would under normal circumstances not be qualified for many of the other jobs available.

The area targeted in this study was the KwaZulu-Natal Midlands, covering areas between Howick, Nottingham road and Mooi River. The area is largely a farming district, whose main activities include dairy and beef farming, as well as market gardening, horse studs and trout fishing. It also features a number of tourist attraction spots such as the famous battlefields and the place where Nelson Mandela was arrested. Since the area is a major tourist destination, the inhabitants started up various SMEs to take advantage of the tourism factor and try to supplement their incomes from farming activities. Lists of the art and craft outlets in the area were collated from the Midlands Meander Association road maps and word of mouth. A total of 60 businesses were identified as fitting into the definition of the targeted category for the research. This definition embodied only art and craft businesses in the Natal Midlands that produce and market their own products and operate all year round, irrespective of whether it is a low or high season.

From the above stated population, a technique had to be devised, which would assist to draw up a sample representative enough of the population. Since the art and craft business is so diverse and products are made from different raw materials such as wood, ceramics, metal, beads, fabric, paper, bottles cans to name a few, the sampling technique used had to accommodate this diversity. The stratified random sampling method was seen as being fitting. This is because it allows for grouping of the population in strata (groups) from which the sample is then selected. The criterion for each stratum was the raw material used in making the products. From each of this stratum, individual art and craft SMEs were randomly selected. This system ensured that every category of the population was adequately represented amongst the sample selected. Some strata were larger than others and therefore numbers randomly picked from each stratum varied according to its size. A total of 30 SMEs, which represented 50 percent of the population, were picked out.

Literature reviews were carried out, in order to learn as much as possible about the area of study and the subject being investigated. These reviews and the knowledge acquired thereof had an advantage of informing the researcher on how best to design the questionnaire and approach the respondents on the issue at hand.

Data collection was carried out between mid February and mid March of 2001 using face to face interviews. The study was viewed as one in which the relationship between two variables is determined. These variables were the business orientation of an SME and its success or sustainability rates. Such a study is typically termed as a descriptive research. The classification of the study as being descriptive dictated the method to be used for collection of data and information. A sample was derived from the population and various characteristics of that sample were measured. To do this a questionnaire was formulated to be used as an interview schedule. The advantages of the interview methods are that both the interviewer and the interviewee are face to face and any misunderstandings in relation to questions asked or responses offered can be clarified. Using a questionnaire as an interview schedule gives an added advantage of ensuring that the responses are well recorded and that they can be referred to at a later date if and when the necessity arises.

After the research information was collected, the data was then coded and laid out on an MS Excel spreadsheet, from which the analysis was carried out. The analysis was carried out using the mini-tab statistical programme as well as SPSS. Both descriptive and analytical type analysis was done on the data.

6.1 Summary of findings.

This sub-section endeavours to summarise the findings of the research. The first section highlights the socio-demographic characteristics of the SME owners. However the summary will be done according to the formulated research sub-problems.

The socio-demographic features of SMEs are indicated in figures 3.2 and 3.3. All SME owners were over the age of 25 years however, 33 percent were between the ages of 26 and 35. The majority of SME operators (47percent) were between 36 and

45 years of age. Only 20 percent were over 46 years. These results point to an absence of youth owning any art and craft outlet and a domination by the age group of between 36 to 45 years. All the entrepreneurs had some level of education. Seven per cent completed primary school level of education, 56 percent completed grade 12 and 37 percent hold post school certificates, diplomas and degrees in various fields of study (see figure 3.3). Most of the SMEs were female owned (63 percent) as compared to males own (37percent). Two-thirds of the art and craft SMEs (67percent) were owned by white operators and 33 percent owned by blacks.

Sub-problem one tackled the issue of whether or not SME owners considered market analysis to be of vital importance to their businesses. Results indicated that most SMEs 53 percent, (16 enterprises) considered market analysis as playing a vital role in enhancing growth in any business.

Sub-problem two aimed to find out whether or not the sampled SMEs carried out any market analysis, thereby lending them to be either market led or production oriented in their business approach. Results indicated that 67 percent (n=20) of the SMEs sampled are production oriented. They concentrate more on trying to produce quality items in bulk, according to their own tastes and preferences and what they assume are the tastes and preferences of their markets. The remaining 33 percent are market-led. They constantly communicate with their customers and potential customers. However they picked up this practice after setting up their businesses. They have found cheaper ways of finding out what current trends are and therefore adjust their production according to the market changes and the needs of their customers. These methods included test running a product, reading trend magazines, creating websites, window-shopping, word of mouth and constantly calling on customers to find out their opinions.

Sub-problem three investigated whether or not adopting a market-led approach had a positive effect on the business in terms of its growth and sustainability (increased sales and employment opportunities). Results indicated that among the sample, market-led SMEs realised R522,000 per annum, six times the amount of financial turnover the production oriented SMEs realised at R80,195 per annum. However, statistical analysis indicated that the differences were not statistically significant. The

mean number of employees of market-led SMEs was 13.1 persons which was three times more than that of the production oriented SMEs, which was 4.5 persons.

6.2 Conclusions

The study therefore indicated that among the sampled SMEs, adopting a market-led approach did not on its own lead to growth and sustainability among the sampled art and craft SMEs. This is because even though the markets trends, tastes and preferences of products are constantly changing and it is therefore necessary to keep up with these changes (through constant market analysis), this is not the only factor that is important in enhancing an SME. Other influencing factors include the ability of an SME to clearly define its target market as well as the type and quality of the products made.

Only 33 percent of the sampled SMEs could be classified as being market-led. And even then 70 percent of the market-led SMEs were partially market-led because they only carried out a market analysis and communicated with their markets when their sales were low. The market-led SMEs found cheap and innovative ways of carrying out this analysis. They used simple methods such as reading trend magazines and constantly talking to their customers.

The majority of sampled SMEs (67 percent) were production oriented and concentrated mainly on following their "gut" feeling and making products they felt would sell. This trend persisted despite the fact that 53 percent conceded that market analysis is vital to the growth and sustainability of their businesses. The reason for this could be attributed to the fact that market analysis was widely misconstrued by 50 percent of the sampled SMEs as being a complicated and expensive procedure, which can only be carried out using the expertise of marketing consultants and analysts.

6.3 Recommendations

This sub-section will highlight issues that the researcher feels need to be addressed in order for the art and craft industry to flourish and consequently create more

employment. The first three recommendations are mainly addressed to the sampled SMEs and can also be adopted by other SME to help ensure sustainable development. The last three recommendations are mainly policy recommendations that can be adopted by role players and service providers such as NGOs, faith based organisations and relevant Government Departments.

Despite the fact that among the sampled SMEs 53 percent felt that, market analysis is vital to the growth of a business, only 33 percent followed through with their convictions. This may be because the concept has yet to be actively promoted and sold to the SME sector, in order to try and ensure even further sustainable development amongst SMEs. It is therefore recommended that even though market analysis is not the only vital factor needed to enhance growth amongst SMEs, nonetheless it needs to be aggressively promoted. Therefore the following recommendations with respect to market analysis are suggested:

Firstly, extensive use of the Internet should be vigorously advocated and encouraged. This is because it is a simple, effective and cheaper tool that can be used for advertising worldwide. Again pamphlets should be released to SMEs, that demonstrate how best and most effectively one can use the internet to their own advantage, for example by creating a web-site for the business and posting different products on it and calling for comments on the products.

Secondly, SMEs should be encouraged to find cheap but innovative ways of carrying out market analysis, such as window-shopping, word of mouth, subscribe to and read trend magazines, test run a product before producing enmasse, keep internal records of what products sell faster, to name a few.

Thirdly, for the SMEs, they can be encouraged to join forces especially if they specialise in clearly differentiated products. They would then pool their resources both financial and manpower, in order to be able to afford to carry out market analysis and communicate with their markets and potential markets more often and more effectively. For example they would pool together and create one web site that hosts all their different information and pictures of their products and then split the costs of

having a web site between them. The figure 6.1 below demonstrates how this relationship would work.

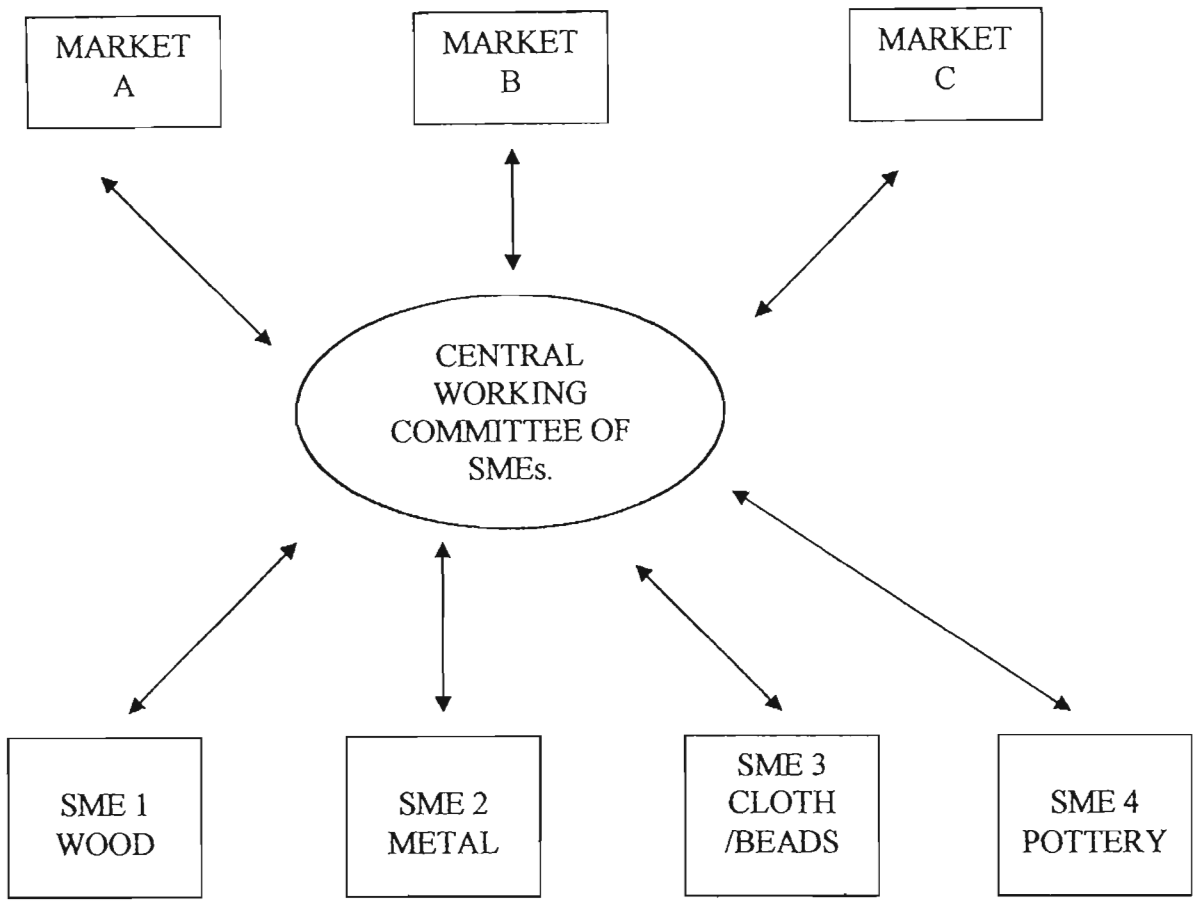

Figure 6.1: Conceptual framework for possible networking between art and craft SMEs.

As demonstrated, in the figure 6.1, a number of small art and craft SMEs making differentiated products for example, one deals with wood products another metalwork another cloth and beads and another pottery, would come together and create a central committee, run and financed by themselves. This committee would then explore various ways of getting information about a particular market, for example, buy information from a service provider or employ marketing consultants. Information received would then be disseminated to each of the participating SMEs.

Fourth all service providers or role players such as faith based organisations, Non-Governmental Organisations, the Department of Trade and Industry (DTI) and its affiliates Khula and Ntsika, should devise appropriate, relevant and effective methods that can be used to communicate with art and craft SME operators in order to pass on the message about the importance of carrying out market analysis and communicating with ones target market. Examples of successful businesses that have adopted a market-led approach would need to be highlighted. Such programs could include the running of workshops where vital information is disseminated. Incentives such as market and loan accessibility should be put in place in order to attract more SMEs to the workshops. Besides workshops, information can be disseminated using pamphlets, or newsletters that are then distributed to various art and craft SMEs. A non-academic magazine that contains vital information relevant to art and craft, including changes in trends and tastes, potential markets, market sizes and consumer expenditure can also be designed and printed about twice a year and made available to SMES for a nominal fee.

Fifth, service providers should set up offices or a facility where SMEs in need can approach them in order to be helped to draw up a plan of action or find creative ways of communicating and analysing any particular market. Alternatively these service providers should themselves carry out market analysis for various markets for example the export opportunities to Germany, United States of America (USA), Britain for particular craft products, how to successfully break into these markets, what average amount of money they are willing to pay for craft products and such topics. These pieces of analysis can then be sold to the SME operators. This method is used in many developed countries such as the USA and Britain to name a few, who make available statistical publications that give information on assessments of markets shares, size of markets, growth potentials, consumer expenditure on a particular sector, pricing and price changes, distribution channels and even the number of customers of a particular sector (Birn 1988: 45, 46). Such a move would make it much easier for the SME to access such vital information and would allow them to make informed decisions on what products to make available, in line with the needs of the markets.

Lastly, service providers should run competitions and put up prizes that will entice and encourage SMEs to adopt a market-led approach in running their businesses. This will effectively bring out the creative side of the SMEs and they will begin to find and formulate their own innovative but cheap ways of communicating with their markets and find out what the market really needs. The competition can run annually or bi-annually and criteria for winning can be issues such as best improved art and craft SME in KwaZulu-Natal Midlands (in terms of sales turnover and jobs created) and most innovative market analysis method, to name a few. Big business can be approached to put up the prizes, after all most SMEs are really not competition to them and therefore encouraging their growth will not in effect lead to less sales for big business.

6.4 Suggestions for further research

The study has answered the questions 'do art and craft SMEs carry out market analysis?' and 'is market analysis vital to the growth and sustainability of art and craft SMEs?' This study has contributed to the overall improvement in the understanding of what role market analysis plays in the successful growth and sustainability of an art and craft SME. It is also clearer now, what the SMEs on the ground understand the meaning of market analysis to be and what misconceptions they hold about the whole idea. The clear indication is that, besides finance availability and access to markets, there are other internal factors that can be focussed on and improved to assist SMEs grow. However, since this study was confined to a particular geographical area and pre-defined sector, its results cannot be used to create a general consensus about what market analysis entails to all SMEs and how effective it is in assisting SMEs to grow. The study would have been enhanced had it covered a larger sample as well as included SMEs from other sectors. A parallel study should have been done amongst art and craft SME outlets run by middlemen, to find out whether or not they also adopt a market-led approach, and then compared to the present study to evaluate performance of each and in so doing find out conclusively whether a market-led approach is definitely vital for an SME.

To this end therefore, suggestions for further research include:

First, the need for a similar study to be carried out within the art and craft industry, but on a larger scale, within the province and / or other provinces in South Africa. This will confirm or dispute the findings of this study and therefore create a better picture of how important a market-led approach may or may not be to an SME. It will also help address the misconceptions that exist about what a market analysis really entails.

Second, research needs to be carried out to try and find out all the reasons for the success of various art and craft SMEs. This will create a clearer understanding of how important market analysis really is and whether or not it is the single most important factor in the success of a business.

Third, a similar study should be carried out, but in other SME sectors. This will help service providers to understand whether or not a market-led approach is important to all SME sectors and whether some sectors can become successful and grow significantly without necessarily employing the factor of constant market monitoring and communication.

Lastly, even though the location of the business (operation base) and differences in business performance because of gender and education levels did not constitute the main body of research in this study, it became apparent that these issues seemed to be a significant factor and that they played a role in the direction a particular SME took (i.e. were the line between success and failure). It would therefore be prudent for a study to be carried out whose main focus would be whether or not gender, education levels and business location have an effect on the success or failure of business and to what extent they really are a factor.

6.5 Suggestions for improvements to present study

The study would have been of a much higher quality had the following factors been improved:

Firstly, the sample size, it should have been larger and possibly (funds permitting) the whole targeted population should have been sampled. This is because while carrying out statistics, some statistical packages such as the chi-square analysis tests could not be made sufficient use of, in some cases because the sample was small. A larger population would also have rendered the results found more conclusive.

Secondly, the sample area would have been extended, to include most other parts of the KwaZulu-Natal region and not only the Midlands. This would have shown similarities or differences between areas frequently visited by tourists versus the interior (rural) regions.

Thirdly, the sampling method used would have been different. For example rather than use the raw materials used as a basis to form strata, geographical location may have been used. This would clearly show whether or not the geographical location of a business had any influence on its performance, growth and sustainability.

Fourth, the research would have been strengthened if factors such as the rate of change in fashion and market trends between different craft products as well as the levels of demand for these different products were taken into consideration.

Fifth, since lack of appropriate skills and technological transfer are constraints to SME development, investigating the level of skills the sampled SME owners possess and their need for skills development may have been important for this study and should be explored in further studies.

Sixth, the study should also have investigated the start up capital each SME invested, as this may well have influenced their present performance. The ability of the SME owners to easily access more finance should also have been investigated. Such data would have made it possible to compare start up investments between SME owners with different levels of education and determine the relationships between education level and availability of start-up capital.

Lastly, a more ethnographic study may have revealed more qualitative data to compliment the statistical analysis and provide more interpretive evidence of SME

behaviour. This would also have the advantage of not only relying on the SME owner's word of mouth and statistical analysis but evidence from direct observation.

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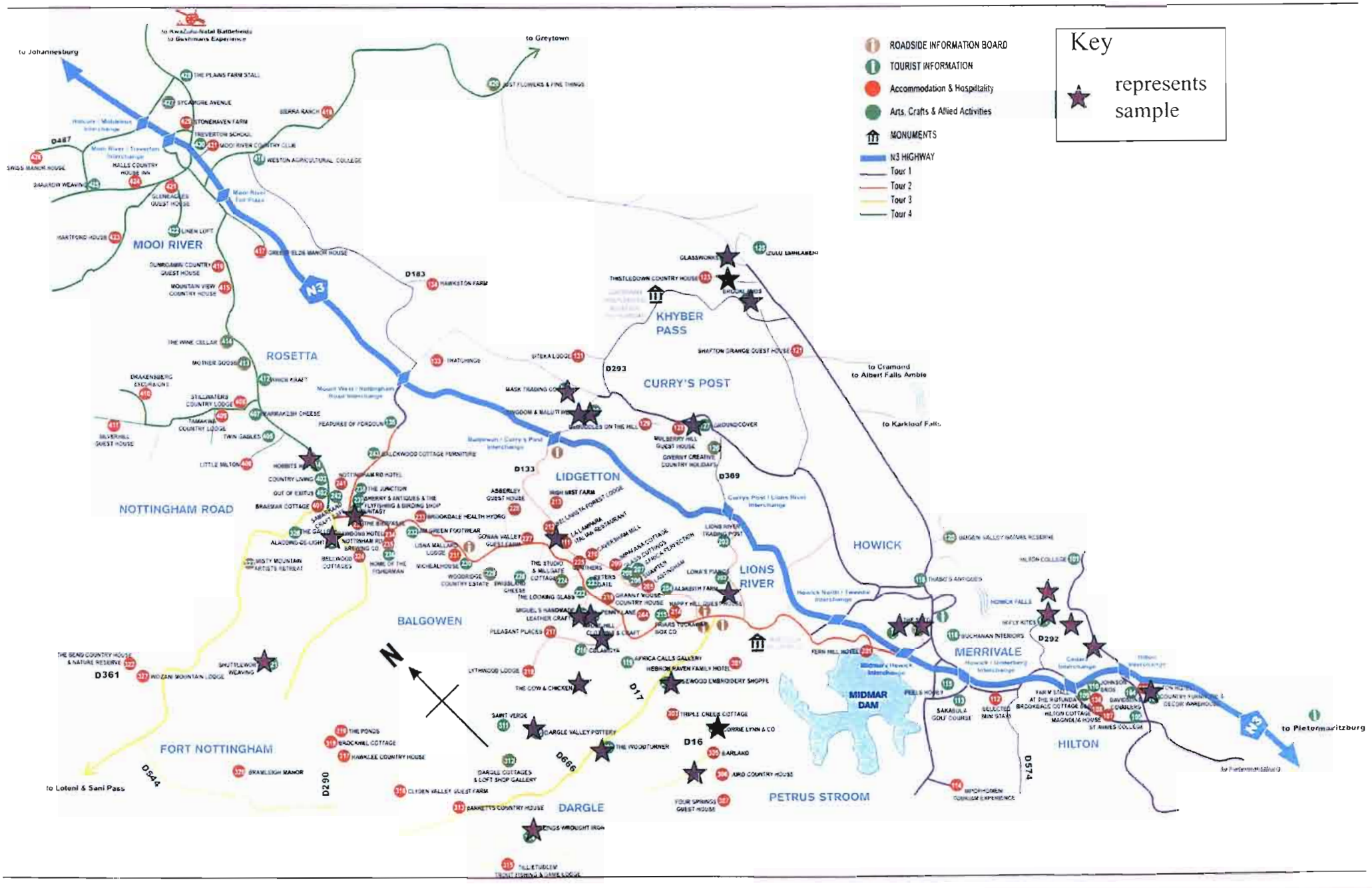
APPENDICES

APPENDIX A

MAP OF STUDY AREA


Key
represents sample
ROADSIDE INFORMATION BOARD
TOURIST INFORMATION
Accommodation & Hospitality
Arts, Crafts & Allied Activities
MONUMENTS
N3 HIGHWAY
Tour 1
Tour 2
Tour 3
Tour 4
to Johannesburg
to Greytown
to Pietermaritzburg
to Loteni & Sani Pass
to Cramond
to Albert Falls Amble
to Karkloof Falls
MOOI RIVER
ROSETTA
NOTTINGHAM ROAD
KHYBER PASS
CURRY'S POST
LIDGETTON
BALGOWEN
FORT NOTTINGHAM
DARGLE
LIONS RIVER
HOWICK
MERRIVALE
HILTON
MIDMAR DAM
PETRUS STROOM
N3
D487
D183
D293
D133
D369
D292
D361
D544
D290
D666
D17
D16
D574

APPENDIX B

SURVEY QUESTIONNAIRE

Date:.....

Interviewee No:.....

Research Title: Is a market-led approach crucial to art and craft small and medium Enterprises (SMEs) growth and sustainability in the KwaZulu-Natal Midlands?

Introduction: My name is Noelle Obiri, a Masters of Commerce student at the University of Natal, Pietermaritzburg. I am conducting a research about the art and craft sector and how best to satisfy the markets and/ or attract potential new markets. I would greatly appreciate if you would kindly answer the following questions. Every thing you say will be treated with confidence.

Research Questionnaire.

Section one: Demographic characteristics.

This section collects information about yourself and the company you work for/own.

1. Name of company.....
2. Location of company.....
3. Name of interviewee.....
4. Position in company.....
5. Gender: (a) Male (b) Female
6. Age category (yrs)

   (a) 16-25 (b) 26-35 (c) 36-45 (d) over 46

7. What is your highest level of education?

(a) No formal education. (b) Primary level (c) Matric

(d) Tertiary level

8. Race: (a) Black (b) White (c) Coloured (d) Asian

Section two: Business information.

This section aims to collect information about the company.

9. When was your business established?.....

10. How many people were employed at the beginning?.....

11. How many people are employed currently?.....

12. What was your monthly sales turnover at the inception?.....

13. What are your monthly sales now?.....

14. How many months of the year is your business brisk?.....

Section three: Product information.

The aim of this section is to collect information about products that are made and/or sold.

15. What products does your company make/sell?.....

.....

16. How do you decide which products to make or sell?

.....

.....

17. Who are your customers? (a) Local (domestic markets) (b) Foreign (export market)

(c) Both

18. What do you think are the striking and unique aspects of your products?

Explain.....

.....

19. Which products sell most?

Locally.....

.....

.....

Internationally (if you export).....

.....

.....

Section Four: Needs Awareness.

This section aims to collect information about market needs.

20. Have you ever changed your product line, by adding and/or dropping some products?

(a) Yes (b) No

21. If you change your product line, how often do you do so? (in years)

(a) 1-2 (b) 3-4 (c) Over 5

22. What prompts you to do so?.....

.....

23. Have you ever tried to identify your markets needs?

(a) Yes (b) No

24. At what point in the lifespan of your business have you tried to identify market needs

(a) Before setting up ☐

(b) After setting up ☐

(c) When sales were low. ☐

(d) Not tried

25. What methods do you use to identify the market needs.....

.....

.....

26. Do your customers at times indicate to you what they need?

(a) Yes (b) No

27. How do you use the information gathered?.....

.....

.....

Section five: Market orientation.

Questions in this section relate to product quality, packaging, pricing and distribution.

28. Whom do you target your products to?.....

.....

29. How do you communicate/advertise products to your customers?.....

.....

.....

30. Are you happy with your communication methods? (a)Yes (b) No

Explain.....

.....

31. How do you distribute your products to your customers?.....

.....

.....

32. Are there aspects of your products that customers complain about?.....

.....

Section six: Attitudinal Questions

This section aims to discover the respondent's attitudes towards issues such as marketing consultants.

33. Identifying needs of customers is necessary

(i) strongly disagree (ii) disagree (iii) neutral (iv) agree (v) strongly agree

34. Identifying needs of customers is. expensive.

(i) strongly disagree (ii) disagree (iii) neutral (iv) agree (v) strongly agree

35. Marketing consultants are needed to help identify the requirements of customers.

(i) strongly disagree (ii) disagree (iii) neutral (iv) agree (v) strongly agree

36. Poor performance of art and craft SMEs is attributed to low quality of products.

(i) strongly disagree (ii) disagree (iii) neutral (iv) agree (v) strongly agree

37. Poor sales in the art and craft SMEs is attributed to low exposure to the markets

(i) strongly disagree (ii) disagree (iii) neutral (iv) agree (v) strongly agree

38. Middlemen are a vital link to the art and craft markets

(i) strongly disagree (ii) disagree (iii) neutral (iv) agree (v) strongly agree

39. Generally, what would you like to do to improve your business performance?.....

.....

.....

Thank you very much for your participation

APPENDIX C

RAW DATA

CODES FOR RAW DATA

Meander
1- Sample NOT affiliated to the MMA

Gender
1-Male
2-Female

Age (years)
1-16-25
2-26-35
3-36-45
4-Over 46

Educlev (Education Level)
1- No formal education
2-Primary level (grade 0-7)
3-Matric
4-Tertiary Level

Race
1-Black
2-White

Yearest
Year sampled SME began business

C.Age
How long SME has been in business

EmpStart
Number of employees at business inception.

Empnow
Number of employees at time of data collection

Incstart
Monthly income at business inception

Incnow
Monthly income at time of data collection

Act Month
Number of months business is brisk

Anninc
Annual income realised at time of data collection

Products (Raw materials used by SMEs)
1-Woodwork
2-Fabric painting /beadwork
3-Stone/ glass
4-Metalwork
5-Ceramics
6-Wool
7-Leather
8-Artpaintings

Customer
1- Local (domestic) customers
2- Foreign customers
3- Both

Changeln (Ever changed product line?)
1- Yes
2-No

Decsell (How sample decide what to make and sell)
1-Ask customers
2-Make what appeals to them

Identmkt (able to identify target market)
1-Can identify target market
_-Cannot identify target market

Custiden (Customers are asked to identify their needs
1- Yes
2-No

Mktneeds (At what point sample decided to try and identify market needs)
3-After set-up
4-Not tried
5-When sales are low

Mktexp, Essentia, Consnes, Lowqual, Nomkt, Vitalmen (all attitudinal questions on issues such as identifying market needs is expensive, it is essential, marketing consultants are necessary, low product quality and poor market exposure lead to low sales and middlemen are a vital tool to art and craft outlets.
1-Strongly dis-agree
2-Dis-agree
3-Neutral
4-Agree
5-Strongly agree

M-Led (market-led SMEs)
1-NOT market-led
2-Market-led.

RESPONDE	LOCATION	MEANDER	GENDER	AGE	EDUC.LEV	RACE	YEAREST	CAGE	EMPSTART	EMPNOW
2.00	Merrival		2.00	3.00	4.00	2.00	1992.00	9.00	20.00	24.00
3.00	Merrival		2.00	3.00	3.00	2.00	1986.00	15.00	10.00	20.00
4.00	Merrival		2.00	2.00	3.00	1.00	1996.00	5.00	1.00	2.00
18.00	Nottingh		2.00	3.00	3.00	2.00	2000.00	1.00	3.00	3.00
22.00	Currys P		2.00	3.00	2.00	1.00	2000.00	1.00	20.00	14.00
1.00	Hilton	1.00	2.00	4.00	3.00	2.00	1985.00	16.00	3.00	14.00
5.00	Merrival	1.00	2.00	3.00	4.00	2.00	1988.00	13.00	1.00	6.00
6.00	Currys P	1.00	1.00	3.00	4.00	2.00	1990.00	11.00	2.00	30.00
7.00	Currys P	1.00	2.00	3.00	4.00	2.00	1993.00	8.00	18.00	10.00
8.00	Howick	1.00	2.00	4.00	3.00	2.00	1997.00	4.00	4.00	6.00
9.00	Karkloof	1.00	2.00	2.00	4.00	2.00	1996.00	5.00	12.00	2.00
10.00	Dargle	1.00	1.00	2.00	4.00	2.00	1987.00	14.00	2.00	4.00
11.00	Lidgetto	1.00	1.00	2.00	3.00	2.00	1992.00	9.00	2.00	2.00
12.00	Howick	1.00	1.00	2.00	2.00	1.00	1998.00	3.00	2.00	2.00
13.00	Dargle	1.00	2.00	4.00	3.00	2.00	1996.00	5.00	3.00	17.00
14.00	Dargle	1.00	2.00	4.00	4.00	2.00	1996.00	5.00	1.00	1.00
15.00	Dargle	1.00	2.00	2.00	4.00	2.00	1978.00	23.00	1.00	4.00
16.00	Lidgetto	1.00	1.00	3.00	3.00	2.00	1996.00	5.00	2.00	3.00
17.00	Balgowan	1.00	1.00	4.00	3.00	2.00	1998.00	3.00	1.00	1.00
19.00	Nottingh	1.00	2.00	2.00	3.00	2.00	1995.00	6.00	3.00	7.00
20.00	Lidgetto	1.00	2.00	4.00	3.00	2.00	1990.00	11.00	1.00	2.00
21.00	Howick	1.00	2.00	3.00	3.00	2.00	1997.00	4.00	3.00	6.00
23.00	Currys P	1.00	2.00	3.00	4.00	1.00	1998.00	3.00	2.00	1.00
24.00	Petrus S	1.00	1.00	2.00	3.00	1.00	1996.00	5.00	2.00	3.00
25.00	Howick	1.00	1.00	3.00	3.00	1.00	1996.00	5.00	1.00	2.00
26.00	Petrus S	1.00	2.00	3.00	3.00	2.00	1995.00	6.00	1.00	11.00
27.00	Howick	1.00	1.00	2.00	3.00	1.00	1990.00	11.00	1.00	3.00
28.00	Howick	1.00	1.00	3.00	3.00	1.00	1985.00	16.00	2.00	15.00
29.00	Karkloof	1.00	1.00	3.00	4.00	1.00	1995.00	6.00	2.00	5.00
30.00	Dargle	1.00	2.00	2.00	4.00	1.00	1999.00	2.00	1.00	1.00

INCSTART	INCNOW	ACTMONTH	ANNINC	PRODUCTS	CUSTOMER	CHANGELN	UNIQUE	DECSELL	INENTMNE
1500.00	33000.00	12.00	396000.00	ERR	3.00	1.00	1.00	2.00	
1300.00	16000.00	3.00	48000.00	3.00	3.00	1.00	2.00	2.00	1.00
500.00	4000.00	5.00	20000.00	1.00	1.00	2.00	2.00	2.00	
14000.00	14000.00	9.00	126000.00	1.00	1.00	2.00	3.00	1.00	1.00
600.00	600.00	6.00	3600.00	3.00	1.00	2.00	1.00	2.00	
1000.00	10000.00	12.00	120000.00	3.00	3.00	1.00	2.00	1.00	1.00
1200.00	14500.00	5.00	72500.00	ERR	3.00	1.00	3.00	1.00	1.00
10000.00	200000.00	12.00	2400000.00	5.00	3.00	1.00	4.00	1.00	1.00
18000.00	30000.00	12.00	360000.00	7.00	1.00	1.00	2.00	1.00	1.00
2000.00	22000.00	12.00	264000.00	6.00	1.00	1.00	2.00	2.00	
2500.00	1500.00	12.00	18000.00	2.00	1.00	1.00	3.00	2.00	
15000.00	80000.00	12.00	960000.00	1.00	3.00	1.00	4.00	1.00	1.00
10000.00	12000.00	12.00	144000.00	5.00	3.00	2.00	2.00	1.00	1.00
400.00	1200.00	4.00	4800.00	2.00	1.00	1.00	1.00	2.00	
2000.00	25000.00	12.00	300000.00	3.00	1.00	1.00	3.00	2.00	
1500.00	3000.00	12.00	36000.00	2.00	1.00	1.00	3.00	2.00	
100.00	13000.00	12.00	156000.00	2.00	3.00	1.00	2.00	2.00	1.00
1200.00	20000.00	12.00	240000.00	3.00	1.00	1.00	2.00	2.00	
9700.00	3750.00	4.00	15000.00	6.00	1.00	1.00	3.00	2.00	1.00
10000.00	20000.00	9.00	180000.00	2.00	1.00	1.00	3.00	2.00	
3000.00	12000.00	9.00	108000.00	4.00	1.00	2.00	3.00	2.00	
600.00	20000.00	7.00	140000.00	2.00	1.00	1.00	1.00	2.00	
400.00	2000.00	4.00	8000.00	3.00	1.00	1.00	3.00	1.00	
400.00	2000.00	5.00	10000.00	3.00	1.00	2.00	1.00	1.00	
500.00	2500.00	5.00	12500.00	1.00	1.00	1.00	1.00	2.00	
1000.00	20000.00	9.00	180000.00	1.00	1.00	1.00	2.00	2.00	1.00
500.00	5000.00	9.00	45000.00	5.00	1.00	1.00	2.00	2.00	
1500.00	30000.00	9.00	270000.00	1.00	1.00	1.00	2.00	1.00	
500.00	10000.00	7.00	70000.00	3.00	2.00	1.00	2.00	2.00	1.00
500.00	1500.00	10.00	15000.00	1.00	1.00	2.00	2.00	2.00	

CUSTIDEN	MKTNEEDS	WHO	COMM.MET	MKTEXP	ESSENTIA	COSNECES	LOWQUAL	NOMKT	VITALMEN	MLED
1.00	3.00			4.00	4.00	4.00	4.00	4.00	2.00	1.00
1.00	4.00			4.00	4.00	5.00	4.00	4.00	4.00	2.00
1.00	4.00			4.00	4.00	4.00	3.00	5.00	2.00	1.00
1.00	4.00		1.00	2.00	3.00	4.00	4.00	2.00	2.00	2.00
1.00	4.00			4.00	3.00	3.00	4.00	5.00	2.00	1.00
1.00	5.00	1.00	1.00	2.00	4.00	2.00	4.00	3.00	2.00	2.00
1.00	5.00	1.00		2.00	3.00	4.00	1.00	5.00	2.00	2.00
1.00	5.00	1.00		3.00	2.00	4.00	4.00	4.00	4.00	2.00
1.00	4.00	1.00	1.00	2.00	2.00	2.00	3.00	2.00	4.00	2.00
1.00	4.00	1.00		4.00	4.00	4.00	5.00	4.00	5.00	1.00
1.00	4.00			2.00	3.00	4.00	3.00	4.00	4.00	1.00
	5.00	1.00	1.00	2.00	4.00	2.00	4.00	4.00	4.00	1.00
1.00	4.00	1.00		2.00	2.00	3.00	4.00	4.00	5.00	2.00
	4.00		1.00	5.00	3.00	5.00	5.00	5.00	2.00	
1.00	5.00	1.00	1.00	5.00	3.00	2.00	4.00	2.00	2.00	1.00
1.00	4.00			2.00	4.00	5.00	2.00	4.00	4.00	1.00
1.00	4.00	1.00		2.00	4.00	2.00	4.00	4.00	1.00	2.00
1.00	5.00	1.00	1.00	3.00	2.00	2.00	4.00	4.00	2.00	1.00
1.00	4.00	1.00		4.00	4.00	4.00	5.00	4.00	5.00	2.00
1.00	3.00			2.00	4.00	2.00	5.00	4.00	4.00	1.00
1.00	4.00		1.00	2.00	4.00	4.00	4.00	4.00	2.00	1.00
1.00	4.00			4.00	4.00	2.00	4.00	3.00	3.00	1.00
1.00	4.00	1.00	1.00	1.00	5.00	2.00	4.00	4.00	4.00	1.00
	4.00			4.00	3.00	4.00	4.00	5.00	2.00	
	4.00			4.00	3.00	3.00	2.00	4.00	2.00	
1.00	2.00		1.00	2.00	4.00	3.00	2.00	4.00	2.00	2.00
	4.00			4.00	4.00	4.00	2.00	4.00	1.00	
1.00	5.00	1.00	1.00	4.00	5.00	4.00	2.00	4.00	2.00	1.00
	4.00			4.00	2.00	2.00	2.00	4.00	2.00	1.00
1.00	4.00			4.00	3.00	2.00	2.00	4.00	2.00	1.00

APPENDIX D

STATISTICAL RESULTS

Correlations

		Ann. Income	Products Made	Customers
Chang line	Pearson Correlation	-.202	-.109	-.176
	Sig. (2-tailed)	.284	.580	.353
	N	30	28	30
Unique aspects	Pearson Correlation	.484**	.095	.181
	Sig. (2-tailed)	.007	.630	.340
	N	30	28	30
Decide what to sell	Pearson Correlation	-.354	-.134	-.347
	Sig. (2-tailed)	.055	.498	.060
	N	30	28	30
Do you identify Mkt.needs	Pearson Correlation	.300	.223	.632**
	Sig. (2-tailed)	.107	.254	.000
	N	30	28	30
Do customers ind. Needs	Pearson Correlation	.045	.121	.038
	Sig. (2-tailed)	.812	.540	.843
	N	30	28	30
Mkt needs when	Pearson Correlation	.317	.113	.250
	Sig. (2-tailed)	.088	.566	.183
	N	30	28	30
Who is target Market	Pearson Correlation	.362*	.437*	.353
	Sig. (2-tailed)	.049	.020	.056
	N	30	28	30
Comm.Meth ok?	Pearson Correlation	.033	-.122	-.175
	Sig. (2-tailed)	.863	.538	.355
	N	30	28	30
Indeti Mkt Expensive	Pearson Correlation	-.083	.006	-.229
	Sig. (2-tailed)	.662	.976	.224
	N	30	28	30
Essential	Pearson Correlation	-.258	-.286	-.106
	Sig. (2-tailed)	.169	.141	.577
	N	30	28	30
necessary	Pearson Correlation	-.014	.069	-.035
	Sig. (2-tailed)	.942	.725	.856
	N	30	28	30
low quality	Pearson Correlation	.150	.323	.037
	Sig. (2-tailed)	.429	.094	.846
	N	30	28	30
nomkt exp	Pearson Correlation	-.100	-.171	.081
	Sig. (2-tailed)	.601	.383	.669
	N	30	28	30
are vital	Pearson Correlation	.241	.460*	.076
	Sig. (2-tailed)	.199	.014	.690
	N	30	28	30
MLED	Pearson Correlation	.253	.241	.497**
	Sig. (2-tailed)	.178	.216	.005
	N	30	28	30

Correlations

		Ann. Income	Products Made	Customers
MEANDER	Pearson Correlation	.106	.215	-.118
	Sig. (2-tailed)	.578	.272	.534
	N	30	28	30
GENDER	Pearson Correlation	-.265	-.137	-.060
	Sig. (2-tailed)	.157	.487	.752
	N	30	28	30
AGE	Pearson Correlation	.019	.328	-.091
	Sig. (2-tailed)	.919	.088	.632
	N	30	28	30
Educ.Lev.	Pearson Correlation	.315	.027	.380*
	Sig. (2-tailed)	.090	.890	.038
	N	30	28	30
RACE	Pearson Correlation	.283	.260	.374*
	Sig. (2-tailed)	.129	.181	.042
	N	30	28	30
Yr. C. Est.	Pearson Correlation	-.244	-.017	-.698**
	Sig. (2-tailed)	.195	.931	.000
	N	30	28	30
C. AGE	Pearson Correlation	.244	.017	.698**
	Sig. (2-tailed)	.195	.931	.000
	N	30	28	30
EMPSTART	Pearson Correlation	-.010	.281	.081
	Sig. (2-tailed)	.957	.148	.669
	N	30	28	30
EMPNOW	Pearson Correlation	.608**	.167	.447*
	Sig. (2-tailed)	.000	.395	.013
	N	30	28	30
START	Pearson Correlation	.424*	.331	.131
	Sig. (2-tailed)	.020	.085	.489
	N	30	28	30
CURRENT	Pearson Correlation	.996**	.191	.424*
	Sig. (2-tailed)	.000	.331	.020
	N	30	28	30
Act. Months	Pearson Correlation	.390*	.157	.215
	Sig. (2-tailed)	.033	.425	.254
	N	30	28	30
Ann. Income	Pearson Correlation	1.000	.208	.412*
	Sig. (2-tailed)	.	.288	.024
	N	30	28	30
Products Made	Pearson Correlation	.208	1.000	.087
	Sig. (2-tailed)	.288	.	.661
	N	28	28	28
Customers	Pearson Correlation	.412*	.087	1.000
	Sig. (2-tailed)	.024	.661	.
	N	30	28	30

Correlations

		MEANDER	GENDER	AGE
MEANDER	Pearson Correlation	1.000	-.340	.042
	Sig. (2-tailed)	.	.066	.828
	N	30	30	30
GENDER	Pearson Correlation	-.340	1.000	.244
	Sig. (2-tailed)	.066	.	.194
	N	30	30	30
AGE	Pearson Correlation	.042	.244	1.000
	Sig. (2-tailed)	.828	.194	.
	N	30	30	30
Educ.Lev.	Pearson Correlation	.229	.153	-.063
	Sig. (2-tailed)	.224	.418	.739
	N	30	30	30
RACE	Pearson Correlation	.063	.342	.361*
	Sig. (2-tailed)	.740	.064	.050
	N	30	30	30
Yr. C. Est.	Pearson Correlation	-.127	.049	.075
	Sig. (2-tailed)	.505	.797	.695
	N	30	30	30
C. AGE	Pearson Correlation	.127	-.049	-.075
	Sig. (2-tailed)	.505	.797	.695
	N	30	30	30
EMPSTART	Pearson Correlation	-.525**	.341	.024
	Sig. (2-tailed)	.003	.065	.898
	N	30	30	30
EMPNOW	Pearson Correlation	-.315	.103	.253
	Sig. (2-tailed)	.090	.589	.177
	N	30	30	30
START	Pearson Correlation	.012	-.121	-.054
	Sig. (2-tailed)	.951	.523	.778
	N	30	30	30
CURRENT	Pearson Correlation	.091	-.257	.025
	Sig. (2-tailed)	.633	.171	.898
	N	30	30	30
Act. Months	Pearson Correlation	.250	.119	.089
	Sig. (2-tailed)	.183	.531	.639
	N	30	30	30
Ann. Income	Pearson Correlation	.106	-.265	.019
	Sig. (2-tailed)	.578	.157	.919
	N	30	30	30
Products Made	Pearson Correlation	.215	-.137	.328
	Sig. (2-tailed)	.272	.487	.088
	N	28	28	28
Customers	Pearson Correlation	-.118	-.060	-.091
	Sig. (2-tailed)	.534	.752	.632
	N	30	30	30

Correlations

		MEANDER	GENDER	AGE
Chang line	Pearson Correlation	-.388*	.093	-.227
	Sig. (2-tailed)	.034	.626	.228
	N	30	30	30
Unique aspects	Pearson Correlation	.230	.046	.161
	Sig. (2-tailed)	.222	.807	.394
	N	30	30	30
Decide what to sell	Pearson Correlation	-.126	.196	.066
	Sig. (2-tailed)	.505	.300	.730
	N	30	30	30
Do you identify Mkt.needs	Pearson Correlation	.000	-.085	.057
	Sig. (2-tailed)	1.000	.656	.765
	N	30	30	30
Do customers ind. Needs	Pearson Correlation	-.224	.657**	.371*
	Sig. (2-tailed)	.235	.000	.043
	N	30	30	30
Mkt needs when	Pearson Correlation	.206	-.308	.171
	Sig. (2-tailed)	.274	.097	.366
	N	30	30	30
Who is target Market	Pearson Correlation	.391*	-.172	.256
	Sig. (2-tailed)	.033	.363	.172
	N	30	30	30
Comm.Meth ok?	Pearson Correlation	.155	.005	.238
	Sig. (2-tailed)	.414	.980	.206
	N	30	30	30
Indeti Mkt Expensive	Pearson Correlation	-.202	-.306	.017
	Sig. (2-tailed)	.284	.100	.930
	N	30	30	30
Essential	Pearson Correlation	-.088	.309	.150
	Sig. (2-tailed)	.643	.097	.428
	N	30	30	30
necessary	Pearson Correlation	-.325	-.094	.085
	Sig. (2-tailed)	.080	.621	.655
	N	30	30	30
low quality	Pearson Correlation	-.137	.008	.080
	Sig. (2-tailed)	.470	.965	.675
	N	30	30	30
nomkt exp	Pearson Correlation	-.057	-.272	-.376*
	Sig. (2-tailed)	.766	.147	.040
	N	30	30	30
are vital	Pearson Correlation	.150	-.012	.163
	Sig. (2-tailed)	.430	.952	.389
	N	30	30	30
MLED	Pearson Correlation	-.137	.339	.270
	Sig. (2-tailed)	.471	.067	.149
	N	30	30	30

Correlations

		Educ.Lev.	RACE	Yr. C. Est.
MEANDER	Pearson Correlation	.229	.063	-.127
	Sig. (2-tailed)	.224	.740	.505
	N	30	30	30
GENDER	Pearson Correlation	.153	.342	.049
	Sig. (2-tailed)	.418	.064	.797
	N	30	30	30
AGE	Pearson Correlation	-.063	.361*	.075
	Sig. (2-tailed)	.739	.050	.695
	N	30	30	30
Educ.Lev.	Pearson Correlation	1.000	.241	-.286
	Sig. (2-tailed)	.	.199	.126
	N	30	30	30
RACE	Pearson Correlation	.241	1.000	-.269
	Sig. (2-tailed)	.199	.	.151
	N	30	30	30
Yr. C. Est.	Pearson Correlation	-.286	-.269	1.000
	Sig. (2-tailed)	.126	.151	.
	N	30	30	30
C. AGE	Pearson Correlation	.286	.269	-1.000**
	Sig. (2-tailed)	.126	.151	.000
	N	30	30	30
EMPSTART	Pearson Correlation	.019	.105	.092
	Sig. (2-tailed)	.919	.579	.630
	N	30	30	30
EMPNOW	Pearson Correlation	.044	.245	-.314
	Sig. (2-tailed)	.819	.193	.092
	N	30	30	30
START	Pearson Correlation	.189	.439*	.001
	Sig. (2-tailed)	.317	.015	.994
	N	30	30	30
CURRENT	Pearson Correlation	.308	.291	-.263
	Sig. (2-tailed)	.098	.119	.160
	N	30	30	30
Act. Months	Pearson Correlation	.380*	.530**	-.260
	Sig. (2-tailed)	.038	.003	.165
	N	30	30	30
Ann. Income	Pearson Correlation	.315	.283	-.244
	Sig. (2-tailed)	.090	.129	.195
	N	30	30	30
Products Made	Pearson Correlation	.027	.260	-.017
	Sig. (2-tailed)	.890	.181	.931
	N	28	28	28
Customers	Pearson Correlation	.380*	.374*	-.698**
	Sig. (2-tailed)	.038	.042	.000
	N	30	30	30

Correlations

		START	CURRENT	Act. Months
Chang line	Pearson Correlation	.047	-.216	-.134
	Sig. (2-tailed)	.805	.251	.481
	N	30	30	30
Unique aspects	Pearson Correlation	.503**	.485**	.295
	Sig. (2-tailed)	.005	.007	.113
	N	30	30	30
Decide what to sell	Pearson Correlation	-.481**	-.357	-.097
	Sig. (2-tailed)	.007	.053	.610
	N	30	30	30
Do you identify Mkt.needs	Pearson Correlation	.502**	.319	.082
	Sig. (2-tailed)	.005	.085	.667
	N	30	30	30
Do customers ind. Needs	Pearson Correlation	.082	.057	.280
	Sig. (2-tailed)	.666	.765	.135
	N	30	30	30
Mkt needs when	Pearson Correlation	.074	.313	.141
	Sig. (2-tailed)	.699	.092	.457
	N	30	30	30
Who is target Market	Pearson Correlation	.318	.349	.341
	Sig. (2-tailed)	.087	.059	.065
	N	30	30	30
Comm.Meth ok?	Pearson Correlation	.228	.026	.166
	Sig. (2-tailed)	.225	.892	.382
	N	30	30	30
Indeti Mkt Expensive	Pearson Correlation	-.384*	-.077	-.318
	Sig. (2-tailed)	.036	.684	.087
	N	30	30	30
Essential	Pearson Correlation	-.285	-.236	-.200
	Sig. (2-tailed)	.126	.210	.290
	N	30	30	30
necessary	Pearson Correlation	-.138	.003	-.294
	Sig. (2-tailed)	.466	.986	.115
	N	30	30	30
low quality	Pearson Correlation	.273	.133	.032
	Sig. (2-tailed)	.145	.483	.868
	N	30	30	30
nomkt exp	Pearson Correlation	-.463**	-.096	-.450*
	Sig. (2-tailed)	.010	.616	.013
	N	30	30	30
are vital	Pearson Correlation	.516**	.242	.102
	Sig. (2-tailed)	.003	.198	.590
	N	30	30	30
MLED	Pearson Correlation	.427*	.274	.233
	Sig. (2-tailed)	.019	.142	.216
	N	30	30	30

Correlations

		START	CURRENT	Act. Months
MEANDER	Pearson Correlation	.012	.091	.250
	Sig. (2-tailed)	.951	.633	.183
	N	30	30	30
GENDER	Pearson Correlation	-.121	-.257	.119
	Sig. (2-tailed)	.523	.171	.531
	N	30	30	30
AGE	Pearson Correlation	-.054	.025	.089
	Sig. (2-tailed)	.778	.898	.639
	N	30	30	30
Educ.Lev.	Pearson Correlation	.189	.308	.380*
	Sig. (2-tailed)	.317	.098	.038
	N	30	30	30
RACE	Pearson Correlation	.439*	.291	.530**
	Sig. (2-tailed)	.015	.119	.003
	N	30	30	30
Yr. C. Est.	Pearson Correlation	.001	-.263	-.260
	Sig. (2-tailed)	.994	.160	.165
	N	30	30	30
C. AGE	Pearson Correlation	-.001	.263	.260
	Sig. (2-tailed)	.994	.160	.165
	N	30	30	30
EMPSTART	Pearson Correlation	.148	-.020	.124
	Sig. (2-tailed)	.434	.917	.514
	N	30	30	30
EMPNOW	Pearson Correlation	.054	.629**	.210
	Sig. (2-tailed)	.775	.000	.266
	N	30	30	30
START	Pearson Correlation	1.000	.417*	.306
	Sig. (2-tailed)	.	.022	.101
	N	30	30	30
CURRENT	Pearson Correlation	.417*	1.000	.349
	Sig. (2-tailed)	.022	.	.059
	N	30	30	30
Act. Months	Pearson Correlation	.306	.349	1.000
	Sig. (2-tailed)	.101	.059	.
	N	30	30	30
Ann. Income	Pearson Correlation	.424*	.996**	.390*
	Sig. (2-tailed)	.020	.000	.033
	N	30	30	30
Products Made	Pearson Correlation	.331	.191	.157
	Sig. (2-tailed)	.085	.331	.425
	N	28	28	28
Customers	Pearson Correlation	.131	.424*	.215
	Sig. (2-tailed)	.489	.020	.254
	N	30	30	30

Correlations

		C. AGE	EMPSTART	EMPNOW
Chang line	Pearson Correlation	-.299	.005	-.261
	Sig. (2-tailed)	.108	.978	.164
	N	30	30	30
Unique aspects	Pearson Correlation	.163	-.301	.029
	Sig. (2-tailed)	.390	.106	.879
	N	30	30	30
Decide what to sell	Pearson Correlation	-.264	.067	-.137
	Sig. (2-tailed)	.159	.723	.472
	N	30	30	30
Do you identify Mkt.needs	Pearson Correlation	.434*	-.058	.198
	Sig. (2-tailed)	.017	.759	.294
	N	30	30	30
Do customers ind. Needs	Pearson Correlation	.032	.230	.283
	Sig. (2-tailed)	.866	.222	.130
	N	30	30	30
Mkt needs when	Pearson Correlation	.297	-.208	.096
	Sig. (2-tailed)	.111	.270	.614
	N	30	30	30
Who is target Market	Pearson Correlation	.394*	-.145	.156
	Sig. (2-tailed)	.031	.445	.410
	N	30	30	30
Comm.Meth ok?	Pearson Correlation	.049	-.094	.009
	Sig. (2-tailed)	.797	.623	.962
	N	30	30	30
Indeti Mkt Expensive	Pearson Correlation	-.256	.072	.203
	Sig. (2-tailed)	.172	.707	.283
	N	30	30	30
Essential	Pearson Correlation	.239	-.149	-.047
	Sig. (2-tailed)	.203	.433	.807
	N	30	30	30
necessary	Pearson Correlation	-.035	.036	.083
	Sig. (2-tailed)	.856	.850	.664
	N	30	30	30
low quality	Pearson Correlation	-.120	.141	.107
	Sig. (2-tailed)	.526	.457	.574
	N	30	30	30
nomkt exp	Pearson Correlation	.016	-.116	-.176
	Sig. (2-tailed)	.932	.543	.353
	N	30	30	30
are vital	Pearson Correlation	-.172	.102	-.003
	Sig. (2-tailed)	.362	.592	.987
	N	30	30	30
MLED	Pearson Correlation	.345	.097	.322
	Sig. (2-tailed)	.062	.611	.083
	N	30	30	30

Correlations

		C. AGE	EMPSTART	EMPNOW
MEANDER	Pearson Correlation	.127	-.525**	-.315
	Sig. (2-tailed)	.505	.003	.090
	N	30	30	30
GENDER	Pearson Correlation	-.049	.341	.103
	Sig. (2-tailed)	.797	.065	.589
	N	30	30	30
AGE	Pearson Correlation	-.075	.024	.253
	Sig. (2-tailed)	.695	.898	.177
	N	30	30	30
Educ.Lev.	Pearson Correlation	.286	.019	.044
	Sig. (2-tailed)	.126	.919	.819
	N	30	30	30
RACE	Pearson Correlation	.269	.105	.245
	Sig. (2-tailed)	.151	.579	.193
	N	30	30	30
Yr. C. Est.	Pearson Correlation	-1.000**	.092	-.314
	Sig. (2-tailed)	.000	.630	.092
	N	30	30	30
C. AGE	Pearson Correlation	1.000	-.092	.314
	Sig. (2-tailed)	.	.630	.092
	N	30	30	30
EMPSTART	Pearson Correlation	-.092	1.000	.447*
	Sig. (2-tailed)	.630	.	.013
	N	30	30	30
EMPNOW	Pearson Correlation	.314	.447*	1.000
	Sig. (2-tailed)	.092	.013	.
	N	30	30	30
START	Pearson Correlation	-.001	.148	.054
	Sig. (2-tailed)	.994	.434	.775
	N	30	30	30
CURRENT	Pearson Correlation	.263	-.020	.629**
	Sig. (2-tailed)	.160	.917	.000
	N	30	30	30
Act. Months	Pearson Correlation	.260	.124	.210
	Sig. (2-tailed)	.165	.514	.266
	N	30	30	30
Ann. Income	Pearson Correlation	.244	-.010	.608**
	Sig. (2-tailed)	.195	.957	.000
	N	30	30	30
Products Made	Pearson Correlation	.017	.281	.167
	Sig. (2-tailed)	.931	.148	.395
	N	28	28	28
Customers	Pearson Correlation	.698**	.081	.447*
	Sig. (2-tailed)	.000	.669	.013
	N	30	30	30

Correlations

		Educ.Lev.	RACE	Yr. C. Est.
Chang line	Pearson Correlation	-.282	-.279	.299
	Sig. (2-tailed)	.130	.136	.108
	N	30	30	30
Unique aspects	Pearson Correlation	.465**	.447*	-.163
	Sig. (2-tailed)	.010	.013	.390
	N	30	30	30
Decide what to sell	Pearson Correlation	-.241	-.050	.264
	Sig. (2-tailed)	.199	.793	.159
	N	30	30	30
Do you identify Mkt.needs	Pearson Correlation	.279	.433*	-.434*
	Sig. (2-tailed)	.136	.017	.017
	N	30	30	30
Do customers ind. Needs	Pearson Correlation	.114	.530**	-.032
	Sig. (2-tailed)	.549	.003	.866
	N	30	30	30
Mkt needs when	Pearson Correlation	.096	.000	-.297
	Sig. (2-tailed)	.613	1.000	.111
	N	30	30	30
Who is target Market	Pearson Correlation	.241	.333	-.394*
	Sig. (2-tailed)	.199	.072	.031
	N	30	30	30
Comm.Meth ok?	Pearson Correlation	-.153	.098	-.049
	Sig. (2-tailed)	.418	.607	.797
	N	30	30	30
Indeti Mkt Expensive	Pearson Correlation	-.458*	-.448*	.256
	Sig. (2-tailed)	.011	.013	.172
	N	30	30	30
Essential	Pearson Correlation	-.061	-.056	-.239
	Sig. (2-tailed)	.750	.769	.203
	N	30	30	30
necessary	Pearson Correlation	-.221	-.045	.035
	Sig. (2-tailed)	.240	.815	.856
	N	30	30	30
low quality	Pearson Correlation	-.377*	.303	.120
	Sig. (2-tailed)	.040	.103	.526
	N	30	30	30
nomkt exp	Pearson Correlation	-.151	-.448*	-.016
	Sig. (2-tailed)	.425	.013	.932
	N	30	30	30
are vital	Pearson Correlation	.181	.414*	.172
	Sig. (2-tailed)	.339	.023	.362
	N	30	30	30
MLED	Pearson Correlation	.279	.650**	-.345
	Sig. (2-tailed)	.136	.000	.062
	N	30	30	30

Correlations

		Chang line	Unique aspects	Decide what to sell
MEANDER	Pearson Correlation	-.388*	.230	-.126
	Sig. (2-tailed)	.034	.222	.505
	N	30	30	30
GENDER	Pearson Correlation	.093	.046	.196
	Sig. (2-tailed)	.626	.807	.300
	N	30	30	30
AGE	Pearson Correlation	-.227	.161	.066
	Sig. (2-tailed)	.228	.394	.730
	N	30	30	30
Educ.Lev.	Pearson Correlation	-.282	.465**	-.241
	Sig. (2-tailed)	.130	.010	.199
	N	30	30	30
RACE	Pearson Correlation	-.279	.447*	-.050
	Sig. (2-tailed)	.136	.013	.793
	N	30	30	30
Yr. C. Est.	Pearson Correlation	.299	-.163	.264
	Sig. (2-tailed)	.108	.390	.159
	N	30	30	30
C. AGE	Pearson Correlation	-.299	.163	-.264
	Sig. (2-tailed)	.108	.390	.159
	N	30	30	30
EMPSTART	Pearson Correlation	.005	-.301	.067
	Sig. (2-tailed)	.978	.106	.723
	N	30	30	30
EMPNOW	Pearson Correlation	-.261	.029	-.137
	Sig. (2-tailed)	.164	.879	.472
	N	30	30	30
START	Pearson Correlation	.047	.503**	-.481**
	Sig. (2-tailed)	.805	.005	.007
	N	30	30	30
CURRENT	Pearson Correlation	-.216	.485**	-.357
	Sig. (2-tailed)	.251	.007	.053
	N	30	30	30
Act. Months	Pearson Correlation	-.134	.295	-.097
	Sig. (2-tailed)	.481	.113	.610
	N	30	30	30
Ann. Income	Pearson Correlation	-.202	.484**	-.354
	Sig. (2-tailed)	.284	.007	.055
	N	30	30	30
Products Made	Pearson Correlation	-.109	.095	-.134
	Sig. (2-tailed)	.580	.630	.498
	N	28	28	28
Customers	Pearson Correlation	-.176	.181	-.347
	Sig. (2-tailed)	.353	.340	.060
	N	30	30	30

Correlations

		Chang line	Unique aspects	Decide what to sell
Chang line	Pearson Correlation	1.000	-.153	-.111
	Sig. (2-tailed)	.	.421	.558
	N	30	30	30
Unique aspects	Pearson Correlation	-.153	1.000	-.307
	Sig. (2-tailed)	.421	.	.099
	N	30	30	30
Decide what to sell	Pearson Correlation	-.111	-.307	1.000
	Sig. (2-tailed)	.558	.099	.
	N	30	30	30
Do you identify Mkt.needs	Pearson Correlation	-.129	.339	-.433*
	Sig. (2-tailed)	.498	.067	.017
	N	30	30	30
Do customers ind. Needs	Pearson Correlation	.079	.237	.000
	Sig. (2-tailed)	.679	.207	1.000
	N	30	30	30
Mkt needs when	Pearson Correlation	-.085	.322	-.435*
	Sig. (2-tailed)	.656	.083	.016
	N	30	30	30
Who is target Market	Pearson Correlation	-.323	.396*	-.523**
	Sig. (2-tailed)	.081	.030	.003
	N	30	30	30
Comm.Meth ok?	Pearson Correlation	-.093	.199	-.342
	Sig. (2-tailed)	.626	.291	.064
	N	30	30	30
Indeti Mkt Expensive	Pearson Correlation	.021	-.525**	.448*
	Sig. (2-tailed)	.911	.003	.013
	N	30	30	30
Essential	Pearson Correlation	-.190	.045	.112
	Sig. (2-tailed)	.315	.812	.557
	N	30	30	30
necessary	Pearson Correlation	.102	-.024	.089
	Sig. (2-tailed)	.591	.901	.639
	N	30	30	30
low quality	Pearson Correlation	.053	.027	.043
	Sig. (2-tailed)	.780	.889	.820
	N	30	30	30
nomkt exp	Pearson Correlation	.170	-.215	.179
	Sig. (2-tailed)	.370	.254	.344
	N	30	30	30
are vital	Pearson Correlation	-.172	.410*	-.178
	Sig. (2-tailed)	.365	.024	.348
	N	30	30	30
MLED	Pearson Correlation	-.048	.399*	-.325
	Sig. (2-tailed)	.800	.029	.080
	N	30	30	30

Correlations

		Do you identify Mkt.needs	Do customers ind. Needs	Mkt needs when
MEANDER	Pearson Correlation	.000	-.224	.206
	Sig. (2-tailed)	1.000	.235	.274
	N	30	30	30
GENDER	Pearson Correlation	-.085	.657**	-.308
	Sig. (2-tailed)	.656	.000	.097
	N	30	30	30
AGE	Pearson Correlation	.057	.371*	.171
	Sig. (2-tailed)	.765	.043	.366
	N	30	30	30
Educ.Lev.	Pearson Correlation	.279	.114	.096
	Sig. (2-tailed)	.136	.549	.613
	N	30	30	30
RACE	Pearson Correlation	.433*	.530**	.000
	Sig. (2-tailed)	.017	.003	1.000
	N	30	30	30
Yr. C. Est.	Pearson Correlation	-.434*	-.032	-.297
	Sig. (2-tailed)	.017	.866	.111
	N	30	30	30
C. AGE	Pearson Correlation	.434*	.032	.297
	Sig. (2-tailed)	.017	.866	.111
	N	30	30	30
EMPSTART	Pearson Correlation	-.058	.230	-.208
	Sig. (2-tailed)	.759	.222	.270
	N	30	30	30
EMPNOW	Pearson Correlation	.198	.283	.096
	Sig. (2-tailed)	.294	.130	.614
	N	30	30	30
START	Pearson Correlation	.502**	.082	.074
	Sig. (2-tailed)	.005	.666	.699
	N	30	30	30
CURRENT	Pearson Correlation	.319	.057	.313
	Sig. (2-tailed)	.085	.765	.092
	N	30	30	30
Act. Months	Pearson Correlation	.082	.280	.141
	Sig. (2-tailed)	.667	.135	.457
	N	30	30	30
Ann. Income	Pearson Correlation	.300	.045	.317
	Sig. (2-tailed)	.107	.812	.088
	N	30	30	30
Products Made	Pearson Correlation	.223	.121	.113
	Sig. (2-tailed)	.254	.540	.566
	N	28	28	28
Customers	Pearson Correlation	.632**	.038	.250
	Sig. (2-tailed)	.000	.843	.183
	N	30	30	30

Correlations

		Do you identify Mkt.needs	Do customers ind. Needs	Mkt needs when
Chang line	Pearson Correlation	-.129	.079	-.085
	Sig. (2-tailed)	.498	.679	.656
	N	30	30	30
Unique aspects	Pearson Correlation	.339	.237	.322
	Sig. (2-tailed)	.067	.207	.083
	N	30	30	30
Decide what to sell	Pearson Correlation	-.433*	.000	-.435*
	Sig. (2-tailed)	.017	1.000	.016
	N	30	30	30
Do you identify Mkt.needs	Pearson Correlation	1.000	.068	.084
	Sig. (2-tailed)	.	.721	.660
	N	30	30	30
Do customers ind. Needs	Pearson Correlation	.068	1.000	-.051
	Sig. (2-tailed)	.721	.	.788
	N	30	30	30
Mkt needs when	Pearson Correlation	.084	-.051	1.000
	Sig. (2-tailed)	.660	.788	.
	N	30	30	30
Who is target Market	Pearson Correlation	.384*	.269	.589**
	Sig. (2-tailed)	.036	.150	.001
	N	30	30	30
Comm.Meth ok?	Pearson Correlation	.085	.035	.202
	Sig. (2-tailed)	.656	.856	.284
	N	30	30	30
Indeti Mkt Expensive	Pearson Correlation	-.381*	-.332	.079
	Sig. (2-tailed)	.038	.074	.679
	N	30	30	30
Essential	Pearson Correlation	-.258	.158	-.200
	Sig. (2-tailed)	.169	.404	.288
	N	30	30	30
necessary	Pearson Correlation	-.116	-.047	-.083
	Sig. (2-tailed)	.541	.804	.664
	N	30	30	30
low quality	Pearson Correlation	-.038	.138	-.019
	Sig. (2-tailed)	.844	.467	.921
	N	30	30	30
nomkt exp	Pearson Correlation	-.241	-.274	-.110
	Sig. (2-tailed)	.199	.142	.562
	N	30	30	30
are vital	Pearson Correlation	.194	.265	-.017
	Sig. (2-tailed)	.305	.157	.928
	N	30	30	30
MLED	Pearson Correlation	.792**	.663**	.031
	Sig. (2-tailed)	.000	.000	.869
	N	30	30	30

		Who is target Market	Comm.Meth ok?
MEANDER	Pearson Correlation	.391*	.155
	Sig. (2-tailed)	.033	.414
	N	30	30
GENDER	Pearson Correlation	-.172	.005
	Sig. (2-tailed)	.363	.980
	N	30	30
AGE	Pearson Correlation	.256	.238
	Sig. (2-tailed)	.172	.206
	N	30	30
Educ.Lev.	Pearson Correlation	.241	-.153
	Sig. (2-tailed)	.199	.418
	N	30	30
RACE	Pearson Correlation	.333	.098
	Sig. (2-tailed)	.072	.607
	N	30	30
Yr. C. Est.	Pearson Correlation	-.394*	-.049
	Sig. (2-tailed)	.031	.797
	N	30	30
C. AGE	Pearson Correlation	.394*	.049
	Sig. (2-tailed)	.031	.797
	N	30	30
EMPSTART	Pearson Correlation	-.145	-.094
	Sig. (2-tailed)	.445	.623
	N	30	30
EMPNOW	Pearson Correlation	.156	.009
	Sig. (2-tailed)	.410	.962
	N	30	30
START	Pearson Correlation	.318	.228
	Sig. (2-tailed)	.087	.225
	N	30	30
CURRENT	Pearson Correlation	.349	.026
	Sig. (2-tailed)	.059	.892
	N	30	30
Act. Months	Pearson Correlation	.341	.166
	Sig. (2-tailed)	.065	.382
	N	30	30
Ann. Income	Pearson Correlation	.362*	.033
	Sig. (2-tailed)	.049	.863
	N	30	30
Products Made	Pearson Correlation	.437*	-.122
	Sig. (2-tailed)	.020	.538
	N	28	28
Customers	Pearson Correlation	.353	-.175
	Sig. (2-tailed)	.056	.355
	N	30	30

Correlations

		Who is target Market	Comm.Meth ok?
Chang line	Pearson Correlation	-.323	-.093
	Sig. (2-tailed)	.081	.626
	N	30	30
Unique aspects	Pearson Correlation	.396*	.199
	Sig. (2-tailed)	.030	.291
	N	30	30
Decide what to sell	Pearson Correlation	-.523**	-.342
	Sig. (2-tailed)	.003	.064
	N	30	30
Do you identify Mkt.needs	Pearson Correlation	.384*	.085
	Sig. (2-tailed)	.036	.656
	N	30	30
Do customers ind. Needs	Pearson Correlation	.269	.035
	Sig. (2-tailed)	.150	.856
	N	30	30
Mkt needs when	Pearson Correlation	.589**	.202
	Sig. (2-tailed)	.001	.284
	N	30	30
Who is target Market	Pearson Correlation	1.000	.312
	Sig. (2-tailed)	.	.094
	N	30	30
Comm.Meth ok?	Pearson Correlation	.312	1.000
	Sig. (2-tailed)	.094	.
	N	30	30
Indeti Mkt Expensive	Pearson Correlation	-.262	-.256
	Sig. (2-tailed)	.163	.171
	N	30	30
Essential	Pearson Correlation	-.050	.101
	Sig. (2-tailed)	.791	.595
	N	30	30
necessary	Pearson Correlation	-.321	-.234
	Sig. (2-tailed)	.084	.213
	N	30	30
low quality	Pearson Correlation	.181	.119
	Sig. (2-tailed)	.337	.532
	N	30	30
nomkt exp	Pearson Correlation	-.230	-.429*
	Sig. (2-tailed)	.221	.018
	N	30	30
are vital	Pearson Correlation	.315	-.162
	Sig. (2-tailed)	.090	.392
	N	30	30
MLED	Pearson Correlation	.453*	.085
	Sig. (2-tailed)	.012	.656
	N	30	30

Correlations

		Indeti Mkt Expensive	Essential	necessary
MEANDER	Pearson Correlation	-.202	-.088	-.325
	Sig. (2-tailed)	.284	.643	.080
	N	30	30	30
GENDER	Pearson Correlation	-.306	.309	-.094
	Sig. (2-tailed)	.100	.097	.621
	N	30	30	30
AGE	Pearson Correlation	.017	.150	.085
	Sig. (2-tailed)	.930	.428	.655
	N	30	30	30
Educ.Lev.	Pearson Correlation	-.458*	-.061	-.221
	Sig. (2-tailed)	.011	.750	.240
	N	30	30	30
RACE	Pearson Correlation	-.448*	-.056	-.045
	Sig. (2-tailed)	.013	.769	.815
	N	30	30	30
Yr. C. Est.	Pearson Correlation	.256	-.239	.035
	Sig. (2-tailed)	.172	.203	.856
	N	30	30	30
C. AGE	Pearson Correlation	-.256	.239	-.035
	Sig. (2-tailed)	.172	.203	.856
	N	30	30	30
EMPSTART	Pearson Correlation	.072	-.149	.036
	Sig. (2-tailed)	.707	.433	.850
	N	30	30	30
EMPNOW	Pearson Correlation	.203	-.047	.083
	Sig. (2-tailed)	.283	.807	.664
	N	30	30	30
START	Pearson Correlation	-.384*	-.285	-.138
	Sig. (2-tailed)	.036	.126	.466
	N	30	30	30
CURRENT	Pearson Correlation	-.077	-.236	.003
	Sig. (2-tailed)	.684	.210	.986
	N	30	30	30
Act. Months	Pearson Correlation	-.318	-.200	-.294
	Sig. (2-tailed)	.087	.290	.115
	N	30	30	30
Ann. Income	Pearson Correlation	-.083	-.258	-.014
	Sig. (2-tailed)	.662	.169	.942
	N	30	30	30
Products Made	Pearson Correlation	.006	-.286	.069
	Sig. (2-tailed)	.976	.141	.725
	N	28	28	28
Customers	Pearson Correlation	-.229	-.106	-.035
	Sig. (2-tailed)	.224	.577	.856
	N	30	30	30

Correlations

		Indeti Mkt Expensive	Essential	necessary
Chang line	Pearson Correlation	.021	-.190	.102
	Sig. (2-tailed)	.911	.315	.591
	N	30	30	30
Unique aspects	Pearson Correlation	-.525**	.045	-.024
	Sig. (2-tailed)	.003	.812	.901
	N	30	30	30
Decide what to sell	Pearson Correlation	.448*	.112	.089
	Sig. (2-tailed)	.013	.557	.639
	N	30	30	30
Do you identify Mkt.needs	Pearson Correlation	-.381*	-.258	-.116
	Sig. (2-tailed)	.038	.169	.541
	N	30	30	30
Do customers ind. Needs	Pearson Correlation	-.332	.158	-.047
	Sig. (2-tailed)	.074	.404	.804
	N	30	30	30
Mkt needs when	Pearson Correlation	.079	-.200	-.083
	Sig. (2-tailed)	.679	.288	.664
	N	30	30	30
Who is target Market	Pearson Correlation	-.262	-.050	-.321
	Sig. (2-tailed)	.163	.791	.084
	N	30	30	30
Comm.Meth ok?	Pearson Correlation	-.256	.101	-.234
	Sig. (2-tailed)	.171	.595	.213
	N	30	30	30
Indeti Mkt Expensive	Pearson Correlation	1.000	-.082	.237
	Sig. (2-tailed)	.	.666	.207
	N	30	30	30
Essential	Pearson Correlation	-.082	1.000	.149
	Sig. (2-tailed)	.666	.	.433
	N	30	30	30
necessary	Pearson Correlation	.237	.149	1.000
	Sig. (2-tailed)	.207	.433	.
	N	30	30	30
low quality	Pearson Correlation	.072	.070	-.037
	Sig. (2-tailed)	.705	.712	.847
	N	30	30	30
nomkt exp	Pearson Correlation	.164	.115	.388*
	Sig. (2-tailed)	.386	.545	.034
	N	30	30	30
are vital	Pearson Correlation	-.262	-.013	.090
	Sig. (2-tailed)	.161	.945	.636
	N	30	30	30
MLED	Pearson Correlation	-.489**	-.097	-.116
	Sig. (2-tailed)	.006	.611	.541
	N	30	30	30

Correlations

		low quality	nomkt exp
MEANDER	Pearson Correlation	-.137	-.057
	Sig. (2-tailed)	.470	.766
	N	30	30
GENDER	Pearson Correlation	.008	-.272
	Sig. (2-tailed)	.965	.147
	N	30	30
AGE	Pearson Correlation	.080	-.376*
	Sig. (2-tailed)	.675	.040
	N	30	30
Educ.Lev.	Pearson Correlation	-.377*	-.151
	Sig. (2-tailed)	.040	.425
	N	30	30
RACE	Pearson Correlation	.303	-.448*
	Sig. (2-tailed)	.103	.013
	N	30	30
Yr. C. Est.	Pearson Correlation	.120	-.016
	Sig. (2-tailed)	.526	.932
	N	30	30
C. AGE	Pearson Correlation	-.120	.016
	Sig. (2-tailed)	.526	.932
	N	30	30
EMPSTART	Pearson Correlation	.141	-.116
	Sig. (2-tailed)	.457	.543
	N	30	30
EMPNOW	Pearson Correlation	.107	-.176
	Sig. (2-tailed)	.574	.353
	N	30	30
START	Pearson Correlation	.273	-.463**
	Sig. (2-tailed)	.145	.010
	N	30	30
CURRENT	Pearson Correlation	.133	-.096
	Sig. (2-tailed)	.483	.616
	N	30	30
Act. Months	Pearson Correlation	.032	-.450*
	Sig. (2-tailed)	.868	.013
	N	30	30
Ann. Income	Pearson Correlation	.150	-.100
	Sig. (2-tailed)	.429	.601
	N	30	30
Products Made	Pearson Correlation	.323	-.171
	Sig. (2-tailed)	.094	.383
	N	28	28
Customers	Pearson Correlation	.037	.081
	Sig. (2-tailed)	.846	.669
	N	30	30

Correlations

		low quality	nomkt exp
Chang line	Pearson Correlation	.053	.170
	Sig. (2-tailed)	.780	.370
	N	30	30
Unique aspects	Pearson Correlation	.027	-.215
	Sig. (2-tailed)	.889	.254
	N	30	30
Decide what to sell	Pearson Correlation	.043	.179
	Sig. (2-tailed)	.820	.344
	N	30	30
Do you identify Mkt.needs	Pearson Correlation	-.038	-.241
	Sig. (2-tailed)	.844	.199
	N	30	30
Do customers ind. Needs	Pearson Correlation	.138	-.274
	Sig. (2-tailed)	.467	.142
	N	30	30
Mkt needs when	Pearson Correlation	-.019	-.110
	Sig. (2-tailed)	.921	.562
	N	30	30
Who is target Market	Pearson Correlation	.181	-.230
	Sig. (2-tailed)	.337	.221
	N	30	30
Comm.Meth ok?	Pearson Correlation	.119	-.429*
	Sig. (2-tailed)	.532	.018
	N	30	30
Indeti Mkt Expensive	Pearson Correlation	.072	.164
	Sig. (2-tailed)	.705	.386
	N	30	30
Essential	Pearson Correlation	.070	.115
	Sig. (2-tailed)	.712	.545
	N	30	30
necessary	Pearson Correlation	-.037	.388*
	Sig. (2-tailed)	.847	.034
	N	30	30
low quality	Pearson Correlation	1.000	-.101
	Sig. (2-tailed)	.	.596
	N	30	30
nomkt exp	Pearson Correlation	-.101	1.000
	Sig. (2-tailed)	.596	.
	N	30	30
are vital	Pearson Correlation	.380*	-.092
	Sig. (2-tailed)	.038	.629
	N	30	30
MLED	Pearson Correlation	.056	-.349
	Sig. (2-tailed)	.768	.059
	N	30	30

Correlations

		are vital	MLED
MEANDER	Pearson Correlation	.150	-.137
	Sig. (2-tailed)	.430	.471
	N	30	30
GENDER	Pearson Correlation	-.012	.339
	Sig. (2-tailed)	.952	.067
	N	30	30
AGE	Pearson Correlation	.163	.270
	Sig. (2-tailed)	.389	.149
	N	30	30
Educ.Lev.	Pearson Correlation	.181	.279
	Sig. (2-tailed)	.339	.136
	N	30	30
RACE	Pearson Correlation	.414*	.650**
	Sig. (2-tailed)	.023	.000
	N	30	30
Yr. C. Est.	Pearson Correlation	.172	-.345
	Sig. (2-tailed)	.362	.062
	N	30	30
C. AGE	Pearson Correlation	-.172	.345
	Sig. (2-tailed)	.362	.062
	N	30	30
EMPSTART	Pearson Correlation	.102	.097
	Sig. (2-tailed)	.592	.611
	N	30	30
EMPNOW	Pearson Correlation	-.003	.322
	Sig. (2-tailed)	.987	.083
	N	30	30
START	Pearson Correlation	.516**	.427*
	Sig. (2-tailed)	.003	.019
	N	30	30
CURRENT	Pearson Correlation	.242	.274
	Sig. (2-tailed)	.198	.142
	N	30	30
Act. Months	Pearson Correlation	.102	.233
	Sig. (2-tailed)	.590	.216
	N	30	30
Ann. Income	Pearson Correlation	.241	.253
	Sig. (2-tailed)	.199	.178
	N	30	30
Products Made	Pearson Correlation	.460*	.241
	Sig. (2-tailed)	.014	.216
	N	28	28
Customers	Pearson Correlation	.076	.497**
	Sig. (2-tailed)	.690	.005
	N	30	30

Correlations

		are vital	MLED
Chang line	Pearson Correlation	-.172	-.048
	Sig. (2-tailed)	.365	.800
	N	30	30
Unique aspects	Pearson Correlation	.410*	.399*
	Sig. (2-tailed)	.024	.029
	N	30	30
Decide what to sell	Pearson Correlation	-.178	-.325
	Sig. (2-tailed)	.348	.080
	N	30	30
Do you identify Mkt.needs	Pearson Correlation	.194	.792**
	Sig. (2-tailed)	.305	.000
	N	30	30
Do customers ind. Needs	Pearson Correlation	.265	.663**
	Sig. (2-tailed)	.157	.000
	N	30	30
Mkt needs when	Pearson Correlation	-.017	.031
	Sig. (2-tailed)	.928	.869
	N	30	30
Who is target Market	Pearson Correlation	.315	.453*
	Sig. (2-tailed)	.090	.012
	N	30	30
Comm.Meth ok?	Pearson Correlation	-.162	.085
	Sig. (2-tailed)	.392	.656
	N	30	30
Indeti Mkt Expensive	Pearson Correlation	-.262	-.489**
	Sig. (2-tailed)	.161	.006
	N	30	30
Essential	Pearson Correlation	-.013	-.097
	Sig. (2-tailed)	945	.611
	N	30	30
necessary	Pearson Correlation	.090	-.116
	Sig. (2-tailed)	.636	.541
	N	30	30
low quality	Pearson Correlation	.380*	.056
	Sig. (2-tailed)	.038	.768
	N	30	30
nomkt exp	Pearson Correlation	-.092	-.349
	Sig. (2-tailed)	.629	.059
	N	30	30
are vital	Pearson Correlation	1.000	.308
	Sig. (2-tailed)	.	.098
	N	30	30
MLED	Pearson Correlation	.308	1.000
	Sig. (2-tailed)	.098	.
	N	30	30

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

APPENDIX E

LIST OF SAMPLED ART AND CRAFT OUTLETS

LIST OF SAMPLE

NAME OF OUTLET	LOCATION
Country Furniture and Décor	Hilton
Hi-Fly Kites	Merrivale
Inhlazuka	Merrivale
African Dream	Merrivale
Ngezandla	Merrivale
Thabo's Antiques	Howick
Africa Calls	Howick
Zulu art and craft	Howick
Alladins	Howick
Shuttleworth	Howick
The Gallery	Howick
Brooklands	Karkloof
Glassworks	Karkloof
Groundcover	Curry's Post
Kingdom Weavers	Curry's Post
African Crafts	Curry's Post
Mask Trading	Curry's Post
Rosewood	Dargle
The Woodturner	Dargle
Sterling Wrought Iron	Dargle
Dargle Valley Pottery	Dargle
The Cow and Chicken	Dargle
Corrie Lynn & Co.	Petrus Stroom
Witsend	Petrus Stroom
Culamoya Chimes	Lidgetton
Miguels Leather	Lidgetton
Mole Hill	Lidgetton
Grahame Macquet Gallery	Balgowan
Funtasy	Nottingham
Hobbits Hut	Nottingham