

## Crafters and competition: the impact of amateurs

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### Abstract

*This paper proposes an explanation for why professionals in some crafts are able to make a living fairly easily, while those in other crafts find it extremely difficult. Like others who work in a post-modern environment, crafters face a particular set of constraints. We found that the structure of the particular crafts, and the conduct that the various structures imply, go a long way toward explaining why some crafts are more favorable to working professionals than others. This study also shows that Bain's structure-conduct-performance model can be applied to these markets.*

*As post-modern markets become more significant, it is important that we understand their workings so policy decisions taken can be more effective. This work builds on earlier work looking at the structure of crafts fairs and farmers' markets and adds one more piece to our understanding of post-modern markets and the forces that determine their impact on economic life.*

**Keywords** – Crafts, Craft production, Professional Crafters, Postmodernism

### 1. Introduction.

Like others who work outside of the mass production/mass distribution economic system, crafters struggle to earn a full-time income, with some crafters perceiving greater threat to their income from competition than others. The very nature of these markets, outside of the main stream of commerce, implies that the techniques employed by many firms to protect their market position are not available to crafters. People who try to earn a livelihood through crafts are usually self-employed and independent. Thus, large scale advertising campaigns, creation of recognized brand names, control of strategic inputs, or mergers with rivals are generally not possible for crafters. While most would probably be happy with a modest income, they still need to sell their products for a reasonable premium over the cost of material alone, so that they can earn a living. Vigorous competition may drive down prices, and make it difficult for crafters to pay themselves a reasonable wage.

A particularly vexing source of competition for some crafters is from amateurs who do not try to cover all of their costs. This competition often comes from amateurs who have other income; amateurs who may view their crafting as a hobby. While such crafters may be highly skilled, if they price their products at a level that only covers material costs (and sometimes, not even those costs), they will drive the price for wellmade goods low enough so that the professional crafter attempting to earn a living finds it impossible. As an example of this frustration consider the following exchange between two English woodturners. At the end of a letter recently published in Woodturning, perhaps the most widely read and influential publication dedicated to the craft of turning wood, the following note appears.

*I am thankful that I am just a journeyman woodturner who does it purely for the love of the craft. I don't overprice my finished articles and am quite content to make just enough from sales to replenish wood, tools and sundries to carry on turning.*

*A P Bottomley,*

*West Riding of Yorkshire*

Woodturning, January 2007, No.170, page 25.

In a subsequent issue (March, 2007, No.172, page 26) we find the reply:

*(He) talks about not overpricing his work and explains that this means he wants to do no more than cover his costs. Perhaps he should consider with as much care the effect of this on other turners as he does the possible effect of any turning accident in public. If there are to be any professionals in the country, the price of turned wood items needs to support this. ... If a competent turner is placing decent-quality turned wood before the public eye at prices that do not supply a living wage, then the public is fooled into thinking that turning is a low-cost commodity. In the face of this, how is anyone to support a family from the craft?*

*Tobias Kaye, RPT*

*(Registry of Professional Turners)*

The question of whether or not someone can make a living wage practicing their craft is neither unique to woodturning, nor limited to English artisans. American crafters working in a wide variety of materials using a wide variety of techniques, face similar issues with making a living--practitioners of some crafts are able to make a comfortable living working only at their craft, while practitioners of other crafts struggle to cover their costs and a fair wage. Given that there are crafters in all mediums who are willing to work long hours and creatively add new designs to their work, why are some able to support themselves practicing their craft, while others practicing different crafts find that they must have outside financial support?

There are many markets within the wider market for "crafts." Though they may be sold at the same show or in the same shop, crafts may be made of different materials, by different techniques, with different equipment, or require different amounts of training. Glass blowers, wood turners, potters, and fiber artists only compete with each other in the broadest sense, so there may be different levels of competition in different crafts. Does a threat to professional crafters' income from amateurs actually exist? Does the threat vary across crafts? If so, are there any underlying patterns that may help explain where the threat actually appears?

## **2. Literature Review.**

In a similar market situation, Tiemann (2004) has shown that small, full-time farmers often protect their income by preventing competition from amateurs by banding together, organizing farmers' markets with rules that erect barriers to casual sellers of excess produce from back yard gardens. Exploring another dimension of crafts markets, Barbour and Tiemann (2006) have shown that selecting exhibitors through a jury process and other practices of craft show promoters help keep the quality of the work at a particular crafts show reasonably consistent, but little is done to separate amateurs from professionals. No one seems to have explored the amount of competition that professional crafters experience from amateurs, nor explored the forces behind this competition. Our purpose here is to find out what determines the amount of competition different crafters perceive from amateurs. Are skilled, well-meaning people like letter writer A. P. Bottomley a real problem for crafters trying to make a living only from crafts?

Crafts markets fall into the general category of "informal" markets. When these markets are not illegal black markets, nor quasi-legal grey markets, they can be termed "post-modern" markets, following Cross (2000). Postmodern markets are legal, and the participants pay taxes, etc., but the goods do not move through the mass production/mass distribution system that characterizes most economic activity in the modern, Fordist/Keynesian world. The very nature of crafts precludes mass production. For many crafters, each piece is unique. For most others, while there may be multiple pieces of the same design, each piece will be handled individually, with noticeable variation among them. Crafts are not part of the mass distribution system either. Much of the output of crafters is sold directly to the final customer through crafts shows and fairs. Some of the output is sold through cooperative galleries. Some is sold thorough independent shops or galleries with the proprietor personally choosing the items at a wholesale crafts show where individual crafters display their products.

## **3. An economic model.**

While the system of marketing these products through crafts galleries and retail and wholesale crafts shows means that crafters must invest time in selling their products, there is no union card or license needed to participate. It is relatively easy for a crafter to participate in a crafts fair or find a local gallery that will display some goods. Though individual crafters do attract a following, branding is weak and it is relatively easy for new crafters, professional or amateur, to enter the market. Economists still often use a model developed by Joe Bain (1967) to analyze the competitiveness of individual markets. The essence of this model is that the structure of a market allows or limits the conduct of the players in the market, and the conduct determines the performance of the market. Attributes of structure include the ease of entering the business, the number of sellers (and buyers), the cost of equipment needed to enter the business, and the skill needed to produce the good. Conduct includes branding, if producers compete by price, style, service, etc., and the extent of coordination among the producers. Performance is usually thought of as how efficiently the products are brought to market, but here we will modify the model by narrowing the definition of performance form a societal view to the view of a crafter, specifically the ability of a crafter who works full time to earn a living. (It should be noted that a system that does not allow producers to cover all costs, including a fair cost of labor would be inefficient to an economist.) Following Bain's model, we will look at conduct by looking across the various crafts to see in which crafts there is competition from amateurs that results in poor performance by keeping full time crafters from earning a living. We will then explore the differences in structure between those crafts where there is significant competition from amateurs and those where there is not.

#### 4. Data and Analysis.

We collected data from 72 crafters, mostly professionals. The survey was conducted over the Internet and was directed to the members of a large, non specific, crafters organization in the southeastern United States. We asked each respondent whether he or she was a professional (earned at least half of their income from crafting) or an amateur. We also asked each professional respondent how serious was the competition from amateurs.

First, we explored whether there was a difference in the competition across different crafts. We sorted the responses from professionals by whether they perceived competition from amateurs to be a problem or not and by craft. To see if there is a difference in the perceived problem of amateur competition across the crafts, a  $\chi^2$  analysis was performed on the data in Table 1. Because there were only one or two professional crafters in our sample who work in metal, in mixed media, and in photography, those categories were eliminated from the analysis. The calculated  $\chi^2$  is 10.03, which shows that there is a statistically significant difference across the crafts at  $\alpha = 0.05$  (the p value is .0399).

These results show that there is a difference in conduct across crafts. Fiber and jewelry crafters are more likely to perceive a problem with competition from amateurs than would be expected from their numbers in the sample. Glass and wood crafters are less likely to see amateur competition as a threat.

There are other differences between those crafters who see competition from amateurs and those who do not. T-tests find statistically significant differences (at least at  $\alpha = .10$ , which seems appropriate with the small sample sizes) in means between those professional crafters who see a problem and those who do not. Those who see a problem work longer hours ( $p = 0.099$ ), place a higher value on their time when pricing their work ( $p = 0.0003$ ), have higher start-up costs ( $p = 0.084$ ), and are younger ( $p = 0.061$ ). The most significant of these differences (practically, as well as statistically) is the difference in how highly the crafters value their time. Crafters who value their time at a higher rate are probably those who are most serious about actually earning their living by crafting only, so it is not surprising that they feel the pinch of competition. This idea is supported by the finding that those who see competition from amateurs work longer hours than those who do not. But working more hours or imputing a higher wage are conduct variables. Are there structural differences across the crafts that either explain these differences in conduct or give us other insights into why some crafters see a threat and others do not?

Returning to Table 1, this question means that we should we ask if there are there differences between fiber and jewelry crafters, on the one hand, and glass and wood crafters, on the other? Why don't glass and wood crafters worry about amateur competition? Are there hints from Bain's model? Are there differences among the structures of different crafts? While the samples in each craft are too small to reliably statistically test differences between groups, some impressions can be taken from the data, which support theory. If it is more difficult or costly to begin in a particular craft, then only those who are more serious about the craft are likely to take it up, and there is probably less competition from amateurs. The crafts in Table 1 where there is less than expected competition from amateurs are glass and wood. Both glass and wood crafters have more formal training than the average for all of the professionals who answered the survey, and both groups report higher than average start up costs. Glass crafters also report spending more time at work than any other group. This makes sense, since it takes quite a bit of time to heat up the glass and put on protective clothing before doing

any work at all with hot glass. On the other side, the crafts that report problems with competition from amateurs are structured differently. Jewelers and fiber crafters have the lowest start up costs, while fiber crafters report the lowest average amount of training. Except for professional crafters who do not specify their craft, fiber crafters put in fewer hours per week than any other group.

## 5. Conclusions.

There are clear differences in the structure between the crafts where competition from amateurs is the most serious and the crafts where competition is not a problem. The crafts where there is a threat from competition from amateurs are those where entry is relatively easy: formal training is not extensive and costs of starting up in that craft are relatively low. In contrast, the crafts where competition from amateurs is not a big problem are structured differently: entry is more difficult as more formal training is the norm and start-up costs are higher. Additionally, the glass crafters, a group that sees little threat from amateurs, work more hours than any other group. These findings imply that the structure of working in a particular craft, especially the barriers to entry that make it more expensive or more time consuming to begin producing saleable work, affect the level of competition between professionals and amateurs. As Bain's model predicted, differences in the structure of a particular crafts market affect the conduct, the amount of competition from amateurs, in that particular craft. Not only is there a difference across crafts in the amount of competition from amateurs that professional crafters feel, those differences can be explained by using Joe Bain's economic model and finding differences in the structure of each craft.

**Table 1:** Reported problem with competition from amateurs, by craft category.

	ceramics	fiber	glass	jewelry	wood	total
Problem	9	5	0	7	1	22
No problem	6	2	3	2	5	18
	15	7	3	9	6	40

$$\chi^2 = 10.030; \quad p = 0.0399$$

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