

Executive Summary

Hong Kong's industrial structure relies excessively on the four key industries, while the manufacturing industry has shrunk enormously, thus limiting its economic development. The Hong Kong SAR government has noticed this problem in recent years and has put forward the aim of developing innovation and technology in order to broaden Hong Kong's economic base and facilitate diversified economic development¹.

In addition to innovation and technology, some young people have tried to introduce new products and develop new brands through high quality craftsmanship. They have tried to diversify the economic development of Hong Kong. Though the market size of craft products is small, they have given new impetus to Hong Kong's manufacturing industry and economy.

Some reports have stated that consumers nowadays are more willing to devote a higher share of their income to memorable life experiences that are associated with status, style, brands and differentiation. This has provided room for the development of the creative economy. United Nations Conference on Trade and Development (UNCTAD) figures show that world exports of creative goods amounted to USD 509.8 billion in 2015, up by 60.1% from USD 317.4 billion in 2006², which indicates the contribution of the creative economy.

In Hong Kong, there has been a boom in creative craftsmanship. The new generation of craftsmen offer their self-made creative craft products for sale on market stalls, and these products have become popular among young people. However, while the production of craft products remains hand-made and small scale, creative craftsmanship may not be able to bring about significant benefit to the overall economy. If creative craftsmanship is to play a more significant role in the economy and form a creative craftsmanship industry, problems in the areas of talent, technology, capital, management, market development, law, and policy, in addition to craft

¹ Financial Secretary. (2017). *The 2017-2018 budget*.

² Source: UNCTAD. *Statistics on world trade in creative products*. Retrieved 19 April 2017 from <http://unctad.org/en/Pages/DITC/CreativeEconomy/Statistics-on-world-trade-in-creative-products.aspx>

quality, need to be solved³.

In view of the above, this study tried to understand the development of craftsmanship and the problems the creative craftsmanship industry is facing by conducting a telephone survey of Hong Kong residents and interviews with experts, scholars and young craftsmen. Through this approach, the study aimed to make recommendations on improving the condition of the creative craftsmanship industry. It is hoped that the career and development opportunities of young people can be improved through diversified economic development.

On the basis of the survey and interview findings, this study makes six recommendations which focus on improving the industrialization of creative craftsmanship in Hong Kong.

Key Findings

- 1. Respondents valued craftsmanship. In terms of the further development of craftsmanship, they thought that Hong Kong's advantages are design and quality but that talent and space are in short supply.**

A random sample telephone survey conducted from 14 March to 3 April 2017 yielded 520 responses from Hong Kong residents aged 18 or above. The survey showed that the average ratings for the items "the loss of craftsmanship is a pity" and "you appreciate products with good craftsmanship" were 8.11 and 7.32 (0-10 scale), respectively. The average ratings for "technology can replace good craftsmanship" and "you will not consider the quality of craftsmanship when purchasing any product" were only 5.02 and 4.17, respectively. The results showed that the respondents valued craftsmanship. They did not think that technology could replace craftsmanship, and they would consider the quality of craftsmanship when purchasing products. Among the various craft products, most respondents thought that clothing is the most valued product to preserve (47.7%), followed by

³ Source: Chen, Guo-zhen. *The realization of contemporary craftsmanship creative thinking*. [in Chinese]. Retrieved 10 February 2017 from <http://scholar.fju.edu.tw/outline/semesterList.html>

watches and clocks (33.6%) and furniture (31.5%). In terms of the further development of craftsmanship, most respondents thought that Hong Kong's advantages are design (22.4%) and quality (14.8%) but that talent (28.2%) and space (23.0%) are in short supply.

- 2. Respondents in general had confidence in Hong Kong brand products, but they thought that their popularity was only average. They thought that the government was indifferent to promoting Hong Kong brands, which implies that more effort should be put into this.**

The survey found that the respondents' average rating with regard to confidence in Hong Kong brand products was 6.81. The average ratings for materials, craftwork, design and service were 6.67, 6.66, 6.47 and 6.19, respectively, but the average popularity rating was only 5.80. The figures reflected that the respondents had confidence in Hong Kong brand products in general but thought their popularity was only average. The vast majority of the respondents (96.9%) agreed that Hong Kong should enhance its brand development. Most respondents (34.5%) thought that the aspect to enhance is the "popularity" of Hong Kong brands. However, on average, they only gave a rating of 4.41 to the government's work on Hong Kong brand promotion, indicating that there is still room for improvement in this area.

- 3. Most respondents hoped that the development of the manufacturing industry in Hong Kong would be enhanced in order to improve employment and to facilitate the diversified development of the economy. However, this would be difficult given the problem of limited space and the lack of government support.**

The survey showed that the general public support the development of the manufacturing industry. Of those surveyed, 84.5% agreed that Hong Kong should enhance its manufacturing industry; the main reasons given were "improving employment" (45.1%) and "facilitating diversified development" (31.3%). Those who did not agree with enhancing the manufacturing industry were concerned about the "shortage of space" (27.2%) and the "lack of talent or technology" (26.3%). Nearly half of the respondents (48.5%) thought that the main

obstacle to enhancing the manufacturing industry is “high rent/lack of space”; other obstacles mentioned included “lack of talent/technology” (26.8%) and “lack of government support” (23.8%). Under these conditions, developing the manufacturing industry would be difficult.

- 4. Some young craftsmen revealed the difficulties they experienced in learning their skills in the absence of appropriate teachers. Some felt helpless because when they needed to buy production tools, they found that the relevant hardware stores had closed down. Many said that there is a lack of affordable space.**

Some of the in-depth interviews with young leather craftsmen revealed that they could only learn leather work through trial and error and following online information. They communicated frequently with customers and tried different possibilities in order to improve their craft skills. No experienced teachers were available to provide guidance during the learning process. A young maker of glasses said that the relevant hardware stores had closed down due to urban renewal and he could not find the necessary production tools in Hong Kong. Many interviewees said that they needed space for craft production, but rent in Hong Kong is exceptionally high while customer flow in low-rent industrial buildings is low. Supporting measures in venues such as JCCAC and PMQ are either remote or expensive; also, these venues are not designed to accommodate craft industries and therefore could hardly meet the special needs of craftsmen. The issues raised reflect that craftsmen lack learning resources, support, and suitable venues.

- 5. Some young craftsmen redesigned their products so that production could be successfully scaled up while still maintaining the craft features of the products, but some were afraid that product quality would be affected and so they dared not take on a large number of production orders.**

One craftswoman stated that she could produce fine quality crochet products but that her production time was extremely long. She later redesigned her products so that the essential parts were still nicely hand-made while other parts were replaced by good quality materials

and machine sewing. Ultimately, she was able to scale up her business to mass production while still maintaining the craft features and quality of her products. Another craftswoman produced fermented beverages. Although she used machines to increase production, she still did not dare produce in massive quantities because she was afraid that this would affect the quality. This shows the problem faced by many craft businesses, namely how to scale up production on the one hand while maintaining high quality craft work on the other hand.

Main Discussion

- 1. Hong Kong's industrial structure is excessively uniform, which limits its economic development. In recent years, the creative economy has grown around the world. There is a boom in creative craftsmanship. Some young people are trying to diversify the economic development of Hong Kong through high quality craftsmanship.**

Figures⁴ show that flea markets were held 505 times in Hong Kong in 2016. In 2017, flea markets were held 100 times in the period up to 15 April. These figures reflect that craft products are quite popular among young people. Craft products belong to the creative economy. An UNCTAD analysis of the creative economy stated that many people in the world are eager for culture, social events, entertainment and leisure. Even in times of crisis, some creative sectors can still perform well⁵. The results from this study showed that the respondents valued craftsmanship. They did not think that technology could replace craftsmanship, and they stated that they considered the quality of craftsmanship when purchasing products.

- 2. Creative craftsmanship has to make use of technology and automation and combine with the manufacturing industry in order to bring about a greater economic benefit. Traditional industries in Hong Kong such as clothing, jewellery, and watches and clocks are**

⁴ Source: CRECRA *hand-made creative platform website*. [in Chinese]. Retrieved 15 April 2017 from <http://www.crecra.com/about-us>

⁵ Source: UNCTAD. 2010. *Creative economy report 2010: Creative economy – a feasible development option*. UN.

developing well. Manufacturers are already aware of the significance of increased investment in technology and value-added activities. This background provides a solid foundation for the industrialization of creative craftsmanship.

Small-scale hand-made creative crafts may not be able to have a significant impact on the overall economy. If craftsmanship is to be industrialized and bring greater economic benefit, creative craft products should be suitable for mass production while maintaining good design and creative elements. There is a need to make use of technology and automation in the mass production of creative craft products. The scaling up and industrialization of creative craftsmanship is closely related to the technological development of industrial production. There are 94,856 persons engaged in the manufacturing industry in Hong Kong at present. Many of them are engaged in traditional manufacturing industries with a long history, such as the garment, jewellery, and watch and clock industries⁶. These industries are still developing well in Hong Kong. To adapt to the needs of consumers today, manufacturers are already aware of the significance of increased investment in technology and value-added activities. Therefore, they can lay a solid foundation for the industrialization of creative craftsmanship.

- 3. The development of the overall quality of creative craftsmanship skills is unsatisfactory. There are not enough teachers, supporting facilities, or affordable working spaces, and this limits the opportunity for the successful industrialization of creative craftsmanship.**

The experts and scholars interviewed said that in terms of the quality of creative craftsmanship skills, Hong Kong lags behind other places. This is because there is a shortage of manufacturing production and no economic incentive to retain experienced creative craftsmen or attract young people to spend time and energy in creative craft study and work. On the one hand, there are not enough craft teachers in formal education. On the other hand, there are not enough supporting

⁶ Source: Census and Statistics Department. (2017). *Quarterly report of employment and vacancies statistics December 2016*. Hong Kong: Census and Statistics Department.

facilities, such as equipment and space, for informal learning learning. Traditional craft talents are also aging. These conditions have affected the passing on of craft skills significantly. In addition, the lack of affordable working spaces is a significant obstacle to the production and selling of creative crafts because craftsmen rely on having space for a studio and displays and for contact with customers. Both the quality of craft skills and working space are the basic conditions for the industrialization of creative craftsmanship, but the development of the overall quality of creative craftsmanship skills is unsatisfactory, while affordable space for production and selling is in short supply. All these factors limit the opportunity for the successful industrialization of creative craftsmanship.

- 4. Creative craft businesses should be able to solve management problems and technical problems in the production process. They should maintain the essential parts of their crafts and solve other commercial problems through mass production to enable their businesses to be scaled up.**

Craftsmen usually spend a lot of time on the production and quality control of their craft products. It is therefore a dilemma whether the production process can be controlled appropriately so that the production volume can be increased while maintaining the high quality of the products. The good foundation of the individual craftsmanship sectors in Hong Kong can be used to enhance the development of the creative craftsmanship industry through technology and automation. In addition, expanding the market size would bring about other commercial problems in areas such as marketing, cash flow, product safety and intellectual property rights. These are the challenges that need to be met by small-scale craft businesses. Therefore, creative craftsmanship businesses should ensure that they are able to solve management problems, technical problems in the production process and other commercial problems and thus scale up successfully.

- 5. In terms of the development of home brands, Hong Kong is lagging behind other places. Creative craftsmanship businesses should build up unique images and devise good promotion strategies as, together with the government playing a more active role in**

developing Hong Kong brands, this would enable the creative craftsmanship industry to blossom.

The market status of Hong Kong products is very important to the sustainable development of craftsmanship industries. Brands and promotion strategies are especially significant in opening up foreign markets. However, since attention has not been paid to brand development in past years, Hong Kong brand products hardly impress consumers. Young consumers nowadays are more concerned about the distinguishing features of goods. The design of Hong Kong creative craft products should have a uniqueness and represent a breakthrough in terms of originality so that craft businesses can build up their brands and open up foreign markets. Many of the respondents in this study said that they would not emphasize that their products come from Hong Kong; rather, they would usually stress the quality and image of the products themselves. This implies that the government should be more active in developing Hong Kong brands in order for the creative craftsmanship industry to blossom.

Recommendations

This study offers the following recommendations based on the above findings in order to improve the industrialization of creative craftsmanship in Hong Kong:

- 1. Set up a “Creative Craftsmanship Cluster” in non-central areas such as the Lantau or the West Kowloon Cultural District to support the running of creative craftsmanship industries. The periphery of the Cluster should be reserved for the organic extension of relevant commercial and cultural activities so that a cultural community can be developed.**
- 2. Design a “Craftsmanship Accelerator Programme” to nurture businesses that have the potential to grow into successful Hong Kong brands.**
- 3. Subsidise the use of technology and automation for the purpose of**

scaling up creative craft production.

- 4. Provide trade financing services via financial institutions to creative craftsmanship businesses.**
- 5. HKTDC to provide more local and overseas exhibition opportunities for new businesses in creative craftsmanship.**
- 6. EDB to subsidise young people to receive high quality local and overseas craftsmanship training.**