Economic Impact Study:

Nunavut Arts and Crafts

Final Report

June 2010

Submitted to:

Government of Nunavut – Department of Economic Development & Transportation

Table of Contents

Executive Summary 4

1. Introduction 12

1.1 Background 12

1.2 Scope and mandate 14

1.3 Methodology 15

2. Economic Impact Analysis 17

2.1 Introduction 17

2.2 Direct economic impact 17

2.3 Indirect economic impact 18

2.4 Induced economic impact 19

2.5 Summary of economic impact 20

2.6 Government revenues 21

3. Sector Profile 21

3.1 Value chain 22

3.1.1 Formal economy 22

3.1.2 Cottage industry 22

3.1.3 Summary of formal economy and cottage industry 22

3.2 Sub-sectors 23

3.2.1 Artist activity lines 23

3.2.2 Consumer preferences 24

3.2.3 Sub-sector summary 24

4. Employment 26

4.1 Artists 26

4.1.1 Defining ‘artists’ 26

4.1.2 Artist count 26

4.1.3 Artist profiles 28

4.2 Supporting employment 30

4.3 Social impacts 30

5. Markets 31

5.1 In-territory consumer market (direct-from-artist and retail purchasing) 31

5.1.1 Consumer profiles 31

5.1.2 Stakeholder consultation results 32

5.1.3 Survey of GN employees 33

5.1.4 Gross-up of survey results 35

5.1.5 Gross-up of exit study results 36
5.1.6 Total resident and visitor consumer market 37
5.2 Nunavut retail 37
5.2.1 Summary of Nunavut retail 38
5.3 Wholesale distribution 39
5.3.1 Summary of wholesale distribution 39
5.4 Southern (Canada outside of Nunavut) retail and international sales 40
5.4.1 Summary of southern retail and international sales 42
5.5 Market growth 42
5.5.1 Summary of market growth 44
6. Costs 46
6.1 Overview of materials and tools 46
6.1.1 Types 46
6.1.2 Expenditures 47
6.1.3 Stone 49
6.1.4 Summary of expenses 51
7. Sector Analysis – Strengths, Challenges and Conclusions 52
7.1 Economic efficiencies and inefficiencies 52
7.2 Stakeholder feedback 53
7.2.1 Artists 53
7.2.2 Dealers 55
7.2.3 Buyers 56
7.2.4 Museum/gallery curators 57
7.3 Strengths and challenges 58
7.3.1 Strengths 58
7.3.2 Challenges 60
7.4 Conclusions 61
A Consultation Summaries 62
B Recommended methodology for future data gathering 78

Executive Summary

In only the few generations that it has existed, Nunavut's commercial arts and crafts sector has grown to impressive levels. Through its multiple stages from material supply, to product creation and wholesale and retail distribution, the sector generates a total economic impact of $33.4 million annually, leading to 1,068 full-time equivalent (FTE) jobs – all from a territorial population of 32,558.

However, straight economic metrics such as contribution to gross domestic product and FTEs do not do Nunavut's arts and crafts sector full justice. Because of the occasional nature of arts and crafts production, it is estimated that roughly 3,000 Nunavut residents earn some income annually from arts sales. These arts sales, which generate in total more than $27 million in direct payment to artists, eventually result in more than $50 million in end consumer sales, with more than $30 million generated through retailers in the rest of Canada (outside of Nunavut) and around the world.

Beyond financial impacts, the arts and crafts sector represents a key piece of Nunavut society. Arts and crafts production provides more than direct employment opportunities; it allows Nunavummiut to be both artists and entrepreneurs in a very self-sustaining fashion by literally creating saleable products with materials gathered from the land. Since the inception of Nunavut's commercial arts and crafts sector the natural entrepreneurship of the artists has shaped a sector with multiple distribution channels. These channels range from the wholesale chain established and controlled by the artists and the Co-op in Cape Dorset, to third-party retail and wholesale distribution, and direct-to-consumer distribution through the 'cottage industry.'

The many channels of arts and crafts distribution has also led to many layers of motivations. Nunavut's arts and crafts sector has a blend of commercially, or commodity, focused producers and pure form artists (those whose primary goal is artistic expression) uncommon in most traditional art industries. The range of artist motivations has been an integral factor in establishing the global reach of Nunavut art. While the highest quality and most original Nunavut art has been displayed around the world and can sell for tens of thousands of dollars, authentic handmade souvenirs can also be purchased for a few dollars. The somewhat delicate balance of fine art and accessible handmade commodities has been mutually beneficial in sustaining the arts and crafts sector and benefiting other territorial industries, particularly tourism.

Finally, Nunavut arts and crafts provide a constantly evolving representation of the land and its people. Nunavut artists continue to use numerous media – sculpture, tapestries, prints, clothing, sketches, traditional crafts and jewellery, to name a few – to express themselves and their lifestyle to the rest of the world. As the territory continues to evolve culturally, art will provide one outlet to express the blending of old and new cultures. With the proper support to provide access to training, materials and markets, Nunavut's artists will also continue to translate cultural and artistic expression into significant economic benefits.

Economic impact

As mentioned above, Nunavut's arts and crafts sector contributes $33.4 million to the territory's GDP and creates the equivalent of 1,068 full-time jobs. This total economic impact includes both direct and spinoff (indirect and induced) impacts. The sector's direct impact, which effectively is based on artist income (sales minus materials and tools costs), is estimated to be $22.9 million. This direct economic impact creates 828 direct FTEs, which translated to roughly 4% of the territory's total eligible labour force.

Direct Impact: $22,900,000

Direct FTEs: 828

Spinoff Impact: $10,500,000

Spinoff FTEs: 240

Spinoff impact, which includes work-related spending by artists as well as re-spending of wages and salaries earned from the direct and indirect impacts of production activity, totals $10.5 million. Spinoff activity from the arts and crafts sector also creates an additional 240 FTEs. Overall, the 1,068 FTEs created by the arts and crafts sector represents approximately 5.5% of Nunavut's total eligible labour force.

Also, arts and crafts production generates just under $1.6 million in additional tax revenues for the Government of Nunavut.

Value chain profile

Nunavut's arts and crafts value chain begins with the acquisition of tools and materials by artists and ends, at its greatest length, with the sale of Nunavut art to consumers through southern (Canada outside of Nunavut) or international retail stores. However, not all Nunavut art follows the same path through the value chain. While some art moves from artist to wholesaler to retailer, other products' value chain journey ends with an artist-to-consumer transaction. Overall, Nunavut artists spend approximately $5.2 million annually on tools and materials. The artists receive roughly $27.8 million for their finished work, and this art has a total end consumer sales value of approximately $52.1 million.

Tools and Materials Costs: $5,200,000

Artist Sales: $27,800,000

Sales to Consumers: $52,100,000

The obvious gap between artist sales and total prices paid by consumers results from finished art product moving through various stages of the value chain. In the case of direct-to-consumer sales, or the cottage industry, artist sales values equal 100% of consumer purchase. However, as art moves through the Nunavut-based retail and/or the wholesale and southern retail chains it is subject to significant mark-ups to cover distribution and operating costs and to generate an equitable return. Therefore, although sales to wholesalers represents less than 35% of artist sales it results in more than 60% of end consumer sales. The contribution to artist sales and consumer sales by each of the three main distribution channels – direct, Nunavut retail, and wholesale – are illustrated in the table below. The table clearly demonstrates that although the cottage industry is very efficient in terms of delivering the end value of art right into an artist's hands, it is much less efficient in extracting what may be considered the full market value for the product.

Table 1 – Sales of Nunavut arts and crafts by channel, and artist sales vs. end consumer sales

	Artist Sales	%	Sales to End Consumers	%
Cottage Industry	$13,300,000	47.8%	$13,300,000	25.5%
Nunavut Retail	$4,900,000	17.6%	$6,800,000	13.1%
Wholesale	$9,600,000	34.5%	$32,000,000	61.4%
Total	**$27,800,000**	**100%**	**$52,100,000**	**100%**

Product preferences also vary between the stages of the value chain. Although sculpture represents an estimated 75% of sales in the markets outside of Nunavut, it makes up a little more than 30% of sales within the territory. Conversely, clothing and jewellery represent a much higher proportion of sales within Nunavut than they do outside of the territory. The table below compares artists' ranking of activity lines with Nunavut resident consumer purchasing preferences and the estimates of contribution to total consumer sales for the main product types.

Table 2 – Comparison of activity lines by artist ranking, consumer purchase and end sales estimate

Activity Line	Artist Rank	Resident Purchase	% of End Sales
Carving	1	35.8%	58%
Sewn Products	2	19.9%	13%
Jewellery	3	25.4%	8%

Tapestries	3	3.6%	4%
Prints	5	12.6%	10%
Other	6	2.0%	6%

Although sculpture is the most popular Nunavut art medium – both in terms of production and sales – there is much variety in the industry. As well, the difference in popularity of some forms of art over others within various stages of the value chain also reveals that some product types could benefit from greater promotion in markets outside of the territory.

Artists

Estimates of the number of artists in Nunavut range from as few as 2,000 to as many as 6,500, depending on the source. Past estimates have placed the number of Nunavut artists at roughly 4,000. Regardless of the source, it is clear there is a high incidence of occasional work, with some artists producing only one or two items in a year. In the end, Nunavummiut with the ability to produce any form of art have the potential to contribute to the territory's arts and crafts sector and its economic impact, and therefore should be counted as a part of the industry. Taking into account the common practice of counting only Canadians over the age of 14 as part of the labour force, an artist is defined as:

Number of Artists: 2,500-3,000

> "Any Nunavut resident over the age of 14 years with the ability to produce arts and crafts products for resale."

In terms of the artist count, any estimate must be considered against total artist sales. For instance, the past estimate of 4,000 artists in a roughly $30 million industry is the equivalent of $7,500 per artist annually.

Combining feedback from artists with consultation with co-ops, retailers, wholesalers and available online databases reveals that there are between 2,500 and 3,500 artists in Nunavut, with 3,000 representing the average. Estimates of the number of artists in relevant earnings categories provide additional detail on the make-up of Nunavut's arts and crafts sector. The table below estimates the total number of Nunavut's artists that fall within each of five scaled earnings categories, ranging from an average of $80,000 per year to a more modest $2,750.

Table 3 – Number of Nunavut artists by sales amount ranges

Sales Range	Average	% Artists	# of Artists	Total Sales
$60,000-$100,000	$80,000	2.0%	60	$4,800,000
$30,000-$60,000	$45,000	6.0%	180	$8,100,000
$10,000-$30,000	$20,000	7.5%	225	$4,500,000
$5,000-$10,000	$7,500	24.0%	720	$5,400,000
$500-$5,000	$2,750	60.5%	1,815	$4,991,250

As the table clearly illustrates, there is a high level of occasional involvement in arts and crafts. This includes Nunavummiut that produce arts and crafts products strictly for their own use or for use by their families, both because there is a limited market for distribution in their community and many Nunavut arts and crafts products – like clothing – serve a functional purpose. While these personal-use artists generally only contribute to the sector's economic impact by purchasing materials and tools, their ability to produce arts and crafts products makes them members of the artist community. The high incidence of occasional and personal-use artists also speaks to the potential of the sector; these artists could potentially contribute more to the economy under the appropriate circumstances.

Markets and sales channels

The main end markets for Nunavut arts and crafts are in-territory direct and retail sales, and southern and international sales, which combined represent more than $52 million in the sales of Nunavut arts and crafts products to consumers. Wholesale sales, as a sales market for artist, represents an additional significant sales channel in the value chain to be profiled, even though it doesn't end with a final consumer sale.

Overall the resident market is comprised of the roughly 19,340 Nunavut residents over the age of 15 (e.g. those residents that would be considered to have some buying power). Within this market are the additional buying-power-based divisions of public or GN employees, other employed Nunavut residents and those that are not currently in the labour force. Using a survey of GN employees' established purchasing patterns, it is estimated that Nunavut residents spend nearly $11.5 million on art purchased directly from artists, and nearly $3.5 million in Nunavut retail stores.

Adding to the in-territory spending are visitors, which includes both tourists and business travellers. Overall, visitors spend an additional $3.8 million on arts and crafts in Nunavut, which is split evenly between direct-from-artist and retail purchases. The majority of all in-territory spending, around 65%, occurs in Iqaluit and the rest of the Baffin region, while spending in Kitikmeot and Kivalliq is split fairly evenly.

Additional consultation with Nunavut retailers identified a discrepancy between the spending of residents and visitors and the sales of retailers. This discrepancy, totalling $1.4 million, is attributed to both the burgeoning online sales market and sales to large-volume buyers (including temporary, contract workers) that would not fall within the traditional consumer profile. Overall, arts and crafts sales to consumers within Nunavut total roughly $20 million, with $13.3 million taking place through the direct sales cottage industry, and the remaining $6.8 million being sold by Nunavut retailers.

Wholesalers additionally provide a substantial sales market for Nunavut artists, as well as distribute Inuit art throughout Canada and internationally. The wholesale market is generally comprised of four main organizations: Canadian Arctic Producers; Inuit Art Marketing Service; Dorset Fine Arts; and the Nunavut Development Corporation. In addition to these companies are a significant number of private buyers that sell directly to southern and international retail outlets. Overall, wholesalers combine to spend more than an estimated $9.6 million per year acquiring arts and crafts products in Nunavut, which is sold to retailers for approximately $16 million.

Direct Sales: $13,328,976

Nunavut Retail: $6,800,000

Southern Retail: $32,000,000

Total: $52,100,000

Although the direct impact of arts and crafts on Nunavut's economy generally ends with wholesale sales, sales of Nunavut arts and crafts by retailers outside of the territory benefit the sector by providing a sales market as well as by raising the profile of Nunavut art throughout the world. The biggest southern retail market is the rest of Canada outside of Nunavut, which totals approximately $20 million in sales. This is followed by US sales at $7.5 million, and remaining international sales at $4.5 million, for a total of $32 million in non-Nunavut retail sales.

A full illustration of the markets and sales channels for Nunavut arts and crafts is provided in the table below, with total end consumer sales values highlighted in red.

Table 4 – Nunavut arts and craft sales by markets/sales channels

Market/Sales Channel	Sales

Market/Sales Channel	Sales
Direct	
Residents	$11,436,251
Visitors	$1,892,725
Total	**$13,328,976**
Nunavut Retail	
Resident	$3,485,952
Visitors	$1,892,725
Online/Bulk	$1,421,323
Total	**$6,800,000**
Wholesale	$16,000,000
Southern Retail	
Canada	$20,000,000
United States	$7,500,000
International	$4,500,000
Total	**$32,000,000**

Although there is no comprehensive data from past years to compare the current size of Nunavut's arts and crafts sector against, consultation with artists and wholesalers, and other expert opinion suggests that market growth has stalled. This cessation in growth is largely attributable to the current economic downturn – in tough economic times, discretionary spending is reduced dramatically – as well as the inherent issue of the inability of artists to tap into or access new markets. In addition to this, the greatest impact of the recession, percentage-wise, has been borne by the southern retailers, who have had to reduce prices or accept lower sales in the down economy. However, this means that southern retailers will also be the greatest beneficiary of emerging from the recession.

Meanwhile, artists will continue to suffer from a lack of markets, a problem that is particularly acute for those outside of the major communities. In light of the existence of this and other barriers, it is difficult to forecast what the future growth of the sector will be. Generally, growth will be dependent on the appropriate combination of a number of factors including marketing, distribution, training and development of the artistic value of Nunavut arts and crafts.

Tools and materials

There are many significant, distinct, product lines in the Nunavut arts and crafts sector, with each product line requiring its own distinct set of materials and tools. Tools and materials expenditures by artists infuse a significant amount of money back into the Nunavut economy. However, estimating the total costs of tools and materials is extremely difficult, particularly since many artists continue to gather materials for their work from the land. The table below includes average annual material and tool estimates gathered through focus groups in major arts and crafts communities.

Table 5 – Nunavut artists estimate of annual tools and materials expenditures, by community

Community	Materials Range	Materials Avg.	Tools Range	Tools Avg.

Iqaluit	$8,000-$12,000	$10,000	$2,500-$12,000	$7,250
Pangnirtung	$2,500-$4,500	$3,500	$2,000-$8,000	$5,000
Cape Dorset	$3,500-$6,500	$5,000	$2,000-$6,000	$4,000
Pond Inlet	$2,000-$7,000	$4,500	$3,000-$10,000	$6,500
Gjoa Haven	$3,500-$6,000	$4,750	$2,000-$7,000	$4,500
Average		**$5,550**		**$5,450**

The most common material used by Nunavut artists is carving stone. Stone carving, and stone itself, plays an important role in Inuit society. The importance of stone carving to Nunavummiut is underscored in the *Nunavut Land Claims Agreement*. Article 19, part 9 states: "An Inuk shall have the right to remove up to 50 cubic yards per year of carving stone from Crown lands without a permit…"[1] In spite of this, the majority of stone used for carving in Nunavut is purchased from quarrying professionals, either directly or through the retail chain. It is estimated that in a year approximately 500,000 pounds of stone is gathered or purchased by artists, with a full sales value of about $1.1 million. An additional estimated 75,000 pounds of stone is gathered directly by artists at an estimated cost incurred by the artists (time and materials) of $101,000, or $1.35 per pound.

Overall, arts and crafts materials and tools costs range from roughly 5% to 25% of an artist's total annual sales amount, varying depending on discipline and production volume. A summary of total sector expenses is presented in the table below.

Table 6 – Industry materials and tools expenditures

Discipline	Materials	Tools	Total
Stone sculpture	$1,150,000	$1,250,000	**$2,400,000**
Other	$1,500,000	$1,250,000	**$2,750,000**
Total	**$2,650,000**	**$2,500,000**	**$5,150,000**

Strengths and challenges

Profiling Nunavut's arts and crafts sector from a quantitative (value chain and economic analysis) and qualitative (consultations with all major stakeholder groups) perspective allows for a comprehensive examination of the strengths and challenges inherent to the current structure of the sector.

The obvious conclusion from a quantitative examination of the value chain is that the direct sales market is extremely efficient for artists in terms of extracting final value for sales, while the wholesale and retail markets are not. However, It is not that straight forward; there are many other factors involved in controlling the efficiency of both markets. For instance, the efficiency of the direct sales market is greatly hampered by the artists' desire to receive cash-in-hand shortly after completing their product, often resulting in the artist receiving a below-market price. Language barriers between artists and buyers further reduce the artist's ability to negotiate a fair price. Finally, the direct sales market is limited to those communities that have a large population, including government workers and a substantial amount of visitors.

Conversely, the relative inefficiency of the retail and wholesale market (at least from the artists' point of view) is reduced when considering the substantial costs involved with operating a retail location. High-end galleries in major centres like Toronto, Vancouver, Montreal and Boston face substantial operational costs. Wholesalers also face significant transportation and storage costs, which must also be accounted for in their mark-ups.

[1] Source: *Ukkusiksaqtarvik: The Place Where We Find Stone: Carving Stone Action Plan*, pg. 2.

However, the wholesalers' and retailers' increased ability to raise their mark-ups in times of economic growth has had a very minimal effect on prices paid to artists. Purchase values in Nunavut remain relatively constant regardless of end sales values, which highlights the inability of artists to equitably capitalize on favourable market conditions.

Qualitative feedback from artists, dealers and museum and gallery curators/owners provides additional insight into the common strengths and challenges of the sector. The common strengths identified in the sector include:

- The direct sales market and approach;
- The efficient 'commodity' focus of many artists and their ability to scale to market trends;
- Natural mentorship within the sector;
- The ongoing individual pursuit of artistic expression by leading Nunavut artists;
- The self-sustainable nature of the industry; and
- Nunavut's unique history and cultural evolution as an artistic motivator.

The most common challenges identified were:

- Equitable pricing;
- Lack of new sales markets;
- The limited impact of positive economic trends on artists;
- The potential for the over-commoditization of Nunavut art;
- Artists' preference for full cash payment; and
- Materials availability.

Going forward

The top-to-bottom analysis of Nunavut's arts and crafts sector leads to many conclusions, the most apparent of which is that the arts and crafts sector needs to be recognized and supported for its contribution to the territorial economy. Unlike most traditional arts and culture industries, the growth in Nunavut's arts and crafts sector has been very business focused. As a result, business strategies – such as providing market intelligence, harnessing the scalability and efficiency of artists, and accessing new markets – should resonate well with the industry. Although many current support programs are artist-based (i.e. need to be accessed by artists), other development initiatives that involve artists, but are led by non-artists, should be explored.

To date, the arts and crafts sector has been somewhat underfunded, at least relative to its impressive size and impact. Not only does the sector create more than 1,000 jobs and contribute more than $30 million to the economy, but it is also a constant national and international marketing tool for Nunavut, and therefore contributes to other sectors, particularly tourism. Considering the total impacts of the sector relative to the funding support it receives, it is logical to conclude that additional strategic funding and support would increase the sector's economic and other impacts. Additional support should logically include potential partnerships with other economic sectors.

The future strategy for Nunavut's arts and crafts sector should focus on leveraging the sector's inherent strengths and addressing its challenges. Additionally, any future strategy must recognize the importance of artistic focus within this highly commodity-focused sector; in the end, the artistic vision of Nunavut's top artists has a major impact on the demand for all Nunavut art. Go forward initiatives additionally need to recognize and work around those challenges in the industry that cannot be adequately addressed. Specifically, generational changes in attitudes will likely be required before Nunavut artists are willing to work on a consignment basis instead of demanding cash-in-hand. Although addressing this challenge could greatly increase the sector's economic impact, the cash payment preference is currently an integral part of Nunavut culture and difficult to change.

Fortunately, there are many other strategies and support mechanisms that should increase the impact of the sector. With the right application of strategies, support mechanisms and partnerships, Nunavut's arts and crafts sector should continue to grow and make major contributions to the overall territorial economy.

1. Introduction

1.1 Background

Nunavut's strong creative tradition in arts and crafts has long formed an essential component of the collective psyche of its people, shaped the territory's image throughout the world, and contributed to the territorial economy. Arts and crafts production has simultaneously garnered Nunavut the reputation as being "Canada's most artistic rural region"[2] and provided work opportunities and income to a substantially large percentage of Nunavummiut. In fact, estimates have placed total revenues from Nunavut's arts and crafts sector at $30 million and the number of artists at about 4,000. Considering Nunavut's total population is roughly 32,500, both figures are astounding.

The positive social benefits provided by the arts and crafts sector are equally as important as the territorial revenue and employment it generates. Unlike other traditional job creation initiatives, the arts and crafts sector provides the opportunity for Nunavummiut to be both artists and fully self-employed entrepreneurs. The sector delivers additional social impacts like providing a positive outlet for potentially marginalized members of Nunavut society, as well as expressing Nunavut culture to the rest of the world.

Although the estimate of the size of Nunavut's arts and crafts sector originated from a knowledgeable and reliable sources,[3] it is acknowledged as being an estimate and is not grounded in thorough research. The Government of Nunavut has recognized the need for reliable, evidence-based data on the actual revenue and employment impacts of the arts and crafts sector on multiple occasions.

First, the 2005 *Nunavut Economic Outlook: Update on Five Years of Progress* stated: "We need to update our understanding of the size and economic potential of the arts economy and the cultural industries in Nunavut."[4] The need was then reiterated in 2007's *Sanaugait*, which stated: "precise documentation of participation in the arts, and its contribution to Nunavut's GDP, remains elusive."[5] Providing "Current and Accurate Information About the Arts Sector" was also listed in *Sanaugait* as one of seven goals for growth in the sector.

Data collection challenges

It is not surprising that accurate data on Nunavut's arts and crafts sector has been hard to gather; the sector and the territory itself present many data collection challenges. To begin, Nunavut's eligible labour force of roughly 19,000 people[6] are located in 28 different communities with varying levels of Internet and even telephony connectivity. Beyond that, the best documented data collection issue for Nunavut's arts and crafts sector is its substantial underground portion, or cottage industry, which operates entirely through one-on-one cash sales, primarily to Nunavut residents and visitors. Many artists do not record these direct to consumer sales, making accurate estimates difficult to obtain. Additional data collection challenges presented by the cottage industry include:

- Few or no visible high-volume purchasers which would normally generate some form of information and/or reporting;
- Potential mistrust of those trying to access private, financial information by artists and other members of the value chain based on individual economic interests;
- High level of variance in production and revenue levels; and

[2] Source: *Sanaugait: A Strategy For Growth in Nunavut's Arts and Crafts Sector*, pg. 12.

[3] Inuit Art Foundation President Marybelle Mitchell and other sector stakeholders estimated the value of Nunavut's arts and crafts sector to be nearly $30 million in 2002, based on her knowledge of sales of Nunavut art products and the common retail mark-ups.

[4] Pg. 36.

[5] Pg. 11.

[6] Source: Statistics Canada, 2006 Census: Community Profiles.

- High incidence of multi-sector employment.

Based on artists' preference for direct cash sales it has always been widely believed that the cottage industry represents at least half of Nunavut's entire arts and crafts sector, which further exacerbates its impact on accurate data collection.

The formal economy, which includes sales to retailers and wholesalers such as co-ops, presents its own set of challenges. Stakeholders in the formal economy are highly competitive and are therefore generally hesitant to share sensitive financial data. On top of that, data collection challenges presented by the formal economy include:

- The sector is very community-specific and therefore data needs to be gathered for each community;
- High incidence of self-employment reduces the potential for firm-level data gathering;
- Multiple points of sale from artist to distributor, including co-ops and private companies, that must be accounted for;
- Potential for artists selling in the formal economy to also sell in the cottage industry; and
- Artists selling in the formal economy don't necessarily access materials through a standard supply chain.

Need for data

Addressing data collection challenges is paramount to ensure appropriate support measures are developed for the arts and crafts sector. An accurate estimate of the sector's size helps illustrate its importance to the overall Nunavut economy and guarantees its position as a key industry within the GNs development agenda.

Granular sector data further ensures appropriately targeted support measures can be implemented. Although the past industry estimate of $30 million was widely adopted, it provided little useable information for the GNs Department of Economic Development & Transportation or other support industries. For instance, past estimates did not detail:

- Artists' materials and tools expenses;
- The formal economy versus the cottage industry;
- Formal economy sales to retailers and wholesalers;
- Retail sales in Nunavut; and
- The combined end sales value of Nunavut arts and crafts in all markets.

The accepted estimate of 4,000 artists is similarly vague. To start, a $30 million industry spread between 4,000 artists is $7,500 per artist annually. Clearly, there are a number of artists that earn more than $7,500 annually from art sales, and therefore many that earn less than that. Other critical employment information includes:

- The number of artists in relevant wage categories (e.g. ranging from more than $100,000 to less than $1,000 annually); and
- Employment generated by the retail and wholesale distribution of Nunavut arts and crafts.

Once armed with granular information on the makeup of the arts and crafts sector, the GN and other agencies can target support measures to specific areas of the industry, such as trying to increase the value of works from full-time artists and assist part-time artists' efforts to increase their production levels through materials and tool acquisition support and training initiatives.

Strategy development

Targeted support strategies are key to increasing the economic impact of Nunavut arts and crafts sector. As many provincial and territorial governments are struggling to apply industrial or commercial strategies to artistic and cultural industries, the structure of Nunavut's arts and crafts sector provides natural advantages. A large portion of Nunavut artists, if not the majority, are already commercially focused, producing arts and crafts products as retail commodities. While some artists strive to have their works displayed in international museums and galleries – which is the end of the traditional arts value chain – many more produce products strictly for retail sale.

Because of this retail focus Nunavut artists are efficient in their craft and can adapt to changing consumer appetites. For example, over the past few years many carvers were able to ramp up production of inuksuk carvings to meet demand resulting from the 2010 Vancouver Winter Games. That artists have shown the ability to adapt to consumer demand also bodes well for potential production strategies.

However, a prevalent 'commodities' approach can also devalue finished arts and crafts products. Because of the desire to get cash in hand for products, many artists are accepting less than fair market value for their work. However, the bigger threat is an overall devaluation of Nunavut arts and crafts due to a lack of artistic vision. Arts and crafts products produced by Nunavummiut derive much of their value from being works of art, which is directly tied to:

- Being original and handmade;
- Crafted by an artist or artisan;
- Requiring a high level of effort; and
- Coming from a region recognized for its own distinct artistic style.

Nunavut arts and crafts products are ultimately a reflection of Nunavut art as a whole. The Nunavut artists that display their art in museums and galleries and continue to strive for artistic excellence and recognition are therefore extremely important to the overall value of all Nunavut arts and crafts, particularly in today's global economy. In the 1960s and 1970s, the exquisite styles and art forms of Inuit art gave it special prominence in galleries and high-end boutiques from Paris to Tokyo. In today's the global economy, high-end arts and crafts from Nunavut now compete with the very best fine art from around the world, as well as indigenous art from other notable regions such as Nuuk in Greenland, Jokkmokk in Sweden (Sami slojd) Zimbabwe's stone carving sector.

If Nunavut's sector were to lose its artistic focus and value and became too commodity focused – lacking originality – it would have to compete with other commodities-based indigenous arts and crafts production centres such as Bolivia and Nepal. Nunavut's relatively small population and high cost of living would put it at a serious competitive disadvantage with such regions. The key then of any strategy will be to try and leverage the commercial focus of Nunavut artists without losing a connection to the value of products as original works of art.

1.2 Scope and mandate

The primary mandate of this project was to complete an economic impact study on the Nunavut arts and crafts sector and make recommendations on how, given the challenges present in this unique territory, to efficiently collect and monitor economic data from the sector on a regular basis. Additionally, analyzing the gathered data and the results of the consultation process were to inform recommendations on how to maximize the economic impact of arts and crafts production.

The overall objectives of this study, as stated by the Government of Nunavut's Department of Economic Development & Transportation, are further detailed under the following three goals:

- **Goal 1** – Develop an efficient way to gather and monitor pertinent economic statistics about raw materials, retail and wholesale value of distribution. The completion of this goal should see an efficient economic collection method developed and recommendations made on how to continue to gather pertinent economic data on an annual basis.

- **Goal 2** – Increase our understanding of the size, scope and economic impact of Nunavut's arts and craft sector. The completion of this goal should provide a comprehensive picture of Nunavut's arts and craft sector and answer the following questions:
    - What defines an artisan or craft person in Nunavut?
    - How many artisans and craft people are there in Nunavut?
    - What percentage or artists work full time, part time or occasionally on their craft?
    - What is the overall size of Nunavut's arts and crafts sector and what is its contribution to the territory's GDP, personal income and employment (formal and informal). Figures presented should be disaggregated along activity lines where possible.
    - What is the value of raw materials in Nunavut, used in the creation of Arts and Crafts?
    - What is the value of the retail and wholesale market in Nunavut?
    - What is the value of the door to door, table to table sales (the "Cottage Industry") in Nunavut?
- **Goal 3** – Provide recommendations on how to maximize the economic value of the Nunavut arts and crafts sector. The completion of this goal should produce a report that provides the appropriate recommendations and answers the following questions:
    - How could existing government programs be modified to maximize the economic impact of the Nunavut arts and crafts sector?
    - In which areas is the Nunavut arts and craft sector failing to achieve its maximum economic impact and provide recommendations on improvements.

1.3 Methodology

Data gathering and verification

Nordicity's overall approach to meeting the GNs data goals for this project was to obtain figures on the size and scope of all stages of the arts and crafts value chain through various research and consultative processes. Nordicity then subjected those figures to multi-sided verification based on the figures obtained for the surrounding value chain stages and other available data. For example, figures relating to the sales of arts and crafts in Nunavut obtained through consultation with Nunavut retailers were verified against both: the sales-to-retailers estimates obtained from artists; and purchases-from-retailers estimates obtained from consumers.

Additional outside data sources, such as the Statistics Canada's 2006 Census and the Inuit Art Foundation's *Inuit Arts Quarterly*, were also used to verify data. The figure below illustrates the primary data sources used to establish estimates for each stage of the arts and crafts value chain.

Table 7 – Primary data sources by value chain stage

Value Chain Stage	Primary Data Sources
Materials and Tools	1. Interviews with quarrying professionals 2. Interviews with material retailers 3. Interviews with hamlet offices 4. DED&T funding results 5. Community focus groups
Artists/Producers	1. Community focus groups 2. Individual artist interviews 3. Community arts websites 4. Interviews with co-op stores 5. Statistics Canada 2006 Census
Nunavut Retail (formal and cottage industry)	1. Survey of Nunavut public employees 2. Interviews with Nunavut retailers

Value Chain Stage	Primary Data Sources
	3. Community focus groups 4. Interviews with co-op stores 5. Nunavut Exit Study 2006 6. Online business listings 7. NDC annual reports
Wholesale	1. Interviews with wholesalers 2. Interviews with southern retailers 3. NDC annual reports
Southern (non-Nunavut) Retail	1. Interviews with southern retailers 2. Interviews with wholesalers 3. Interviews with industry experts 4. Statistics Canada data

Economic impact analysis

The full economic impact of the arts and crafts sector – including direct impacts, spin-off impacts (indirect + induced impacts), estimate of GDP, and government revenues through taxation – was established by combining the data gathered through the consultation process with Statistics Canada's input-output tables and multipliers from the Conference Board of Canada's *Valuing Culture: Measuring and Understanding Canada's Creative Economy*. The individual methodologies for the various stages of the economic impact analysis are further described in Section 2.

Sector analysis and conclusions

Nordicity combined the results of the quantitative and qualitative research to identify the key strengths, challenges and overall conclusions on the arts and crafts sector. By obtaining data from all stages of the value chain, the project team was able to identify the investments made and the resale mark-ups throughout the production and distribution cycle. Efficiencies and inefficiencies in the value chain were identified to outline the clear economic strengths and weaknesses of the sector to be, respectively, leveraged and addressed in future growth strategies.

Qualitatively, throughout the consultative process with artists, retailers and wholesalers, the project team solicited feedback on how the arts and crafts sector could be improved. The team additionally interviewed museum curators and examined the traditional value chains of arts and commodities to obtain additional context on the unique situation in Nunavut. Overall, the analysis of data throughout the value chain and stakeholder viewpoints combined to illustrate which areas the arts and crafts sector is failing to achieve its maximum economic impact.

Developing future data gathering methodology

Throughout the project the date gathering methodology was adjusted to account for difficulties encountered and to take advantage of opportunities that presented themselves. Throughout the consultation process we noted the way various stakeholders consolidate their own data, as well as the group of stakeholders holding the most representative data. By doing so, we are able to recommend the most efficient data capture method for the GN to use going forward.

2. Economic Impact Analysis

2.1 Introduction

The following section analyzes the economic impact of the arts and crafts sector on the Nunavut economy. It quantifies the direct economic impact, which includes employment among Nunavut artists in the arts and crafts sector.

The economic impact of the arts and crafts sector also has a considerable spin-off impact on the Nunavut economy, as Nunavut artists purchase tools and materials in Nunavut and spend their earnings in the local economy. This section also estimates this spin-off economic impact.

This spin-off impact can be separated into indirect and induced impacts. Indirect impact is defined as the value of output that is created by the suppliers of tools and materials to the artists in Nunavut. Statistics Canada provincial input-output tables were used to generate estimates of the indirect economic impact. The induced impact refers to the economic impact generated by the Nunavut residents' re-spending within the Nunavut economy of income earned at direct- and indirect-impact stages. Multipliers from the Conference Board of Canada were also used to estimate the induced economic impact.

2.2 Direct economic impact

Statistics on the total value of sales of Nunavut arts and crafts were used to estimate the direct economic impact. The project team obtained statistics for three segments of arts and crafts distribution: direct sales, retail sales and wholesale exports. For each segment the portion of the sales revenues that went to direct arts and crafts labour (i.e. artists), the purchase of tools and materials and retail trade services was estimated. In the direct sales segment, artist income totalled $11.8 million; purchases of tools and materials totalled $2.7 million.

In the retail sales segment, retailers paid Nunavut artists $4.0 million in wholesale purchases. This represented artists' income and can be broken down into $3.3 million in labour income and $734,000 in purchases of tools and materials. Retailers' total sales were $6.7 million, leaving retail margins of $2.7 million.

Consultation with wholesalers and industry experts resulted in the estimate that wholesalers that distribute (i.e. export) Nunavut arts and crafts outside of the territory brought a total of $10.6 million into the territory from sales outside of Nunavut.[7] Of this total amount we estimate that wholesalers retained a margin of $1 million to cover their in-territory costs. The balance, $9.6 million, was paid to Nunavut artists to acquire their works. Out of this $9.6 million, approximate $7.8 million is recorded as artists' labour income and $1.8 million as artists' expenses (i.e. acquisition of tools and materials).

Table 8 - Sales income in Nunavut associated with arts and crafts production

	Direct sales	Retail sales	Wholesale exports	Total
Direct arts & crafts labour	$11,788,575	$3,265,600	$7,839,827	$22,894,002
Tools and materials	$2,652,503	$734,400	$1,763,097	$5,150,000
Retail trade services	$0	$2,733,886	$0	$2,733,886
Wholesale trade services	$0	$0	$1,000,000	$1,000,000
Total	**$14,441,078**	**$6,733,886**	**$10,602,924**	**$31,777,888**

In total, the sale of Nunavut arts and crafts within the territory generated income of $31.8 million. This total included wholesale margins of $1 million and retail margins of $2.7 million. The balance, $28.0 million,

[7] This amount of $10.6 million does not represent wholesalers' total sales income because part of their income is left outside of the province to cover the costs of transport, warehousing and selling of arts and crafts.

represents the income of artists. This income included labour earnings (paid to themselves and employees) of $23.2 million and the purchases of tools and materials totalling $5.2 million.

In the case of the Nunavut arts and crafts sector, the direct economic impact in terms of GDP is equivalent to the direct labour income earned by artists and their employees. Mixed income (sole proprietors' incomes and profits) and operating surplus (company profits) also contribute to the calculation of direct GDP; however it is assumed that these components are equal to zero.[8]

On the basis of $31.8 million in sales (output), it is estimated that the direct GDP generated by the arts and crafts sector was $22.9 million. This GDP was comprised entirely of wages and supplementary income paid by artists to themselves and their employees or subcontractors. Based on an average FTE cost of $27,650,[9] this total labour income generated 828 direct FTEs in the Nunavut economy.

Table 9 – Direct economic impact

	Direct Economic Impact
Output	
Total output	$31,800,000
GDP	
Wages and supplementary labour income	$22,900,000
Mixed income and operating surplus	$0
Total GDP	$22,900,000
Employment	
Average FTE cost ($)	$27,650
Total FTEs*	828

Source: Nordicity estimates based on data from consultations with Nunavut arts and crafts sector, and Statistics Canada.
* Equal to total wages and supplementary income divided by average FTE cost.

2.3 Indirect economic impact

To estimate the indirect economic impact we prepared a breakdown of total tools and materials expenditures into three industry groupings – wholesale trade, retail trade and mining, quarrying and oil and gas exploration[10] (referred to as 'Quarrying' in the tables below) – that correspond with the structure of Statistics Canada's input-output tables.

We allocated $1.2 million of tools and materials expenditures to the mining, quarrying and oil & gas industry so that we could capture the impact that the sector has through its purchase of carving stone from quarrying professionals. The remainder of the tools and materials expenditures was allocated to the retail trade and wholesale trade industries to reflect the arts and crafts sector's purchases of other inputs to the arts and crafts process. Two-thirds of the balance of tools and materials expenditures was allocated to retail trade and one-third to wholesale trade. The results of this allocation process are detailed in the table below.

Table 10 – Allocation of indirect expenditures in the arts and crafts sector

	Direct sales	Retail sales	Wholesale exports	Total
Tools and materials	$2,652,503	$734,400	$1,763,097	$5,150,000

[8] Mixed income is captured by our estimate of artists' labour income. Our research indicates that the companies operating in Nunavut's arts and crafts sector do not display high rates of profitability. For these reasons, we have assumed that mixed income and operating surplus are zero for the direct economic impact.

[9] The NDC's figure for direct traditional job is not linked to any external standard. It is also in the process of being reviewed and will likely be increased within 2010 to reflect changes to cost of living and income levels.

[10] The NAICS code for Mining, Quarrying and Oil and Gas Exploration includes: Stone Mining and Quarrying; Granite Mining and Quarrying; Limestone Mining and Quarrying; Marble Mining and Quarrying. It therefore provides the most accurate input-output metrics for the carving stone quarrying sector.

Wholesale trade	$671,968	$186,048	$446,651	$1,304,667
Retail trade	$1,343,935	$372,096	$893,302	$2,609,333
Quarrying	$636,601	$176,256	$423,143	$1,236,000
Retail trade services	$0	$2,733,886	$0	$2,733,886
Wholesale trade services	$0	$0	$1,000,000	$1,000,000
Total	**$2,652,503**	**$3,468,286**	**$2,763,097**	**$8,883,886**

By combining the retail margins with the value of purchases of tools and materials from retailers, the total indirect expenditures of $8.9 million to three the industry groupings was reduced as indicated in the table below.

Table 11 – Summary of indirect expenditures by industry group

Industry group	Amount
Retail trade	$5,343,219
Wholesale trade	$2,304,667
Quarrying	$1,236,000
Total	**$8,883,886**

The purchase of tools and materials from Nunavut retailers, wholesalers and quarrying professionals generates employment for Nunavut residents and operating surplus for Nunavut business owners. But it also causes the retailers and wholesalers of the locally purchased products to purchase goods and other inputs, including imports from outside of Nunavut. Statistics Canada's input-output tables were used to estimate the impact of these expenditures. The results of this input-output modelling process are presented in the table below.

The input-output modelling indicates that arts and crafts production generated $5.7 million in GDP in 2008. This GDP was comprised of $3.6 million in labour income and $2.0 million in mixed income and operating surplus. The $3.6 million in labour income led to the creation of 85 indirect FTEs in the Nunavut economy.[11]

Table 12 – Indirect economic impact

	Indirect Economic Impact
GDP	
Wages and supplementary labour income	$3,600,000
Mixed income and operating surplus	$2,000,000
Total GDP	$5,700,000
Employment	
Average FTE cost	$42,701
Total FTEs*	85

Source: Nordicity estimates based on data from consultation with Nunavut arts and crafts sector, and Statistics Canada
Note: Some totals may not sum due to rounding.
* Equal to total wages and supplementary income divided by average FTE cost.

2.4 Induced economic impact

The induced economic impact refers to the impact arising from Nunavut residents' re-spending of wages and salaries earned from the direct and indirect impacts of production activity in the territory. On the basis of statistics published by the Conference Board of Canada in *Valuing Culture: Measuring and Understanding*

[11] To calculate indirect FTEs we used an average FTE cost of $42,701. We derived the average FTE cost on the basis of Statistics Canada data for average wages in the Nunavut economy. We note that our research indicated that the average wage (i.e., FTE cost) in Nunavut's arts and crafts sector was $26,750.

Canada's Creative Economy, Nordicity estimated the arts and crafts sector's induced economic impact as equal to 17% of the combination of the direct and indirect economic impact. In other words, to calculate the induced economic impact, Nordicity applied a multiplier of 0.17 to the estimates of the GDP and FTEs generated from the direct and indirect economic impacts. In effect, it is assumed that for every dollar of direct or indirect GDP generated by the arts and crafts sector, an additional 17 cents of induced-impact GDP was also generated. We also used a multiplier of 0.17 to estimate the number of induced-impact FTEs generated by arts and crafts activity in Nunavut.

Based on this approach, Nordicity estimates that the induced-impact GDP generated by the arts and crafts sector was equal to $4.9 million in 2008. The induced economic created an additional 155 FTEs in the Nunavut economy 2008.

Table 13 – Induced economic impact

	Direct + Indirect Economic Impact	Induced Economic Impact**
GDP		
Wages and supplementary labour income	$26,500,000	$4,500,000
Mixed income and operating surplus	$2,000,000	$300,000
Total GDP	$28,600,000	$4,900,000
Employment		
Average FTE cost	$26,750	$42,701
Total FTEs*	913	155

Source: Nordicity estimates based on data from Survey of Nunavut Film and Television Production Sector, Statistics Canada, and Conference Board of Canada.
Note: Some totals may not sum due to rounding
* Equal to total wages and supplementary income divided by average FTE cost.
** Equal to 0.17 x (direct + indirect economic impact).

2.5 Summary of economic impact

The arts and crafts sector in Nunavut generated total GDP of $33.4 million in the Nunavut economy in 2009. This total GDP included $22.9 million in direct GDP and $10.5 million in spin-off GDP (indirect GDP + induced GDP). The arts and crafts sector in Nunavut supported the creation of a total of 1,068 FTEs in 2009; this total included 828 direct FTEs among Nunavut artists and 240 spin-off FTEs in other sectors of the Nunavut economy.

Table 14 – Total economic impact

	Direct economic impact	Spin-off economic Impact**	Total economic impact
GDP			
Wages and supplementary labour income	$22,900,000	$8,100,000	$31,000,000
Other GDP components	$0	$2,400,000	$2,400,000
Total GDP	$22,900,000	$10,500,000	$33,400,000
Employment			
Average FTE cost ($)	$26,750	$42,701	--
Total FTEs*	828	240	1,068

Source: Nordicity estimates based on data from consultation with Nunavut arts and crafts sector, Statistics Canada, and Conference Board of Canada.
* Equal to total wages and supplementary income divided by average FTE cost.
** Equal to the sum of the indirect and induced economic impacts.

2.6 Government revenues

The economic impact analysis also allows for an estimate of the government revenues associated with the economic impact of the arts and crafts sector by tabulating the incremental tax revenues from personal income taxes, corporation income taxes, and consumption taxes.

To estimate the incremental tax revenues generated by production activity, we first developed effective average taxation rates by comparing Nunavut's tax revenues for 2008 to provincial wages and salaries, and GDP. The calculation for these effective average taxation rates are found in Table 15. According to statistics published by Statistics Canada, the Government of Nunavut collected a total of $29 million in income taxes in 2008. This amount was equal to 3.3% of the $871 million in salaries and wages earned in the Nunavut economy in 2008. Nunavut's consumption taxes totalled $18 million in 2008, or 2.1% of total wages and salaries in the Nunavut economy. Corporate income taxes in 2008 totalled $7 million, or 0.4% of GDP.[12]

Table 15 – Effective average taxation rates (based on taxation and income data for 2008)

	Personal income tax	Consumption taxes	Corporate income tax
Nunavut revenue	$29,000,000	$18,000,000	$7,000,000
Wages and salaries	$871,000,000	$871,000,000	--
Percentage	3.3%	2.1%	--
Provincial GDP	$1,497,000,000	$1,497,000,000	$1,497,000,000
Percentage	2.1%	1.2%	0.4%
Incremental Nunavut government revenues from the economic impact of the arts and crafts sector	**$1,024,000**	**$401,000**	**$134,000**

Source: Nordicity calculations based on data from Statistics Canada CANSIM matrices 384-0001, 384-0002, and 385-0002.

To estimate the incremental tax revenues for the Government of Nunavut, the effective average personal income tax and consumption tax rates were multiplied by the total increase in wages and salaries in the Nunavut economy that resulted from production activity. We also multiplied the effective average corporate income tax rate (as a percentage of GDP) by the total GDP impact of production activity to arrive at an estimate of incremental corporate taxes. The results of these calculations are detailed in Table 15.

The incremental economic impact of arts and crafts production generates more than $1 million in additional personal income taxes for the Government of Nunavut, $401,000 in additional consumption taxes and $134,000 in additional corporate income taxes. In total, therefore, arts and crafts production generates just under $1.6 million in additional revenues for the Government of Nunavut.

3. Sector Profile

Nunavut's arts and crafts sector is responsible for $33.4 million in territorial economic impact. This impact begins with the individuals and businesses that gather and sell materials, through the material resellers to artists, and to various forms of arts sales, finally ending with wholesale distribution to southern and international retailers. Because of the substantiality of its various distribution channels, Nunavut's arts and crafts sector value chain has multiple significant branches that are all key to the industry. Similarly, there are multiple substantial sub-sectors that need to be recognized and appropriately supported to maximize the sector's economic impact.

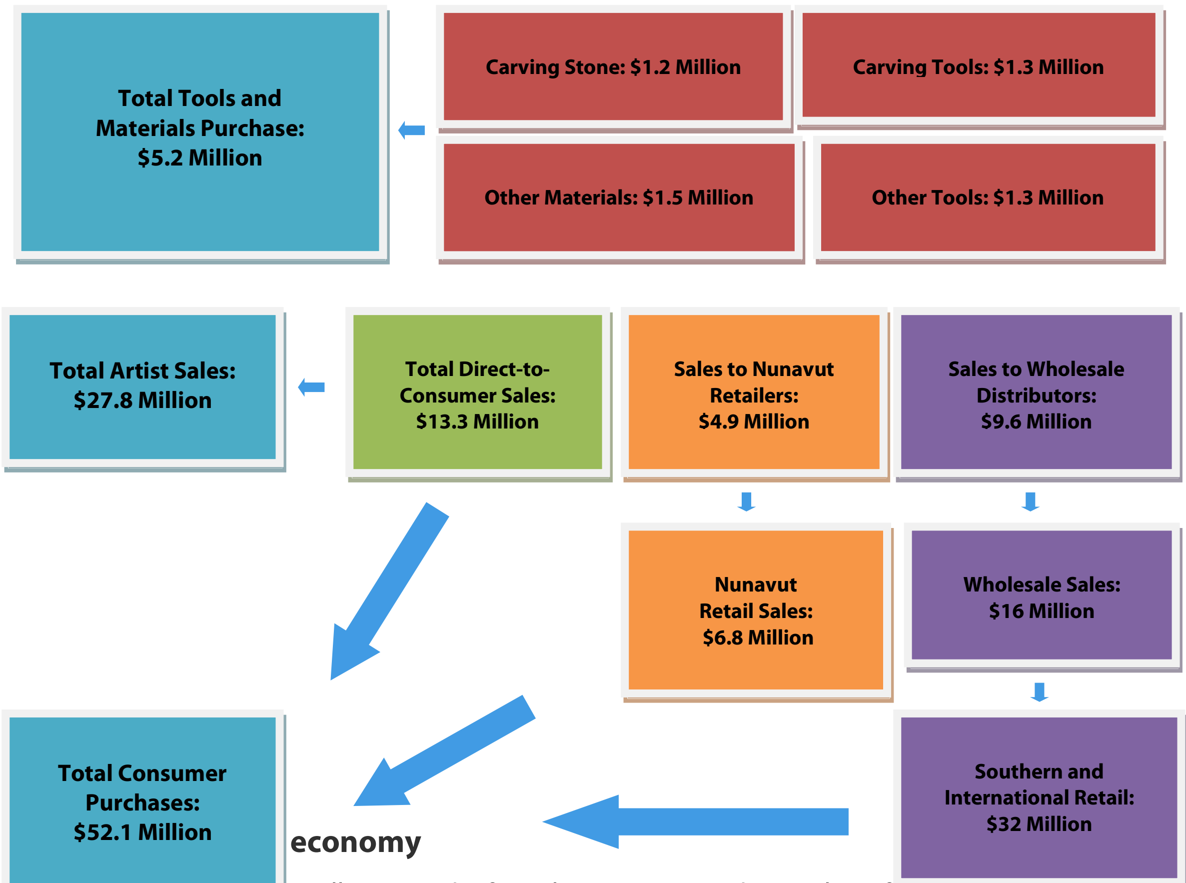
This chapter illustrates the overall Nunavut arts and crafts value chain, focusing solely on the art production and sales process (i.e. not accounting for non art-related expenses or spin-off impacts). Artists in Nunavut ultimately generate more than $27 million in art sales, which results – through the various distribution channels – in more than $52 million in end consumer sales.

---

[12] We note that the effective average taxation rates for Nunavut are well below those for Canadian provinces. For example, a recent analysis of taxation data for Ontario indicated the personal income taxes were equal to 10.4% of wages and salaries; consumption taxes were equal to 4.1% of total wages and salaries; and corporate income taxes were equal to 1.6% of GDP.

3.1 Value chain

The following diagram illustrates Nunavut's full arts and crafts value chain, branching off in to the various segments of the formal economy and direct sales, or cottage industry.



economy

As the value chain diagram illustrates, the formal economy (non direct sales) of Nunavut's arts and crafts sector has two branches: Nunavut retail; and wholesale distribution. These two branches of the formal economy combined to purchase $14.5 million in finished arts and crafts products from Nunavut artists, or 52% of all artist sales. However, the first stage of the formal economy – Nunavut retailers and wholesale distributors – sell this $14.5 million in arts and crafts for $22.8 million, a 57% mark-up.

The wholesale distribution segment of the formal economy has an additional step: the sale of art acquired from wholesalers through southern and international retail outlets. This final step in the wholesale branch of the formal economy records an additional $32 million in sales. Combined with Nunavut retail sales, the $14.5 million in arts and crafts acquired from Nunavut artists reaches the consumer market for a total of $38.8 million, a 168% increase over the original value.

3.1.2 Cottage industry

Unlike the formal economy, the cottage industry has only one step: direct sales of finished arts and crafts products to consumers. Overall, the cottage industry totals $13.3 million, or 48% of total artist sales. However, as direct sales represent the end of the cottage industry branch of the value chain, that $13.3 million also accounts for only 26% of the total end consumer sales.

3.1.3 Summary of formal economy and cottage industry

The table below further illustrates the contributions of the cottage industry and formal economy (retail and wholesale) to total artist sales and end consumer sales.

Table 16 – Sales of Nunavut arts and crafts by channel, and artist sales vs. end consumer sales

	Artist Sales	%	Sales to End Consumers	%
Cottage Industry	$13,300,000	47.8%	$13,300,000	25.5%
Nunavut Retail	$4,900,000	17.6%	$6,800,000	13.1%
Wholesale	$9,600,000	34.5%	$32,000,000	61.4%
Total	**$27,800,000**	**100%**	**$52,100,000**	**100%**

3.2 Sub-sectors

Nunavut's arts and crafts sector is comprised of multiple product sub-sectors, with the most common being:

- Sculpture;
- Jewellery;
- Prints;
- Tapestries/Wall Hangings;
- Clothing/Sewn Products;
- Traditional Crafts[13];
- Knitting and crochet; and
- Ceramics.

Common perception is that carving, particularly stone carving, represents the vast majority (more than 80%) of Nunavut's arts and crafts sector. Research suggests otherwise. The results of both consultations with artists and a survey of arts and crafts purchasers revealed a broader distribution of product types in both production and purchases.

3.2.1 Artist activity lines

The following table shows the results of consultations with arts and crafts stakeholders in seven communities. The table ranks arts and crafts activity lines by most to least common in terms of artist participation.

Table 17 – Artist ranking of activity line involvement, by community

Activity	Iqaluit	Cape Dorset	Rankin Inlet	Kimmirut	Pond Inlet	Pang	Gjoa Haven	Rank
Carving	2	1	1	1	2	4	1	**1**
Sewn Products	1	2	2	5	1	1	2	**2**
Jewellery	3	4	6	2	4	6	n/a	**3**
Tapestries	5	6	5	4	n/a	2	3	**3**
Prints	6	3	3	n/a	n/a	3	4	**5**

[13] Includes the making of traditional tools and implements such as harpoons, ulu's, sealskin floats, hooks and gaffs (niksik).

Traditional Crafts	n/a	n/a	4	3	3	n/a	5	**6**
Knitting/crochet	4	5	n/a	n/a	n/a	5	n/a	**7**

In terms of artist activity lines, carving and sewn products are ranked a very close first and second. In fact, carving and sewn products were ranked as the top two activity lines in all but two communities –jewellery ranks second in Kimmirut and tapestries rank second in Pangnirtung. There are also four different activity lines that ranked as the third most common among the seven communities – jewellery, prints, traditional crafts and tapestries. Finally, six of the seven communities that were included in the focus groups identified that artists were involved in at least five different activity lines. Taken as a whole, consultations with arts stakeholders reveals a broad distribution of arts and crafts activities, making it very unlikely that carvings account for close to 80% of the overall industry.

3.2.2 Consumer preferences

Information provided by arts and crafts buyers confirms the results of the arts stakeholder consultation. The following table illustrates the results of a survey of GN employees, indicating the percentage of their annual spend on arts and crafts by product type.

Table 18 – Consumer purchase patterns by activity line

Product Type	% of Annual Purchases
Sculpture	35.8%
Jewellery	25.4%
Clothing	19.9%
Prints	12.6%
Tapestries	3.6%
Other	2.0%
Ceramics	0.8%
Total	**100%**

As with artists, Nunavut consumers indicate diverse tastes in arts and crafts products. Sculpture is again the top choice, but followed closely by jewellery and clothing.[14]

3.2.3 Sub-sector summary

The majority of respondents to the consumer survey indicated they purchase arts and crafts through direct sales channels. Similarly, on average, artists indicate that 60% of their sales volume is through the cottage industry, with the remaining 40% being split between sales to Nunavut retailers and wholesale distributors. As well, southern retailers indicate that sculpture captures the majority of their sales, although particular items – such as prints from Cape Dorset and hats and tapestries from Pangnirtung – are popular outside of the territory. Therefore, when artists activity involvement and in-territory consumer appetites are crossed against information provided from southern retailers, it becomes apparent that the in-territory market and the southern retail market have vastly different compositions.

[14] Knitted goods were not offered as a choice in the consumer survey, but would be considered part of the clothing category.

As well, the consumer survey respondent base was composed of GN employees only. Consultations with other arts and crafts stakeholders indicate that the direct sales market for clothing is likely higher for the remainder of the Nunavut population, and the market for sculpture would be slightly less, causing an additional adjustment. Similarly, sculpture and prints sales are proportionately higher through Nunavut retailers than through direct sales.

Accounting for the differences in the various branches of the value chain, the table below provides high-level estimates of the end-consumer value of the various Nunavut arts and crafts sub-sectors.[15]

Table 19 - % of sales revenue per sales channel, by activity line

	Direct Sales		Nunavut Retail		Southern Retail		Total End Sales	
Sculpture	25%	$3.33	45%	$3.06	75%	$24.00	**58%**	**$30.39**
Sewn Products/Clothing	30%	$3.99	20%	$1.36	5%	$1.60	**13%**	**$6.95**
Jewellery	25%	$3.33	10%	$0.68	n/a	n/a	**8%**	**$4.01**
Tapestries	4%	$0.53	10%	$0.68	3%	$0.96	**4%**	**$2.17**
Prints	6%	$0.80	10%	$0.68	12%	$3.84	**10%**	**$5.32**
Other	10%	$1.33	5%	$0.34	5%	$1.60	**6%**	**$3.27**
All	**100%**	**$13.3**	**100%**	**$6.8**	**100%**	**$32.00**	**100%**	**$52.10**

The numbers in the table above were achieved by combining artist and consumer estimates with total sales estimates and are not based on audited figures from end retailers. Therefore these numbers should be considered high-level estimates. It is thus estimated that sculpture accounts for nearly 60% of all end-consumer sales of Nunavut arts and crafts, or more than $30 million. However, the value of sculpture directly to artists, before the various mark-ups, is likely closer to $13 million, or roughly 48% of all artist sales.

[15] Multiple sub-sectors have been combined to form an 'other' category where there was not enough information available to provide reliable estimate.

4. Employment

One of the most difficult data points from Nunavut's arts and crafts sector to accurately estimate is the number of artists in the territory. Dividing this artist estimate into detailed earnings or activity segments is that much more difficult. Although the economic impact analysis reveals there are approximately 828 FTE artists in the territory, the majority of artists do not pursue the craft on a full-time basis. Rather, a great number of artists produce products to supplement other forms of income and therefore the 828 FTEs is actually divided among a much greater number of part-time and occasional artists.

Past estimates have placed the number of Nunavut artists at roughly 4,000. This may very well be true, but this number reveals little about the sector. For instance 4,000 artists in a roughly $30 million industry is $7,500 per artist annually. Clearly, there are a number of artists that earn more than $7,500 annually from art sales, and therefore many that earn less than that. While all could be considered artists, it is important to know the extent to which the artists are involved in the sector to create targeted support programs.

However, there are multiple factors that make developing a detailed artist profile difficult, including:

- Extremely high incidence of self-employment, reducing opportunities for mass capture of artists numbers;
- High incidence of multi-job employment (carving 'on the side') limiting the usefulness of other employment figures;
- High incidence of occasional work (a co-op may report buying from 50 carvers, but 10 of those may only produce 1-2 items per year);
- Use of multiple sales channels (a single artist is likely to sell to retailers, multiple wholesalers and directly to consumers); and
- No common production level at which artists self-identify (a high-volume artist is likely to indentify as another occupation, and vice versa).

Beyond artists, the art and crafts industry supports many other forms of employment. This includes materials gatherers (quarries, hunters), tool and material retailers, arts retailers and arts wholesalers. This chapter addresses the data-gathering challenges listed above and provides estimates of all employment activity and levels generated by Nunavut's arts and crafts sector.

4.1 Artists

4.1.1 Defining 'artists'

The term artist can be very relative in Nunavut, depending on who you talk to. Many artists, at least those who generate substantial volumes of finished product and earn decent returns from art production, will choose to self-identify as another profession. Conversely, many low-volume arts producers will choose to self-identify as artists. In the end, any Nunavut resident with the ability to produce any form of art has the potential to contribute to the economic impact of the territory's arts and crafts sector. Additionally, as labour force statistics usually include only those Canadians over the age of 15, the same restriction should apply for Nunavut artists. Therefore, for the purposes of this study, an artist is defined as:

> "Any Nunavut resident over the age of 15 years with the ability to produce arts and crafts products for resale."

4.1.2 Artist count

The table below combines multiple sources of primary research and administrative information to estimate the minimum and maximum number of artists in Nunavut. The information sources listed in the table include:

- Eligible Labour Force: Statistics Canada's count of residents aged 16 years and over per community. This statistic indicates the maximum number of residents that could be considered artists and, knowing the majority of the population is employed in other areas, provides a benchmark to check estimates against.
- Arts and Culture Workers: Statistics Canada's count of residents aged 15 years and over per community with an occupation in "art, culture, recreation and sport." Although this definition is not limited to artists, a working artist that claims art production as their primary occupation would have been counted under this classification in the 2006 Census.
- Focus Group (Full-time, part-time and total): Estimates of the number of full-time and part-time artists gathered through arts and crafts stakeholder focus groups in seven major production communities.
- Katilvik.com: An online database of Inuit arts news and resources, including a directory of artists by community. Although the site does not appear to have been updated in years, the directory is intact. However, the community artist directory lists artist both past and present, including artists born in the early 1900's. Therefore the listings are limited to providing a general overview of the number of full-time artists per community over the past half century or more.
- Other: Figures in the other column were gathered through community-specific websites or books, where indicated, and otherwise represent an average of estimates obtained from co-ops, retailers and hamlet offices.
- Minimum: The estimate of the minimum number of artists per community is based on a combination of the lower-end primary (full-time artist estimates) and secondary research estimates, where available, with the Statistics Canada counts for eligible labour force per community.
- Maximum: The estimate of the maximum number of artists per community is based on the focus group estimates, where available, or an applied ratio of artists to labour force population and other estimates.

Overall, the artist count matrix provides an estimate of roughly between 3,000 and 6,500 artists. Clearly this is a wide range, but as the matrix also illustrates, there are a wide range of estimates on this topic within the territory.

The results of the focus groups exemplify this range of results. For example, when compared against Statistics Canada data, the stakeholder estimate from Iqaluit indicates that nearly 77% of the eligible labour force in that community produces arts and crafts products. For Cape Dorset the estimate is that almost 99% of the eligible labour force, or virtually every resident aged 15 and over, is involved in producing arts and crafts products. Although Cape Dorset has the reputation of being Canada's most artistic community, a 99% participation rate is highly unlikely.

Table 20 – Estimates of number of artists per community

Community	Eligible Labour Force	Arts and Culture Workers	Focus Group (FT)	Focus Group (PT)	Focus Group (Total)	Katilvik	Other	Min	Max
Iqaluit	4,535	200	1325	2150	3475	173	400[16]	400	3,475
Cape Dorset	810	70	500	300	800	379	174[17]	337	800
Pangnirtung	850	35	50	150	200	215	175	115	200
Pond Inlet	835	15	75	50	125	94		75	125
Kimmirut	270	15	125	75	200	179	114[18]	120	200

16 Source: Rowena House, estimate.
17 Source: Fisher, Kyra. *Guide to Cape Dorset Artists*.
18 Source: Fisher, Kyra. *Guide to Kimmirut Artists, 2005-2006*.

Community	Eligible Labour Force	Arts and Culture Workers	Focus Group (FT)	Focus Group (PT)	Focus Group (Total)	Katilvik	Other	Min	Max
Gjoa Haven	660	10	35	125	160	118	10	35	160
Rankin Inlet	1,570	50	175	225	400	132	200	190	400
Arctic Bay	455	15				120	52[19]	52	80
Hall Beach	395	0				42	10	10	20
Igloolik	905	30				144	40	40	70
Resolute Bay	155	10				2	10	10	15
Sanikiluaq	450	15				154	100	75	125
Arviat	1,235	25				220	20	20	40
Baker Lake	1,115	40				233	62[20]	62	90
Repulse Bay	450	10				89	80	60	100
Taloyoak	495	10				1	30	30	50
All Other	4,135	95				473		400	600
Total	**19,340**	**640**				**2,768**		**2,031**	**6,550**

Removing the GN employment figures from the eligible labour force figures reveals even more about the artist estimates. Again, using Iqaluit as an example, when the roughly 1,000 GN employees in the community are discounted from the labour force, the estimate of artists equals more than 98% of the remaining base. Such an equation does not account for GN workers that supplement their income with arts and crafts sales.

Of course, identifying the high number of occasional arts and crafts workers deriving supplemental income from art sales is one of the biggest challenges when trying to estimate the size of the industry. As such, it is entirely possible that more than 6,000 Nunavut residents produce arts and crafts to some extent, even if only for personal use, gifts or an extremely modest economic return. However, when examined in the full context of the territory, accounting for total sales amounts and other employment statistics, the number of artists in Nunavut that earn a moderate or even supplemental income from arts and crafts sales is most likely closer to 2,500-3,500.

Proportion of Nunavut population

Using the conservative mid-point figure of 3,000 from the estimated number of artist, the table below illustrates the percentage of the total eligible work force (Nunavut residents aged 15 and over), and the percentage of the total population that are artists. As the table illustrates, more than 15% of Nunavut's eligible labour force and more than 10% of the overall territorial population are artists.

Table 21 - % of eligible labour force and Nunavut population represented by artists

	#	% artists
Eligible Labour Force	19,340	15.5%
Total Population	32,558	9.2%

4.1.3 Artist profiles

[19] Source: *The Art and Artists of Arctic Bay*.

[20] Source: www.bakerlakearts.com

Although the maximum estimated number of artists in Nunavut seems improbable, it reveals much about the sector. Namely, there is a high level of occasional involvement in arts and crafts. This includes many Nunavummiut that produce arts and crafts products strictly for their own use or for use by their families, both because there is a limited market for distribution in their community and many Nunavut arts and crafts products – like clothing – serve a functional purpose. While these personal-use artists generally only contribute to the sector's economic impact by purchasing materials and tools, their ability to produce arts and crafts products makes them members of the artist community. The high incidence of occasional and personal-use artists also speaks to the potential of the sector; these artists could potentially contribute more to the economy under the appropriate circumstances.

Past estimates have indicated that Nunavut's arts and crafts sector engages roughly 4,000 people. Overall, industry stakeholders, including leading artists, feel that this estimate was actually quite low. The general belief, as indicated by the results of the focus group sessions, is that in the major arts producing communities the majority of Nunavummiut are engaged somewhat in arts and crafts production.

Artist-level impacts

There are a few ways to examine the impact of the arts and crafts sector on Nunavut artists themselves. One is to apply the total estimate of arts and crafts sales by artists ($27.8 million)[21] to both the total number of estimated artists and to various indicators of full-time employment. The following table breaks down the estimate of total arts and crafts sales by total artists (3,000) and by the following two different full-time employment indicators:

- $42,701: Nunavut's average economy-wide full-time equivalent wage derived from Statistics Canada data; and
- $27,650: Nunavut Development Corporation's definition of 'direct traditional job,' based on cost of living, utilities and average employment income.[22]

Table 22 – Application of total sales volume to various artist estimates and earnings categories

Total Sales	Artists	% Eligible Labour Force	Earnings
$27,800,000	3,000	15.5%	**$9,267**
$27,800,000	**651**	3.4%	$42,701
$27,800,000	**1005**	5.2%	$27,650

Any way you look at it, Nunavut's arts and crafts sector makes a major contribution to territorial employment and income. Based on total sales of $27.8 million, the equivalent of 651 artists earn the Statistics Canada average territorial wage, 1005 artists earn the NDC estimated annual wage, or 3,000 artists supplement their income with slightly more than $9,000 in arts and crafts sales earnings.

Artist ranges

Estimates of the number of artists in earning category ranges provides more granular detail on the make-up of Nunavut's arts and crafts sector. The table below estimates the total number of Nunavut's artists that fall within each of five scaled earnings categories, ranging from an average of $80,000 per year to a more modest $2,750.

---

[21] The more accurate figure of $22.9 million (sales minus tools and materials expenses) was used in the economic impact analysis to represent actual income.

[22] The NDC's figure for direct traditional job is not linked to any external standard. It is also in the process of being reviewed and will likely be increased to reflect changes to cost of living and income levels.

Table 23 – Number of Nunavut artists by sales amount ranges

Sales Range	Average	% Artists	# of Artists	Total Sales
$60,000-$100,000	$80,000	2.0%	60	$4,800,000
$30,000-$60,000	$45,000	6.0%	180	$8,100,000
$10,000-$30,000	$20,000	7.5%	225	$4,500,000
$5,000-$10,000	$7,500	24.0%	720	$5,400,000
$500-$5,000	$2,750	60.5%	1,815	$4,991,250

4.2 Supporting employment

In addition to artists, the arts and crafts sector creates additional jobs within the territory. The economic impact analysis estimates that Nunavut's arts and crafts sector generates 240 spinoff FTEs. However, this figure includes induced FTEs which are generated by artists spending their earnings, and therefore are not relevant to the value chain. Indirect FTEs, which are generated by art sales, and tools and materials sales are estimated to total 85.

As with artists, not all support workers are full-time. Many work part-time in art retail stores or NDC operations. Others work full or part-time in a store that sells art, like a co-op or museum, but also sells many other products or offers another service and therefore their employment cannot be attributed 100% to the arts and crafts sector. Consultation with Nunavut retailers helped generate an estimate of the full-time and part-time support workers in the arts and crafts sector, which is provided in the table below.

Table 24 – Supporting employment by work status

FTEs	Full-Time	Part-Time	Total Support Workers
85	40	140	180

4.3 Social impacts

Beyond the wages earned by artists and support workers, the positive social impact of Nunavut's arts and crafts sector should be acknowledged as well. Unlike other traditional job creation initiatives, the arts and crafts sector provides the opportunity for Nunavummiut to be both artists and entrepreneurs. Because of the self-sustainable nature of the sector – literally gathering materials from the land – and the fact most artists take their own finished product to market, artists can be completely self employed and earn an independent income.

Although this independence often includes keeping the majority of their art-based income 'off the books,' the social benefits created by the arts and crafts sector outweigh any loss in tax remittance. Generally, working artists are less involved in many of the negative aspects that plague part of Nunavut's society, including drug and alcohol abuse, and crime. Although there is no quantitative research so support it, the positive outlets created by the arts and crafts sector potentially help reduce overall territorial administrative costs such as police and social services.

Finally, Nunavut art provides a constant expression of the territory's land, people and culture. The art is recognized around the world and in turn creates positive recognition for the territory.

5. Markets and Sales Channels

There are numerous markets for Nunavut arts and crafts products, ranging from direct-to-consumer sales within Nunavut, to international sales achieved through the entire wholesale and retail distribution chain. With the exception of direct-to-consumer sales, multiple forms of distribution are common within each of the markets. For instance, wholesale distributors buy products through their in-territory locations (e.g. Northern Stores, co-ops or NDC subsidiary stores), from private dealers and directly from artists. Southern retail outlets similarly buy the majority of their Nunavut arts and crafts from wholesale distributors, but do buy a small percentage directly from artists and other dealers. This chapter profiles these unique markets and sales channels for Nunavut arts and crafts.

5.1 In-territory consumer market (direct-from-artist and retail purchasing)

One of the largest end markets for Nunavut arts and crafts is consumers within the territory itself. This market totals nearly $19 million in annual arts and crafts purchases, with more than $13 million coming through direct-to-consumer sales and almost $6 million coming through Nunavut-based retail outlets. The Nunavut direct-sales and retail markets are each comprised of Nunavut residents and visitors.

Previously, it had been widely believed that the direct-sales market represented the majority of arts and crafts sales within Nunavut, with a portion of the market being captured by galleries and other retailers. However, there was little research to confirm or comment on this estimate. By combining expert opinion (provided by Nunavut arts and crafts stakeholders), consultation with Nunavut arts and crafts retailers, a survey of Nunavut government employees, the *2006 Nunavut Exit Study* and Statistics Canada's Community Profiles, the project team established reliable estimates of the direct sales and retail markets. The results of this process are presented below.

5.1.1 Consumer profiles

Nunavut residents

The resident consumer market for arts and crafts generally includes all Nunavummiut with buying power. For the purposes of this study the various components of Nunavut's eligible labour force were considered as representing potential consumers of various levels. In total, 19,340 of Nunavut's 29,325 residents are 15 years and over and therefore considered part of the eligible labour force.[23] The table below displays the breakdown of the territory's labour force activity.

Table 25 – Nunavut labour force activity by employment category

Employment Category	Nunavut Residents
Employed	10,670
Unemployed	1,965
Total Labour Force	**12,635**
Not in the Labour Force	6,705
Total Population 15 Years and Over	**19,340**
Source: Statistics Canada: 2006 Census Community Profiles, Nunavut Labour Force Activity	

[23] Source: Statistics Canada: 2006 Census Community Profiles.

There are roughly 10,000 employed persons in Nunavut's labour force, with an nearly an additional 2,000 unemployed and almost 7,000 eligible persons who are not in the labour force.[24] At first glance this data seems to suggest that the resident consumer market is mainly limited to the 10,000 employed residents. However, there are other considerations.

Nunavut has a high incidence of seasonal and/or part-time labour, which would increase the incidence of non capture under Census tracking methodology, which based on employment status in the week prior to Census Day only. Also, there is a high incidence of non-reported work as well, which would represent a portion of the 6,700 persons reported as not being in the labour force. Finally, those residents over the age of 14 would who are not in the labour force would still have some buying power, particularly homemakers, retirees, seasonal workers and students.

Therefore, to varying degrees, Nunavut's entire population of **19,340 people** over 14 years should be considered part of the consumer market for arts and crafts.

Visitors

The second in-territory consumer market for Nunavut arts and crafts is visitors – for business, tourism and/or to visit family and friends. The *2006 Nunavut Exit Study* measured the volume of visitors to Nunavut and the spending generated by those visitors. The study concluded that there were 9,323 visitors to Nunavut in 2006, with 7,227 arriving via air and 2,096 via cruise ship. More recent data estimates that Nunavut attracts 13,000 visitors per year.[25] The table below combines visitor profile data from the 2006 Exit Study with more recent estimates of total visitor traffic to outline the number of annual visitors to each region in Nunavut.[26]

Table 26 – Nunavut visitors, by region

Region	% visitors	Total
Baffin	46%	5,520
Kitikmeot	18%	2,160
Kivalliq	14%	1,680
Cruises	22%	2,640
Total	**100%**	**12,000**
Source: 2006 Nunavut Exit Study and News/North June, 2009		

5.1.2 Stakeholder consultation results

Nunavut artists provide one source to determine the radio of direct-to-consumer sales versus sales through retail and other distribution chains. The following table provides artists' estimates of the product sales volume through direct sales, to retailers/wholesalers and craft sales (craft fairs/shows). The data result from focus groups held with arts and crafts stakeholders in seven major arts and crafts communities.

[24] Not in the labour force – Refers to persons 15 years and over, excluding institutional residents, who, in the week (Sunday to Saturday) prior to Census Day (May 16, 2006), were neither employed nor unemployed. It includes students, homemakers, retired workers, seasonal workers in an 'off' season who were not looking for work, and persons who could not work because of a long-term illness or disability.

[25] Source: *News/North*, June, 2009.

[26] To be conservative, a figure of 12,000 visitors was used.

Table 27 – Artist estimates of % sales by channels per year, by community

Community	Direct Sales	Retailers/Distributors	Craft Sales
Iqaluit	60%	30%	10%
Pangnirtung	70%	25%	5%
Cape Dorset	50%	40%	10%
Gjoa Haven	45%	55%	n/a
Kimmirut	25%	75%	n/a
Pond Inlet	50%	50%	n/a
Rankin Inlet	95%	5%	n/a
Average	**56%**	**40%**	**4%**

Source: Stakeholder Focus Groups

It is clear from the stakeholder consultation that a majority of artist sales (56%) in the seven communities are direct-to-consumer (generally door-to-door or restaurant sales), with an additional 4% coming through craft sales. The consultation results are further verified by the demographic realities of the communities. For instance, that Kimmirut artists report relatively lower volumes of direct sales corresponds with the lack of a consumer market in the community – Kimmirut's population is 411.

While the stakeholder focus groups provide an estimation of the common distribution avenues for Nunavut artists, they do not provide an indication of actual sales values. Within the context of an open, public discussion, it was unlikely that a significant number of artists would discuss their own earnings and thus artist sales amounts were not discussed.

5.1.3 Survey of GN employees

Because of the geographic and connectivity limitations within Nunavut, a large-scale online consumer survey (which otherwise would have been an ideal method of determining consumer patterns) was not possible. However, the GN was able to tap into the existing government online network and post an online survey soliciting feedback on arts and crafts buying behaviour from government employees. The survey received 159 responses, resulting in statistically valid results. The survey of government employees therefore provides a starting point for estimating the total resident consumer market for arts and crafts in Nunavut.

Purchases and products

The table below provides an overall summary of the survey results as they pertain to total purchases, and product types.

Table 28 –Consumer purchasing patterns, by product type

Product Type	% of Annual Purchases	Total Spend	Average Spend
Sculpture	35.8%	$83,670	$526.23
Jewellery	25.4%	$59,254	$372.67
Clothing	19.9%	$46,380	$291.70
Prints	12.6%	$29,417	$185.01
Tapestries	3.6%	$8,411	$52.90

Other	2.0%	$4,626	$29.10
Ceramics	0.8%	$1,898	$11.94
Total	**100%**	**$233,651**	**$1,469.50**

Source: Survey of GN employees

Overall, GN employees spend an average of nearly $1,500 per year on art and crafts products, with sculpture, jewellery and clothing capture more than 80% of total sales.

Purchase channels

The table below illustrates the survey respondents preferred purchase channels. As the results show, three of the four most preferred purchase channels, including the top two, are direct from artist purchases. Respondents only preferred to purchase from private retailers slightly more than they did through pre-orders from artists. Overall, this further confirms that the majority of arts and crafts sales in Nunavut are through the cottage industry.

Table 29 – Consumer rank of purchase channels

Purchase Channel	Average Rank	#1 Ranks
Door-to-Door	1.58	73
Bar/Restaurant Sales	1.95	44
Private Retail	2.41	19
Pre-order	2.58	6
Co-op Retail	2.90	5
Online	4.92	0

Source: Survey of GN employees

Regional trends

The survey response also provided information on some regional purchasing trends, particularly for Iqaluit. The table below shows average arts and crafts purchasing amounts for all communities that were represented by five or more respondents.

Table 30 – Average arts and crafts spending per survey respondent, by community

Community	# of Respondents	Average Annual Spending
Iqaluit	75	$1,637
Pangnirtung	12	$1,334
Arviat	12	$583
Pond Inlet	11	$1,454
Cambridge Bay	11	$1,672
Kugluktuk	11	$895
Rankin Inlet	8	$1,858
Baker Lake	6	$865
Cape Dorset	5	$2,458

Source: Survey of GN employees

According to the regional breakdown, GN employees in Iqaluit, Cambridge Bay, Rankin Inlet and Cape Dorset spend more than the annual average on arts and crafts products. It should be noted that outside of Iqaluit the limited number of respondents per community reduces the statistical validity of the result. However, additional outside qualitative data does support some of the figures. For example, Cape Dorset's reputation as a major production centre somewhat verifies the $2,458 average annual spending amount, even though it is based on only five responses.

5.1.4 Gross-up of survey results

Multiple considerations had to be made when 'grossing-up' the results of the survey of GN employees to reflect the entire Nunavut resident consumer market for arts and crafts. To begin, it was considered that GN employees may, on average, have higher buying power and therefore are not necessarily reflective of the entire consumer market. Along those same lines, the reduced buying capabilities of the various segments of the labour force was also considered. Other major considerations, including accounting for purchase channel preferences and regional results disparities are explained below.

Direct versus retail purchasing

The survey of GN employees asked respondents to rank their preferred purchase channels, but did not ask them to allocate a percentage of spending to each channel. Therefore, the split between direct-from-artist purchases and retail purchases must be inferred from the data.

Private retail (galleries and stores) was ranked as the third most preferred retail channel by survey respondents with co-ops being listed as the fifth most preferred channel. Combined, these two retail channels were only identified as the most preferred retail channel by about 16% of survey respondents. By comparison, the three direct purchase channels, combined, were identified by 84% of respondents as their most preferred purchase channels. It was also considered that consumers would most often purchase the majority of their goods through their top, or top two, preferred channels.

However, due to mark-ups, arts and crafts, on average, cost more in retail outlets than they do when purchased directly from artists. Therefore a 75% direct to 25% retail ratio was used to reflect the higher cost of arts and crafts purchased through retailers versus directly from artists.

Regional disparity

Approximately 37% of GN employees are located in Iqaluit. However, nearly 47% of survey respondents were Iqaluit-based. This regional disparity was further exacerbated by the fact that no other community was represented by more than 12 respondents. Although it could be argued that outside qualitative information could help validate some of the community spending averages (as is likely the case for Cape Dorset), to retain statistical validity the gross-up of the survey data was conducted based on four groupings: Iqaluit (average spending of $1,637); other Baffin Region communities[27] ($1,575); Kivalliq Region[28] ($1,058); and Kitikmeot[29] ($1,244).

Summary of resident consumer market

The table below details the calculations to gross-up the 159 survey responses to reflect an estimate of Nunavut's entire consumer market.

[27] 33 responses.
[28] 27 responses.
[29] 24 responses.

Table 31 – Gross up survey results to estimate full Nunavut arts and crafts consumer market spending

	Iqaluit	Other Baffin	Kivalliq	Kitikmeot	Total Nunavut
GN Employees	1111	677	738	421	2947
Average Spending	$1,637	$1,575	$1,058	$1,244	
Direct Purchase	$1,364,030	$799,706	$585,603	$392,793	$3,142,133
Retail Purchase	$454,677	$266,569	$195,201	$130,931	$721,246
Total GN Employee Purchase	**$1,818,707**	**$1,066,275**	**$780,804**	**$523,724**	**$3,863,378**
Other Employed Residents	2149	2248	1992	1334	7707
Average Spending	$1,080	$1,040	$698	$821	
Direct Purchase	$1,741,367	$1,752,597	$1,043,230	$821,451	$5,358,645
Retail Purchase	$580,456	$584,199	$347,743	$273,817	$1,786,215
Total Purchase	**$2,321,823**	**$2,336,796**	**$1,390,974**	**$1,095,267**	**$7,144,860**
Not in Labour Force/Unemployed	1270	3140	2525	1740	8675
Average Spending	$540	$520	$349	$411	
Direct Purchase	$514,550	$1,224,011	$661,184	$535,729	$2,935,474
Retail Purchase	$171,517	$408,004	$220,395	$178,576	$978,491
Total Purchase	**$686,067**	**$1,632,015**	**$881,579**	**$714,305**	**$3,913,965**
Total Resident Direct Purchase	$3,619,947	$3,776,315	$2,290,017	$1,749,972	$11,436,251
Total Resident Retail Purchase	$1,206,649	$1,258,772	$763,339	$583,324	$3,485,952
Total Resident Consumer Spending	**$4,826,596**	**$5,035,086**	**$3,053,356**	**$2,333,296**	**$14,922,203**

Overall, it is estimated that Nunavut residents spend nearly $15 million annually on arts and crafts products. More than $11 million of that spending is directly to Nunavut artists themselves, with the remaining $3.5 million being spent in retail locations such as galleries and co-ops.

5.1.5 Gross-up of exit study results

As with the survey of GN employees, the results of the *2006 Nunavut Exit Study* can be grossed up to provide an estimate of total visitor spending on arts and crafts products. The Exit Study provides estimates of the number of nights spent in Nunavut, per night spending, and the percentage of spending on gifts, all per region. These figures are combined in the table below to estimate total arts and crafts spending by visitors to Nunavut.

Table 32 – Visitor arts and crafts spending by region

	Baffin	Kitikmeot	Kivalliq	Cruise	Total
Visits	5,520	2,160	1,680	2,640	12,000
Nights/Visit	11	11	16	9	
Spending/Night	$165	$112	$84	$16	
% Spending on Arts & Crafts	23%	23%	23%	92%	
Arts & Crafts Spending/Visitor	$417	$283	$309	$132	
Direct Purchase (50%)	$1,152,162	$306,029	$259,661	$174,874	**$1,892,725**

	Baffin	Kitikmeot	Kivalliq	Cruise	Total
Retail (50%)	$1,152,162	$306,029	$259,661	$174,874	**$1,892,725**
Total Arts & Crafts Spending	**$2,304,324**	**$612,058**	**$519,322**	**$349,747**	**$3,785,450**

Visitors to Nunavut spend nearly $4 million on arts and crafts products per year. Unlike Nunavut residents, visitors are less familiar with the direct-purchase channels and may be less comfortable bartering directly with artists. Therefore, it is estimated that half of visitor spending is in retail outlets and the other half is directly to artists.

5.1.6 Total resident and visitor consumer market

The table below combines the results of the resident market and visitor market gross-ups to estimate the total consumer market for arts and crafts within Nunavut.

Table 33 – Total Nunavut resident consumer and visitor arts and crafts purchases

	Nunavut Residents	Visitors	Total
Direct Purchase	$11,436,251	$1,892,725	$13,328,976
Retail Purchase	$3,485,952	$1,892,725	$5,378,677
Total	**$14,922,203**	**$3,785,450**	**$18,707,653**

The total in-territory consumer market for Nunavut arts and crafts products is an estimated $18,707,653. The majority of this market (nearly 80%) is Nunavut residents, with remainder (about 20%) being comprised of visitors to the territory.

5.2 Nunavut retail

The majority of Nunavut's retail market for arts and crafts comes from Nunavut residents and visitors. However, consultations with retailers to access their acquisition and sales figures revealed that retailing arts and in Nunavut returns slightly more than the $5.4 million in sales to the in-territory market. Overall, sales by Nunavut retailers totals approximately $6.8 million. The additional retail revenue is explained by two additional sources: sales to out-of-territory customers through phone and online orders; and sales to large-volume buyers (including temporary, contract workers) that would not fall within the traditional consumer profile.

Online sales

Online sales of arts and crafts are still relatively nascent in Nunavut, but they appear to be growing. A handful of retailers are realizing the capabilities of the Internet to distribute products to external markets, either via their own customized websites or through existing sites, particularly eBay. Online retailing presents challenges – particularly with the cost of packaging and shipping fragile, heavy sculptures – but even after shipping costs are added the sale price for products tends to be discounted versus southern retailers.

Large-volume purchases (temporary workers)

Bulk buying, or large-order buying, also adds additional revenue to the retail market. As Section 5.1.5 estimates, average arts and crafts spending by visitors peaks at $417 per visit in the Baffin Region. Those familiar with the sector would recognize that this spending level is not hard to surpass, even with a single purchase. Therefore part of the additional retail sales reported by retailers is caused by instances of larger orders, which are either based on purchase of multiple items or of a single, high-value item.

Additionally, the consumer market estimate is based on GN and Statistics Canada employment figures, but these numbers do not account for temporary workers in the territory such as nurses brought in through employment agencies to supplement the limited supply of local nurses. Because of its remote location and limited population, Nunavut has always had a substantial influx of temporary, contract or agency-based personnel working in the territory, particularly in healthcare. Programs like the Nunavut Nurse Recruitment and Retention Strategy have reduced the number of agency employees necessary. However, currently on average there are 15 to 20 agency nurses in the territory at any given time.

Consultation with leading arts and crafts stakeholders revealed that in addition to adding bodies to the consumer market, agency nurses are known to be high-volume purchasers. In some instances, in major arts communities, agency nurses are reputed to spend literally hundreds of thousands of dollars per year on arts and crafts. At these purchase levels it is clear that much of the product is intended for resale to southern retailers and consumers. As a result, the estimated impact of high-volume arts and crafts purchasers has been taken into account for the retail and wholesale markets.

Retail outlets

Overall, it is difficult to determine the exact number of arts and crafts retailers in Nunavut. Many retailers are seasonal or operate dependent on the owner's personal schedule, so they could not be reached for comment on their operating status. Similarly, some arts and crafts sellers are affiliated with other businesses or complexes, such as airport and museum stores, and again even some of these outlets are occasional retailers.

Estimates place the number of arts and crafts retail outlets in Nunavut at between 30 and 40. This includes the five Nunavut Development Corporation Subsidiaries and the approximately five Arctic Cooperatives Ltd. locations that sell arts and crafts products. It also includes museum stores, online retailers and all privately owned galleries and retail outlets.

Costs and mark-up

Nunavut arts and crafts retailers main expense is the cost to acquire the finished arts and crafts products. This is generally in the form of direct purchase from independent artists, although a handful of retailers produce works in-house and others acquire art from dealers and collectors. The majority of retailers staff 1-2 full-time employees and 1-2 part-time employees for their art sales operations. Other costs include typical operational expenses such as rent, utilities and capital costs, but it is difficult to determine on a per-location basis because of the variety of co-located and multi-business line operating scenarios that exists.

Nunavut retailers vary in their mark-up practices from less than 10% to more than 100%. Again, mark-up practices often depend on motivation, operational costs and the market served. Estimated Nunavut arts and crafts retail sales for 2009 results in an average mark-up over acquisition costs of less than 50%. This figure is slightly lower than average due to the recession, which reduced both the average mark-up and total sales, resulting in some excess inventory.

5.2.1 Summary of Nunavut retail

The following table provides the breakdown of Nunavut-based retail sales of arts and crafts.

Table 34 – Summary of Nunavut arts and crafts retail sales

Outlets	Acquisition Costs	Resident Sales	Visitor Sales	Online/Bulk Sales	Total Sales

30-40	$4,867,855	$3,485,952	$1,892,725	$1,421,323	**$6,800,000**

5.3 Wholesale distribution

Wholesale distribution has long been a key component of Nunavut's arts and crafts sector. Wholesalers provide a substantial sales market for Nunavut artists, and distribute Inuit art throughout Canada and internationally, furthering the reputation and awareness of the product. Overall, wholesalers spend more than an estimated $9.6 million per year acquiring arts and crafts products in Nunavut.

Wholesalers

There are four main wholesalers serving the Nunavut arts and crafts sector:

- **Canadian Arctic Producers**: the marketing arm of Arctic Cooperatives Ltd. , acquires arts and crafts through the ACL co-ops and directly from artists.
- **Inuit Art Marketing Service**: the marketing and wholesale distribution operation of the North West Company, acquires Inuit art through its Northern Stores and directly from artists.
- **Dorset Fine Arts**: the exclusive marketing and wholesale operation of the West Baffin Eskimo Cooperative Ltd. (an ACL co-op) in Cape Dorset.
- **Nunavut Development Corp**.: the NDC's Southern Operations (Mississauga ON), acquires arts and crafts from the five NDC subsidiary arts and crafts centres, directly from artist and through dealers.

In addition to the four main wholesalers are private buyers that sell directly to southern and international retail outlets. Included among these private buyers are current and former temporary residents of Nunavut, such as the agency-based nurses discussed earlier. In some cases, former and current contract workers in the territory have established relationships with retailers outside of the territory and frequently purchase arts and crafts in very large quantities. As well, some foreign galleries send their own buyers into the territory annually or bi-annually as part of their supply chain.

The wholesale market estimate additionally includes producers that sell directly to southern and international retail outlets, effectively conducting their own wholesale distribution.

Costs and mark-up

As with retailers, the costs to acquire finished arts and crafts products represent a large portion of wholesalers' expenses. However, wholesale arts and crafts distributors also incur substantial operational expenses, including: capital expenses on their non-territorial facilities; marketing expenses including staffing; and transportation expenses.

As a result of the additional expense of transporting arts and crafts to the south and marketing them to retailers and galleries, wholesalers apply a larger mark-up to the acquired goods. Mark-ups on wholesale arts and crafts range from 50% to 150%, with 100% being standard. Similar to the retail market, the current economic recession has impacted the wholesale market. This impact has been felt mostly in the value of wholesale sales and less in the wholesale acquisition costs. The result, assuming all goods acquired were sold, is roughly a 70% mark-up on wholesale sales in 2009.

5.3.1 Summary of wholesale distribution

The following table summarizes the wholesale distribution of Nunavut arts and crafts.

Table 35 – Summary of Nunavut arts and crafts wholesale sales

Wholesalers	Acquisition Costs	Sales	Average Mark-Up
8-12	$9,600,000	**$16,000,000**	67%

5.4 Southern (Canada outside of Nunavut) retail and international sales

Although the direct impact of arts and crafts on Nunavut's economy generally ends with wholesale sales, sales of Nunavut arts and crafts by retailers outside of the territory are extremely important to the sector's health. Overall, retailers outside of Nunavut sell more than $32 million in Nunavut arts and crafts per year.

Even though this sales figure is impressive, Canadian and international sales also raise the profile of Inuit arts and crafts, providing demand for wholesale distribution and increased production at the artist level. The quality demanded by high-end Canadian and international galleries also continues to set standards for the industry. One of the reasons for the successful direct sales market in Nunavut, particularly for sculpture, is the fact that buyers know they are getting something that would cost four times as much or more at a gallery in Montreal or Toronto.

Because the southern and international markets help set the standards for quality arts and crafts products, they also provide a gauge for the industry. If sales outside of Nunavut decline, it is likely the market within the territory would decline as well, at least for some types of products. Therefore it is important to track sales trends outside of the territory.

Mark-up

Nunavut arts and crafts sold through southern and international retailers are again subjected to an average 100% mark-up. Consultations with retailers revealed that those operating on a slightly smaller scale – in the $200,000 sales range – needed to mark goods up by more than 100% simply to cover acquisition and operational costs. Retailers with larger sales volumes – closer to $1 million – indicated they traditionally used a 100% mark-up.

Of course, operational costs vary greatly for southern and international retailers depending on their location. But those located in major metropolitan centres like Toronto, Montreal, Boston or Brooklyn, clearly have high operational costs, particularly to own or lease their retail location. Shipping costs are also greatly increased for galleries and retailers the further they are away from Nunavut, such as those in Switzerland, Japan and Australia. For such distant retailers of Nunavut art, shipping is assumed as part of the overall acquisition cost, and roughly a 100% mark-up is applied to this total cost.

International sales

Inuit art has a long tradition of being displayed in prominent museums, galleries and other eminent locations. International exhibition sites have featured Inuit art solo and group exhibits for decades. Listed below are some notable exhibits and their locations from the past 50 years:

- *Contemporary Canadian Eskimo Art*, Gimpel Fils, London, England, 1961;
- *Art Eskimo*, Galerie de France, Paris, 1968;
- *Eskimo Art*, Queens Museum, Flushing, New York, 1974;
- *The Arctic*, UNESCO, Paris, 1983;
- *Contemporary Indian and Inuit Art of Canada*, The General Assembly Building of the United Nations , New York, 1983-85;
- *Sojourns to Nunavut: Contemporary Inuit Art from Canada*, Bunkamura Art Gallery, Tokyo, 1991;

- *Inuit Imagination: Art and Culture from the Canadian Arctic*, Galleria d'Arte Moderna e Contemporanea, Verona, Italy, 1995; and
- *Inspirit Crossing: The Making of First Nations and Inuit Art*, Singapore Art Museum, Singapore, 2000.

This list is merely an example and just scratches the surface of illustrating the international profile of Inuit art throughout the years. However, it provides examples of the existing appeal of Nunavut art around the world and is further proof of the international appetite for these products. Indeed, there is a substantial international sales market for Nunavut art. The table below displays Nunavut art sculpture exports by country from 2008, and is based on direct-from-Nunavut exports only and does not include US locations.

Table 36 – International Nunavut sculpture sales

Country	Nunavut Sculpture Purchases
Switzerland	$56,080
Germany	$50,645
France	$47,331
Belgium	$44,200
United Kingdom	$34,968
Luxembourg	$12,200
Australia	$5,400
Japan	$3,500
Netherlands	$2,750
Total	**$275,882**

Source: Based on Statistics Canada reports as of November 4, 2009 and Canada Border Services Agency's online customs tariff manual.

The data above provides insight into the leading international markets for Nunavut art. It also confirms the existence of a substantial amount of direct-to-retail distribution from within the territory. However, it does not accurately reflect the total international market for Nunavut arts and crafts. The data is limited in that it captures only Nunavut sculpture – not other art forms – and it does not account for international sales by southern-based distributors. Further, our own consultation located international retailers that alone purchased nearly half of the total amount presented above, and nearly double the entire amount indicated for the country they are located in.

Based on the consultation results and the data available, sales of Nunavut arts and crafts to international retailers is an estimated $2.25 million, placing international retail sales at an estimated $4.5 million.

Southern and US sales

Non-Nunavut Canadian sales and US sales represent the majority of the non-Nunavut market. High-end galleries, or retail shops, dedicated exclusively to Inuit art can be found in major cities across the two countries, including Toronto, Montreal, Vancouver, Boston and Brooklyn. Inuit art retailers also capitalize on the international tourism market in common vacation spots like Banff, Alberta and Cape Cod, Massachusetts. Consultation with retailers revealed that the vast majority – 90%-95% – of Inuit art that most retailers purchase and sell is from Nunavut.

As with the retail trade in Nunavut, a great number of southern and US retailers are not exclusively limited to the sales of Inuit arts and crafts. It is common for Nunavut arts and crafts to be sold in broader arts shops, tourism-based retail outlets, aboriginal art shops, part of a crafts guild or association, and even specialty clothing stores. This co-location status increases the difficulty in determining the exact number of Nunavut arts and crafts retailers in these markets, but it is estimated that there are approximately 70-90 Nunavut arts and craft retail outlets in Canada – but outside of Nunavut – and roughly 15-30 retail outlets in the United States.

5.4.1 Summary of southern retail and international sales

The table below provides estimates of the distribution of Nunavut arts and crafts sales in all markets outside of Nunavut.

Table 37 – Summary of Nunavut arts and crafts sales by retailers outside of Nunavut

Jurisdiction	Outlets	Acquisition Costs	Sales
Canada (outside Nunavut)	70-90	$10,000,000	$20,000,000
United States	15-30	$3,750,000	$7,500,000
International	n/a	$2,250,000	$4,500,000
Total		**$16,000,000**	**$32,000,000**

5.5 Market growth

In tough economic times like the current recession, discretionary spending is reduced dramatically, particularly spending on luxury goods. Therefore, it is not surprising that sales of Nunavut arts and crafts has remained stagnant, or perhaps declined, in recent years, subject to some caveats. It is difficult to quantify the overall market decline exactly, but feedback from multiple sources clearly indicates that the economic downturn has had an impact on the sector.

Artist feedback

Throughout the focus group sessions artists and arts stakeholders shared thoughts on the current state of the industry. The table below summarizes comments that pertain to industry growth.

Table 38 – Artist feedback on industry status

Community	Comments
Iqaluit	Craft sales have increased steadily for the past 5 years for most artists.
Rankin Inlet	The coop and NDC were seen as being very selective in who they buy from and in very limited quantities. The most common sales issues found by artists was that with limited options there has been no growth in sales and everyone felt that their full market value was not reached. One artist has received only $40.00 per ivory ring for the last five years and although she knows she should get more.
Pangnirtung	The overall number of artists in the community was reduced as the decline in purchasing was felt to be a significant drawback to the artist who found it to be very frustrating not having any regular sales channels.
Cape Dorset	Art sales have for most artists been steady however there is a concern from artists that are not considered regular suppliers for coop and northern stores as these buyers are becoming more selective.
Pond Inlet	The coop is very selective in who they buy from and in very limited quantities. The most common sales issues found by artists was that with limited options there has been no growth in sales and some felt that their full market value was not reached.
Kimmirut	Even well known artists are faced with challenges for regular sales. The focus is also on smaller pieces as opposed to large one. A lot of artists are struggling with sales and the decrease in the overall market slump.

Overall, artists recognize that the market for Nunavut arts and crafts has stagnated. This halt in market growth is primarily attributed to two causes: the current economic downturn; and the lack of end markets for finished products.

The exhaustion of existing sales markets by arts and crafts producers and the inability to access new markets is clearly one of the main hindrances to sector growth. As main buyers, like the Northern Stores and Arctic Cooperatives, are becoming more selective, new artists struggle to sell their products. These struggles are clearly more pronounced in the smaller communities that have limited direct sales markets. Artists in Iqaluit have generally enjoyed sales growth due to access to the largest retail and direct-sales market, but potential artists in communities like Kimmirut (population 400) face limited sales opportunities.

While the limited market for products has been an ongoing issue for Nunavut artists for years, the presence of the economic downturn has exacerbated this issue. Stagnant or reduced sales in the south have caused wholesale buyers to either be more selective in which artists they buy from, or reduce their purchasing amounts and per-item prices. As many artists have little or no way of circumventing this sales chain, they are effectively limited to the buying patterns of wholesalers.

Wholesalers

For Nunavut artists, the current recession more than anything else has magnified the ongoing issue of a lack of end sales markets. For wholesalers, however, the economic downturn has had a direct impact on the value of their inventories and end sales.

Generally, the direct-sales market for Nunavut arts and crafts within the territory is quite insulated against the pressures of a recession. As indicated above, a large portion of the direct sales market is government workers whose income would not have been affected by the recession. Arts and crafts products purchased through direct sales are known to be priced well below southern market value (sometimes as much as 10 times less), and therefore are considered a good buy regardless of the economic climate.

Nunavut arts and crafts sold outside of the territory are on an entirely different level, and therefore subject to different purchase patterns, than products sold through direct sales. Because of the transportation costs, acquisition costs, and standard mark-ups, Nunavut art items sold through southern retail cost, at a minimum, three times what they would in the territory. Therefore, a $150 carving becomes a $500 carving, or a $600 carving becomes a $2,000 carving. As a result, the investment considerations by buyers are much greater. The reality is, multi-thousand dollar art purchases are one of the first things to be eliminated from most budgets during tough economic times.

The impact of the recession on arts and crafts wholesalers has been interesting. While artists have noticed that the wholesale buyers have become more selective, consultation with wholesalers reveals that the impact has been more pronounced on the sales end. The table below displays the Nunavut Development Corporations' wholesale division's year-over-year acquisition costs and sales from 2004 to 2009.

Table 39 – NDC arts and crafts acquisition costs and sales per year, 2004-2009

Year	Acquisition Costs	Growth	Sales	Growth
2009	$1,602,924	4.67%	$1,972,624	-8.79%
2008	$1,531,474	33.45%	$2,162,743	29.79%
2007	$1,147,587	11.46%	$1,666,349	8.54%
2006	$1,029,622	6.52	$1,535,272	4.91%
2005	$966,561	-4.22%	$1,463,423	8.49%
2004	$1,009,172		$1,348,885	

The first evidence of the impact of the recession on the wholesale sales of Nunavut arts and crafts provided by the table above is the fact that sales in 2009 by the NDC declined by nearly 10% over 2008. This sales decline was in spite of the fact that acquisition costs continued to rise (by 4.67%). The discrepancy between cost growth and sales growth, however, is consistent over the past four years. Not since 2005 – when acquisition costs actually declined but sales increased – has the growth of sales outpaced the increase in costs. This trend indicates either a decrease in the number of customers for the NDC's wholesale operations or a decrease in average sale prices, or both.

Other wholesalers reported similar trends. While acquisition costs have tended to remain the same over the past four or five years, sales amounts to southern retailers have levelled off, or actually decreased by more than 25%. Again, this sales decrease indicates a reduction in the number of retailers of Nunavut arts and crafts outside of the territory, reduced purchase amounts by southern retailers, or reduced purchase prices as a result of a softening market.

IAQ advertising

The decline in wholesale sales can be both confirmed and partially explained by examining advertising spending in the *Inuit Art Quarterly*. Published by the Inuit Art Foundation, the IAQ is the world's only magazine dedicated to Inuit art. As a result, the magazine provides one of the best avenues for targeted advertising for Inuit art dealers and galleries. In fact, the majority of advertisers in IAQ are Inuit art retailers.

The IAQ's advertising figures therefore provide one indication of the health of Inuit art retail market. The table below show the number of Canadian, US and international advertisers per year in the IAQ from 2003 to 2009.

Table 40 – IAQ advertisers per year, by jurisdiction, 2003-2009

Year	Canadian	US	International	Total
2009	73	20	4	**97**
2008	85	32	2	**119**
2007	67	31	1	**99**
2006	69	32	2	**103**
2005	88	39	2	**129**
2004	69	28	4	**101**
2003	72	31	4	**107**

The year-over-year advertising figures from IAQ confirm the market trends indicated by Nunavut artists and arts and crafts wholesalers. Overall, the number of advertisers in the quarterly decreased from a high year of 119 in 2008 to only 97 in 2009. That number of advertisers is the lowest of any year since 2003 and is about 10 fewer than the annual average.

Unlike the artist feedback and wholesale sales figures, the IAQ advertising numbers help explain the slowdown in the market. Specifically, the decline in the US market for Inuit art. Sector stakeholders and experts have noted a decline in the American market for Nunavut arts and crafts and the IAQ adverting figures are evidence of that fact. In 2009 there were only 20 US advertisers in the IAQ, down almost 35% from the annual average and slightly more than half of the total from 2005. As the second largest national market for Nunavut arts and crafts, the decline in the US market has a notable impact on overall sales.

5.5.1 Summary of market growth

Although there is no comprehensive data from past years to compare the current size of Nunavut's arts and crafts sector against, consultation with artists and wholesalers, and other expert opinion suggests that market growth has stalled. Emerging from the current economic downturn should have a positive impact on overall sales, which suggests the sector should experience better growth in the coming years.

However, one effect of the recession was that it merely intensified existing growth barriers. The positive impact from the end of the economic downturn may therefore be limited since these barriers will still be in place. For example, the year-over-year cost and sales figures from the NDC's wholesale division show that cost growth consistently outpaces sales growth. Although this has not yet had a major impact on Nunavut artists – NDC continues to acquire more art each year – eventually the slimming margins will be reflected in the corporation's purchasing.

Even if wholesaler purchases in the territory remain level going forward, the key sector challenge of a lack of sales markets for artists will remain. Artists and potential artists outside of the largest communities indicate that they've had to limit production due to the lack of a sales market. While artists in large communities benefit from the presence of retailers, wholesalers and a large direct-sales market, those in smaller communities sometimes compete over one or two sales channels.

Other challenges and barriers to growth are discussed in Chapter 7. In light of the existence of these barriers, it is difficult to forecast what the future growth of the sector will be. Generally, growth will be dependent on the appropriate combination of a number of factors including marketing, distribution, training and continued development of the artistic value of Nunavut arts and crafts.

Fortunately, the only major uncontrollable variable to market growth is the current recession. Therefore, once the economy has returned to full health, the arts and crafts sector should re-establish its past trend of moderate year-over-year growth. Any substantial growth, however, will likely depend on the implementation of appropriate incentive and support measures.

6. Costs

Because the majority of Nunavut's artists are home-based and self-employed, the greatest work-specific expenses they incur are for tools and materials. Overall, Nunavut artists spend more than an estimated $5 million per year on arts and crafts tools and materials. This expenditure is divided among a broad assortment of materials and tools, which are additionally acquired through a wide range of purchase and other access channels, including hunting and quarrying. This chapter provides insight into these expenditures by material and tool types, and purchase and access channels.

6.1 Overview of materials and tools

6.1.1 Types

There are many significant, distinct, product lines in the Nunavut arts and crafts sector, ranging from stone carving to prints, sewn products and tapestries, to name a few. Each product line requires its own distinct set of materials and tools. The table below lists the common materials and tools necessary for each of the major arts and crafts disciplines.

Table 41 – Common materials and tools by product type

Product Type	Materials	Tools
Sculpture	Soapstone Marble Whalebone Ivory Antler Granite Basalt	Waterproof sandpaper 120 to 1500 grit , sanding pads, sanding drums Rasps and files, chisels Rotary tools (dremmel/foredom) Various cutting bits 1/8" to ¼" shank Angle grinders 4" to 9" Abrasive discs Diamond 4" to 10" segmented, continuous rim and turbo cutting blades
Clothing/Sewn Products	Sealskin Caribou hides Fur pelts (fox/ wolf, coyote, beaver) Fabrics Yarn and thread Beads and buttons	Sewing machines Needles Scissors Cutting blades
Jewellery	Ivory Antler Baleen Gold Silver Copper Brass	Waterproof sandpaper 120 to 1500 grit , sanding pads, sanding drums Rasps and files, chisels Rotary tools (dremmel/foredom) Various cutting bits 1/8" to ¼" shank Angle grinders 4" to 9" Abrasive discs Torches Wax
Prints	Canvas Paper Wood Fabrics	Pens and Pencils Scissors and cutting blades
Tapestries/Wall Hangings	Fabrics and materials Yarn and threads	Sewing machines Needles Scissors Cutting blades

Product Type	Materials	Tools
		Tapestry looms
Traditional Crafts	Ivory Antler and horn Baleen Wood Steel Copper Brass	Waterproof sandpaper 120 to 1500 grit , sanding pads, sanding drums Rasps and files, chisels Rotary tools (dremmel/foredom) Various cutting bits 1/8" to ¼" shank Angle grinders 4" to 9" Abrasive discs Saws
Knitting/Crochet	Yarn Wool Threads Beads and notions	Knitting needles Crochet hooks Needles Scissors Cutting blades

Depending on an artist's preferences and experience level, the materials and tools required for their discipline can be much more extensive than the lists of common items above. But clearly, the various arts and crafts disciplines in the territory require a vast array of implements and media.

6.1.2 Expenditures

Estimating the tools and materials expenditures of such a large, diverse industry is extremely difficult. There are a limited number of organized production operations that buy materials and tools on behalf of a group of artists, making the task of estimating all the more difficult. On top of this, many artists gather their own materials, particularly stone, ivory, skins, pelts antler and horn. These gathering activities that may incur any level of costs, from virtually none to thousands of dollars.

Artist estimates

Artists themselves provide one source of information to generate an estimate of overall arts and crafts materials and tools expenditures. The table below includes average annual material and tool estimates gathered through focus groups in major arts and crafts communities. Only artists in five of the seven communities were comfortable estimating tools and materials expenditures. The materials estimates include estimates of costs incurred by artists gathering their own materials as well as direct expenditures.

Table 42 – Nunavut artists estimate of annual tools and materials expenditures, by community

Community	Materials Range	Materials Avg.	Tools Range	Tools Avg.
Iqaluit	$8,000-$12,000	$10,000	$2,500-$12,000	$7,250
Pangnirtung	$2,500-$4,500	$3,500	$2,000-$8,000	$5,000
Cape Dorset	$3,500-$6,500	$5,000	$2,000-$6,000	$4,000
Pond Inlet	$2,000-$7,000	$4,500	$3,000-$10,000	$6,500
Gjoa Haven	$3,500-$6,000	$4,750	$2,000-$7,000	$4,500
Average		**$5,550**		**$5,450**

As the table illustrates, material and tools expenditures vary greatly, ranging from a combined low of $4,500 to a high of $24,000.

Clearly, expenses range based on production, with the higher producing and higher earning artists incurring greater expenses for materials and tools. The table below puts annual material expenditures into perspective. The table provides the per product material costs for a number of different types of arts and crafts materials and applies those costs to conservative production volume estimates to provide an annual cost.

Table 43 – Materials cost examples by product type

Material	Material Cost	Product	Product Cost	Production Volume	Annual Cost
Soapstone	$3/lb	Small Carving	$30	26	$780
Soapstone	$3/lb	Small Carving	$30	52	$1,560
Marble	$4.50/lb	Small Carving	$45	26	$1,170
Marble	$4.50/lb	Small Carving	$45	52	$2,340
Whalebone	$5/lb	Large Carving	$375	12	$4,500
Seal Skin	$140/skin	Kamiks (boots)	$280	12	$3,360
Seal Skin	$140/skin	Kamiks (boots)	$280	24	$6,720
Ivory	$150/foot	Small Carving	$150	12	$1,800

The table above illustrates how an artist's materials costs can vary greatly depending on production. As the above estimates are to be considered quite conservative, it is easy to see how materials costs would be more substantial for a high-volume producing full-time artist.

Case study

As an additional example, a full-time artist provided an estimate of their materials expenses for 2009, presented in the table below. This case study illustrates how the combination of multiple types of materials can greatly increase overall costs.

Table 44 – Case study, annual materials costs per artist

Material	Cost
Marble	$3,500
Soapstone	$2,000
Whalebone	$1,500
Musk Ox Horn	$400
Glassware	$1,500
Caribou Antlers	$200
Ivory	$250
Steel and Brass	$350
Total	**$9,700**

In addition to the items listed in the table above, the artist that provided these estimates also gathered roughly 1,200 lbs of granite from their own property, which would have added significantly to their annual materials expenditures.

Government funding

The GN and Kakivak association both have funding programs for purchasing materials and tools by artists. The annual funding allocations through by these agencies provides additional information on overall tools and materials expenditures by artists. The table below illustrates the breakdown of 2009 GN arts and crafts funding by use[30] (materials, tools, professional development)and region.

Table 45 – GN artist funding allocation, 2009-2010

	Baffin	Kitikmeot	Kivalliq	Total
Carving Tools	$46,351	$9,793	$41,675	**$97,819**
Quarrying Tools/Supplies	$5,701	$1,735	n/a	**$7,436**
Carving Stone	$5,000	$288	$1,922	**$7,210**
Sewing Tools	$9,515	n/a	$28,961	**$38,476**
Other Materials & Tools	$25,839	$82,385	$16,619	**$124,843**
Travel & Professional Development	$30,429	$6,212	$24,805	**$61,446**
Total	**$122,836**	**$100,414**	**$113,981**	**$337,230**

Obviously GN funding does not cover all of the arts and crafts expenditures in the territory. However, funding totals provide additional information on the breakdowns of expenses by artists. As the table above illustrates, GN funding for sewing tools was just less than half the total of funding for carving tools. Non-sewing or carving tools and materials funding was substantial in 2009 ($125,000), which further indicates the diversity of activities in the arts and crafts sector.

As well, artists accessed more than $60,000 last year for travel and professional development activities, which largely included trips out of the territory to trade shows and conventions, such as the Northern Lights Conference. Attending these events helps artists extend their personal profiles, but also contributes to the entire sector by increasing contact between artists and potential buyers.

6.1.3 Stone

There is often tendency to think of Nunavut's arts and crafts sector as having two parts: stone carving; and everything else. This report clearly illustrates that this is not the case. In multiple communities more artists produce sewn products than any other art form. Prints, wall hangings, traditional crafts, jewellery and knitted/crocheted items all each represent substantial sub-sectors of their own. However, when it comes to materials and tools, carving stone merits its own discussion and profile.

To begin, stone carving, and stone itself, plays an important role in Inuit society. The importance of stone carving to Nunavummiut is underscored in the *Nunavut Land Claims Agreement*. Article 19, part 9 states: "An Inuk shall have the right to remove up to 50 cubic yards per year of carving stone from Crown lands without a permit…"[31] Also, above all other arts and crafts raw materials, carving stone gathering is extremely labour intensive and represents an economy unto itself.

---

[30] Not all regions recorded funding allocations the same way. For instance, some indicated materials versus tools, while others had allocations for things such as 'jewellery making materials and supplies.' Therefore some estimates had to be made on the funding allocations.

[31] Source: *Ukkusiksaqtarvik: The Place Where We Find Stone: Carving Stone Action Plan*, pg. 2.

As the materials tables above list, common types of carving stone include soapstone, marble, granite and basalt. Like with other materials, artists both gather their own stone or purchase it through retail channels, which include direct from quarrying operations, through co-ops, hamlet offices or other retailers.

Quarrying

Whether done by artists or as a business venture, quarrying carving stone is a major undertaking. The issues with gathering quality carving stone have been well documented in Nunavut, the most common of which is the distance to quality sites from the major communities. The majority of quarrying sites in Nunavut, particularly in the Baffin Region, are accessible only by boat making quarrying a multi-day undertaking. As a result, outings require a full complement of supplies and labour (5-9 people), all of which are to be considered expenses. The table below lists some of the common equipment and supplies necessary for a quarrying expedition.

Table 46 – Common quarrying equipment and supplies

Quarrying Equipment and Supplies				
Gas generators	Electrical jack hammers	Shovels	Picks	Ground transportation (ATV)
Trailer	Fuel	Camping Gear	Tents	Sleeping gear
Camp Stove	Food	Water	Personal effects	Other survival gear

Professional operations can quarry and return with literally tens of thousands of pounds of carving stone in one trip, but smaller operators, including carvers, are limited by the size of their vessel. However, even professionals conducting large expeditions are limited to hand-operated equipment to access stone. As a result, at the start of each season quarrying professionals are faced with the task of removing the overburden soil (rocks, gravel, mud), water and permafrost from a site, and ensuring the site is safe, all without the aid of heavy equipment. In spite of this, a quarrying professional can extract as much as 45 tons of stone from a single site in year.

In addition to the apparent labour and equipment costs attached to stone quarrying, substantial vessel maintenance and fuel expenses are also incurred. These expenses vary greatly, but obviously increase based on the size of a vessel and the number of expeditions it makes each year. As a rough estimate, dedicated stone quarrying professionals could expect to spend tens of thousands of dollars per year in vessel maintenance and fuel costs alone.

Stone retail

Quarried carving stone traditionally reaches the consumer market (carvers) in one of the following ways:

- Direct purchase from quarrying professionals;
- Quarrying labourers paid in stone for personal use, or resale;
- Through co-ops and hamlet offices; and
- Through other arts and crafts retailers.

Because stone reaches the consumer market through multiple avenues, it is subject to a variety of prices. Generally, however, soapstone quarried in Nunavut ranges from $2 to $3 per pound for carvers.

In terms of quantities, consultations with stone distributors (co-ops, hamlet offices and retailers) revealed that a single location in a leading carving community will purchase and distribute as much as 100,000 lbs of soapstone in a year, which would have a retail value of as much as $300,000. Common purchase amounts for distributors tended to be roughly 10,000 lbs, but there are multiple stone retailers that purchase orders of 30,000 lbs of stone or more per year.

As with most components of Nunavut's arts and crafts sector, estimating the scope of the carving stone market is difficult. However, by combining data from quarrying professionals, stone distributors and retailers, and artists, it is estimated that the arts and crafts sector uses approximately 500,000 lbs of carving stone per year, with a retail value of roughly $1.1 million. The table below provides an approximate breakdown of the carving stone market by retail sales, direct sales and stone gathered by artists primarily for their own use.

Table 47 – Summary of annual carving stone market

	Amount (lbs)	Artist Cost
Retail sales	300,000	$900,000
Direct sales	125,000	$250,000
Total sales	**425,000**	**$1,150,000**
Self-gathered	75,000	$101,000
Total	**500,000 lbs**	**$1,251,000**

The artist cost values in the table above are averages based on feedback from artists, quarrying professionals and retailers. As the table illustrates, artist pay an average of $3 per pound for carving stone through a retail channel, but $2 a pound if they can arrange to buy directly from a quarrying professional.

The average cost incurred by artists who gather their own stone is harder to quantify as it varies depending on a number factors, including: distance to mines; ease of access of stone; transportation costs; and the amount of stone that can be gathered in one expedition. The cost can vary from virtually none for those that are still able to gather stone from their own property or close by, to a few dollars a pound for artists that must undertake a large expedition that results in a minimal amount of stone. Overall, however, the average identified through consultation was $1.35 per pound incurred by artists, which reflects the cost of tools, equipment and personal labour time.

6.1.4 Summary of expenses

Overall, arts and crafts materials and tools costs range from roughly 5% to 25% of an artist's total sales amount, varying depending on discipline and production volume. The table below provides estimates of total expenditures on materials and tools, broken down into stone sculpture and 'other' categories.

Table 48 – Industry materials and tools expenditures

Discipline	Materials	Tools	Total
Stone sculpture	$1,150,000	$1,250,000	**$2,400,000**
Other	$1,500,000	$1,250,000	**$2,750,000**
Total	**$2,650,000**	**$2,500,000**	**$5,150,000**

7. Sector Analysis – Strengths, Challenges and Conclusions

Profiling Nunavut's arts and crafts sector from a quantitative (value chain and economic analysis) and qualitative (consultations with all major stakeholder groups) perspective allows for a comprehensive examination of the strengths and challenges inherent to the current structure of the sector. This chapter outlines these strengths and challenges, both in terms of the economic efficiency of the sector's value chain and the everyday activities of major stakeholders. Laying out the natural strengths and challenges of the sector is a key step towards formulating recommendations on how to maximize economic and social impacts and benefits by adjusting or replacing current arts and crafts support programs.

7.1 Economic efficiencies and inefficiencies

Mapping the full value chain of Nunavut's arts and crafts sector reveals the economic efficiencies and inefficiencies that occur throughout the various steps before the final sale of completed arts and crafts products. Additional research into the stages of the value chain adds context to help illustrate which stages and practices benefit Nunavut artists and which do not. Identifying these efficiencies and inefficiencies in the value chain highlights practices that could be revised or enhanced to increase the overall economic impact of the sector.

Looking at the value chain from start to finish reveals the impact of the mark-ups through the various distribution chains, particularly how those mark-ups create a large gap between the consumer sales value and what artists are actually earning from their sales. As the table below illustrates, end consumer sales are significantly greater than artist sales for the same products.

Table 49 – Sales of Nunavut arts and crafts by channel, and artist sales vs. end consumer sales

	Artist Sales	%	Consumer Sales	%
Cottage Industry	$13,300,000	47.8%	$13,300,000	25.5%
Nunavut Retail	$4,900,000	17.6%	$6,800,000	13.1%
Wholesale	$9,600,000	34.5%	$32,000,000	61.4%
Total	**$27,800,000**	**100%**	**$52,100,000**	**100%**

In fact, artist sales total roughly half of end consumer sales. This divide, however, becomes more pronounced when the direct sales total, which is not subject to any mark-up, is removed from the equation. In that case, the $14.5 million in artist sales to wholesalers and retailers becomes nearly $39 million in consumer sales, an increase of nearly 168%.

The obvious conclusion from this examination of the value chain is that the direct sales market is extremely efficient for artists in terms of extracting final value for sales while the wholesale and retail markets are not. However, it is not that straight forward; there are many other factors involved in controlling the efficiency of both markets. For instance, the efficiency of the direct sales market is greatly hampered by the artists' desire to receive cash-in-hand shortly after completing their product, often resulting in a below market price. Language barriers between artists and buyers further reduce the artist's ability to negotiate a higher price. Finally, the direct sales market is limited to those communities that have a large population, including government workers and a substantial amount of visitors.

Similarly, the relative inefficiency of the retail and wholesale market (at least from the artists' point of view) is reduced when considering the substantial costs involved with operating a retail location. High-end galleries in major centres like Toronto, Vancouver, Montreal and Boston face substantial operational costs. Wholesalers also face significant transportation and storage costs, which must also be accounted for in their mark-ups.

However, wholesale and retail mark-ups are also governed by the state of the overall economy. Currently, due to the economic downturn, wholesale mark-ups are below 100% and retail mark-ups seem to be at around 100%. In past years, these mark-ups have been much higher, pushing the 150% range. According to consultation results though, the wholesalers and retailers ability to increase mark-ups in positive economic years has had a minimal effect on prices paid to artists. Purchase values in Nunavut have remained relatively constant regardless of end sales values. The inability of artists to equitably capitalize on favourable market conditions is one of the most obvious inefficiencies of the wholesale and retail chain.

7.2 Stakeholder feedback

The major stakeholders in Nunavut's arts and crafts sector include the artists, art dealers (retailers and wholesalers), consumers and gallery/museum curators. Cross examining feedback from each of these stakeholder groups provides a comprehensive look at the strengths and challenges of the sector.

7.2.1 Artists

Materials and tools

The table below summarizes artist feedback, by community, on the availability of materials and tools.

Table 50 – Artist feedback on materials and tools

Community	Materials and Tools Comments
Iqaluit	General consensus was reached that a lack of resources was a common issue for all artists. Each knew somewhat of programs from Kakivak and the GN, but each who had applied found some challenges with the amount of paperwork and the amount of time required to get approval.
Rankin Inlet	Mentioned the lack of soapstone even with a stone deposit only ten miles away. It was felt that more equipment needs to be provided to quarry soapstone as most residents have transportation available to bring it home.
Pangnirtung	Each knew somewhat of programs from Kakivak and the GN, however the amount of time required getting approval was seen to be too long (up to 6 months). It was also agreed that the funding agencies were not proactive in promoting the availability of grants and that there are too many hurdles to jump.
Cape Dorset	It was felt by all participants that a dedicated space for artists was needed as it is more difficult in the winter to work outside and regular heated space is not available. Some artists are restricted within their homes for workspace. One issue is the lack of response from out of town suppliers for a significant time frame when price quotes are required for grant applications and local suppliers are unable to price different items not normally within their inventory.
Kimmirut	Most artists pick up the material themselves and were unable to estimate how much it is to acquire them.
Gjoa Haven	There are no facilities for any artists to work in, especially during the winter months and it has been raised by the community to have an artist center.

While opinion differs from community to community, the general feeling is that accessing materials for arts and crafts is becoming increasingly difficult. As well, artists generally are still not accustomed to the process of applying for available materials and tools grants from the GN or Kakivak. Lack of indoor workspace, which would increase year-round production, was also cited as common issue for artists.

Sales and marketing

The table below summarizes artist feedback, by community, on key issues surrounding sales and marketing.

Table 51 – Artist feedback on sales and marketing

Community	Sales and Marketing Comments
Iqaluit	Payments received represent a fair market value for most artists with a smaller percentage dumping their work for quick cash flow. Common sales issues found by artists are marketing – primarily relies on word of mouth and references by other artists. One of the major concerns expressed was the lack of regular workshops and meetings to assist and guide artists in Iqaluit. There is no dedicated staff to assist with applications, promotion and marketing; it was felt that an association of artists would better address the concerns and raise the awareness of everyone in the industry.
Rankin Inlet	The coop and NDC were seen as being very selective in who they buy from and in very limited quantities. The most common sales issues found by artists was that with limited options there has been no growth in sales and everyone felt that their full market value was not reached. All the artists present agreed that payments received do not represent a fair market value as the practice by buyers is to compare previous prices paid and settle only at a reduced price.
Pangnirtung	All of the artists were frustrated with the limited sales channels as there is an ongoing issue with the two primary buyers that have limits on how much inventory can be purchased and artists are usually told that they cannot buy today. There was a discussion around the need for an association to represent the artists and work on finding new buyers. There are no dedicated staffs to assist with applications, promotion and marketing; it was felt that an association of artists would better address the concerns and raise the awareness of everyone in the industry.
Cape Dorset	Common sales issues found by artists are marketing and the lack of resources to obtain and find alternative sales channels Some artists felt that payments received directly represent a fair market value, but felt that through the galleries was low. One of the issues identified was the lack of assistance for artists to promote development comparable to the Coop for their leading established artist and printmakers. It was considered desirable to have an office with a staff member who would assist artist in filling out applications and writing proposals to have retreats on the land for development combining traditional activities like berry picking as an example.
Pond Inlet	The coop is very selective in who they buy from and in very limited quantities. The most common sales issues found by artists was that with limited options there has been no growth in sales and some felt that their full market value was not reached. All the artists present agreed that payments received do not represent a fair market value as the practice by buyers is to compare previous prices paid and settle only at a reduced price. Most felt that there should be more craft sales (flea markets). It was felt that additional support should be provided for direct sales through the internet and that issues for art supplies should somehow be addressed.
Kimmirut	Most felt that if there was a purchaser for sewn products that the number would increase for seamstress as most women produce garments for their families and occasionally sell their work. It was stated that the Co-op and Northern are the only buyers in Kimmirut and that there are limited options for sales by the lesser known artists as both have limited fund to purchase art. Some sales are from transient workers and occasionally sales through cruise ships in the summer. Even well known artists are faced with challenges for regular sales. The focus is also on smaller pieces as opposed to large one. There was a comment for more effort in marketing and to find new markets for Inuit art as we seem to be going backwards in some cases.
Gjoa Haven	It was mentioned that NDC occasionally makes purchasing trips to Gjoa Haven. A couple of artists mentioned they had direct relationships with southern galleries and most also brought their art to Yellowknife for sale when they travel there. One of the concerns expressed was the conditions from the galleries discouraging artists to sell their work elsewhere.

By far the biggest concern for artists regarding sales and marketing is the lack of sales markets. Market availability issues tend to be greater in the smaller communities, which have limited access to a direct sales market. But even artists in larger communities such as Rankin Inlet cited the lack of available markets as limiting growth and reducing the overall value of finished goods. Artists feel that better marketing practices and additional outlets such as flea markets could increase their sales opportunities.

Training

The table below summarizes artist feedback, by community, on the availability of training for artists.

Table 52 – Artist feedback on training

Community	Training Comments
Iqaluit	There was no follow-up support provided for additional training; including a storefront, carving workshops by NACA and the Inuit studies programs for sewing and crafts in the schools. Most felt that a lack of workspaces and workshops were the most pressing issues that prevented further training on a regular basis as opposed to having training only once a year.
Rankin Inlet	There was nothing mentioned about training other than the festival in Iqaluit and only some occasional workshops in the elementary schools for students in traditional crafts.
Pangnirtung	Several artists considered themselves to be teachers in the schools teaching their craft to students, however there has not been any local training opportunities for artists themselves. It was also agreed upon that there should be mentoring and training programs where young artist and instructors are paid for their time. Several participants want to have training in pricing, marketing and promotion, not having business cards, posters and other means of promoting their work was seen as a major drawback.
Cape Dorset	There were no programs identified however, there is mentoring between family members. Everyone agreed that a lack of workspaces and not having an organization to represent artist was a major drawback for development.
Pond Inlet	There was no immediate training identified for Pond Inlet artists. The only way to learn is through mentoring by other artists in the community.
Kimmirut	There was nothing available for training other than some occasional workshops in the schools for students in traditional crafts. It was mentioned that these program are the first ones cut from any budget and one participant felt that it was so sad to always hear that there is no funding available for permanent Inuit cultural and arts programs.
Gjoa Haven	One artist mentioned he would occasionally be a teacher in the schools teaching his craft to students, however it has been a couple of years since the schools has had any funds to such carving programs. Two artists indicated that they would like training in marketing and promotion, and assistance for setting up direct sales on the Internet.

The most apparent issue with arts and crafts training throughout the territory is inconsistency. While many veteran artists are willing to pass on their skills to others in a formal setting, the lack of permanent arts programs limits opportunities. Artists additionally feel that training should go beyond the craft itself and should focus on marketing and promotion.

7.2.2 Dealers

The motivation of Inuit art dealers is generally to generate a decent profit through the sale of Inuit art. Therefore, they provide a unique and valuable perspective on the state of the sector and how the value of Inuit art could be increased. Listed below are the comments from Inuit art dealers regarding ways they feel the value of Inuit art could be increased.

- Comprehensive biographies of artists are vital. Artist bios increase the professionalism of the artists and help buyers make a connection with the individual who created their piece.
- An explanation of the art pieces from the artist ("Why I did this and what it represents") would help increase the artistic value of the piece.
- There needs to be more informational material available on Inuit art, such as brochures on styles, communities, history and materials.
- Consistent pricing by retailers within the territory is important. Having one retailer under-cut the others damages the overall sector.
- Having artists work on carvings in public spaces allows potential buyers to see the process and increases the value of the work.
- Much of today's work lacks cultural representation and is not ritualistic. Art that is seen to be part of, or more representative of the society and its rituals is very valuable to some people.
- There has been a noticeable increase in the number of Inuit who are purchasing Inuit art. If, for example, more Inuit wear the jewellery made by Inuit artists it helps create a connection to the culture and makes the jewellery more desirable and valuable to buyers.

7.2.3 Buyers

A survey of GN employees was used to estimate the total size of the direct-to-Nunavut resident sales market. The survey also provided feedback into buying practices and motivations that helps illustrate sector strengths and challenges. The following four tables highlight these findings.

The table below shows preferred purchase channels among GN employees that buy Nunavut arts and crafts. As it clearly illustrates, direct purchase channels (door-to-door and bar/restaurant sales) are the most popular. That GN employees prefer the direct purchase route underscores the value of the direct sales market to Nunavut artists. Extrapolating on that, direct purchase is likely preferred partially due to the lower price paid than through other channels. This may mean there is room for artists to increase their direct sales prices as long as direct purchase continues to provide some cost savings to buyers.

Table 53 – Consumer rank of purchase channels

Purchase Channel	Average Rank	#1 Ranks
Door-to-Door	1.58	73
Bar/Restaurant Sales	1.95	44
Private Retail	2.41	19
Pre-order	2.58	6
Co-op Retail	2.90	5
Online	4.92	0

The next table displays preferred product types, with sculpture ranking first, followed by jewellery and clothing. Outside of Nunavut, prints and tapestries are often considered the more popular product types after sculpture. The result presented below therefore concludes that there could be room to increase promotion of Nunavut-made jewellery and clothing outside of the territory.

Table 54 – Consumer purchase patterns, by product type

Product Type	% of Annual Purchases

Sculpture	35.8%
Jewellery	25.4%
Clothing	19.9%
Prints	12.6%
Tapestries	3.6%
Other	2.0%
Ceramics	0.8%
Total	**100%**

The following table provides the breakdown of the percentage of direct buyers who usually pay artists their asking price versus those that haggle for a better price. The table reveals that nearly two-thirds of direct-sales buyers pay the asking price (preferred price) for products, with the remaining one-third paying a negotiated price (lowest price). This means that more than one-third of artists are receiving their lowest acceptable price for their finished work. This issue is more pronounced considering the prices offered by artists through direct sales are often below market value.

Table 55 – Consumer direct-purchase negotiation preference

	%
Pay asking price	65%
Haggle for better price	35%

Finally, respondents to the survey of GN employees were asked to identify all of their motivations for buying Nunavut arts and crafts. As the table below illustrates, the vast majority of buyers purchase arts and crafts for personal use and as gifts, with the latter holding a slight edge as the number one purchase motivation. The conclusion from this response is that the majority of Nunavut art owners also give the products as a gift, which increases reasons for buying.

Table 56 – Consumer purchase motivations

Motivation	%
Gift	91%
Personal use	81%
Resale	1%

7.2.4 Museum/gallery curators

The ongoing presence of Inuit art in leading museums and galleries both in Canada and around the world is critical to the continued success of the sector. Much of the value of Nunavut arts and crafts is derived from the inherent artistic expression attached to it. This artistic value is based on the fact that the art is handmade by an artisan, culturally representative, and reflective of an artistic style that is admired around the world. Maintaining the artistic value in Nunavut arts and crafts also requires new Nunavut artists to create original works and develop their own form of artistic expression, which will eventually be reflected in other works coming out of the territory.

Feedback from museum and gallery curators provides insight into the status of Nunavut art in the world and its current state. Listed below are the comments from museum and gallery curators about what they look for in terms of new Nunavut art.

- Originality is the number one criteria. Not doing something that everyone else is doing. To be considered fine art it has to reflect an artist's personal style.
- Galleries looking for work that may not be as commercial, but is interesting from a more social or artistic perspective.
- There's not a lot of encouragement from the general public to create original work, so it is a lot more lucrative for artists to create the same thing over and over again – things that are popular and they can replicate.
- New art should express the ongoing shift in community life within the Inuit culture.
- There is little support for artists to create original work and aspire to something more than making the money you need for that day or week to survive.
- Making a bear that looks like a bear is a souvenir, not art. Top galleries look for 'artists' and try to identify who's trying to forge their own style.
- In the past, very careful marketing helped shape the industry one way. The better pieces were collected by dealers and co-ops and marketed as fine art and in shows. Careful marketing of the 5% that is very good brings along all of the other lower-quality work.
- New artists are exploring more with two-dimensional media, like pencil and paper, or paints, instead of turning immediately to sculpture. This should be encouraged.

7.3 Strengths and challenges

Analyzing the economic efficiencies and inefficiencies of the arts and crafts value chain in concert with feedback from all of the sector's major stakeholders provides a comprehensive picture of the sector's inherent strengths and its major challenges. These strengths and challenges are described below.

7.3.1 Strengths

Direct sales

Although the direct-to-consumer sales within Nunavut's arts and crafts sector provides profiling headaches, economically speaking it is a very efficient sales channel. Direct sales generally provide artists with the end-consumer sales value for their work. Plus, this value is achieved almost instantly (often on the same day the work was completed). This near instantaneous remuneration is clearly the reason why so many artist prefer to move their products through direct sales.

In addition to putting money in the hands of artists immediately, the direct sales market is very much part of the art-buying experience in Nunavut, and in that it is also a lure for potential visitors. Shopping is cited by tourists as one of the main reasons for visiting Nunavut, and this includes the opportunity to buy handmade arts and crafts products directly from artists. Direct-to-consumer sales by Nunavut artists should therefore be considered a portion of the value chain to be enhanced and further exploited where possible.

Commodity focus

A large portion of Nunavut artists, if not the majority, are commercially focused, and produce arts and crafts products as retail commodities. While some artists strive to have their works displayed in international museums and galleries – which is the end of the traditional arts value chain – many more produce products strictly for retail sale.

Although a total lack of artistic expression would eventually negatively impact the entire sector, the commodity-focused approach provides many economic efficiencies. Namely, Nunavut artists will adapt their production to meet changing consumer tastes and demands. For example, over the past few years many carvers were able to ramp up production of inuksuk carvings to meet demand resulting from the 2010 Vancouver Winter Games. This ability and willingness to adapt to consumer demand opens the arts and crafts sector to potential industrial strategies that can benefit the entire industry.

Scalability

A strength that's related to the commodity focus of Nunavut artists is the ability to scale the size and scope of finished products. Many artists can produce anything from etched glass candle holders, key chains or small jewellery pieces, to large sculptures that could fetch more than $10,000 in the retail market. This scalability allows Nunavut art to be priced virtually for any buyer. This also means that while other tourist destinations rely on mass-produced imported souvenirs – shot glasses and other labelled trinkets – Nunavut can control its own souvenir and memorabilia market through its own stable of talented artists.

Mentorship

Although there are organized arts and crafts training programs in Nunavut, they have been somewhat inconsistent or are not readily available to everyone who is interested. Fortunately, there has been a strong sense of individual mentorship in the territory that has resulted in skills being passed on through the generations. In addition, many current artists express willingness to pass on their skills to new artists, and would be willing to do so in a formal classroom setting. This natural sense of mentorship should be taken advantage of in developing any future arts and crafts training programs.

Individual pursuit of artistic expression

Although many Nunavut artists openly engage in arts and crafts production with the end goal of producing saleable goods, there has always been a handful of artists that look to create their own brand of original art and artistic expression. The creations of artists such as Jessie Oonark, Kenojuak Ashevak, and many others are displayed in Canada's National Gallery, the Winnipeg Art Gallery and other leading galleries around the world. The sculpture, tapestries and prints of the territory's leading artists have continually defined the style of Nunavut art, making possible a prosperous arts and crafts industry.

Today, Nunavut artists continue to strive for individual artistic expression and achievement. Artists such as Andrew Qappik and Annie Pootoogook are internationally known for their artistic achievements. Pootoogook, for example, was awarded Canada's largest prize for a young artist, the Sobey Art Award, in 2006. The continued presence of such leading Nunavut artists, and the original styles they create, is one of the most important components of Nunavut's arts and craft sector. An entire industry has benefited from the individual drive of these artists, and the industry therefore needs to always be cognizant of their importance.

Self sustainability

With the exception of tools, which usually must be purchased from a vendor, a Nunavut artist can be completely self employed by creating art with materials they gather from the land. It is a unique situation where so many people have been able to benefit artistically literally from what their own surroundings provide them. The organic nature of Inuit art – the fact that much of it comes from the land – is an important part of its appeal to consumers. It also provides an ongoing source of income to artists by removing a lot of the traditional barriers to entry. As natural materials – especially carving stone – become more difficult for artists to access, and as increased economic impact is pursued, the principle of self-sustainability should remain intact.

Unique history and cultural evolution

All great art tells and story, and Nunavut has one of the most interesting stories of any region in the world. The struggles of Nunavummiut with the land, the elements and more recently with the influence of different cultures is a fascinating narrative to be translated and expressed through art. In few other regions can artists drawn on legitimate personal experiences with both traditional rituals and the conflicts of today's modern society, but Nunavut artists can and should. Much of Nunavut's art, particularly through the retail trade, tends to be more representative of a the traditional ways of Inuit life. Artists, however, should explore the representation of all facets of Inuit life, the good and the bad, including the unique cultural evolution experienced by the most recent generations.

7.3.2 Challenges

Pricing

Artists seeking direct sales are left to their own devices to negotiate a price for their products. This negotiation process is often constrained by the language barrier between artist and buyer, and by the artist's desire to receive cash payment shortly after completing the product. Fair market value negotiations are also hampered by external market conditions, such as competition from other artists and retailers, or lack of alternative sales markets. As a result, the odds are often stacked against the artist when it comes to negotiating a fair price for their work.

Lack of sales markets

As is clear from the results of the stakeholder focus groups, the lack of sales markets, and the inability to access new markets, is a major challenge for Nunavut artists. This challenge is more acute in smaller communities. While artists in Iqaluit have many potential outlets for their work, those in smaller communities are often subject to the needs and pricing structures of a single co-op or other buyer.

One of the major problems with the irregular distribution of sales markets is it could lead to irregular pricing of finished products. For instance, higher quality art in smaller communities may have to be sold for less for lack of alternative markets, while lower quality art may fetch more in the larger communities. This pricing and market irregularity both disadvantages talented artists in smaller communities and also results in lower quality product reaching the market where higher quality art is potentially available. Finally, the lack of sales markets, particularly in smaller communities, prevents some artists from producing products and also prevents some potential artists from taking up the craft.

Impact of positive markets on artists

The analysis of the value chain shows there are significant mark-ups on Nunavut art as it moves through the formal distribution chain. These mark-ups serve to cover the high costs associated with transporting goods and operating a retail outlet. However, in positive economic times the mark-ups will increase, resulting primarily in a better profit for retailers. Research shows that the impact of a strong economy is much greater at the retail end, unfortunately providing a limited benefit to the artists themselves. Spreading out this positive impact to ensure that all stages of the value chain benefit equally from a strong economy is a key industry challenge.

Commoditized product

Although the commodity approach – creating products with the motivation of an end sale – is cited as an industry strength, it also presents challenges. Firstly, an too much focus on high-volume, generic product production will harm the industry by diminishing the artistic value of the art. Effectively, Nunavut does not have the population or distribution efficiencies to compete with the likes of Bolivia, Nepal or China merely as an arts and crafts production centre. Rather, Nunavut's arts and crafts products at all levels are tied to the overall artistic vision of the territory, which must be part of any commodity-based approach.

Secondly, commodities are traditionally subject to different sets of mark-ups than art, with the producer receiving a much lower percentage of the end sales value. In the traditional visual and fine art market, an artist receives a minimum of 40% to 50% of the end sale when their original work is sold through a gallery. This percentage obviously increases if the artist establishes their own sales methods. With Nunavut art, however, artists receive less than 1/3rd of the sales value of work distributed through the wholesale and southern retail chain. In strong economic times where retailers can increase their mark-ups, an artist's revenue as a percentage of an end sale can be less than 20%. This means that a piece that retails for more than $5,000 could have been purchased from an artist for less than $1,000.

Preference for full cash payment

There are virtually no Nunavut arts and crafts producers that are willing to provide finished products on a consignment or percentage of end sales basis. Rather, artists insist on receiving cash in hand for all finished products. This cash-payment preference results in accepting lower prices for direct sales transactions and when selling to wholesalers and retailers. If wholesalers and retailers have to pay in full for a piece that may or may not sell quickly, they will naturally want to pay less.

Artists' cash-payment preference also limits the measures that can be implemented by the GN and industry associations to maximize economic impact. In the traditional visual arts, galleries and exhibitors usually operate on percentage sales commission basis and do not purchase the art outright, which is why artists usually receive 40% to 50% of the end sales value.

Materials availability

The importance of stone carving to Nunavut's arts and crafts sector is obvious and has been well documented. Article 19, part 9 of the Nunavut Land Claims Agreement states: "An Inuk shall have the right to remove up to 50 cubic yards per year of carving stone from Crown lands without a permit…" However, sourcing of good quality, affordable stone remains one the greatest challenges of Inuit artists. A 2006 telephone survey by the Inuit Art Foundation of nearly 100 Inuit artists concluded that 78% of artists have trouble accessing materials to make their art.[32] As a result, 12% of respondents to the survey said they order materials from the south or other communities, 36% get their materials from a number of places including the local co-op, and 37% get their materials (stone) from individual quarrying. Individual quarrying by artists, who are not typically quarrying experts, is a dangerous pursuit that can result in serious injuries and in some cases fatalities.

Although the GN has undertaken multiple initiatives around stone supply, consultation with artists for this study concluded that accessing quality stone is still a major challenge faced by the sector.

7.4 Conclusions

The top-to-bottom analysis of Nunavut's arts and crafts sector leads to many conclusions, the most apparent of which is that the arts and crafts sector needs to be recognized and supported for its contribution to the territorial economy. Unlike most traditional arts and culture industries, Nunavut's arts and crafts sector is very business focused and its growth thus far has largely been financially motivated. As a result, business strategies – such as providing market intelligence, harnessing the scalability of artists, and accessing new markets – should resonate well with the industry. Although many current support programs are artist-based (i.e. need to be accessed by artists), other development initiatives that involve artists, but are led by non-artists, should be explored.

[32] Source: *IAQ magazine*: The Artists Perspective – Survey Shows Materials are Greatest Need, 2006.

To date, the arts and crafts sector has been somewhat underfunded, at least relative to its impressive size and impact. Not only does the sector create more than 1,000 jobs and contribute more than $30 million to the economy, but it is also a constant national and international marketing tool for Nunavut, and therefore contributes to other sectors, particularly tourism. Considering the total impacts of the sector relative to the funding support it receives, it is logical to conclude that additional strategic funding and support would increase the sectors economic and other impacts. Additional support should logically include potential partnerships with other economic sectors.

Future strategies for Nunavut's arts and crafts sector should focus on leveraging the sector's inherent strengths and addressing its challenges. Additionally, any future strategy must recognized the importance of artistic focus within this highly commodity-focused sector; in the end the artistic vision of Nunavut's top artists has a major impact on the demand for all Nunavut art. Go forward initiates additionally need to recognize and work around those challenges in the industry that cannot be adequately addressed. Specifically, it will likely be multiple generations before Nunavut artists are willing to work on a consignment basis instead of demanding cash-in-hand. Although addressing this challenge could greatly increase the sector's economic impact, the cash payment preference is currently an integral part of Nunavut culture and difficult to change.

Fortunately, there are many other strategies and support mechanisms that should increase the impact of the sector. With the right application of strategies, support mechanisms and partnerships, Nunavut's arts and crafts sector should continue to grow and make major contributions to the overall territorial economy.

A Consultation Summaries

A.1 Focus groups

Between December and March the project team undertook focus group sessions, and series' of direct phone calls, with leading artists and arts and crafts stakeholders in the following seven communities:

- Iqaluit;
- Rankin Inlet;
- Pangnirtung;
- Cape Dorset;
- Pond Inlet;
- Kimmirut; and
- Gjoa Haven.

Summaries of the results of those arts and craft forums are presented below. For confidentiality reasons the attending stakeholders are not identified.

Iqaluit

Location: Gallery by the Red Boat

Date: December 16, 2009

Industry estimates of artists:

Total: 2,150-3,800 (1/2 of community population)

Full-time: 1,150-1,500 (1/3 of artists)

Part-time: 2,000-2,300 (2/3 of artists)

Activity line rankings:

Rank	Activity Line
1	Sewn products
2	Carving
3	Jewellery
4	Knitting/crochet
5	Wall hanging
6	Prints

Comments:

- Each person specialized in their particular craft with some crossover to other arts on an irregular basis.

Sales channels:

Co-ops and distributors: 30% of artists

Cottage industry: 70% of artists

Galleries, co-ops and distributors: 30% of sales volume

Direct sales: 60% of sales volume

Craft sales: 10% of sales volume

Comments:

- Craft sales have increased steadily for the past 5 years for most artists.
- Common sales issues found by artists are marketing – primarily relies on word of mouth and references by other artists.
- Most felt that their volume was fairly representative of their capacity within the home based model.
- General consensus was reached that a lack of resources was a common issue for all artists and payments received represent a fair market value for most artists with a smaller percentage dumping their work for quick cash flow.

Work organization and motivation:

- All artists identified their home as the primary work area without any collaboration with others.
- One participant identified an outside workspace available for rent on a daily basis.

Artists provided a variety of personal reasons for doing their work:

- a need to generate income;
- a need for self sufficiency;
- self fulfillment; and
- self employment.

Training and skills:

Programs:

- Arctic College programs that were identified such as jewellery and fur design programs; with one (1) year certificates and two (2) year diplomas.

Comments:

- There was no follow-up support provided for additional training; including a storefront, carving workshops by NACA and the Inuit studies programs for sewing and crafts in the schools.
- Most felt that a lack of workspaces and workshops were the most pressing issues that prevented further training on a regular basis as opposed to having training only once a year.

Materials and tools:

Materials:

- Included all natural resources available in the community

Costs: $8,000 to $12,000 per year

Tools:

- There are a variety of options that exist for all artists to acquire tools from local stores, and southern vendors by phone and email.
- Each knew somewhat of programs from Kakivak and the GN, but each who had applied found some challenges with the amount of paperwork and the amount of time required to get approval.

Costs: $2,500 to $12,000 per year (varying greatly depending on artist)

General comments and concerns:

- One of the major concerns expressed was the lack of regular workshops and meetings to assist and guide artists in Iqaluit.
- There is no dedicated staff to assist with applications, promotion and marketing; it was felt that an association of artists would better address the concerns and raise the awareness of everyone in the industry.
- Some specific issues include:
    - pricing,
    - professional designation, and
    - marketing.
- Hosting regular workshops and meetings similar to the tourism industry and the business community were seen as examples for improving the overall visibility of the arts.

Rankin Inlet

Location: NDC boardroom

Date: January 14, 2010

Industry estimates of artists:

Total: 400

Full-time: 175 (49 carvers; 35 sewn products; 27 prints; 23 wall hangings; 20 jewellery; 18 traditional crafts)

Part-time: 225

Activity line rankings:

Rank	Activity Line
1	Carving
2	Sewn products
3	Prints
4	Traditional crafts
5	Wall hanging
6	Jewellery

Sales channels:

Co-ops and distributors: 5% of artists

Cottage industry: 95% of artists

Galleries, co-ops and distributors: 5% of sales volume

Direct sales: 95% of sales volume

Comments:

- The coop and NDC were seen as being very selective in who they buy from and in very limited quantities.
- The most common sales issues found by artists was that with limited options there has been no growth in sales and everyone felt that their full market value was not reached.
- All the artists present agreed that payments received do not represent a fair market value as the practice by buyers is to compare previous prices paid and settle only at a reduced price. For example one artist has received only $40.00 per ivory ring for the last five years and although she knows she should get more she cannot. Another example was the pricing for dolls that artists receive 3 to 4 hundred dollars that retail up to $2,000.00 in the southern market.
- Another concern identified was the mark-ups for carvings with an artist receiving $50.00 and having the piece retail in Montreal for $500.00 so everyone agreed that they do not receive full or fair market value.
- Identified the Hamlet as starting on their website a page to recognize an artist of the month with the potential for artists to market and sell their work online through the hamlet and will meet to discuss this further.
- Another option was identified for artists to start developing contacts with southern galleries.

Work organization and motivation:

- All artists identified their home as the primary work area without any collaboration with others

Artists provided a variety of personal reasons for doing their work:

- a need to generate income,

- a need for self sufficiency,
- self fulfillment and
- self employment.

Training and skills:

There was nothing mentioned about training other than the festival in Iqaluit and only some occasional workshops in the elementary schools for students in traditional crafts.

Materials and tools:

- General discussion on materials and tools.
- One artist mentioned that she pays up to $300.00 for a walrus ivory tusk.
- Mentioned the lack of soapstone even with a stone deposit only ten miles away.

General comments and concerns:

- It was felt that more equipment needs to be provided to quarry soapstone as most residents have transportation available to bring it home.
- Having regular meetings to discuss the art industry as a business community was seen as desirable to address the drawbacks like acquiring land, building and equity over and above the regulations.

Pangnirtung

Location: Uqqurmiut Centre for Arts and Crafts

Date: February 11, 2010

Industry estimates of artists:

Total: 200

Full-time: 50

Part-time: 150

Activity line rankings:

Rank	Activity Line
1	Sewn products
2	Wall hangings
3	Prints
4	Carving
5	Knitting/crochet
6	Jewellery

Comments:

- The overall number of artists in the community was reduced as the decline in purchasing was felt to be a significant drawback to the artist who found it to be very frustrating not having any regular sales channels. It was also mentioned that a significant number of carvers have simply given up, lack of soapstone; higher costs of operating, illness from aging, limited buyers were given as examples to account for the decrease.

Sales channels:

Co-ops and distributors: 20% of artists

Cottage industry: 80% of artists

Galleries, co-ops and distributors: 25% of sales volume

Direct sales: 70% of sales volume

Craft sales: 5% of sales volume

Comments:

- All of the artists were frustrated with the limited sales channels as there is an ongoing issue with the two primary buyers that have limits on how much inventory can be purchased and artists are usually told that they cannot buy today. There was a discussion around the need for an association to represent the artists and work on finding new buyers.

Work organization and motivation:

- Most artists identified their home as the primary work area without any collaboration with others.
- Several identified being associated with Uqqurmiut and have a workspace there

Artists provided a variety of personal reasons for doing their work:

- a need to generate income,
- a need for self sufficiency,
- self fulfillment and
- self employment.

Training and skills:

Programs:

- Several artists considered themselves to be teachers in the schools teaching their craft to students, however there has not been any local training opportunities for artists themselves. It was also agreed upon that there should be mentoring and training programs where young artist and instructors are paid for their time.

Comments:

- Several participants want to have training in pricing, marketing and promotion, not having business cards, posters and other means of promoting their work was seen as a major drawback.

Materials and tools:

Materials:

- Included all natural resources available in the community.

Costs: $2,500-$4,500

Tools:

- The Coop and Northern store were the primary vendors with additional purchasing in Iqaluit and the south.
- Each knew somewhat of programs from Kakivak and the GN, however the amount of time required getting approval was seen to be too long (up to 6 months). It was also agreed that the funding agencies were not proactive in promoting the availability of grants and that there are too many hurdles to jump.

Costs: $2,000 to $8,000 annually

General comments and concerns:

- One of the major concerns expressed was the lack of regular sales channels for all types of artists.
- There are no dedicated staffs to assist with applications, promotion and marketing; it was felt that an association of artists would better address the concerns and raise the awareness of everyone in the industry.
- Some specific issues include:
    - Marketing
    - lack of Inuktitut speaking support staff
    - restrictive and cumbersome application process
- Having a website for international sales was seen as being desirable with artists from the community being profiled with their work available online.

Cape Dorset

Location: Hamlet Council Chambers

Date: February 16, 2010

Industry estimates of artists:

Total: 800

Full-time: 500

Part-time: 300

Activity line rankings:

Rank	Activity Line
1	Carving
2	Sewn products
3	Prints
4	Jewellery
5	Knitting/crochet
6	Wall hangings

Comments:

- The participants identified that there were a lot of younger artists involved now in carving and more are becoming full time artists.

Sales channels:

Co-ops and distributors: 60% of artists

Cottage industry: 40% of artists

Galleries, co-ops and distributors: 40% of sales volume

Direct sales: 50% of sales volume

Craft sales: 10% of sales volume

Comments:

- Art sales have for most artists been steady however there is a concern for artist that are not considered regular suppliers for coop and northern as they too are becoming more selective.
- Common sales issues found by artists are marketing and the lack of resources to obtain and find alternative sales channels, although one seamstress used Waddington's to auction an amouti.
- Most felt that their volume was fairly representative of their capacity within the home based model.
- Some artists felt that payments received directly represent a fair market value, but felt that through the galleries was low.

Work organization and motivation:

- All artists identified their home as the primary work area without any collaboration with others.
- Seamstresses identified an outside workspace available for rent on a regular basis, but has limited space and sometimes not available.
- Artists provided a variety of personal reasons for doing their work but were all motivated primarily to generate income.

Comments:

- It was felt by all participants that a dedicated space for artists was needed as it is more difficult in the winter to work outside and regular heated space is not available. Some artists are restricted within their homes for workspace

Training and skills:

Programs:

- There were no programs identified however, there is mentoring between family members. Everyone agreed that a lack of workspaces and not having an organization to represent artist was a major drawback for development.

Materials and tools:

Materials:

- Included all natural resources available in the community.

Costs: $3,500-$6,500

Tools:

- There are a variety of options that exist for all artists to acquire tools from local stores, and southern vendors by phone and email.
- One issue is the lack of response from out of town suppliers for a significant time frame when price quotes are required for grant applications and local suppliers are unable to price different items not normally within their inventory. (Both Northern and Coop are distributors and dealers for certain brand items and may not be willing to purchase other brands.)
- Each knew somewhat of programs from Kakivak and the GN.

Costs: $2,000 to $6,000 annually

General comments and concerns:

- One of the issues identified was the lack of assistance for artists to promote development comparable to the Coop for their leading established artist and printmakers. It was considered desirable to have an office with a staff member who would assist artist in filling out applications and writing proposals to have retreats on the land for development combining traditional activities like berry picking as an example.
- One major drawback again was the lack of a dedicated building for artists that can be used by the community with different spaces available for different aspects of art.

Pond Inlet

Location: Phone interviews

Date: February, 2010

Industry estimates of artists:

Total: 125

Full-time: 75

Part-time: 50

Activity line rankings:

Rank	Activity Line

1	Sewn products
2	Carving
3	Traditional crafts
4	Jewellery

Sales channels:

Co-ops and distributors: 65% of artists

Cottage industry: 35% of artists

Galleries, co-ops and distributors: 50% of sales volume

Direct sales: 50% of sales volume

Comments:

- The coop is very selective in who they buy from and in very limited quantities.
- The most common sales issues found by artists was that with limited options there has been no growth in sales and some felt that their full market value was not reached.
- Need to maintain traditional methods of carving.
- All the artists present agreed that payments received do not represent a fair market value as the practice by buyers is to compare previous prices paid and settle only at a reduced price.
- Most felt that there should be more craft sales (flea markets)

Work organization and motivation:

- All artists identified their home as the primary work area without any collaboration with others.
- Artists provided a variety of personal reasons for doing their work but were all motivated primarily to generate income and the opportunity for self employment.

Training and skills:

Programs:

- There was no immediate training identified for Pond Inlet artists.
- The only way to learn is through mentoring by other artists in the community.

Materials and tools:

Materials:

Costs: $2,000 to $7,000 annually

Tools:

Costs: $3,000 to $10,000 annually

General comments and concerns:

- It was felt that additional support should be provided for direct sales through the internet and that issues for art supplies should somehow be addressed.

Kimmirut

Location: Phone interviews

Date: February, 2010

Industry estimates of artists:

Total: 200

Full-time: 125

Part-time: 75

Activity line rankings:

Rank	Activity Line
1	Carving
2	Jewellery
3	Traditional crafts
4	Wall hanging
5	Sewn products

Comments:

- Most felt that if there was a purchaser for sewn products that the number would increase for seamstress as most women produce garments for their families and occasionally sell their work.
- It was stated that the Co-op and Northern are the only buyers in Kimmirut and that there are limited options for sales by the lesser known artists as both have limited fund to purchase art. Some sales are from transient workers and occasionally sales through cruise ships in the summer.
- Even well known artists are faced with challenges for regular sales. The focus is also on smaller pieces as opposed to large one.

Sales channels:

Co-ops and distributors: 75% of artists

Cottage industry: 25% of artists

Comments:

- It was mentioned that a lot of artists are struggling with sales and the decrease in the overall market slump.

Work organization and motivation:

- All artists identified their home as the primary work area.
- Artists mostly stated the need to generate income and the transfer of knowledge from their parents.

Training and skills:

Programs:

- There was nothing available for training other than some occasional workshops in the schools for students in traditional crafts.
- It was mentioned that these program are the first ones cut from any budget and one participant felt that it was so sad to always hear that there is no funding available for permanent Inuit cultural and arts programs.

Materials and tools:

Materials:

- Most artists pick up the material themselves and were unable to estimate how much it is to acquire them.
- One artists quarries roughly 30,000 lbs of carving stone per year. Other artists quarry their own stone, but not as many as in the past.

General comments and concerns:

- Other than for seamstresses who need an outlet for the sewn products it was felt to be mostly stable now for art in Kimmirut and quite a few regularly travel by skidoo to Iqaluit.
- There was a comment for more effort in marketing and to find new markets for Inuit art as we seem to be going backwards in some cases.

Gjoa Haven

Location: Phone interviews

Date: March, 2010

Industry estimates of artists:

Total: 160

Full-time: 35

Part-time: 125

Activity line rankings:

Rank	Activity Line
1	Carving

2	Sewn products
3	Wall hanging
4	Prints
5	Traditional crafts

Sales channels:

Co-ops and distributors: 40% of artists

Cottage industry: 60% of artists

Galleries, co-ops and distributors: 55% of sales volume

Direct sales: 45% of sales volume

Comments:

- It was mentioned that NDC occasionally makes purchasing trips to Gjoa Haven.
- A couple of artists mentioned they had direct relationships with southern galleries and most also brought their art to Yellowknife for sale when they travel there.

Work organization and motivation:

- Most artists identified their home as the primary work area without any collaboration with others.
- The primary reason for doing their work was a need to generate income for themselves and wanting to pass on their knowledge.

Training and skills:

Programs:

- One artist mentioned he would occasionally be a teacher in the schools teaching his craft to students, however it has been a couple of years since the schools has had any funds to such carving programs.

Comments:

- Two artists indicated that they would like training in marketing and promotion, and assistance for setting up direct sales on the Internet.

Materials and tools:

Materials:

- Included all natural resources available in the community

Costs: $3,500 to $6,000

Tools:

- The Coop and Northern store were the primary vendors with additional purchasing in Yellowknife (Acklands/Canadian Tire).

Costs: $2,000 to $7,000

General comments and concerns:

- One of the concerns expressed was the conditions from the galleries discouraging artists to sell their work elsewhere.
- There are no facilities for any artists to work in, especially during the winter months and it has been raised by the community to have an artist center.
- Some specific issues include:
    - Marketing, connecting with Nunavut Development Corporation
    - lack of funding for support staff within the new artist group.

A.2 Survey of GN employees

Between December 2009 and March 2010 the project team administered an online survey of GN employees, receiving **159 responses**. GN employees are recognized as key buyers in the direct sales market and therefore provide a proxy for calculating the entire size of that sales market. The complete results (questions and average responses) of the survey are presented below.

1) **Q:** How much money do you spend on arts and crafts products in Nunavut in a typical year?
   A: $1,469.50

2) **Q:** Estimate the percentage of your total 2008 arts and crafts spend by the type of products listed below:
   A:
   Sculpture – 35.8%;
   Jewellery – 25.4%;
   Clothing – 19.9%;
   Prints – 12.6%;
   Tapestries – 3.6%;
   Ceramics – 0.8%;
   Other – 2.0%

3) **Q**: In order, list the sales channels you most commonly use to purchase Nunavut arts and crafts products. List the most common sales channel first, second most common second, etc.
   A:
   1. Door-to-door;
   2. Bar/Restaurant;
   3. Private Retail (not Co-op);
   4. Pre-order from artists;
   5. Co-op retail;
   6. Online

4) **Q**: When buying directly from an artist, do you more commonly pay the artist's asking price, or do you haggle for a lower price?
   A:
   Asking price – 65%
   Haggle – 35%

5) **Q**: What do you typically do with the arts and crafts products you purchase in Nunavut?
   A:
   Gift – 90.57%
   Personal use – 87.42%
   Resell – 0.63%

6) Summary of respondents by community and average spending (communities with 5 or more respondents):

Community	# of Respondents	Average Annual Spending
Iqaluit	75	$1,637
Pangnirtung	12	$1,334
Arviat	12	$583
Pond Inlet	11	$1,454

Cambridge Bay	11	$1,672
Kugluktuk	11	$895
Rankin Inlet	8	$1,858
Baker Lake	6	$865
Cape Dorset	5	$2,458

B Recommended methodology for future data gathering

Gathering comprehensive data on Nunavut's arts and crafts sector, which spans not only Nunavut, but the rest of the world. But although the relevant players in the industry are spread out, the information required to form a useful picture of the industry is fairly contained.

This section leverages the lessons learned while conducting this study to recommend an efficient process for future data gathering.

GN and Nunavut resident survey

Probably the most effective way to gather data on the direct sales and Nunavut retail distribution chains is through an online survey. For this study, the project team had the survey distributed to GN employees, receiving 159 responses. In future instances, additional survey promotion throughout the GN, and opening the survey to the public (possibly through a link on an industry association website) would provide more detail on the buying patterns of Nunavut residents.

The questions to be included in an online survey are listed below (the questions are the same as those used for this study with one additional question aimed at the estimating the number of artists in Nunavut):

- Employer
- How much money do you spend on arts and crafts products in Nunavut in a typical year?
- Estimate the percentage of your total 2008 arts and crafts spend by the type of products listed below:
  Carving/Sculpture
  Sewn products/Clothing
  Jewellery
  Tapestries
  Prints
  Traditional Crafts
  Knitted Products
  Ceramics
- In order, list the sales channels you most commonly use to purchase Nunavut arts and crafts products:
  Door-to-door
  Bar/Restaurant
  Private Retail (not Co-op)
  Pre-order from artists
  Co-op retail
  Online
- When buying directly from an artist, do you more commonly pay the artist's asking price, or do you haggle for a lower price?
- What do you typically do with the arts and crafts products you purchase in Nunavut?
  Gift
  Personal Use
  Re-sell
- How many different artists do you buy arts and crafts products from in a typical year?

Visitors

Analysis of the *2006 Nunavut Exit Study* resulted in visitor spending metrics by region and by cruise passengers that could be applied to annual Nunavut visitor figures . These spending metrics should be increased annually to reflect inflation at a minimum, and possibly to account for other economic factors. The metrics are provided below:

	Baffin	Kitikmeot	Kivalliq	Cruise
Arts and crafts spending per night	$37.95	$25.76	$19.32	$14.72

Consultation with Nunavut retailers

Consulting with arts and crafts retailers in Nunavut provides an additional data point to compare with the online survey results. The information required (below) is minimal, but locating and contacting retailers can be difficult. Maintaining a contact database of Nunavut art retailers in the territory would provide an ongoing count of retailers and would make it easier to access industry data. Putting the information into a standard form that can be emailed, or even mailed, may additionally make the response process easier for retailers.

Store name: __________

Location: __________

# of employees: _________

Annual (last year) spending on arts and crafts: _________

# of artists you purchased products from: _________

Annual (last year) sales of arts and crafts: _________

Consultation with wholesalers

Accessing information from wholesalers is a vital piece of completing the full picture of the Nunavut arts and crafts sector. As with the retailers, the information required is minimal. Locating the major wholesalers is also not difficult. However, the wholesale industry is very competitive and therefore wholesalers may not be forthcoming with their information. It is necessary to ensure full confidentiality of information gathered from wholesalers, but this may require use of a third-party to gather the data.

Wholesaler name: __________

# of employees: _________

Annual (last year) spending on arts and crafts: _________

Annual (last year) sales of arts and crafts: _________

Sales by location (provinces/US/international) if possible: _________

Consultation with wholesale buyers

The main purpose with consulting wholesale buyers is to gather data for the total artist count, as well as to determine which of the Co-ops and Northern Stores actively buy arts and crafts products as part of the wholesale chain. A secondary motivation for consulting with the Co-ops and Northern Stores is to determine which ones actively buy and sell raw carving stone, and in what quantities.

Store/buyer: __________

Community: _________

Did you buy arts and crafts products from artists in the past year: _________

# of artists you bought from in the past year: ________

Estimate of the # of artists in your community: _________

Did you buy carving stone for re-sale last year: _________

What quantity of carving stone did you buy: _________

Consultation with southern and international retailers

Data from southern retailers can help verify sales information from wholesalers and also provides an indication on the international health of the industry. As with Nunavut retailers, maintaining an up-to-date contact database of southern and international retailers would provide an ongoing count to use to monitor industry growth. The Inuit Art Foundation can also provide up-to-date information on southern and international retailers gathered through the IAQ.

Store name: __________

Location: __________

# of employees: _________

Annual (last year) spending on arts and crafts: _________

# of wholesale distributors you purchased products from: _________

Annual (last year) sales of arts and crafts: _________

Consultation with artists

Throughout the consultation process with artists for this study, many artists mentioned they think the industry could benefit from regular artist and stakeholder meeting within the community. Should such meeting occur, they would provide an excellent opportunity to update sector information. In the absence of such meeting, artist focus groups provide valuable information on the number of artists per community as well as product lines and expenses.

Name (optional): _________

Community: __________

List, in order, the arts and crafts activity lines you participate in: _________

Estimate the % of your total annual sales that occur direct-to-consumer: _____%

Estimate the % of your total annual sales that occur through a retailer or wholesaler: _____%

What was your annual (last year) spending on materials: _________

What was your annual (last year) spending on tools: _________

Estimate of the # of artists in your community: _________

Summary

By administering all or a combination of these question sets, as well as the online consumer survey, the GN should be able to maintain accurate estimates of the size of the arts and crafts sector. The most problematic statistic to gather will most likely continue to be the number of artists in the territory. Beyond these methods, the most effective way to maintain an accurate count of the number of artists in Nunavut would be by developing a comprehensive database of artist profiles that is updated on a regular schedule. Such a database would provide information on the number of artist by community, and likely by discipline.