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# Factors of Competitiveness and Development of Companies on the Market of Craft and Design Products

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***Abstract:***

***Purpose:*** *The article aims to identify the key factors determining the competitiveness and development of firms operating in the market of artisanal and designer products, using the case of Dr ARTI as an illustrative example.*
***Design/Methodology/Approach:*** *The study is based on a qualitative research design employing an in-depth interview with the owner-manager, allowing for an in-context analysis of strategic, cultural and market-related determinants.*
***Findings:*** *The results indicate that competitive advantage in this sector arises from the synergy of product uniqueness, cultural authenticity, ecological materials and selective presence in niche international markets.*
***Practical Implications:*** *The findings provide guidance for firms seeking to build competitiveness through authenticity, narrative consistency, sustainable materials and targeted niche-market strategies.*
***Originality/Value:*** *The article offers a conceptual model derived from empirical insights that integrates product, cultural, ecological and market dimensions, contributing new understanding to the dynamics of artisanal and designer product markets.*

***Keywords:*** *Competitiveness, company, market, products, craft products, design products.*
***JEL codes:*** *L83, O33.*
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## 1. Introduction

The dynamic development of the market of craft and design products means that companies operating in this segment must become more and more competitive. The growing interest in authentic, local and small studio products is part of broader trends related to the need to have products characterized by history, culture and a conscious approach to materials.

At the same time, the described market remains diverse and difficult to describe unambiguously, as it combines elements of traditional craftsmanship with modern design and ecological innovations. This justifies the need to conduct research to capture what factors in practice determine the competitive advantage of companies operating in this area.

The article focuses on the analysis of the selected company. This allows for an in-depth look at the specifics of offer management, customer relations and development strategy in niche market segments.

The structure of the study includes a theoretical part, which refers to current trends in the sector of craft and design products, then a description of the research method used, a presentation of the results of a qualitative interview and the formulation of an original model of competitiveness factors.

The aim of the article is both to identify the elements determining the market power of the surveyed company, as well as to indicate universal values that can be used by other companies as an inspiration to build an advantage based on authenticity, quality and a sustainable approach to materials.

The added value of the study is the integration of the practical perspective, resulting from the experience of Dr ARTI, with the theoretical approach. Thanks to this, it is possible to formulate conclusions that are important both for science and for entities operating in niche market segments.

## 2. Literature Review

### 2.1 The Place and Role of Craft and Design Companies

Contemporary craft and design companies are occupying an increasingly important place in the creative economy. They combine traditional manufacturing techniques with modern design. The literature emphasizes that their importance stems from the ability to create products rooted in culture and history, and at the same time respond to the needs of contemporary audiences (Bettiol and Micelli, 2014; Heim, 2019). In this approach, the role of the craftsman changes, who becomes a co-creator of symbolic and cultural value. This makes it a key actor in the processes of shaping niche markets (Sirois, 2020).

An important role in the activity of craft companies is played by cooperation between creators and designers, which fosters the emergence of innovations and enables the transfer of hidden knowledge, characteristic of craftsmanship. The quality of this collaboration depends on the recognition of the competence of craftsmen as equal partners in the creative process, which affects the value of the final product (Goretti *et al.,* 2019; Temeltas and Kaya, 2021; Hu *et al.,* 2024).

It is also noted that the designer and craftsman share the responsibility for creating new meanings and forms, and this fits into a broader transformation of their roles in the creative economy (Bissett-Johnson and Moorhead, 2018; Luckman and Andrew, 2020).

The functioning of craft companies is also associated with challenges resulting from the need to combine craft identity with the requirements of business development. (Domańska-Szaruga and Prokopowicz, 2016). This can lead to tensions between maintaining authenticity and the need to scale your business (Solomon and Mathias, 2020).

At the same time, new opportunities are emerging from digitalization and technological transformations that allow traditional techniques to be integrated with Industry 4.0 tools (Denaro, 2020). Companies of this type also play an important role in regional creative ecosystems. They strengthen local identity and co-create structures that support cultural and economic development (Viganò *et al.,* 2023; Casadei and Gilbert, 2018; Khaire, 2021; Shih and Agrafiotis, 2020; Mulholland et al., 2022).

## 2.2 Determinants of Competitiveness of Craft and Design Companies

The competitiveness of craft and design companies is shaped by a set of cultural, motivational and contextual factors. They affect the way these enterprises operate in the modern market reality. Certainly, the competitive position of craft workshops depends on both intrinsic motivations and the environment in which they operate, including access to clusters and local support networks (Correa García *et al.,* 2025; Wamalwa, 2021; Tichaawa and Chamboko-Mpotaringa, 2024).

Cultural values and market relations also strengthen companies' ability to innovate products. In this way, they highlight the importance of cultural rootedness in diversifying the offer and shaping consumer preferences (Nguyen and Phan, 2025; Hasanah *et al.,* 2023).

The ability to create innovation and cooperation also remains an important determinant of competitiveness. Research proves that collaboration between artisans and designers fosters product development, combining traditional craftsmanship knowledge with modern creative practices (Temeltas and Kaya, 2021; Hu *et al.,* 2024).

At the same time, differences resulting from different institutional logics lead to tensions between the preservation of tradition and the need for innovation, resulting in complex forms of interaction and competition, influencing companies' strategies (Nguyen *et al.,* 2023; Nguyen, 2025). Research on craft micro-enterprises shows that cooperative behaviour strengthens the resilience of enterprises and supports their innovation capacity in both low- and high-tech sectors (Shafi *et al.,* 2022).

Technological adaptation and human capital development also emerge as significant determinants. The implementation of new technologies increases efficiency and facilitates access to markets, which in turn remains particularly important for small craft enterprises operating in developing economies (Shafi *et al.,* 2025).

Long-term competitiveness also depends on the quality of skills transfer, covering both traditional traditional apprenticeship systems and structured training forms (Kotey, 2024). In addition, financial inclusion, digital competences and properly designed development strategies significantly strengthen the entrepreneurial potential of women operating in the handicraft sector, thus pointing to the role of inclusive support mechanisms in the development of this industry (Yadav *et al.,* 2025).

## 3. Methods and Materials

### 3.1 Methods

The aim of the article was to explain what factors determine the competitiveness and development opportunities of enterprises operating on the market of craft and design products, with particular emphasis on Dr ARTI (as an example of an entity combining traditional craftsmanship, elements of culture and modern design). The aim of the research was to capture the mechanisms that allow such companies to build recognition, maintain a stable market position and develop their business in the conditions of growing competition and changing consumer preferences.

The article assumes that the specificity of companies operating in this segment requires an analysis taking into account both material and symbolic factors, including the authenticity of products, their cultural references and the way they are presented in the market space.

The adopted research hypothesis stated that the competitive advantage of a company offering craft and design products results from the complementary impact of several elements, which included the unique character of the product, authentic rooting in tradition, the use of natural materials and the presence in specialized market niches.

It was assumed that it is the synergy of these factors that determines the company's ability to maintain and develop its position. In order to verify the hypothesis, a qualitative research method based on an in-depth interview with the managing

person of the company Dr ARTI was used (Dr. Artur Kwasek, co-author of the article, answered several questions about the functioning of his company).

During the interview, data on the practical aspects of the company's functioning, its strategy, customer perception and directions of development were obtained. This allowed for the development of a model of competitive competence and the formulation of conclusions that referred to the specificity of the market of craft and design products.

The interview made it possible to capture the most important factors influencing the functioning of the company on the market of craft and design products and to present them in a practical way and embedded in the reality of the company's operations.

Dr ARTI operates on an offer combining craft, design and eco-friendly products, addressed to recipients looking for authentic and unique products. Its key product is handmade Jerusalem sandals, made in local workshops in Jerusalem. This product is perfectly complemented by socks inspired by the Łowicz tradition and bags and backpacks made of cork and hemp imported from Nepal and Portugal.

The company operates both on the domestic market and in selected foreign niches, among others in the USA, Korea and Japan, where its offer is valued for quality, natural materials and a distinct identity.

### 3.2 Results

In the interview, the first thing to do was to raise the topic of products that build brand recognition to the greatest extent (Table 1). It was pointed out that unique Jerusalem sandals are one of the most important elements of the offer, because they are handmade in Jerusalem. In addition, they have features that mass production does not provide. It was emphasized that natural camel skin, artisanal craftsmanship and connection with tradition fit the expectations of customers looking for authenticity.

Another issue concerned the role of tradition in brand communication. It was explained that the history of pilgrimages and culture of the Middle East gives the products a symbolic dimension that customers clearly appreciate. It was noted that the company avoids artificially "building a legend". On the contrary, it is based on facts that naturally follow from the nature of the assortment.

The interview also highlighted to the importance of diversifying the offer. In addition to craft products, the company develops a designer line, among others socks inspired by Łowicz motifs. Despite the fact that they are created in an industrial process, the design and quality find recipients among people who value Polish tradition in a modern form. Dr. Artur Kwasek also emphasized the growing interest

in objects made of natural materials. This is reflected in the sale of cork bags and backpacks and hemp imported from Nepal and Portugal. These products are in line with the ecological trend and allow the company to reach new groups of customers.

The conversation also pointed out the difficulties resulting from the distribution of craft products. Handmade sandals make their availability limited. It depends on the capabilities of specific craftsmen. It was noted that the company must carefully plan deliveries and respond to seasonal fluctuations in demand.

An important thread was the company's presence on foreign markets. It was indicated that Dr ARTI products are sold to customers in the United States, Korea and Japan. There they remain valued for their quality and originality. The company's success is therefore due to reaching niches of recipients looking for unusual products.

The importance of social media was also emphasized, which allows the process of product creation to be shown - from workshops in Jerusalem to small studios in Nepal. It was pointed out that such communication strengthens the credibility of the brand and allows for a better presentation of the value of the products.

At the end of the conversation, further directions of development were discussed. It was indicated that the company intends to continue combining tradition with modernity, develop an offer based on natural materials and increase brand recognition outside Poland, while maintaining quality as the basis of its operations.

***Table 1.*** *Quality inventory*

| Question | Answer |
|---|---|
| What distinguishes the company's offer? | Unique Jerusalem sandals; craft; natural leather. |
| How is tradition used? | Authentic story; the culture of Jerusalem; strengthening the brand. |
| Why is the diversity of the offer important? | Craftsmanship + design; Łowicz patterns; wider audiences. |
| The role of organic products? | Cork and hemp bags; laboratories in Nepal/Portugal; Eco trend. |
| The biggest logistical challenges? | Limited supply; the pace of the craftsmen; Seasonality. |
| What does foreign expansion look like? | USA, Korea, Japan; niche audience; originality. |
| The importance of social media? | Creation process; transparency; strengthening relationships. |
| Development plans? | Natural materials; foreign markets; maintaining quality. |

***Source:*** *Own study.*

On the basis of the presented research results, a model was proposed that synthetically organizes the key factors of competitiveness of a company operating

on the market of craft and design products (Figure 1). An analysis of an interview conducted with the managing director of Dr ARTI showed that the position of a company is determined primarily by the combination of a unique product with an authentic cultural context.

Handmade Jerusalem sandals and products inspired by the Łowicz tradition build a distinct brand identity, which distinguishes it from manufacturers offering mass products with similar purposes. The value of products results not only from their appearance, but also from the history and method of creation, which is clearly appreciated by the recipients.

This perspective is complemented by the growing importance of natural materials. The company's presence in niche segments of foreign markets is also worth noting. Cork and hemp products imported from small workshops are in line with the trend of looking for ecological and durable products.

On the other hand, the selective presence on the markets in the USA, Korea and Japan confirms that the company reaches recipients who expect originality and good quality. As a result, the proposed proprietary model combines four mutually complementary areas: product, cultural, ecological and market - creating a coherent structure explaining why the company maintains a competitive advantage despite the limited scale of operations.

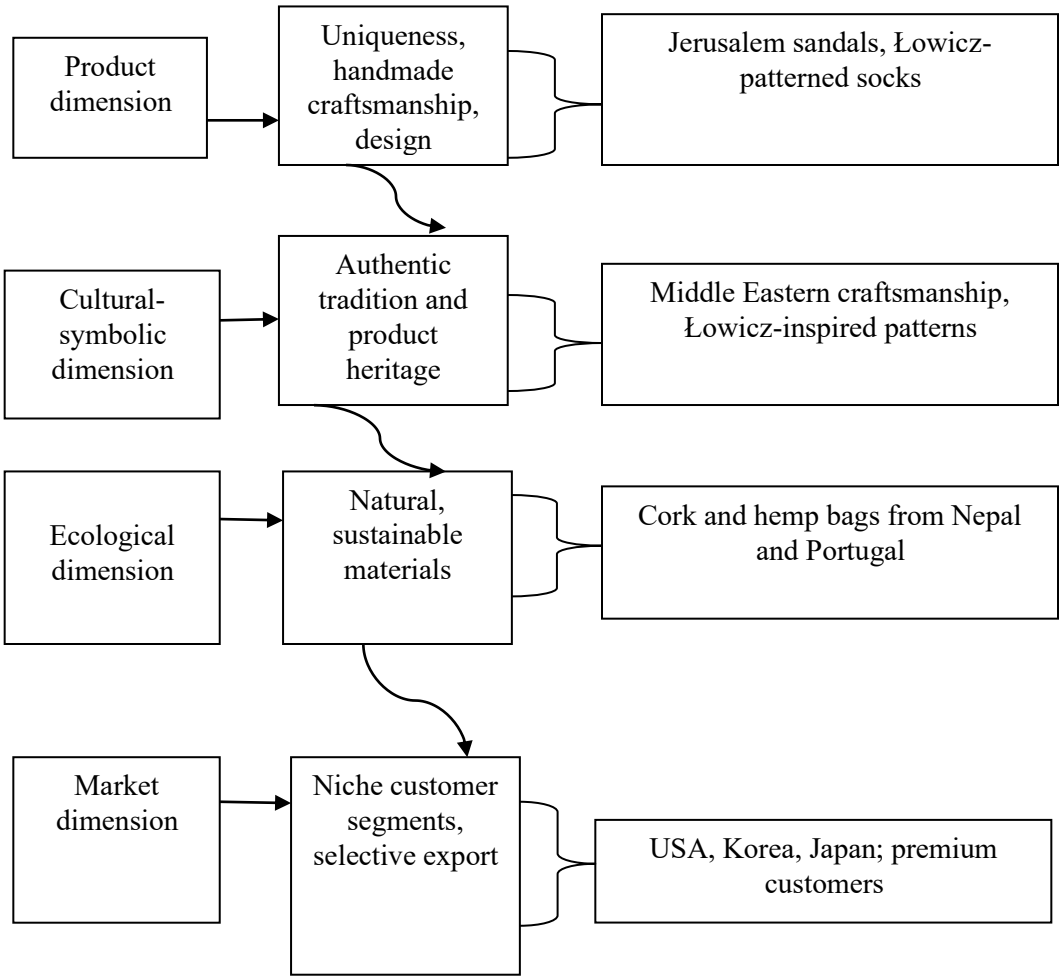
### 3.3 Discussion

The conducted research allowed to capture the specifics of the functioning of Dr ARTI, which operates on the market of craft and design products. In addition, they pointed out that the competitive advantage in this segment results from the consistent co-occurrence of several complementary factors.

The analysis of the interview showed that market power is determined primarily by the authenticity of the offer, understood as the real rooting of products in the craft and cultural tradition. Both handmade Jerusalem sandals and design inspired by the Łowicz tradition meet the expectations of recipients looking for products with a clear identity.

Combined with attention to quality and conscious building of the brand narrative, this creates a foundation that is difficult to copy by the competition, operating on the basis of mass production. The results of the research also indicate that the ability to function in niche market segments is crucial for stable development. No less important is the ability to respond to changing consumer preferences. The growing interest in organic products and the conscious selection of foreign target markets strengthen the company's resilience to fluctuations in demand. And they also allow you to build lasting relationships with your premium audience.

***Figure 1.*** *Key Competitiveness Drivers Model*




***Source:*** *Own study.*

As a result, the most important factors determining success can be considered the combination of authenticity, diversity of materials, cultural recognition and strategically focused market presence. The analysis of the presented model indicates that it is the synergy of four complementary dimensions that makes it possible to achieve an advantage in a sector in which handicrafts become an alternative to mass products.

Figure 1 synthetically presents the authors' model of the key competitiveness drivers of a company operating in the craft and design products market. The model highlights the interdependence of four complementary dimensions: product, cultural-symbolic, ecological, and market-related. Their synergistic interaction enables the development of a sustainable competitive advantage, even in the context of a limited

scale of operations. Particular importance is attributed to product uniqueness and its authentic cultural embeddedness, supported by the use of natural materials and a selective presence in niche foreign markets. The model emphasizes that the coherence and mutual reinforcement of these dimensions constitute the foundation of competitiveness in the craft and design sector.

## 4. Conclusions

The in-depth interview clearly indicated that companies operating on the market of craft and design products should consistently develop their offer based on authenticity and a clear reference to tradition and culture. Care for the origin of materials and the method of production is of key importance in this aspect. It is these elements that build brand credibility and distinguish it from entities offering mass products.

Therefore, it is recommended to consciously expose craftsmanship processes, emphasize the origin of raw materials and the history behind products. It is also important to create a coherent visual narrative that emphasizes their uniqueness. Maintaining high quality workmanship and aesthetic consistency is certainly a determinant of acquiring premium customers.

It is also advisable to develop activities in the area of niche foreign markets and the systematically growing segment of organic products. The research shows that an effective strategy is to selectively expand into markets where consumers are interested in unique and sustainable products, while building lasting relationships with distributors.

Companies should invest in natural and durable materials. They are an integral part of competitive advantage. At the same time, it is worth developing communication in social media, bearing in mind that it allows you to present the process of product creation, strengthens brand transparency and builds audience engagement. Such activities are conducive to stable development. They enable companies to operate effectively in a sector that is characterized by a growing interest in authenticity and responsible consumption.

Future research directions may focus on an in-depth analysis of consumer behaviour when choosing artisanal and design products, with a particular focus on motivations related to authenticity, cultural symbolism and sustainable materials.

An important area of further research is also the assessment of the effectiveness of individual communication strategies in social media and their impact on building loyalty to brands operating in niche market segments. It is also worth extending the comparative analyses to other companies operating in similar market conditions in order to determine to what extent the observed competitiveness model is universal and to what extent it is the result of the specificity of the analyzed case.

## 5. Limitations

The study encountered some limitations. They resulted primarily from their qualitative nature and basing the analysis on a case study of one company. This limits the possibility of fully generalizing the results to the entire market of craft and design products.

The data obtained as part of the interview reflects the perspective of the person managing the company and may contain an element of subjective assessment, typical of research based on practical experience. The research also did not include a comparison with other entities operating in this segment, which makes it difficult to determine which of the observed factors are specific and which are universal. In addition, no quantitative research was conducted on the structure of customers or purchasing preferences, which reduces the possibility of assessing the scale of the impact of the identified competitiveness factors.

***Conflicts of Interest:*** *The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.*

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