

# Marketplace: handwork of india essay



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IntroductionMarketPlace: Handwork of India is an innovative and unique not-for-profit organization that uses its proceeds exclusively to increase economic opportunities for low-income women in India and to further empower these women to bring about changes in their lives, their families and their communities. MarketPlace produces high-quality women's apparel through 14 co-operatives in India and markets these products in North America.

MarketPlace is the fifth largest Fair Trade Organization in the United States and the only one that sells apparel. II. History and Accomplishments The story of MarketPlace begins with SHARE (Support the Handicapped's Rehabilitation Effort), whose mission was the economic empowerment of disadvantaged women. In 1980, SHARE began working with three women in the slum of Golibar, Mumbai (Bombay). SHARE trained the women in hand patchwork and the production of quilts for Indian and export markets.

By 1982 there had been a strong response to home-based sales of these products in Chicago. The idea of MarketPlace – a U. S. based organization that would lead the sales and marketing efforts related to products produced by the Indian co-operatives – was born. SHARE continued to service and grow the network of cooperatives in India. During the mid-1980's, demand for

apparel, which was also distributed through successful home sales, brought in vital customer feedback and led to further development of the product line.

Soon after, MarketPlace began adding additional marketing channels, with its first participation in trade shows in 1988, the introduction of catalog sales in 1990 and the launch of Internet sales in 2001. Between 1989 and 1991, MarketPlace received grants totaling \$220, 000 to fund the expansion of its work in India and to produce the first catalog. Since that time MarketPlace has successfully extended its reach through focused, targeted marketing without any reliance on external grants to fund its operating budget. In addition, MarketPlace has organically grown to just under \$1 million in revenues in 2003. MarketPlace has a deeply committed customer base and a proven ability to successfully extend its market through focused prospecting. Its accomplishments position it to be a leader in Fair Trade marketing.

III. Leadership in Design MarketPlace has a reputation for unique and beautiful designs and high-quality and tastefully presented products. The abundance of handwork on its garments establishes a direct connection between its mission and its market. The artisans participate fully in the design process, allowing them to develop creative adaptations of traditional skills. Some examples of MarketPlace's design follow: IV. Recent Initiatives MarketPlace's recent initiatives have focused on increasing production capacity, developing leadership in the cooperatives, instilling quality management techniques and improving distribution capabilities.

MarketPlace and SHARE work with 14 cooperatives and small businesses owned and managed by approximately 450 low-income women artisans and their families in India. MarketPlace and SHARE provide these cooperatives with technical assistance in the areas of design, production management, quality control and capacity building. Many of these sell exclusively to MarketPlace. Of these 14 cooperatives, five produce fabrics and eight construct the garments or home interior products marketed by MarketPlace.

In addition to increasing production capacity and in preparation for future growth, a Leadership by Design program was also developed. This program identifies and promotes emerging leaders among the artisans, positioning them to bring about improvements within their cooperatives as well as positive changes in the lives of their families and communities. In 1999, MarketPlace and SHARE initiated a three-year quality management training program. The program has been administered by Malcolm Guy of EQ Management and supported by funding provided by the Department for International Development of the British Government.

Mr. Guy has substantial experience working with artisans through his association with the Body Shop, International. Finally, in 2000 MarketPlace outsourced most of its US distribution operations to A-Three Services of Northbrook, Illinois. A-Three is not only an established fulfillment provider with proficiency and capacity in managing catalog fulfillment and distribution operations, but is also committed to the mission of MarketPlace.

Together, these initiatives in production capacity, leadership development, quality management, and fulfillment operations provide MarketPlace with a

strong foundation to pursue the next level of growth. V. Purpose Over the past few years, MarketPlace has pursued the aforementioned initiatives related to design, leadership, operations and logistics. During this period investments in marketing, particularly new customer prospecting, decreased. However, MarketPlace is now setting an aggressive strategy to achieve higher rates of revenue growth.

MarketPlace is at a crossroads and the foundation that MarketPlace has developed make this an opportune time to expand to the next level of growth. MarketPlace also benefits from certain market forces existing today: the growing interest in Fair Trade products in the US, increasing ethnic diversity among consumers, and an interest in cultural and handmade products. MarketPlace's established infrastructure and 20-year track record of high quality women's Fair Trade apparel and accessories afford it a unique opportunity to take advantage of these trends. This document will outline a strategy for expanding MarketPlace's annual sales from \$1 million to \$3 million by 2006 and \$4 million by 2007.

To achieve this target, MarketPlace intends to commence a strategic fundraising effort to raise \$500, 000 by 2006. The principal use of these funds will be used to increase its marketing operations and activities. All activities ultimately service MarketPlace's mission to increase employment opportunities for 1520 additional women artisans in India. VI. Strategic Objectives Phase one objectives are operational improvements that are currently being made in advance of a significant funding event. These near-term objectives include: •Increase Spring 2005 catalog sales by 15%; •More

efficient management of event/trade show marketing and catalog mailings;

- Improved working capital management.

In order to achieve its near-term operating objectives, MarketPlace plans to utilize recent analysis of its catalog marketing to generate increased revenues from an exceptionally loyal existing customer base. MarketPlace has found through analysis of past results that its customers engage in strong patterns of repeat purchases during the 12 months after their initial purchase. MarketPlace believes that strong levels of customer loyalty testify to the strength of its mission-driven marketing and its delivery on a value proposition tied to beautiful designs and high-quality product. In order to extend customers' repeat purchase activity, MarketPlace is in the process of extending its product line to encompass a broader range of accessories and is also planning a marketing campaign targeting this loyal customer base during early 2005.

Phase two objectives, which are primarily contingent on access to a broadened funding base, include: •Increased catalog prospecting, reversing an 18-month trend of reduced marketing investment; •Creation of consistent access to strategic marketing and design insight via an alliance with a large retailer or consultants; •Addition of a senior-level marketing professional with experience in apparel, merchandising or related fields to the management team and •Publication of a book on the impact MarketPlace has had on the artisans, based on research done by Professor Mary Littrell of Colorado State University and Professor Marsha Dickson of University of Kansas, funded by EarthWatch. VII. STRATEGIC PLAN 1I. Positioning MarketPlace caters to its customers while being driven by its mission:

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increasing employment opportunities for women artisans in India. Customers value MarketPlace's commitment to this special mission. MarketPlace is the fifth largest Fair Trade Organization in North America and the only one that sells apparel.

Fair trade is becoming a significant factor in more and more purchase decisions, and MarketPlace is uniquely positioned to capitalize on this trend to expand its appeal to a wider market. MarketPlace capitalizes on its mission and values its reputation for up-to-date and appealing design and high-quality products. MarketPlace delivers on its promise of product excellence and will invest to maintain its leading position in design and product quality. Meanwhile, MarketPlace's products appeal to an attractive demographic audience.

According to a recent study of MarketPlace customers done by Professor Mary Littrell of Colorado State University:

- 99.7% of the customers are female with a mean age of 55 years. Income clusters between \$25,000 to \$75,000 (56%); while 20% earn over \$100,000.
- Customers are well educated. 90% have at least a college degree.

One-half have a graduate degree, while another 13% have completed some graduate work.

- 73% are employed, working primarily as teachers or professors (32%), artists (15%), or in the health professions (15%).
- Just under half of the customers live in cities (40% in cities over 100,000), with the balance spread nearly evenly across remaining residential categories ranging from rural areas to larger towns.
- Nearly all of the customers (94%)

took in-country trips during the past year, while a very high percentage (82%) traveled outside the U. S. as well.

Those leaving the country were most likely to visit Europe or other countries in North America. MarketPlace products appeal to the “ cultural creative” class that has been identified in the media as setting styles and trends, and MarketPlace is also well-positioned to take advantage of the efforts of large retailers to pay more attention to the increasingly diverse US consumer population. MarketPlace’s customer base has proven exceptionally loyal. MarketPlace has achieved strong repeat purchase rates and experiences good stability in average sale levels.

Repeat purchase patterns by MarketPlace’s customer base suggest that the promises implicit in its mission-focused marketing resonate. This is illustrated in the chart below. MarketPlace recurring customer base has continued to grow since 1999 with a current recurring customer rate of greater than 81. 0%. Furthermore, there has been a steady increase in the value of the average sale to this customer base to about \$82. 00.

The development of marketing activities based upon this established highly loyal customer base is one of MarketPlace’s greatest opportunities. 211.

Product “ Saturday I received the copy of your catalog for the first time, and I was both touched and delighted. Your products are beautiful and obviously made with love, but your purpose is also heart-warming....

Your work is beautiful. ” Naomi Nigro, Denver, Colorado MarketPlace’s greatest strength is its distinctive product line and striking designs. The design process starts with the skills of the artisans but is highly responsive to



demand patterns in the market. The design process takes six months, encompassing color planning, pattern development and fabric production, and culminates with the combination of fabrics, their allocation to specific products, and the addition of tasteful embroidery designs.

Although grounded in the traditional fabric and embroidery techniques of India, Marketplace designs and production methods draw on a broad range of influences to create a uniquely diverse and modern product line. The artisans participate fully in the design process, allowing them to further connect with their customers through creative adaptations of their traditional skills. MarketPlace uses traditional fabric printing techniques like hand block printing, hand batik block printing, hand tie-dye, Ikat and Kalamkari printing, but rejuvenates these methods by changing block designs, over-printing and over-dyeing in different colors. The articles themselves are inspired by designs from many different cultures, including African, South American and Asian, resulting in an international and multi-cultural perspective. The product line is flush with the calmer and deeper colors that are gaining appeal among American consumers. Finally, the inclusion of designs suggested and developed by the artisans themselves contributes to Marketplace's distinct and appealing look.

MarketPlace products evolve throughout the design process. There is no one person who conceives and then creates the designs. Products are invented and reinvented at the different stages, incorporating input from market trends, color projections, the fabric maker, fabric cutters and sewers and embroidery artisans. The market segment that MarketPlace is currently targeting is large, and MarketPlace is only reaching a portion of this market.

Using current catalog designs and strategies while refining its ability to prospect by upfront data-mining, MarketPlace can increase its revenues through increased prospecting within its current target segment.

MarketPlace's access to a loyal customer base leads it to believe that it can realize significant returns on a complimentary, new product line offered to its historical customers.

MarketPlace has identified opportunities that will extend its offerings to new categories. A smaller and cheaper catalog piece presenting MarketPlace's hallmark products in a dramatic manner will be used to prospect new customers, while the full-fledged catalog will be sent to its historical customer base and prospects that request it. In addition, operating from the creative, multicultural styles for which it is known, MarketPlace intends to add additional lines to broaden its appeal. Hoping to leverage its excellence in design and production, MarketPlace has plans to develop a line for younger women, a professional line for office use, and expand its offerings to include T-shirts and knits produced with natural and organic fibers. In addition, MarketPlace seeks to upgrade its access to design expertise by forming an alliance with a socially conscious, ethical corporation that has a strong market position in the apparel/home decor market. The goal of this initiative is to develop a relationship in which the corporation assists MarketPlace in identifying trends and developing storyboards (visual representations of trends/looks) and color forecasts for each market segment.

Marketplace is currently discussing such an alliance with Nike and Eileen Fisher. Finally, MarketPlace intends to develop design capacity within the

organization, both in the United States and in India. MarketPlace plans to retain a design professional in the United States (either as an employee or consultant) to work on trends and fashion predictions, as well as a counterpart in India to work with the existing design staff to incorporate those trends in the product line, improving both product marketability and the design skills of the artisans. 3III. Direct MarketingMarketPlace's direct marketing activities to end consumers are undertaken through three channels.

- Catalog. Seasonal catalogs have historically been a strong contributor to MarketPlace's revenue. MarketPlace recently retained a consultant to help it develop a framework for analysis of catalog sales, as well as returns on the different mailing lists to which the catalog is sent. MarketPlace has used this process to improve its yield on catalog marketing and has a proven record in prospecting though it has devoted fewer resources to marketing in recent years. MarketPlace's key challenge in catalog marketing is the identification of additional lists that will result in positive contribution to overall results. At present, MarketPlace's catalog is produced on a shoestring budget, and there is potential to improve catalog marketing results with a more professional design, changes in pages and layout, as well as additional data mining efforts.

- Website. Website sales have grown significantly. MarketPlace's website ([www. marketplaceindia. com](http://www.marketplaceindia.com)) does a good job of tying the web experience to the catalog, combining mission with presentation to the product in an easy-to-navigate environment. However, the website is very basic, with the

potential to add features that could help in making the shopping experience more enjoyable and result in increased website sales.

Results from regular bulk emails have been positive. These emails alternate between mission outreach and product or sale related communications.

- Community Marketing. Community marketing is an area of significant potential development. Community marketing initiatives include invitations to customers to organize home parties, church sales, fashion shows, or community sales. These initiatives are time consuming, but always increase the outreach of our mission and can bring in customers who would never order from a catalog or introduce the catalog to new customers.

Following is an analysis of MarketPlace's principal marketing channel: catalog campaigns. The analysis indicates a direct relationship between the number of catalog mailings and revenues generated. In addition to increased investment in catalog prospecting, MarketPlace intends to devote increased resources on integrated direct marketing. These tactics will involve the development of an advertising and PR campaign to target catalog, retail (community marketing) and web buyers, cross-referencing the different marketing channels whenever possible. The integrated direct marketing approach increases name recognition as well as exposure to both products and mission. MarketPlace's direct marketing effort will draw on insights gleaned from the community marketing initiatives.

MarketPlace is testing various community marketing models on the basis of specific geographic or demographic criteria, with plans to increase targeted efforts among the groups who respond favorably. 4IV. Indirect Marketing

MarketPlace has been selling to specialized small boutiques including some run on Fair Trade principles. Wholesale sales have not been strong. The traditional wholesale marketing strategy of attending trade shows to acquire new customers has yielded decreasing returns.

Trends are changing at the larger shows, which are becoming more an opportunity to show product lines, make contacts and demonstrate a presence, rather than write orders. Actual sales are more likely to be consummated at the smaller regional shows and on the road. In order to deploy resources more effectively, MarketPlace is considering new initiatives.

- Specialized Shows. MarketPlace has been invited to an increasing number of trade shows that are dedicated to Fair Trade products.

MarketPlace plans to attend 4-6 such shows a year, as well as certain smaller regional shows where presentation fees are more modest.

- Market Niches.

MarketPlace has identified at least two market niches – Museum shops and hospital gift shops – where its products may have appeal and where it has niche marketing opportunities to a defined audience.

- Brokers / Intermediaries.

MarketPlace is investigating relationships with brokers and intermediaries that may enable it to extend its reach to a wholesale audience at a lower cost.

5V. OperationsMarketPlace's decision to outsource much of its order processing, fulfillment, and customer service functions in 2001 has proven beneficial. The management of its relationship with A-Three, the distribution services provider, initially consumed significant management resources, but now provides a stable base on which to grow.

The major advantage of outsourcing operations is in having access to a better and bigger phone system and specialized hardware and software. When MarketPlace was managing its own fulfillment we had just three phone lines and there were many complaints that customers were kept on hold too long during the peak catalog periods. A-Three currently has 10 phone lines and can expand fairly quickly. In 2002, they invested in a new server and Ecometry, one of the leading catalog fulfillment software programs available. Transferring the hosting of the MarketPlace website to the A-Three server has improved customer service. Since the website is now tied to inventory, this move has eliminated many of the regret letters that had to be sent when customers ordered something that was out of stock.

This new arrangement also keeps customers more informed and allows us to put on the website, items which have very low stock. SHARE's operations in India are stable and developing with the expansion of its board and inclusion of persons with business and marketing experience. The three-year quality management training program which started in 1999 was administered by Malcolm Guy of EQ Management and supported by funding provided by the Department for International Development of the British Government. This program, in addition to our own constant evaluation of systems and attention to developing management capacity, has resulted in an efficient and smooth handling of MarketPlace orders. 6VI. Strategic Capital Campaign MarketPlace intends to raise \$500, 000 in a Strategic Capital Campaign in support of its growth objectives.

Incremental spending will support the extension of the organization's leadership position in fair trade apparel and its repositioning for higher rates

of revenue growth. This amount is intended to provide it adequate resources to fund an increase in operating budget through year-end 2006, with revenue growth exceeding the growth rate in spending. Resources raised in a Strategic Capital Campaign will be dedicated to the following:

- (1)•Increased Marketing to Historical Customer Base: MarketPlace intends to increase the breadth of its product line and engage in targeted marketing campaigns to its historical customer base. Exceptional rates of repeat purchases provide MarketPlace an opportunity to increase revenues associated with past customers on the basis of limited up-front investment.
- (2)•Increased Catalog Prospecting: MarketPlace will increase its investment in catalog prospecting to its target demographic audience.

MarketPlace has identified direct marketing vendors that are able to drive increased investment in prospecting to this market segment, and MarketPlace believes that returns on this investment will be strongly positive, especially if repeat purchase patterns of new customers are consistent with its historical customer base. (3)•Personnel: MarketPlace will hire consultants and then add a senior-level marketing professional with experience in apparel, merchandising, or other related fields, to its management team. This individual will have significant responsibilities related to the development of the 2006/2007 marketing plans and the achievement of the objectives outlined above. MarketPlace intends to add this individual to its team by the end of 3Q2005. (4)•Product-Design Resources: MarketPlace will extend its investment in design to bring the skills of the artisans to the market. Design is the basis of MarketPlace's

competitive advantage, and MarketPlace will access design resources through a corporate alliance and/or the addition of staff in India and the US.

MarketPlace needs to have this design resource in place by the end of 1Q2005 to influence the marketing objectives. (5)•Direct marketing: MarketPlace will commit increased resources to its integrated marketing approach. This increase in marketing spending will commence in early 2005 on the basis of available funds. 6)•Organizational: MarketPlace will invest in counsel on legal and tax issues related to its organizational structure and tax-exempt status. MarketPlace intends to significantly accelerate its revenue growth rates in the 2- to 3-year timeframe, which requires that it improve its access to permanent capital to support growth. In order to achieve access to capital beyond that raised in the Strategic Capital Campaign, MarketPlace will assess options related to the incorporation of an affiliate on a for-profit basis.

(6) VII. Budget •MarketPlace plans an increase in sales of \$394, 000 in 2005, \$1, 720, 000 in 2006 and \$1, 000, 000 in 2007. MarketPlace's goal is to take every dollar invested in the Strategic Capital Campaign and translate that into at least three dollars worth of revenues. This will allow MarketPlace to achieve critical mass, to leverage their current operations and to move toward sustainable growth. •Design and Marketing costs will increase to generate these additional revenues. •Product costs percentages are maintained in keeping with the mission ensuring that the artisans are at the core of the growth of MarketPlace.



**MANAGEMENT TEAM BIOGRAPHIES** Pushpika Freitas, MarketPlace's President and Executive Director, graduated from DePaul University, Chicago with a master's degree in Sociology. Upon her return to India in 1980, she founded SHARE (Support the Handicapped's Rehabilitation Effort) in Mumbai, and she later founded MarketPlace: Handwork of India in Chicago in 1986. Although she does not have formal training in design, she inherited a keen eye from her artist father. Pushpika also understood the need to develop the organizational resources of MarketPlace and has surrounded herself with strong advisors on the board with experience in finance, design and legal structure. Pushpika has been responsible for growing and managing all aspects of MarketPlace.

Lalita Monteiro, MarketPlace's Vice-President, graduated from the University of Mumbai with a Bachelor's in Science and initially pursued a career in Computer Science. Lalita co-founded SHARE in Mumbai and is currently responsible for communication with and coordination of production and design of the artisan groups in India. Kimberly German, Marketing Manager, Wholesale, graduated from International University, Germany with an MBA and has extensive experience in sales. She currently is responsible for managing and growing the wholesale operations of MarketPlace. Melinda Snyder, Marketing Manager, Community Marketing, graduated from Kansas State University with a Bachelors degree in Apparel Marketing and Design.

Melinda is responsible for developing relationships with customers and community and religious groups with the goal of organizing local sale events.

**8BOARD OF DIRECTORS BIOGRAPHIES** Paul H. Boesen is Managing Director of a higher education consulting firm, InterEd, Inc. His background includes

experience in private equity and investment banking with Goldman Sachs Group in New York, Frankfurt, and Singapore, and his consulting practice addresses strategic planning and market development activities of both for-profit and non-profit colleges and universities. Mr. Boesen joined the Board of MarketPlace in early 2004.

Mr. Boesen has a B. A. and M. A.

in Asian Studies from the University of Michigan and graduated with honors from Harvard Law School in 1998. Daniel M. Feeney is a partner with the Chicago law firm Miller Shakman & Hamilton LLP. Mr. Feeney has a B. A.

from DePaul University and graduated with honors from the University of Michigan Law School in 1994. He has represented business entities, both profit and non-profit, government bodies and individuals in an array of legal matters. Mr. Feeney joined the Board of MarketPlace in 2003. He also sits on the board of the Chicago Youth Centers Metropolitan Association. Indira Johnson is Founder and Artistic director, Shanti Foundation, a not for profit organization whose mission is to promote nonviolence through the arts.

She has exhibited nationally and internationally and has initiated public art projects in India and the United States. She is the recipient of numerous awards, including the 1997 Governor's Award for the Arts. Sharon Wallace studied Asian history at Oberlin College for a BA, and continued graduate studies at the U. of Chicago and U. of Wisconsin in social science and anthropology. Her doctoral field work in India concerned the commercialization of traditional arts.

Suzanne Weiss has more than 20 years of experience in marketing strategy and implementation, much of it with start-up ventures. Currently, she a Senior Lecturer at Illinois Institute of Technology's Stuart Graduate School of Business and also consults with a broad array of for-profit and not-for-profit organizations. Ms. Weiss has a B. A.

from the University of Rochester and an M. B. A. in marketing and statistics from the University of Chicago.