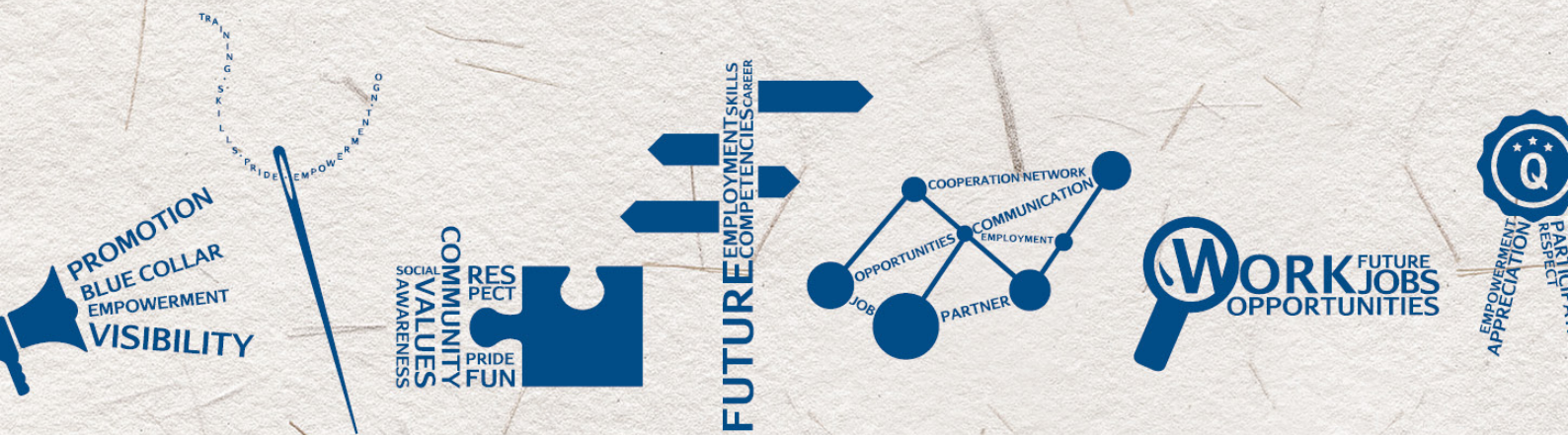




6.4 HOW TO SUCCESSFULLY PLACE HANDICRAFT PRODUCTS ON THE MARKET



HOW TO SUCCESSFULLY PLACE HANDICRAFT PRODUCTS ON THE MARKET



What Is It Useful For

This tool helps to explore ways how to best sell handicraft products in Egypt and abroad. It will help to **better understand the customers** and to find the best ways where and how to sell the products, at which price and how to promote the products. The tool should be implemented jointly with [tool 6.3 \(product design\)](#) to further increase chances for successfully selling the products.



When To Use

The tool can be applied if a community / women are willing to earn money through home work, but do not yet have an idea how and where to sell their products and at which price.



How Long Does It Take

Approx. 2 months for development of marketing instruments



What Is Needed

- Handicraft marketing expert
- Financial and human resources for travel to conclude sales partnerships



Examples

The approach has been successfully applied in the handicraft textile sector in Fayoum, Sinai as well as in Greater Cairo. Tools 6.1 – 6.4 might also be applied in other sectors, where the required work fulfils the following criteria:

- Allows for homework at local level
- Has a culturally acceptable image
- Is already known to a certain extent to the local community
- Requires relatively low investment costs for required resources
- Requires low to medium level of technical skills, which can be acquired rather easily

TRAINING SKILLS. PRIDE. EMPOWERMENT. ORGANIZATION



WHAT TO DO

In order to achieve the above mentioned objectives, the following steps should be undertaken:

1

IDENTIFY A HANDICRAFT MARKETING EXPERT

A highly motivated handicraft marketing expert needs to be identified (see also [tool 6.3](#)). S/he should accompany the product development process with regard to its **chances to be sold on the target market** later on.

Ideally, s/he should dispose of a **network** including relevant customers / markets / distribution channels (at local level, in bigger Egyptian cities incl. Cairo and – if applicable - the international level), but at least a **sound knowledge and understanding** of the market and customer expectations. S/he should also be respected by the key players and have strong sales skills.

Suitable handicraft marketing experts can be identified through NGO networks, local activists, local administrations, project reports and records of trainings / events of relevant development projects etc.

Ideally, the handicraft marketing expert should work on a **voluntary basis**, which would keep overall costs low.

2

BETTER UNDERSTAND THE MARKET FOR HANDICRAFT PRODUCTS

As a starting point, it is recommended to **check which products are currently sold** in the target area (for example in Cairo) through which shops, in which area, at which price, with which design and level of quality.

This helps to get an **overview of the following key information:**

- Kind of **products** that are already sold successfully
- Level of **quality** is offered in different **price** categories
- **Designs** used (traditional versus modern)
- **Materials** used
- **Customers** (Egyptian, expatriates, tourists, etc.)
- **Location** of shops
- **Prices**
- **Selling conditions** (e.g. commission basis, direct order)

3

DEVELOPMENT OF PROMOTION MATERIAL

Promotional materials need to be developed for the **presentation of the products** and initiative to shops, partners and customers.

This should at least include: **logo, name and a leaflet**. Among others, the materials should reflect the uniqueness of the product and the background of the community initiative. This will lead to a more emotional purchasing decision on the side of the customer.

If feasible, in addition an **internet-based marketing approach** can be useful, including a website and / or a social media channel (such as Facebook).

4

FIND OUT SUITABLE SHOPS AND EVENTS WHERE PRODUCTS CAN BE SOLD

There is a wide range of shops and events in Egypt that operate with **different models** in terms of product development, pricing and selling. In general, there is a **high interest in products which are well-made and of a high quality and with a modern design**.

In the **following tables** ([see below](#)), **suitable options** have been summarised, with **advantages** (PRO) and disadvantages (CONTRA) for the community, and recommendations.

Based upon these tables, it will be important that the marketing expert – ideally supported by his network – **contacts the owners** of the most suitable shops / organisers of bazars. S/he can then explain the community project and explore if the **products can be sold** through this shop / event, at which conditions and prices. It will be very important to clearly understand **under which conditions** products can be sold, how much the shop would like to receive for each product sold etc.



WHAT TO DO

In order to achieve the above mentioned objectives, the following steps should be undertaken:



6

SET THE MOST SUITABLE PRICE FOR THE PRODUCT

It will be important to set a price for the handicraft products which will cover the costs and is **acceptable for the customer**, whilst still creating a profit.

The results of the market research (see step 2 and 4) will provide a better overview of the level of prices for which kind of product in which level of quality. This is an excellent orientation for the **end price**.

At the same time, a calculation has to be made for the **costs related to each single handicraft product**, including remuneration for the women, raw materials used, any marketing costs etc.

In addition, some **shops will ask for a fee / percentage on the end price** for their service to sell the handicraft through their shop. This needs to be taken into consideration as well.

7

CONCLUDE AGREEMENTS WITH INTERESTED AND MOST PROMISING SHOPS AND / OR PARTNERS

In order to establish reliable and long-term business partnerships with shops, wholesale partners, tourist companies or other partners, it is recommended to **summarise the outcomes of your agreement in written form**.

This will help to **clarify** each partner's positions, and will help to **document** the most important agreements.

5

SUMMARISE FINDINGS AND CHOSE MOST SUITABLE DISTRIBUTION CHANNELS

Based upon the main findings of step 2 and 4, a **decision** has to be taken on which products to sell through which shops and / or events. The key decision criteria are certainly **successful discussions with shops / event organisers** that showed a clear interest in selling the handicraft products of the community.

It can also be recommendable to think of a **step-by-step approach** (see also step 8):

- In a first step, **sample products could be sold at bazars** to test the market and customer reaction on the design and quality.
- Based upon this test and the reactions, the **products could be improved**.
- The **final product can then be presented to shops** for further selling.

In any case, the main findings and options should also be **discussed with the community**, as the decision for an option will ultimately also affect the level of income, the number of products to be produced, the level of quality (which also has an influence on the duration of training) etc.



WHAT TO DO

In order to achieve the above mentioned objectives, the following steps should be undertaken:

8

TEST THE PRODUCT AT FAIRS / BAZARS

As recommended in step 5, it might be a good idea to **first test sample products** in an environment which helps to better understand the opinion of the customer on the product.

The **customers' reaction on the quality, design and price** can help to further improve the product and will considerably raise chances to sell the product later on.

In general, a fair / bazar should be chosen where the **target customer** will be present. In addition, the **project manager and / or the handicraft marketing expert** should be present and should actively ask the visitors about their opinion of the products. If available, marketing materials (such as **leaflets**, see step 3) can be used to already spread the information about the project.

The key findings should be summarised and **presented to the community** and can be used to further improve the products.



9

DOCUMENT DECISIONS IN A BUSINESS PLAN

In addition, it can be helpful to summarise the approach in a **project business plan**.

It helps to discuss, decide and document important decisions in the following areas:

- **Objective** of the overall project
- Which **steps and activities** are required in the next 2-3 years to achieve the goal?
- **Marketing and distribution** (Through which shops / events should the products be sold? Which promotional materials/ leaflets are being developed and used? Which skills do we still need, or who can we ask for help?)
- **Price calculation** for the handicraft product (price of required raw material, remuneration for the handicraft producers, costs for marketing and distribution, other equipment etc.)
- What is the **production capacity and timeframe** for high quality products and reliable delivery times?
- Which **financial investment** is required? Which **sources of funding** are available?
- Model for **income generation, modalities for payment of producers and profit distribution** within the community
- **Legal set-up** of the initiative (based on legal counselling, in the annex an [overview of the key characteristics of selected legal set-up options](#) is provided)
- What are **critical risks** of the project? What can be done to avoid them?

This business plan could also be **presented to potential investors** and is an additional sign of seriousness.



WHAT TO OBSERVE

The following lessons learnt should be observed:



Exploring the most promising market strategy might require time and resources, but is **absolutely essential** in order to successfully sell the products later on.

The women and / or the overall **community should consent** with the decision for the most appropriate market access strategy, as this will have an impact on the number of products to be produced, the level of quality, the income and the duration of the training.

Be aware of the fact that some shops / resellers / partners might only take products on a **commission base**. This would imply that payment to the community is only done once the product has been sold successfully.

Ideally, the **handicraft marketing expert should have a network** which considerably eases the access to shops, event organisers, tourist tour operators etc. and also lowers travel costs, in particular outside Egypt.

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OPTION TABLES FOR STEP 4 (TOOL 6.4)

<p>Option 1 Handicraft Companies in Egypt with Own Production Workshops</p> <p>Handicraft shops / centres which sell products that they designed and that are produced in their own workshops.</p>	ADVANTAGES	DISADVANTAGES
	<ul style="list-style-type: none"> • The managers of the shop / centre would take over training, design and marketing responsibility • Risk of selling products is at the side of the handicraft shop / centre 	<ul style="list-style-type: none"> • Less independence for the community for product design, price, marketing and number of products to be produced • Lower income per piece produced
	<p>RECOMMENDATION</p> <p>Explore whether they would be interested to include the community project as a new product line and under which conditions.</p>	

<p>Option 2 Handicraft Shops / Centres in Egypt that Sell on Consignment / Commission Base</p> <p>Handicraft shops / centres where payment to the producer is only done once the product has been sold (consignment / commission base).</p>	ADVANTAGES	DISADVANTAGES
	<ul style="list-style-type: none"> • Managers of the shop / centre would take over marketing responsibility • Higher income per piece produced than in option 1 • Managers might be easier to convince to sell the community product as there is no risk for the shop / centre 	<ul style="list-style-type: none"> • Risk of selling products is at the side of the community • No control when the product will be sold and when it gets paid • Full design and product development risk at community side
	<p>RECOMMENDATION</p> <p>Use such shops to test the market and the product price. This would mean to convince the shop / centre to include the products and then observe carefully how many products have been sold at which price. This can help to adjust the market strategy.</p>	

<p>Option 3 Collaborate with Handicraft Shops / Centres in Egypt for Choice of Product and Design</p> <p>Handicraft shops / centres which are highly interested in products which help to keep old Egyptian handicraft traditions alive, that cannot yet be found everywhere.</p>	ADVANTAGES	DISADVANTAGES
	<ul style="list-style-type: none"> • Managers of the shop / centre would help with their excellent market knowledge to find the best product which has high chances to sell later on • Managers of the shop / centre would take over marketing responsibility 	<ul style="list-style-type: none"> • Less independence for the community for product design, price and marketing
	<p>RECOMMENDATION</p> <p>It might be an interesting option to explore with such shops / centres which kind of product could be of particular interest for them and for customers and to focus on such handicraft products.</p>	

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OPTION TABLES FOR STEP 4 (TOOL 6.4)

<p>Option 4 Bazars in Egypt</p> <p>Handicraft bazars organised a few times per year, mainly in Cairo.</p>	<p style="text-align: center;">ADVANTAGES</p> <ul style="list-style-type: none"> • Bazars are usually highly frequented, and visitors are willing to buy. • At the same time, a direct exchange with the customer is possible, which can give a feedback on the design, quality and price. • Can be an excellent opportunity to test the new products and see how many can be sold at which price. 	<p style="text-align: center;">DISADVANTAGES</p> <ul style="list-style-type: none"> • Bazars usually only take place a few times per year, which does not allow for continued selling of products.
<p style="text-align: center;">RECOMMENDATION</p> <p>Bazar might be an interesting option to test new products, get feedback from the customers on the quality, design and price. At the same time, it can be used to sell a high number of products within short periods of time.</p>		
<p>Option 5 Cooperate with Companies that Work with Tourists in Egypt</p> <p>Sell handicraft products to tourists, in collaboration with tourism companies</p>	<p style="text-align: center;">ADVANTAGES</p> <ul style="list-style-type: none"> • Tourists are usually highly interested to buy good quality and attractive handicraft products, which they can easily carry home. • In particular tourists that are on round-trips outside the tourist hotel zones are usually interested to support local communities and invest into their future. 	<p style="text-align: center;">DISADVANTAGES</p> <ul style="list-style-type: none"> • Depending on the form of collaboration with the tourism companies, communities might be less involved in product design / distribution / price schemes / marketing etc.
<p style="text-align: center;">RECOMMENDATION</p> <p>It is recommended to contact such companies that organise trips to places of interest nearby the local community. One idea could be that the tourists visit the local community on the production site, to show how the products are being made, and to offer buying the products afterwards in a small shop.</p>		

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OPTION TABLES FOR STEP 4 (TOOL 6.4)

**Option 6
Shops / Partners / Wholesale
Companies for Sales Outside Egypt,
i.e. in Europe / USA**

Shops / Partners / Wholesale companies that sell handicraft products outside Egypt.

ADVANTAGES

- Usually, selling outside Egypt would mean that more products can be sold through a higher number of shops.
- Depending on the distribution model and the number of partners / resellers involved, selling outside Egypt might result in higher income for the community.
- If the product selling is done through a partner (wholesale company), he would be in charge of marketing, product pricing etc.

DISADVANTAGES

- In general, a comparably higher effort / excellent reliable partnerships are required to enter such markets.
- Selling more products will also require constant production of a higher number of products in constant high quality.
- Selling abroad usually implies highest standards of quality, which need to be maintained for each single product.

RECOMMENDATION

It is recommended to contact well established wholesale companies and explore whether the product has a chance to be sold outside Egypt or not. Another option can be that if the project manager has a good network of shops / wholesale partners in Europe, s/he can explore whether these products also can be sold there. Internet-based handicraft portals might be as well an option.