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Making a World of Difference

# **Agricultural Cooperative Development International**

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## **Consultancy Report**

### ***Marketing Cooperative Handicrafts***

### **Cooperative Development Project**

Cooperatvive Agreement No. HNE-0159-1-00-2050-00

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ASSIGNMENT OVERVIEW

April - May 1994

- 4/28 - Arrive in Jerusalem at 5:30 p.m.
- 4/29 - Office orientation and scope of work review - Rex Shultz and Nahad Judeah.
  - Visit cloth factory to discuss quality of cloth used in embroidery and cross-stitch crafts.
- 4/30 - Visit inner city (Jerusalem) to inspect craft products and pricing in shops.
- 5/01 - Visit inner city (Jerusalem) to inspect craft products and pricing in shops.
- 5/02 - Jenin Women's Coop: Firial Ahu Farha, Chairwoman, Nuha, Manager. Accompanied by Nuhad, Bill Greenwood and Bob Rosengreen.
  - Afternoon in CDP office discussing old reports on coops and getting further background.
- 5/03 - Craftaid: Carol Morton - Visit to retail stores selling products from local women's coops.
  - Menonite Central Committee been operating 20 years in Jerusalem; MCC established Surif Coop.
- 5/04 - Qalandia Camp Coop: Fatnet Jibril, Chairwoman. Big daycare center and craft skills training center. Returned to hotel at 1:00 p.m. with 24 hr. flu
- 5/05 - Surif Women's Coop: Zena El Akel, Manager; Suad Abed, Chairwoman.
- 5/06 - Holyland Handicraft Coop: Jamael Salamel, Manager; Yunan Qumsick, Chairman. Men's coop specializing in olive wood and mother of pearl products.
- 5/07 - In'ash El-Usra Society: One of the largest and most comprehensive charitable societies; \$650,000 in cloth products inventory.
- 5/08 - Free day: Trip to the Dead Sea and Masada.
- 5/09 - Beit Jala Child Care Society.
- 5/10 - Gaza: Rex Shultz, Bill Greenwood, Joseph to review a survey conducted for CDP by Mona El-Saraf, of coops, groups, and individuals engaged in entrepreneurial activities in Gaza.
- 5/11 - Depart early morning.

SOME MAJOR PROBLEMS  
IN  
MARKETING COOPERATIVE HANDCRAFTS

1. There is much "vested interest" by so many players that it will be hard to make the significant changes which are needed for effective market development.
2. Marketing by most of the coops is reactive rather than proactive.
3. There is little customer input because there is little market analysis.
4. There is too much dependence on MCC and St. Andrews as major outlets for coops' products.
5. Poor quality control is observed at **ALL** levels.
6. Few promotional activities exist.
7. There is limited product variety and diversity.
8. The local market is flooded with the products which the coops are continuing to produce.
9. Taxes are prohibitive.
10. Sourcing for supplies is very weak.
11. The members of the coops must "buy-in" to the ownership of the organization and invest in it, even if it is just sweat equity.
12. There must be a standardization of product lines in design, size, colors, product identification and coding systems, etc.
13. CDP does not have the human resources, and probably not enough monetary resources, to undertake the major marketing program which is needed.

## NARRATIVE

On the first day of my arrival at the CDP office, it was agreed that the scope of my work would be expanded from making an evaluation of just Surif Coop to an overall evaluation of the craft organizations which CDP is assisting. In order to accomplish this, I daily met with women's organizations engaged in income generation and charitable activities throughout the West Bank. On nearly every occasion I was accompanied by Nuhad Judeah who is CDP's staff member who has been networking with and training many of the visited groups.

At every site the board chairwoman, the managers, and the various members were open and gracious in answering financial, structural, and programmatic questions. I believe this was a result of CDP's excellent collaborative and networking skills in dealing with the various groups.

During my visits to cooperatives and charitable organizations, it was evident that more time and effort must be devoted to focusing on product design and development and on marketing in order to make the economic development projects meaningful and self-sustaining. By doing so, sales will increase and individuals will begin earning substantial incomes. This will cause CDP's clients to become more motivated to improve their quality, "buy into" the training, upgrade their products, improve organizational skills and capacity, etc. Only through experiencing economic benefits will what CDP is trying to do become meaningful to the Palestinian women.

CDP currently is refocusing its agenda in order to address the present short-term and long-term needs of its clients. In doing so, CDP's chief administrator is seeking to insure that the projects CDP is assisting are building toward sustainability and scale.

If one were to set forth a classical case that would focus on the factors which would constrain business activity and development, the situation in the West Bank would be a good model. As has been well documented by past reports done for CDP, there are many business inhibitors present such as travel restrictions outside and inside the area, oppressive governmental business regulatory control, import and export restrictions, extremely high taxation rates, lack of market research and advertising, cultural restrictions on the labor force, low education level of the labor force, few business skills of workers and managers, lack of knowledge about cooperatives and other business structures, little individual savings for capitalization, etc.

CDP has been giving startup and organizational capacity building training to its clients; however, because of the forementioned and other inhibiting factors, the marketing skills, including product design and product development skills, have not kept pace with the production capacity of all CDP's clients and of every other sales driven organization which I visited. Most organizations are sitting on mounds of unmarketable inventory due to poor quality, poor finishing techniques, inappropriate colors and color combinations, outdated designs, limited product variety, low product visibility at often inaccessible sales area, no promotion, little customer feedback, little market analysis, etc.

Since the focus of CDP's activities is to foster income generation through production of a product or service, it is obvious that a product or service must be marketed. For the handcraft activities, individuals have been trained in production skills and organizational skills; however, the organizations must be able to sell their products at a high enough volume in order for them to fulfill their potentials of enabling their members to gain substantial supplemental or full-time incomes. Once this increase in sales occurs, many of the organizations' other problems will be modified or will cease to exist creating improved member commitments, increased board of director control, enforced quality control, enhanced member self-esteem and self-confidence.

Marketing assistance is critically and urgently needed so that CDP's clients will be able to progress and so that CDP will improve its credibility. In order to provide such assistance it is firmly believed that CDP must take the leadership role in the creation of a Marketing Assistance Program (MAP).

MAP should act as the marketing agent for cooperatives and other organizations engaged in income generation for their members. MAP would comprehensively lead and oversee marketing efforts from design creation to bulk buying of supplies, from retail outlet activities to wholesale activities. MAP would be a proactive marketer. By having MAP's services available to all Palestinian women's organizations which fall within the inclusion guidelines, all groups would have fair access to services provided and would be able to progress at their own desired rate. MAP would have the following components:

Component One - Training. CDP has provided a variety of training which fits the needs of its clients. Much organizational capacity building was undertaken but too many of the coops have not followed some key concepts they have been taught. This has been due in part to the fact that the coops have not had the economic impact which was anticipated; therefore, some of the business and organizational principles have not been fully implemented.

CDP should continue to offer the kinds of training it has been providing; however, the marketing assistance and training which are described in the following components should be the primary focus.

Component Two - Supplies Bank. A materials storehouse is needed so that supplies of consistent quality and at wholesale price can be bought by the various organizations. By providing quality supplies, the quality of the finished products will be improved. By providing wholesale, bulk-bought supplies, the production costs for the producers can be cut and the producers will be able to earn more profit. Also, by having an

inventory of supplies, many producer groups which presently have poor sourcing capabilities will have consistent access to supplies which is crucial when meeting production deadlines and when fulfilling orders for multiples of products for wholesaling.

Component Three - Design and Product Development. The weakest area overall for all groups is in design and product development. Managers and workers are willing to try making new products, but they lack training in basic design areas such as colors mixing for the contemporary marketplace, upscaling designs, familiarity with products outside their local areas, product development, or designing for specific market segments.

Component Four - Coordinated Marketing. A thorough, coordinated marketing plan must be developed after a market analysis has been synthesized incorporating retail, wholesale, export, and short-term contracts. Special attention should be given to opening a retail outlet in a visible and tourist accessible location in Jerusalem. With several million annual tourists going to the holy city, there is a ready market for handcrafts. Very quickly such an outlet would become known for its quality products at fair prices. Special orders could be taken for such products as clothing, personalized items, and other customer service oriented products for which the buyer readily will pay high premiums. Other services should include packing and export shipping.

The major thrust for this component will be ongoing market analysis and guidance of the design component for product design and new product lines. As with any product marketing business about 20% new products must be designed per year in order to be market-responsive and just to stay abreast of the competition. Design is critical, and it must be reality-based on a sound understanding of current marketplace trends.

Component Five - Advocacy Role. At present there is no strong advocate for all the women's organizations engaged in income generation from handcrafts. Some entity needs to fill the void in order to exert some clout in legal, political, and governmental areas on behalf of these organizations who presently do not have the trained leadership, the expertise, nor the established networking to undertake such an effort. CDP could fulfill such a role.

In order to carry the Marketing Assistance Program to its logical conclusion and in order eventually to institutionalize MAP, CDP should facilitate the creation of a Palestinian Folk Art Center. During the startup years of the center, CDP would operate MAP then slowly integrate it into the center's activities with CDP retaining as much control as it would deem beneficial to its goals.

The Folk Art Center would have a variety of functions. The center would be showplace for Palestinian heritage and a focal point which would draw tourists. Ongoing demonstrations by artisans would enhance the image of the center and would be a great self-esteem builder for Palestinian artisans.

Included in the center should be a well stocked retail shop which would offer for sale quality products for established, fair prices. Products should range from the traditional, ethnically-oriented to contemporary, wide-market appeal pieces. Product variety should consist of sewn, wooden, metal, clay, and other items which would fit the center's retail shop's buying guidelines.

The retail shop would serve as major test market in performing sales analysis and as an indicator for potential product design and development. By artisans being able to observe how product development ties into marketability, the center also would help the producers to better understand the interdependencies of the marketplace and the importance of the decisions they make concerning color choice, the quality of their supplies, prices of their supplies, product finishing touches, etc.

Because the center would be a major income generator for many craft organizations and individuals, the training organizations and artisans would be affected economically, and quickly would learn and apply the quality control lessons and the marketability lessons learned from making sales or not making sales.

The center's marketing department would be the logical organization to act as the major wholesale distributor for Palestinian crafts. Marketing efforts by the center would include producing catalogs, selling at major European and U.S. wholesale gift marts, developing traveling exhibitions, and creating promotional materials which would help tourists and other buyers locate artisans in the West Bank and Gaza Strip.

CDP has the opportunity to phase in any parts of the forementioned as it has the time and resources to do so. However, whatever CDP chooses to do, it must provide the leadership role and must implement activities which should have as their goal to provide meaningful, consistent levels of income generation for individuals who have few other options. The end result must be sustainable and have scale.