

# Annex 1

## Questionnaire

(Minor editing only of punctuation and spelling carried out)

### For Individual Producer

1. Name:
2. Age:
3. Sex:
4. Locality:
5. Family Status:
  - Married/Unmarried
  - Nuclear/Joint family
6. Literacy Status:
7. Main Occupation:
8. Years of engagement in craft production (commercial)
9. Nature of working hours: full time, part time, occasional, seasonal
10. Type of product:
11. Where did you learn the skill?
12. Date you commenced marketing of craft:
13. When did you join the group/club/NGO/FTG?
14. How did you come to know about the group/FTG?
15. Are you self sufficient in food production?  
If no, how do you solve the problem of food deficit? Is the income from selling crafts used to purchase food?
16. What was the level of income from craft work before you joined the group/FTG?
17. Where were you selling your products before you sold to group/FTG?
18. Have you ever sold your products to others apart from the group/FTG? If yes, how do you sell your products?

- local contractor comes to purchase?
  - products are sold to the local market?
  - You deliver to the group/club to resell in Kathmandu/export?
19. Have you noticed a rise in income after you started marketing through the group/FTG? If so what do you think the reasons are?
- due to increase in orders
  - due to higher/reasonable prices received
  - due to additional incentives/bonuses received
  - due to continuous work
  - others, please specify
20. How do you spend your income from crafts?
21. Have you ever taken loans for your daily needs or craft production?
22. Were you able to pay back the loan through craft production?
23. After you started selling through the group/FTG did you get advance payments to buy raw materials?
24. How often have you been paid for your products before/after joining the group/FTG?
25. How far away is your group/club?
26. Who does the selling?
- yourself
  - your husband
  - wife
  - family
27. What is the sales' trend? decreasing/increasing ?
- If it is decreasing what is the reason?  
production problems, technical problems, over production, rejection due to bad quality, design, lack of orders, if others, please specify
  - If it is increasing, why ?
28. What major problems are you facing in marketing your products?
- transport
  - unfair means of buying and purchasing (low prices)
  - credit not recovered
  - quality - lack of skill - lack of information
  - design not up to the mark
  - raw materials not received on time
  - no liquidity to start production
  - others
29. Have you ever made an effort to solve a marketing problem?
30. Has any other organization/your club/group helped you to boost your market?
31. Do you meet with your colleagues to discuss marketing problems?
32. Do you also export?
33. How do you/your group decide on the following issues?
- purchase of raw materials
  - payment of wages

- new design development
- standard quality
- transport
- profit margin

34. Do you plan to become an entrepreneur?

35. Do you plan to expand production?

### **For Group/Organization**

1. Name of the Group/Organization:
2. Address:
3. Group/Organization Head:
4. Year of Establishment:
5. How was the organization founded or organized? Please describe briefly the organizational development in chronological order.
6. Is the organization/group government, semi-government, privately-owned, co-operative or NGO?
7. What are the objectives of the group?
8. Are you a trading organization/manufacturing organization?
9. How many employees/producers do you have?
10. What activities are undertaken by the group besides handicrafts?
11. Describe the business operation procedure.
12. What is your main product line?
13. How do you decide on the product line?
14. Who are your main clients?
15. What were your initial approaches to marketing? How did you formulate your marketing strategy? How do you rate its impact? Have you changed your original marketing plan? How was the original plan implemented?
16. What is your system of marketing?
17. Have your sales increased over the previous year?  
If yes, why do you think you are doing better?  
If no, what could be the cause for market failure?
18. Did you have to face any problems in executing your marketing plan? What are the major marketing problems you are facing at present?
19. Have you taken any steps to improve your marketing strategy?
20. How do you market your products at present?
21. What is your relationship like with producers and suppliers?
22. Do you do market research? How do you access market information, consumer behaviour, test, attitude, demand, etc?
23. What problems are you facing at the moment with regard to marketing?
24. What efforts have you made so far to tackle the problems?
25. What do you think of fair trade ethical marketing?
26. How do you distinguish yourself from other competitors? i.e., new product, quality, support service, late opening hours, weekend opening, low cost, discount, commission, link with travel agents, location?

27. Do you have any incentive schemes for your sales' staff?
28. What kind of relationship do you have with your competitors – commercial or institutional?
29. Have you done an impact study of your producers? If yes, what were the results?
30. Do you promote/help your producers to sell to other institutions besides yours?
31. Have you ever thought about possible areas in which you can work collectively in marketing with other institutions or do you think it should be confidential?
32. Who are your target consumers?
33. What is your distribution system?
34. What is your outlook towards environmental hazards in relation to your products?
35. Have you ever tried to ensure protection of the environment and examine the long-term impact of production of your products?
36. What is your relationship with the producers like? Do you have any problems with them?
37. Do you find there are common problems that you and your competitor face? Do you know about the Fair Trade Group Nepal?
38. Are you thinking of becoming a member of FTG Nepal?
39. What benefit do you see in joining Fair Trade Group Nepal?
40. Do you sell to FTG Nepal?
41. What is your opinion about collective marketing efforts?
42. Do you see possibilities of working jointly in marketing?

## **For Fair Trade Group Nepal Members**

### *I General Information*

1. Name of the Organization:
2. Address:
3. Contact Person:
4. Date of Establishment:
5. Objective of the Organization:
6. Nature of Business:
7. Type of Products :
8. Number of Retail Outlets:
9. Who are your main clients?
10. Goods exported to [other] countries:
11. What are your business operation procedures?  
producers, production, sales, purchases, etc
12. No. of employees/producers: at the beginning and at the present?
13. What other activities are undertaken by you besides handicrafts?
14. Are you self-sustainable?
15. Please briefly describe your organizational development in chronological order. How did it start and for what reasons is it successful?

## *II Marketing Strategy*

1. How was your original market strategy conceived? and what is it? Please briefly describe your original marketing plan and present plan in chronological order and development of the collective marketing concept.
2. Have you been able to implement the marketing strategies you developed successfully? If yes, can you give examples, if not, what are the reasons for failure?
3. What is the impact of your marketing strategies on business growth/decline?
4. Please give us your first year's sales and last three years' sales' figures.
5. What is your distribution channel?
6. What is your system for marketing finished goods locally?
7. What is your system of marketing finished goods for export?
8. Do you do market research locally and for export?
9. If yes, what is the procedure? How is the research information applied to achieve the expected goals?
10. What is your pricing policy?
11. Do you keep customers' profiles? How is information about customers used for market promotion?
12. Do you design your products for a certain market niche?
13. What is your product/design development strategy?
14. What are your plans for launching new products in the market place?
15. How do you launch promotional campaigns?
16. What marketing difficulties have you faced?
17. What attempt have you made to solve the problems?
18. How do you rate yourself in terms of successful marketing?
19. What are the reasons behind your success?

## *III Fair Trade*

1. What drove you to the development of [a] fair trade concept?
2. What impact has the fair trade movement had on your business and on the producers?
3. What were your expectations on joining Fair Trade Group Nepal?
4. Are your expectations being fulfilled?
5. As a founder member of the Fair Trade Group Nepal what are its real achievements?
6. Do you see any possibilities of cartel formation in the handicraft business?
7. What is your opinion about collective marketing prospects and needs?
8. What would you do to keep your organization competitive in the commercial environment?
9. What is the future of ethical marketing? Will the concept survive?  
What about eco-friendly products? What differences do you perceive between eco-friendly products and fair trade products?

## Annex 2

### List of Current Members of FTG Included in Chapter 5

| <b>Name</b>           | <b>Address</b>         | <b>Contact person</b>     |
|-----------------------|------------------------|---------------------------|
| ACP                   | Rabi Bhawan, Kathmandu | Ms. Meera Bhattarai       |
| JWDC                  | Kuwa, Janakpur         | Ms. Suman Shrestha        |
| KTS                   | Kumbheswor, Lalitpur   | Mr. Kiran B. Khadgi       |
| <i>Manushi</i>        | Gyaneswar, Kathmandu   | Ms. Padmasana Shakya      |
| <i>Mahaguthi</i>      | Man Bhawan, Lalitpur   | Mr. Surendra Shahi        |
| <i>Sana Hastakala</i> | Kopundole, Lalitpur    | Mr. Chandra Pd Kachhipati |
| WSDP                  | Srijanachowk, Pokhara  | Ms. Ramkali Khadka        |

## Annex 3

# Combined List of Producer Groups Affiliated to Members of Fair Trade Group, Nepal

| Producers' Organization           | No. of<br>Producers | Address       | Product Type         |
|-----------------------------------|---------------------|---------------|----------------------|
| <i>Allo Cloth Production Club</i> | 312                 | Sankhuwasabha | <i>Allo cloth</i>    |
| <i>Akal Bahadur</i>               | 2                   | Kathmandu     | Batik                |
| <i>Ankhisala Bamboo Work</i>      | 15                  | Dhankuta      | Bamboo work          |
| <i>A.J. Rajbhandari</i>           | 5                   | Baglung       | Flute                |
| <i>Asta Bahadur</i>               | 5                   | Kathmandu     | Paper maché          |
| <i>Bhaktapur Craft Printers</i>   | 140                 | Bhaktapur     | Handmade paper       |
| <i>Bhaktapur Topi</i>             | 5                   | Bhaktapur     | Woollen products     |
| <i>BB Shrestha</i>                | 1                   | Kathmandu     | Posters              |
| <i>Bungamati Wood Frame Work</i>  | 5                   | Bungamati     | Wood carving         |
| <i>Champa Sing Tamang</i>         | 8                   | Morang        | Bamboo work          |
| <i>Chandra Kala Subba</i>         | 14                  | Bhaktapur     | <i>Dhaka</i> weaving |
| <i>Cotton Crafts</i>              | 8                   | Lalitpur      | Cotton bags          |
| <i>Chandra Handicrafts</i>        | 10                  | Bhaktapur     | Cotton weaving       |
| <i>Chandeswori Shrestha</i>       | 3                   | Kathmandu     | Cotton sweaters      |
| <i>Dalit Sewa Sangh</i>           | 15                  | Kathmandu     | <i>Khukuri</i>       |
| <i>Dhruba Lal Tamrakar</i>        | 5                   | Lalitpur      | Brass work           |
| <i>Durga Devi Joshi</i>           | 2                   | Lalitpur      | Cotton <i>thaili</i> |
| <i>Dhundi Prasad Bhattachan</i>   | 6                   | Kathmandu     | <i>Pashmina</i>      |
| <i>Everest Fashion</i>            | 20                  | Lalitpur      | Hemp products        |
| <i>Falgun Sunwar</i>              | 6                   | Lalitpur      | Batik                |
| <i>Gongabu Weavers</i>            | 6                   | Kathmandu     | Cotton weaving       |
| <i>Green Tea Leaf Ind.</i>        | 1                   | Kathmandu     | Tea                  |



| Producers' Organization             | No. of Producers | Address     | Product Type          |
|-------------------------------------|------------------|-------------|-----------------------|
| Hand Metal Works                    | 3                | Lalitpur    | Metal work            |
| IG and TP of the Deaf               | 5                | Kathmandu   | Dresses               |
| IS Tailor Craft                     | 2                | Kathmandu   | Garments              |
| JWDC                                | 66               | Janakpur    | Mithila products      |
| <i>Jitgari Sahara Udoyg</i>         | 4                | Butwal      | Wood carving          |
| <i>Jagriti Dhaka Udoyg</i>          | 10               | Okhaldhunga | Dhaka products        |
| Kancha Shakya                       | 2                | Lalitpur    | Filigree              |
| Kayastha Crafts                     | 4                | Bhaktapur   | Traditional garments  |
| Kedar Palikhe                       | 1                | Pokhara     | Leaf cards            |
| Kunj Artistic Bead Works            | 4                | Kathmandu   | Bead work             |
| KTS                                 | 230              | Lalitpur    | Woollen knitwear      |
| Lokta Paper Craft                   | 15               | Lalitpur    | Nepali paper products |
| Mamata Subba                        | 10               | Bhaktapur   | Dhaka weaving         |
| Manushi Art & Crafts                | 140              | Kathmandu   | Tie and dye           |
| Mithila Women's Art Production      | 16               | Janakpur    | Maithali paintings    |
| Mangal Bamboo Crafts                | 3                | Pokhara     | Bamboo houses         |
| Model Ceramics                      | 8                | Bhaktapur   | Ceramics              |
| <i>Mangala Dhaka Craft Industry</i> | 10               | Kathmandu   | Dhaka weaving         |
| Nepali Hand-made paper              | 50               | Kathmandu   | Handmade paper        |
| Nepali Paper Products               | 110              | Kathmandu   | Handmade paper        |
| Nepal Craft Industry                | 5                | Kathmandu   | Horn and bone buttons |
| Nepal Tea                           | 2                | Kathmandu   | Tea                   |
| Nepalese Handloom Silk              | 15               | Kathmandu   | Handloom silk         |
| Nepalese Wood Craft Child Craft     | 30               | Lalitpur    | Wooden toys           |
| Nepali <i>Shilpakala Udhyog</i>     | 15               | Lalitpur    | Filigree              |
| Nepal Knot Craft Centre             | 15               | Lalitpur    | Knot craft            |
| Neera Vaidya                        | 2                | Kathmandu   | Knot craft            |
| Pagoda Handloom Industry            | 15               | Bhaktapur   | Cotton weaving        |
| Rajbhandari Crochet Craft           | 5                | Kathmandu   | Crochet craft         |
| Ritual Wood Art Gallery             | 6                | Bhaktapur   | Wood carving          |
| Rochak Knitwear                     | 25               | Kathmandu   | Woollen knitwear      |
| Rose Doll Industry                  | 3                | Bhaktapur   | Dolls                 |
| Radha Subba                         | 20               | Lalitpur    | Dhaka weaving         |
| Shanta Mount                        | 2                | Bhaktapur   | Photo mount           |
| Sangtang Women's Club               | 80               | Dhankuta    | Embroidery            |
| Shakya Art Craft                    | 5                | Lalitpur    | Filigree work         |
| Sky Women                           | 10               | Kathmandu   | Block printing        |
| Sushi <i>Hastakala</i>              | 10               | Kirtipur    | Dhaka weaving         |



| <b>Producers Organization</b>    | <b>No. of Producers</b> | <b>Address</b>   | <b>Product Type</b>           |
|----------------------------------|-------------------------|------------------|-------------------------------|
| Sashi <i>Dhaka</i> Weaving       | 10                      | Kathmandu        | <i>Dhaka</i> weaving          |
| Shiva Ram Rajbhandari            | 5                       | Dumre            | Metal craft                   |
| Terahthum <i>Dhaka</i> weave     | 25                      | Tehrathum        | <i>Dhaka</i> weaving          |
| Tulsi Mehar Ashram               | 5                       | Kathmandu        | Cloth                         |
| Women's Skill Dev. Project,      | 36                      | Pokhara          | Bags, dress                   |
| Women's Skill Development Centre | 45                      | Lalitpur         | Block-printed household items |
| Women's craft                    | 25                      | Lalitpur         | Block printed dresses         |
| ACP                              | 800                     | Throughout Nepal |                               |
| <b>Total</b>                     | <b>2,503</b>            |                  |                               |

## **Annex 4**

### **Definition of Fair Trade**

**(with minor editorial changes only)**

Definition of the fair trade principle and its code of conduct are conceived in different countries in different ways. The standards set by developed countries may not be realistic for developing and least-developed countries. FTG Nepal believes that they should be understood and experienced in the particular context of a country, embodying the basic principles but adapted according to the limitations imposed by prevailing economic conditions and sociocultural contexts. The Fair Trade Group Nepal has defined fair trade as follows (FTG Nepal, Dhulikhel Workshop, June 1995).

- Consumers are provided with a good quality, fairly-priced product that allows an acceptable margin of profit for the manufacturer, reseller, and intermediary organizations.
- The manufacturing business is producer focussed as well as market driven.
- Producers are paid a fair wage promptly, have flexible working hours, and are in a safe working environment.
- Producers are provided with raw materials or working capital in advance of production and use of indigenous raw materials is encouraged.
- Products are manufactured using environmentally friendly methods.
- Conditions of employment respect cultural and religious values.
- The rich cultural and artistic heritage of Nepali crafts is respected and encouraged.
- Profits are distributed among employees, producers, and entrepreneurs and are used to strengthen the organization.
- Transparency in trading relationships and costing methods and realistic profit expectations.
- There is a gender focus, encouraging the role of women in the decision-making process and avoiding the use of child labour.

## **Annex 5**

### **FTG Approaches to Collective Marketing Efforts (Conclusions of a Workshop)**

**(with minor editorial changes only)**

Aiming to improve the profile of FTG members and promote their products through domestic and export marketing, FTG has adopted several strategies over the last four years. These strategies, their impact, and situational analysis, as documented through the one-day workshop held at *Sana Hastakala* on 10/7/98, are as follow.

#### **Strategies Adopted in the Last Four Years**

- Produced corporate brochure and FTG promotional folder to contain individual members' literature for potential buyers and other relevant client groups.
- Conducted joint local trade fairs targeting foreign buyers, tourists, expatriates, INGOs, and economically well-off Nepalese.
- Collective advertising and promotion.
- Introduction of the new FTG (under one roof) logo to all FTG literature, stationery, and promotional materials.
- Contributed Fair Trade articles to appropriate media vehicles.
- Affixed Nepal 'Fair Trade' mark on approved products.
- Capitalised on group buying power in future negotiations with raw materials' suppliers
- Production sharing of excess orders of one member to remaining member organizations
- Information sharing on clients' visits
- Joint participation in the trade fair and exhibition
- Joint product development workshops, skill training, and seminars
- Consolidated shipment for the same client, making freight and other costs cheap for the buyers.

- Collective approach to donors for marketing support

*Note: SIPP provided stall costs for trade fair participation.*

### **Impact of the Present Collective Marketing Strategy over Four Years**

- Increased market share in ATO's market and long-term relationships build up new clients contacted Nepali Bazar, Shaplaneer, Daichi, Japan. CAA, Australia, OXFAM, Bridghead.
- Increased understanding about ethical marketing.
- Customers are well served and satisfied with the collective service, mainly in consolidation of shipments, timely delivery, swift information dissemination, and reduction in costs.

*Note: Consolidated shipments to CAA; Australia, OXFAM ;UK, RAM; Italy*

- Producers have become aware of the fair trade movement and professionalism has developed.
- Improved technology and quality, the dye training conducted by FTG Nepal has helped improve fastness of colours.
- Secretariat established and FTG developed as a vantage point through which analysis of problems and their solutions can be streamlined.
- Collective voice on international marketing, and relationship with IFAT and its members is becoming stronger.
- A decision has been made by IFAT to allow FTG Nepal to host the regional conference in Nepal. This will eventually help to strengthen relationships among the Asian producers and [to share] knowledge.

(This was held from 2-5<sup>th</sup> Nov. 98 in Kathmandu)

### **Situational Analysis**

The upheaval and changes in global business seen in recent years have forced many organizations to reshape their marketing strategies to create new markets. Many organizations have come to grief because of the adverse effect and impact of growing recession and due to failure to revamp their programmes. Mainly the regional competition among South Asian nations and other developing countries has left many countries in a dilemma in which technical and financial resources are not available and local markets are limited. It has become a major concern for importers from developed countries to comply with trade regulations on eco-friendly products and the need for quality products. As a result producers from the south have moved to strengthen their operations through collective efforts. To respond to changing markets, handicraft producers and organizations face formidable challenges because of limited resources and lack of organization. In the micro-enterprise sector, handicrafts face stiff hurdles since producers are informal, often self-employed, and lack resources and modern skills: and in addition they are scattered

and in addition they are scattered throughout the hills and remote areas and do not receive protection from labour laws. The development of collective marketing was instigated by external factors, but it has had a positive influence on producers. Future uncertainty, globalisation of markets (for example, possible removal of the quota system for clothing manufacturing by the year 2005) will force least developed nations to restructure their present marketing strategies and to make efforts to cope with challenges that demand collective strength.

It would be useful to examine the external environment and related problems while developing such a strategy.

### **Problems Related to the Policies of His Majesty's Government of Nepal**

- Lack of clear policy regarding NGO exporters-compulsory advance payments before export.
- It is difficult for small-scale producers to open letters of credit.
- Local taxes cause problems and there is [a problem of] a double tax system that is not yet solved.
- No encouragement for the production of handicrafts.
- The one window system is not implemented.
- It is often not ensured that the customs' office stamp matches the specimen in the importing country and this causes problems.
- No control over the import of raw material.
- Mishandling of products in the customs and [due to] the carelessness of government officials.

### **Competition**

There is stiff competition in prices and quality both external and internal. Regional competition with other like-minded organizations also exists.

### **Raw Materials**

Inconsistent supplies from India cause a problem and Nepal is dependent on imported raw material[s]. Indigenous and local resources should be mobilised and this needs survey and exploration.

### **International Law**

There is a growing concern for green products. Efforts should be made to comply with the demand—such as making azo free dyes for textiles and so on.

### **Customers**

- We often do not receive feedback from foreign customers in time.

- Sufficient preparation is not undertaken for the ATO market. The ATOs also buy products from commercial producers.
- We could not gain the trust of commercial buyers.

### ***Financial Resources***

- We could not participate in the international trade fair due to lack of financial resources.

### ***Technology***

- Lack of laboratory facilities in government institutions (i.e., dye/chemical tests, micron test for wool)
- Lack of efforts to introduce new technologies (silk spinning, twisting)

### **Collective Marketing Strategy To Be Adopted: Mission Statement**

To achieve the corporate mission of FTG Nepal, the marketing objective is regarded as the key factor. Its mission statement encourages FTG Nepal members to uphold and reinforce its marketing initiatives by capitalising on collective efforts and by making FTG a platform to discuss, analyse problems, and identify solutions through market promotion, information sharing, and transfer of technology and skills.

### ***Strategies***

- Promote the products of members of FTG Nepal and FTG itself through developing promotional materials (i.e., joint catalogues, brochures, members' profiles, audio visual aids and by entering information on web sites).
- Find opportunities to participate in international trade fairs and conduct national exhibitions and trade fairs and participate in such events jointly.
- Explore, source out, conduct surveys, collect, and analyse international and national marketing information and market trends and make available to FTG Nepal members by identifying the opportunities perceived.
- Advocate various export-related policy issues with the government when lobbying is necessary and conducive to encourage sound and simplified export policies.
- Identify and assess the needs of member organizations periodically and prepare action plans for collective solutions.
- Develop mechanisms to reduce import costs for overseas' buyers by facilitating consolidated shipments, minimising documentation, and bringing about reduced bank charges by allowing the transfer of consolidated payments.
- Open joint display rooms for members' products to be viewed by visiting buyers and information seekers.
- Organize national/international workshops and seminars to improve relationships with existing buyers and relevant organizations as well as to draw the attention of prospective buyers.

- Collect and provide information on advanced and appropriate technology to improve quality and to introduce new products.
- Develop supportive mechanisms to improve the production capabilities of member organizations through coordinated production sharing, technology improvement, supply of raw materials, and training on quality development.
- Promote and promulgate ethical marketing concepts and practices as tools for promotion of market products and FTG Nepal itself.
- Investigate and explore the opportunity to tap markets for new products and disseminate the information to member organizations. Coordinate joint production for such products when needed.
- Identify the existing problems related to raw materials, laboratory facilities, and so on in the handicraft industry and lobby the government to overcome such problems, i.e., by establishing laboratory facilities to test Azo dyes, to classify chemicals, and test the quality of imported raw materials.