



CLDP
COMMERCIAL LAW DEVELOPMENT PROGRAM



Export Marketing Toolkit for Artisan Enterprises



In collaboration with

by hand
consulting

MEPI

Funded by: The Middle East Partnership Initiative (MEPI) of the U.S. Department of State

Export Marketing Toolkit



Introduction

The purpose of this Export Marketing Toolkit is to equip artisan enterprises in the developing world with essential information to market their products effectively and increase sales with international wholesale and professional buyers. The toolkit will also provide government agencies in charge of handicraft export promotion with guidance on establishing training programs to help artisans meet the expectations of the international market.

While agriculture is the single largest employer in the developing world, the artisan sector is the second. It is part of a large global creative force equal to the fourth-largest economy in the world and the fourth-largest workforce. It is an estimated \$40 billion a year industry, including a \$10 billion import market in the US alone, just for gifts and home decor.

The handicraft sector is a potential powerful pathway out of poverty for millions of households in the developing world. It is essential for income distribution and job growth across socio-economic levels, in particular with respect to women who constitute up to 80% of the sector. It is also a significant vector of political and social stability as it employs many less educated people living in remote areas or economically precarious communities whose options would otherwise be limited.

Handicraft export numbers show impressive growth, but serious roadblocks remain that make it difficult for artisans to take full advantage of the unprecedented demand for their products. With potential buyers an ocean away, their efforts are often hindered by the lack of contacts, language barrier, informal and unstructured markets in which intermediaries operate with few, if any, contractual standards and somewhat complex permitting, shipping and customs procedures.

This toolkit is part of CLDP's handicraft export initiative which has been focusing on helping artisans in the Maghreb gain the business skills and technical knowledge they need to grow their operations and increase their exports.

How to use the Export Marketing Toolkit

The Export Marketing Toolkit is a resource for artisan enterprises, government agencies, export promotion programs, and business coaches.

The Export Marketing Toolkit helps artisan enterprises succeed in the global marketplace by:

- defining EXPORT STANDARDS to explain market expectations
- providing an EVALUATION to assess export capacity
- offering INFORMATION to strengthen export knowledge and readiness

The Export Marketing Toolkit consists of:

EXPORT STANDARDS: 10 standards an artisan enterprise prepared for the global market meets.

EVALUATION: Are You Ready to Export? Questions to determine an artisan enterprise's export capacity and identify areas for improvement.

EXPORT MARKETING Presentation Deck: A 100+ slide presentation and speaker notes to use in one-on-one coaching, workshops and webinars structured around the 10 export standards.

EXPORT MARKETING Handouts & Activities: Reference materials and exercises for an artisan enterprise to apply export market standards to their business.

The Export Marketing Toolkit was created by
ByHand Consulting in collaboration with CDLP.

ByHand Consulting is a US-based boutique consulting firm which creates marketing strategies to increase sales for global artisan enterprises, develops business coaching programs for social entrepreneurs, and forms sourcing partnerships to bring innovative handmade products to market.

www.byhandconsulting.com



Export Marketing Toolkit: Handouts & Activities



Export Standards

What does it mean to be “Export Ready”?

An artisan enterprise prepared for the global market meets the following Export Standards. An “export ready” artisan enterprise has:



A defined TARGET MARKET and understanding of their competitive positioning.

An artisan enterprise understands where their products are positioned in their target market in terms of price, quality, design and volume, and they understand what product categories they fit into. They have resources for researching trends and requirements in their target market.



An EXPORT CATALOGUE and appropriate marketing tools.

An artisan enterprise has a catalogue that presents its export product collection and export terms, and a website describing the enterprise; and social media accounts or other sales tools as appropriate based on target customers.



A defined TARGET CUSTOMER and understanding of their expectations.

An artisan enterprise defines their target customer in terms of distribution channel and type of company. They understand the universal expectations of all buyers and the specific requirements of their target customers.



An EXPORT LICENSE and documentation.

An artisan enterprise understands all the requirements for exporting and has the necessary licenses and export documentation.



A sellable EXPORT COLLECTION and a product development plan.

An artisan enterprise has a clearly defined export collection that meets the expectations of their target customer and a product development plan to continually create new designs and offers.



Access to SHIPPING services and materials

An artisan enterprise has access to shipping services and packing materials to ensure affordable and reliable international delivery of export orders.



A calculation of DISTRIBUTION COSTS to the end consumer.

An artisan enterprise can calculate the approximate end retail price of their product and understands the margin structure for their distribution channel.



Access to EXPORT FINANCING

An artisan enterprise has the ability to finance production of export orders and offers export payment terms that are appropriate for target customer.



A PRODUCTION PLAN

An artisan enterprise has a system for planning and managing production that maintains quality and ensures on-time delivery and accurately calculates the time to fulfill export orders.



An EXPORT SALES TEAM

An artisan enterprise has a person or team responsible for export sales and customer relationships that communicates in a timely and thorough manner.

Evaluation: Are You Ready to Export?

The following questions help an artisan enterprise evaluate their “readiness” to export and identify areas for development. Please respond to all questions. If you do not have an answer for a question, please put “I don’t know”

TARGET MARKET:

What country or region do you want to sell to?

What product category do you focus on?

- ☐ Home
- ☐ Fashion
- ☐ Gift

Where are your products positioned?

- ☐ High-End: Expensive products & superior quality
- ☐ Mainstream: Good quality products & moderate pricing
- ☐ Mass Market: High volume & low prices
- ☐ I am not sure.

How do you research your target market? Please list sources.

TARGET CUSTOMER:

Who is your target customer?

- ☐ End consumer
- ☐ Small retail stores
- ☐ Large retail stores & national chains
- ☐ Wholesale company
- ☐ Other: Please describe _____

EXPORT COLLECTION:

Describe your export collection (include description of materials, techniques, product categories and design aesthetic).

Provide your export product catalogue, product line sheet and/or price list.

Provide your website and/or social media accounts.

List your

Minimum order _____
Payment terms _____
Price terms _____
Shipping methods _____

Evaluation (continued)

PRODUCT DEVELOPMENT:

How often do you create new designs?

Who is responsible for design and product development?

DISTRIBUTION COSTS:

Explain how your product is distributed to the final consumer.

What is the approximate end retail price of your top 5 best selling products?

EXPORT LICENSE & REQUIREMENTS:

What are the requirements for exporting your products out of your country?

Please describe the license and documentation you have to meet these requirements.

SHIPPING & PACKAGING:

Describe how you package and label products for export and what materials you use.

What shipping companies do you use to ship your export orders?

EXPORT TEAM:

Who handles export sales and communication?

Name:

Email:

Phone:

What's App:

PRODUCTION PLAN:

How long does it take you to produce and prepare an average size order/minimum order for export?

How often do you check quality during the production and export preparation process?

EXPORT FINANCING:

How do you finance export orders?



Target Market: Market Pyramid

Standard = An artisan enterprise understands where their products are positioned in their target market in terms of price, quality, design and volume.

Position your products and company by using the Market Pyramid.

The Market Pyramid defines three segments of the market:

Luxury (or High-End), Mainstream and Mass Market

Luxury: Products and brands with a high level of price, quality, aesthetics, rarity and symbolism. They are the most expensive products whose brand carries value over time; the design is chic and elegant; the brand stands for the “best of the best”; the quantities are limited and exclusive.

Mainstream Market: Products and brands with a moderate level of price and design that appeal to a large, broad customer base. Prices are affordable, volumes support wide distribution, design is fashionable and quality is good.

Mass Market: Products and brands with a low level of price and quality and high volumes to support extensive distribution. Demand is driven by price. Products are not expected to last a long time so quality is not a priority.



Activity

1

Draw a picture of a Market Pyramid. Indicate where your products are positioned.



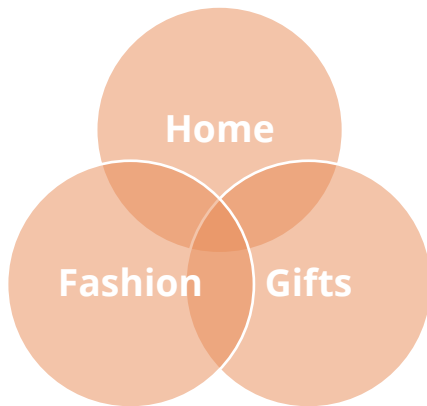
Target Market: Product Categories

Standard = An artisan enterprise understands what product categories they fit into.

Markets are structured around standard product categories based on a product's function and how the end-consumer will use the product.

There are three main product categories: HOME; FASHION; & GIFT.

Global handmade products exist in all three categories.



Within these three main product categories, there are sub-categories where global handmade products are in demand and compete well.



HOME

Accent Furniture
Home Textiles & Rugs
Tabletop & Kitchen
Wall Art & Decor
Candles & Lighting
Garden & Outdoor
Bed & Bath
Children's
Office & Storage



FASHION

Apparel (S/M/L)
Jewelry
Accessories
Footwear
Bags



GIFT + OTHER

Items < \$25, \$50, \$75 & \$100
Stationery
Pet Accessories
Wellness
Baby & Child
Games & Puzzles
Holiday & Seasonal

Activity

1

Where are your products positioned:

- ☐ Home
- ☐ Fashion
- ☐ Gift

2

List 2-3 sub-categories where your products are positioned.

- 1.
- 2.
- 3.



Target Market: Product Categories (continued)

HOME		FASHION	GIFT & OTHER
Accent Furniture	Lighting & Candles	Apparel (*sizes S/M/L)	Items < \$25, \$50, \$75 or \$100
Stools & Chairs	Candles	Skirts	Stationary
Ottomans	Candle Holders & Votives	Pants & Shorts	Note Cards
Small Tables	Lanterns	Blouses & Tee Shirts	Letterhead
Trunks & Boxes	Wall Sconces	Sweaters	Gift Wrap & Bags
Shelves	Lamps & Lamp Shades	Dresses	Portfolios
Fireplace Screen & Tools	Garden & Outdoor	Sleepwear	Pens & Pencils
Home Textiles & Rugs	Planters & Pots	Jackets	Journals & Notebooks
Decorative Pillows	Vases	Swimsuits & Beachwear	Pet Accessories
Throws & Blankets	Plant Stands	Outerwear	Dog Collar & Leashes
Wall Hangings & Tapestries	Garden Sculpture	Jewelry	Pet Dishes
Curtains	Gardening Tools	Necklaces	Dog Sweaters
Mats	Baskets	Earrings	Dog Beds
Area Rugs & Runners	Bird Houses	Bracelets	Dog/Cat Toys
Tabletop & Gourmet	Wreaths & Garlands	Rings	Bird Cages
Salad Bowls & Utensils	Bed & Bath	Jewelry Boxes, Stands & Bags	Images of cats, dogs, birds, fish
Serving Platters & Bowls	Soap Dish & Toothbrush Cups	Bags & Accessories	Wellness
Serving Utensils	Canisters & Boxes	Tote Bags	Candles
Pitchers	Mirrors	Handbags	Incense
Dessert Plates	Wastebasket	Wallets	Lotion
Coffee Mugs & Tea Cups	Clothes Hamper	Coin Purses	Soap
Trays	Wall Shelf	Cosmetic Bag	Fragrances
Cutting Boards	Jewelry Boxes & Stands	Clutches	Yoga Mats & Accessories
Glassware	Towels	Belts	Games & Puzzles
Napkins	Quilts & Duvets	Hair Accessories	Board Games
Placemats	Decorative Pillows	Hats	Cards & Card Games
Napkin Ring Holders	Blankets & Throws	Scarves	Puzzles
Tea Towels	Slippers	Socks	Craft Kits
Table Runners & Table Cloths	Robes	Slippers	Sports Equipment
Apron & Hot Pads/Mits	Shower Curtain	Glasses	Books
Coasters	Childrens	Shoes	Seasonal & Holiday
Salt & Pepper Shakers	Receiving Blankets	Boots	Christmas
Coffee & Tea Accessories	Crib Linens	Sandals	Ornaments
Storage	Sweaters	Slippers	Garlands
Wall Art & Decor	Hats & Booties	Flats	Stockings & Tree Skirt
Mirrors	Layette (for newborn babies)	Heels	Tree Toppers
Frames	Dolls & Doll Accessories	Sneakers	Angles, Santas & Figurines
Framed Art	Teddy Bears		Nativity Set
Wall Hangings	Stuffed Animals		Red/Green/White/Silver/Gold
Tapestries	Toys & Books		Easter
Wall Hooks & Organizers	Puzzles		Eggs
Shelves	Office & Storage		Bunnies & Chickens
Baskets	Desk		Baskets
Vases	Chairs		Pastel Colors
Baskets	Filing & Storage		Halloween
Sculptures	Lamps		Pumpkins
Picture Frames	Bookends		Witches
Trays	Calendar		Ghosts
Jewelry Boxes	Notebook & Journals		Orange/Black/White Colors
Bookends	Desk Organizers		Valentine's Day
Fireplace Accessories	Magazine Rack		Hearts
Games	Photo Frames		Cupids
			Red/White/Pink Colors



Target Market: Market Research

Standard = An artisan enterprise has resources for researching trends and requirements in their target market.

Market Research Tips:

- Identify brands, blogs, trade or lifestyle publications that match your market position and product category
- Sign up for email newsletters
- Follow on Social Media
- Visit websites regularly to follow market information, product specifications, consumer trends and design influences

Activity

1

List 5 brands, blogs, trade or lifestyle publications that you follow and research regularly:

- 1.
- 2.
- 3.
- 4.
- 5.



Target Customer: Universal Expectations

Standard = An artisan enterprise understands the expectations of all buyers & sellers.

No matter what market or what type of customer you are selling to there are universal expectations of all buyers and all sellers. Understand these expectations and use them as a guide in your communication and customer relationships for success.

For the BUYER:

1. **Consistent & Good QUALITY**
Products received are the same quality as the original sample; quality is defined by craftsmanship, material, size, color and pattern/motif. Some variation is expected with handmade products but significant variation on quality is not acceptable.
2. **ON TIME Delivery**
Products are received (or shipped) by the date agreed on between the buyer and seller and indicated on the Purchase Order.
3. **Timely & Thorough COMMUNICATION**
Seller responds within 24-48 hours via email or What's App to all communication; seller alerts buyer of any problems or delays in a timely manner and finds solutions to problems as they arise.
4. **Order Ships COMPLETE**
All the quantities on Purchase Order are shipped in one shipment; if items are backordered or not available, seller informs buyer as soon as possible and finds solution.
5. **Accurate DOCUMENTATION & LABELLING**
Seller provides accurate commercial invoice, packing lists and other required documentation in a timely manner so that the shipment clears US Customs without delay; products are labelled with country of origin, material content (if required), and product codes.
6. **Affordable & Safe SHIPPING**
Shipping costs are reasonable (in comparison to the value of the order) and all products are packaged to avoid breakage during transit.

For the SELLER (artisan enterprise):

1. **PAID in full and on time**
Buyer pays artists the full amount due by the date indicated in the terms of the Purchase Order.
2. **Timely & Thorough COMMUNICATION**
Seller responds within 24-48 hours via email or What's App to all communication; seller alerts buyers of any problems or delays in a timely manner and finds solutions to problems as they arise.
3. **Respect BRAND & IDENTITY**
Buyers will not reproduce my designs with other producers; buyers will represent my story and give credit to my creativity when they sell my products.
4. **RE-ORDERS**
Buyers re-order products that sell well and are committed to a long-term relationship.

Activity

- 1 What expectation worries you the most?
- 2 What do you think your strengths are in terms of these expectations? What are your weaknesses?
- 3 What other expectations do you want to communicate to your customers?



Target Customer: Distribution Channels

Standard =

An artisan enterprise defines their target customer in terms of distribution channel.

Identify your target customer by distribution channel.

How does your product get from your workshop or warehouse to the final end-consumer?

Defining your distribution channel will help identify your target customer.

Activity

1

On the diagram below, circle the distribution channel that illustrates how your products get from your workshop (or warehouse) to the final end-consumer.

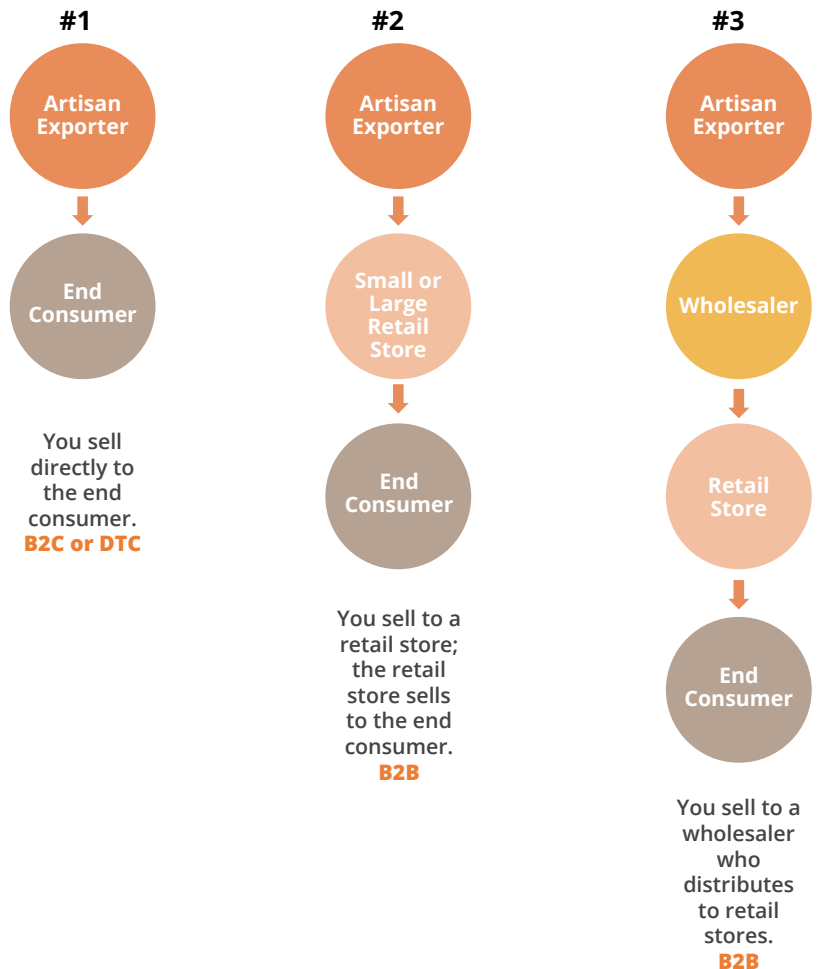
2

Are you selling through one channel or multiple channels? If yes, what channel is the most successful for you?

Channel #1: This is often referred to as “B2C” (Business to Consumer) or “DTC” (Direct To Consumer). This is a very challenging and difficult channel for overseas artisan enterprises to compete effectively in, however.

Channel #2: This is one of two “B2B” (Business to Business) channels that is popular for global artisan enterprises. In this channel, an artisan enterprise exports to either a small or large retail store; the retail store, in turn, sells to the end-consumer.

Channel #3: This is the other “B2B” channel that is popular for global artisan enterprises. In this channel, an artisan enterprise exports to a wholesale company. The wholesale company distributes to retail stores, and the retail store, in turn, sells to the end-consumer.





Target Customer: Customer Profiles

Standard = An artisan enterprise defines their target customer in terms of the type of company or customer and they understand the specific requirements of their target customer.

There are four general profiles of customers/companies buying global handmade products.

1. **WHOLESALER**
2. **LARGE RETAIL STORE**
3. **SMALL RETAIL STORE**
4. **END CONSUMER**

Each profile has different expectations in terms of:

PRICE TERMS = costs included in your price

PAYMENT TERMS = when you will be paid & by what method

QUANTITIES = minimum or average order

PRODUCT OFFER = type of collection you have

DELIVERY TIMES = when you will ship their order

LENGTH OF RELATIONSHIP = how many times they will order from you

	Quantities	Price Terms	Payment Terms	Product Offer	Delivery	Length of Relationship
Wholesaler (B2B)	500+ pieces \$5,000-\$50,000+	FOB or Ex-Factory	Deposit paid by wire transfer; balance on receipt of goods	Private Label or Custom Design	3+ months	Long Term
Large Retail Store (B2B)	500+ pieces \$5,000-\$50,000+	FOB or Landed	Net 30-60 paid by wire transfer.	Private Label collection or exclusive co-brand	3+ months	Medium
Small Retail Store (B2B)	20-50 pieces \$250-\$1,000	Wholesale, Landed or DDP	At Export or Net 30 by credit card or check.	Your Branded Collection	3-6 weeks	Short to Medium
End Consumer (B2C or DTC)	1-2 pieces \$25-\$100	Retail	Paid in Advance by credit card.	Your Branded Collection	1-10 days	Short

Target Customer: Customer Profiles (continued)

Additional information about company profiles:

Wholesale Company: A wholesale company develops their own products and distributes to retail stores. They may manufacture themselves or custom design products from other producers. When they work with other producers, they are interested in companies with excellent production resources that can collaborate to design unique products for their brand. They prefer to develop long-term relationships with their production partners. Many wholesale companies operate direct-to-consumer channels either online or in their own store. Wholesale companies specialize in product categories. They sell to retail store buyers through showrooms, at wholesale trade shows, in password-protected online wholesale catalogues and e-commerce, and through sales representatives. Wholesale companies operate warehouses and fulfill orders to retail stores in 7-10 business days.

Large Retail Stores: Large retail stores or national retail chains sell directly to the end-consumer through a variety of channels including online, mail-order catalogues and stores. Stores are often located in large shopping malls and usually have 10-200+ store locations. They sell their own branded products or co-branded or exclusive products from other brands. They look for suppliers with the ability to customize exclusive products. They can change their suppliers regularly in order to offer new products in their stores. Large retail stores can include department stores, home décor stores, apparel stores, museum stores, discount retail stores and lifestyle stores.

Small Retail Stores: Small retail stores are often referred to as “independent retailers”, “brick-and-mortar retailers” or “mom and pop retailers”. They usually operate 1-3 locations and sell primarily through their physical stores. Small retail stores can include a wide variety of store types including fair trade stores, museum stores, interior design stores, galleries and gift shops. They sell other brands, not their own brands of products. Small retail stores are increasingly interested in importing directly from international brands. Small retail stores can change their suppliers often in order to offer new products in their stores.

End-Consumer: The end-consumer is an individual who is purchasing products either for themselves or to give as a gift to other people. Most end-consumers are purchasing both online, at stores and at special events and market.

Activity

1 Who is the best target customer for your company? Please explain.

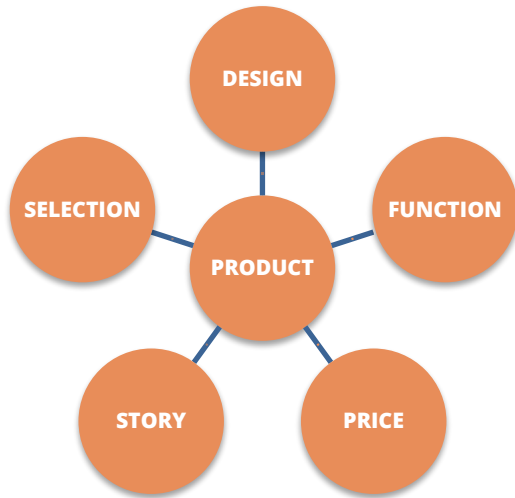
- ☐ End Consumer
- ☐ Small Retail Store
- ☐ Large Retail Store
- ☐ Wholesale Company

2 Do your terms and offer match their expectations? Minimum order, price terms, payment terms & method, lead-time and product offer



Export Collection: Components, Line & Collection

Standard = An artisan enterprise has a catalogue that presents its export product collection and export terms, and a website describing the enterprise; and social media accounts or other sales tools as appropriate based on target customers.



Standard:

An artisan enterprise has a clearly defined export collection that meets the expectations of their target customer.

Components of a Sellable Product

Understand what makes your product sellable. Use these components to expand product lines by offering variety and selection.

Design: The aesthetic of a product. This is one of the first components that attracts a customer to a product. “Do I like it?” Design consists of color, pattern, texture, motifs, shape and size.

Price: This one of the most important components of a product and determining whether a customer will order/purchase the product. Price consideration is both “Can I afford it?” and also “Is it worth the price?” or “Is it competitive in terms of other comparable products”. Price is compared against quality and design. See Market Pyramid.

Function: How will the product be used? Does it fit a lifestyle need of the end-consumer? Products with a specific function have a higher perceived value than decorative products. See Product Categories.

Selection: Is there enough selection in the product collection to convince a customer to order/purchase? Customers like to see a variety of options in order to select the ones best for their business or themselves. See Product Line & Product Collection definitions.

Story: What is the story of the product and how is it told? Story can include how it is made, who makes it, the social or environmental impact, or the core values of the brand. Story can be told on label, hangtag, product packaging or through social media or online platforms.

Product Lines & Product Collection

Export product collections are structured by creating distinct product lines and product collections.

Product line: A selection of 5-20 styles of one type of product with a variety of elements, such as color, pattern, size, texture, material, price.

Product collection: 2 or more product lines with complimentary functions, usually within a single product category.

** A company can have 1 or more collections.



Export Collection: Branded, Private Label & Collections for Target Customers

Branded Collection vs Private Label & Custom Design

It is important to determine if you want to sell a branded collection of your own exclusive designs or a private label & custom design collection to produce products that are sold under your customer's brand.

Branded Collection:

- your exclusive designs
- labeled with your name
- packaged with your branding

Private Label & Custom Design:

- products you make are sold under your customer's brand
- you design products together with your customer or you produce their designs
- designs are exclusive to your customer

Activity

1

Do you want to sell your own brand of products or do you want to produce custom designs for other brands?

2

How many product collections and product lines do you currently offer? How many total items in your collection?

Different Types of Export Collections:

The size and variety of export collections will vary based on target customer

Collection for the End Consumer:

Nice selection of branded products.

Example: 1 collection with branded labeling, hangtags and packaging; 3-5+ product lines with 5-7 items each line. (25+ SKUs)

Collection for Small Retail Stores:

Extensive selection of branded products.

Example: 1-2 collections with branded labeling and hangtags; 3-5+ product lines in each collection; 10-15+ items in each line. (50+ SKUs)

Collection for Large Retail Store or Wholesaler:

A selection of products that can be modified to create an exclusive, custom design and that showcases range of design, techniques, materials, motifs.

Example: 2-3 collections; 3-5+ product lines in each collection; 3-5 items in each line. (35+ SKUs)

*** Creating a collection is an art, not a science. There are no specific rules or formulas. The above are just guidelines.*



Export Collection: Product Lifecycle

Standard = An enterprise has a product development plan to continually create new designs and product offers.

All products have a **LIFE CYCLE**. The length of each stage and the total length of the lifespan will differ but all products go through a cycle.

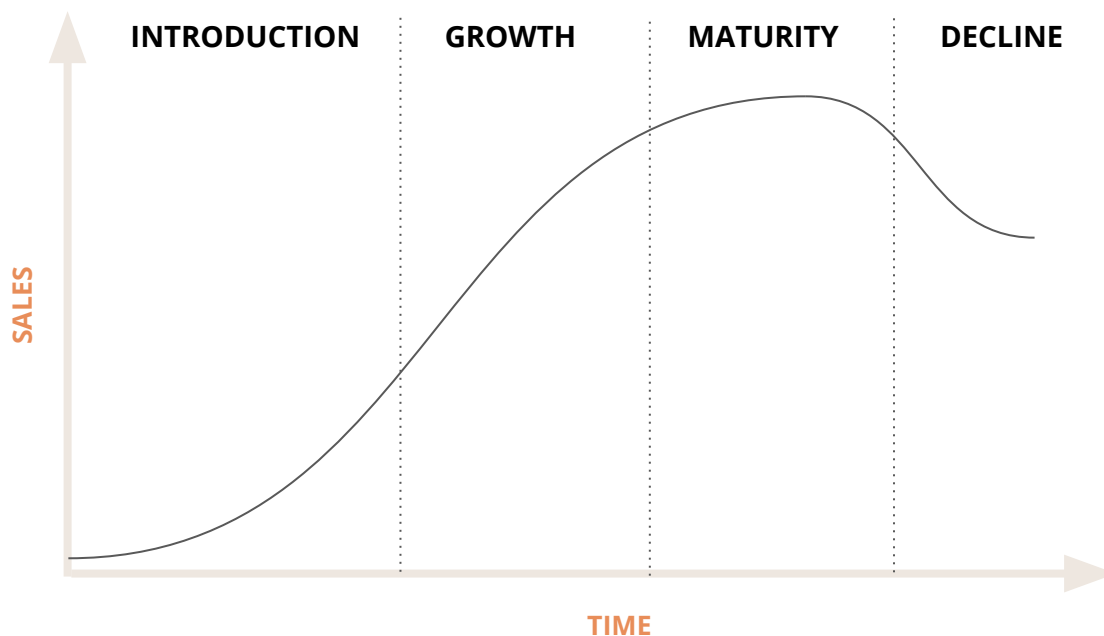
Introduction: New product introduced into the market.

Growth: Sales increase gradually.

Maturity: Sales plateau and growth slows down.

Decline: Sales decline.

The Product Lifecycle Model





Export Collection: Product Development Plan

Product Development Plan:

Export companies must have a product development plan to ensure a continual pipeline of new products to introduce.

Three steps to create a product development plan:

1. Outline all steps of product development for your company
2. Identify who is responsible for each step in the process
3. Assign a date when each step will be completed.

EXAMPLE: Product Development Plan

		Date	Date
Process:	Leader	2021 Fall/Holiday	2022 Spring/Summer
Market Research	Jose	June 1, 2021	October 1, 2021
Define Goals	Jose	June 1, 2021	October 1, 2021
Look for Inspiration	Maria	June - July 1, 2021	November 1, 2021
Create Concept Boards	Maria	July 15, 2021	December 1, 2021
Develop Prototype	Maria	July 15 - Aug 1, 2021	December 1-15, 2021
Seek Input	Jose	August 1-15, 2021	January 1-15, 2022
Analyze Production & Pricing	Jose	August 15, 2021	January 15, 2022
Finalize New Product	Maria	September 1, 2021	February 1, 2022

Activity

1

Complete the following template with your production plan for your average or minimum export order. How long does it take to fulfill an average or minimum export order?

Product Development Plan

Process	Leader	Date: Season 1	Date: Season 2

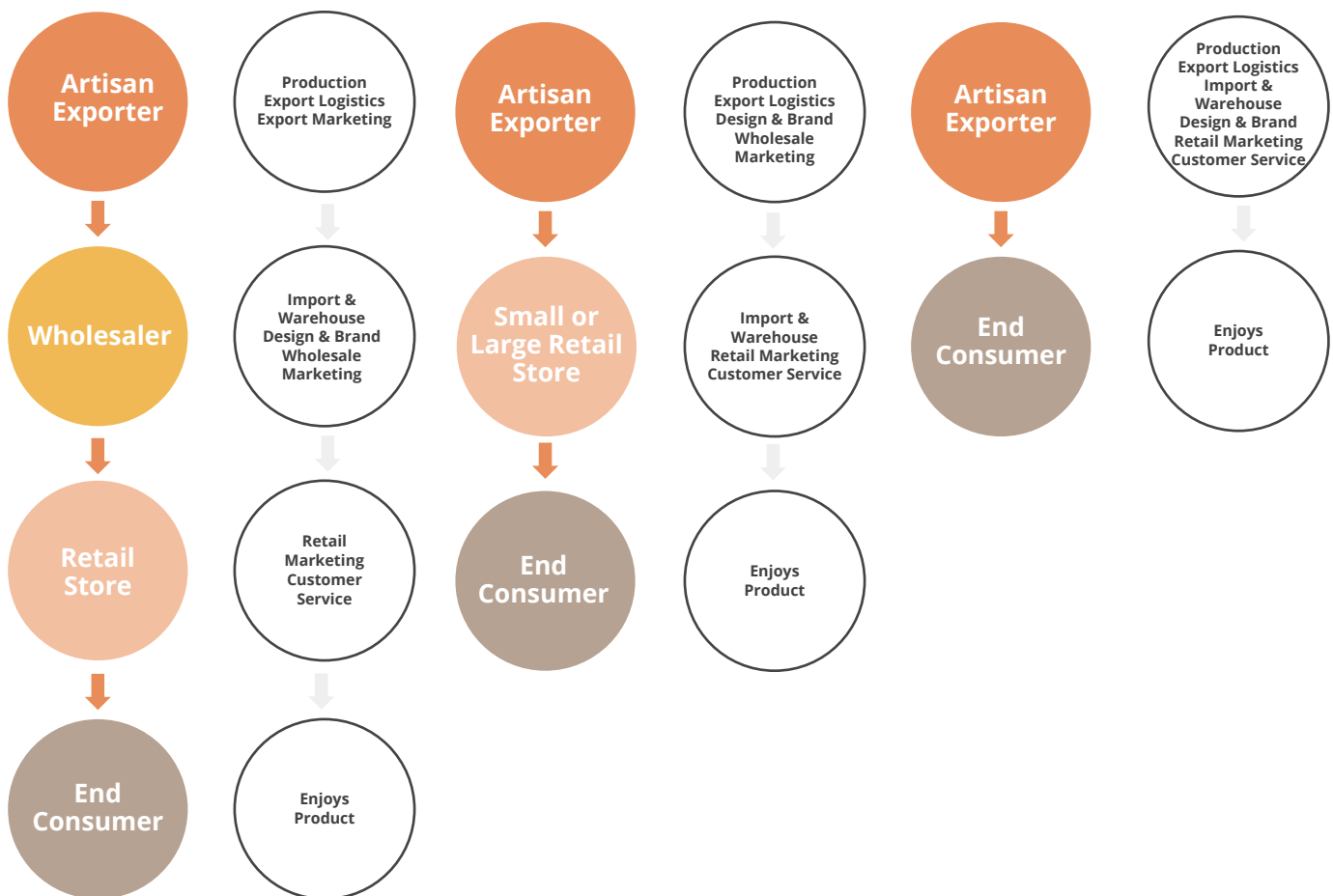


Distribution Costs & Export Pricing

Standard = An enterprise can calculate the approximate end retail price of their product and understands the margin structure for their distribution channel.

Identify Export Distribution Channels & Understand Responsibilities:

- Responsibilities for each role in the distribution channel for global handmade products change as distribution channels shorten.
- Responsibilities = costs** that must be factored into export pricing. More responsibilities = more costs





Distribution Costs & Export Pricing (con't)

Two Methods for Estimating Costs & Export Pricing

Option #1: Calculate costs at each step along distribution channel using **Export Price Terms**.

Option #2: Use standard market **Formulas** for markups or margins from export to end retail.

Export Price Terms: commonly used for global handmade products

- **Ex-Works or Ex-Factory** = price as product leaves your workshop or warehouse
- **FOB (Free On Board)** = price as product leaves export country
- **Landed or DDP (Delivery Duty Paid)** = FOB plus shipping, insurance, customs fee, import duties and delivery to customer (DDP is usually shipped by courier)
- **Wholesale** = price a wholesaler sells to a retail store
- **Retail** = price the end customer pays

Example:

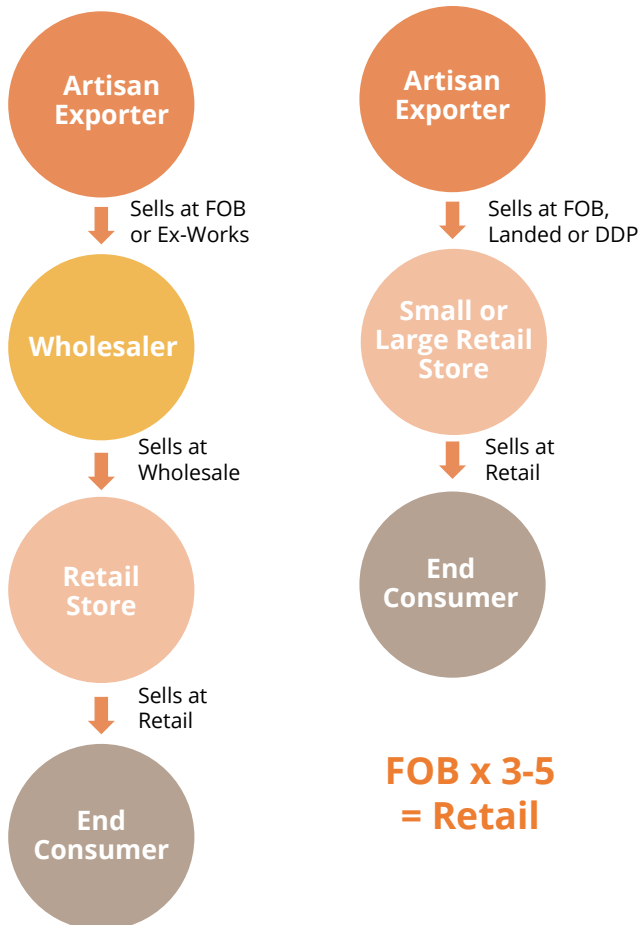
How to use these export price terms to calculate the end retail price of a product

Ex-works value of an average export order: \$2,000 (100 units @ \$20 each)	➡	Ex-Works	\$20.00
Cost of preparing export documentation, packing shipment and delivering to port of exit: \$200 in total (\$200/100 units = \$2.00/unit)	➡	FOB	+ \$2.00 \$22.00
Shipping, insurance, customs, duties & delivery: \$600 (\$600/100 units = \$6.00/unit)	➡	Landed	+ \$6.00 \$28.00
Wholesale: Landed x 2	➡	Wholesale	x2 \$56.00
Retail: Wholesale x 2	➡	Retail	x2 \$112.00



Distribution Costs & Export Pricing (con't)

Standard formulas: The following are standard markups from the FOB price to the end-retail price for global handmade products distributed through two common distribution channels.



Activity

1 Complete the following with your pricing based on your distribution channel. You do not need to complete all prices; only complete the prices that are relevant to your distribution channel.

Ex-Works	_____
FOB	_____
Landed	_____
Wholesale	_____
Retail	_____

2 Or, determine the end retail price of your top 3 best selling items using one of the standard mark-up formulas.

(FOB) _____ x _____ = _____



Production Plan

Standard = An enterprise has a system for planning and managing production that maintains quality and ensures on-time delivery for export orders.

Three steps to create an effective production plan:

1. Outline each step in fulfilling an export order (not just production but the full cycle from order confirmed to shipping).
2. Determine how long it will take to complete each step.
3. Schedule quality control inspections at multiple times in process.

	Month #1				Month #2				Month #3				Month #4			
Week	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Order Confirmed																
Deposit Received or Financing Secured																
Purchase Materials & Components																
Receive Raw Materials & Components				QC												
Production – Stage 1								QC								
Production – Stage 2									QC							
Final Finishing																
Package, Label & Pack													QC			
Export Documentation																
Shipment Sent																

Activity

1

Complete the following template for your average or minimum export order. How long does it take to fulfill an export order?

		Month #1				Month #2				Month #3				Month #4			
Steps	Week #	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4



Marketing & Sales Materials

Standard = An artisan enterprise has a catalogue for export collection & terms; website for company information; social media and other tools as appropriate for target customer..

Two necessary sales and marketing tools for selling to retail stores & wholesale companies (B2B):

1. **Export Catalogue**
2. **Website**

Other useful tools:

- social media: Instagram, FaceBook & LinkedIn
- postcard or small brochure (*important for selling to small retailers & at trade shows)
- hangtags (* important for selling to small retailers)

Export Catalogue GOALS:

1. Communicate your brand & tell your story
2. Show products that can be ordered
3. Provide information to place an order

Export Catalogue CHECKLIST:

- ☐ Company name
- ☐ Company logo
- ☐ Mission statement or brand statement
- ☐ Brief company history
- ☐ Lifestyle photos of products
- ☐ Photos of how the products are made
- ☐ Artisan photos
- ☐ Date or season of catalogue (*example: "Summer 2020"*)
- ☐ Product photos with neutral or white background
- ☐ Images of available colors, patterns or materials
- ☐ Product code
- ☐ Product description
- ☐ Product dimensions & material content
- ☐ Price per unit
- ☐ Price Terms (Ex-Works, FOB, Landed, etc)
- ☐ Minimum quantity (per item or per order)
- ☐ Delivery time to produce & ship minimum order
- ☐ Shipping methods
- ☐ Payment terms
- ☐ Payment method
- ☐ Contact information for export orders (name, email, phone, What's App)

Activity

1

Use the Checklist to evaluate your export catalogue. Are you missing any important information?



Marketing & Sales Materials (continued)

Website GOAL = share information about:

1. Product
2. Ordering
3. About Us
4. Contact

Important Note:

If an artisan enterprise uses Social Media (Instagram, FaceBook & LinkedIn) instead of a website, make sure the Social Media accounts contain the website “checklist” information or that it is available in other marketing tools.

Website CHECKLIST:

Product: *Describe your export collection.*

- ☐ Production techniques
- ☐ Materials
- ☐ Product categories
- ☐ Photos of products
- ☐ Link to download export catalogue or link to request a copy

Ordering: *Describe your export terms and how to place an order*

- ☐ Export terms (minimum order, lead time, price terms, payment terms)
- ☐ Give contact name of person who handles export orders
- ☐ Link to download catalogue or link to request a copy
- ☐ Online ordering (only for end-consumer and optional for small stores)

About Us: *Share your company's mission, values and history.*

- ☐ Profiles of founders or management team
- ☐ History of company
- ☐ Summary of export experience
- ☐ Membership or affiliation with organizations
- ☐ Impact statement
- ☐ Company values & mission statement

Contact: *How to communicate with the company*

- ☐ Address or location
- ☐ Phone, email and/or What's App
- ☐ Links to social media accounts
- ☐ Email form to send inquiry
- ☐ Link to sign up for email newsletters

Activity

2

Use the Checklist to evaluate your website. Are you missing any important information?



Export License & Documentation

Standard = an artisan enterprise understands export requirements and obtains licenses and documentation to export.

Requirements to **EXPORT** from your country may include:

- Export license
- Export duties (taxes)
- Country of origin certification
- Documentation fees

REQUIREMENTS WILL VARY BY COUNTRY,
TYPE OF PRODUCT & CUSTOMER. Do
your research! Ask questions!

Requirements to **IMPORT** into customers' country may include:

- Commercial Invoice (*REQUIRED*)
- Packing List (*IMPORTANT*)
- GSP Form A Certificate of Origin
- Airway Bill or Bill of Lading
- Other certificates:
- Lacey Act Certification (for US market)
- Certification of fumigation (for wood and natural materials)

Two important documents are: Commercial Invoice & Packing List

COMMERCIAL INVOICE must include:

- ✓ **Seller/Exporter name**, address, phone and email
- ✓ **Buyer name**, address, phone and email
- ✓ **Country of origin** of shipment
- ✓ **Quantity** of each item
- ✓ **FOB price** of each item
- ✓ **Product description**, including material content of product
- ✓ **Product code** or HTS code (if using)
- ✓ **Airway bill** or shipping tracking information

** Information should be in the language and currency of the buyer.

** Commercial invoice should be attached to box #1 and sent to buyer at shipment

PACING LIST must include:

- ✓ **Seller/Exporter name**, address, phone and email
- ✓ **Buyer name**, address, phone and email
- ✓ **Number of boxes**
- ✓ **Contents of each box** listed separate
- ✓ **Weight & dimension** of each box

** Boxes should be labeled, ex. #3 of 5 boxes

** Packing list should be attached to box #1

Activity

1

List the documents, licenses or certification required to export from your country and import into your customers' country.

2

Calculate the associated costs.



Shipping Services & Materials

Standard = an artisan enterprise has access to shipping services and packing materials to ensure affordable and reliable delivery of export orders.

Four common SHIPPING SERVICES: identify the right one for your products & customer.

1. **Courier:** fastest & most expensive; good for samples or small shipments (DHL, FedEx, etc)
2. **Air Freight:** fast; affordable for non-bulky items; expensive for bulky items
3. **Sea Shipment:** most affordable & longest time; good for bulky items
4. **Freight Forwarder:** can arrange both air and sea shipments & help with paperwork and expediting

Three types of PACKAGING & PACKING:

1. **Primary** - what final customer sees
2. **Secondary** - what retail store or wholesale company sees
3. **Final** - for transportation

Types of materials include:

Primary:

- Labels (country of origin, material content, product code, etc)
- Plastic bags
- Small boxes
- Plastic bubble wrap
- Silica gel packets

Secondary:

- Cardboard boxes
- Shredded or crushed paper
- Cardboard structures
- Air cushion plastic bags

Final:

- Cardboard boxes
- Plastic wrap
- Wood crates & pallets
- Shipping straps

Activity

1

List the shipping companies you work with.

2

Calculate the cost for shipping:

- sample order
- average/minimum order

3

Make a list of materials you use to label, packaging and pack an export shipment.



Export Financing & Payment Terms

Standard = An artisan enterprise has the ability to finance production of export orders and offers export payment terms that are appropriate for target customer.

Common payment terms for exporting global handmade products:

Paid in Advance:

Paid for in-full at time order is placed.

Deposit:

A deposit is paid when order is placed (25% or 50%) and the balance is due when order is received by buyer.

At Export:

Paid in full at export (when commercial invoice and air waybill/bill of lading is presented to buyer)

COD or Payable on Receipt:

Payment due when order is received by buyer.

Net 15, 30 or 60:

Payment due 15, 30 or 60 days after order is received by buyer

Common payment methods for global handmade products:

Credit Card:

Paid by credit card either through online ordering portal or by providing credit card information.

Wire Transfer:

International bank wire transfer (fees associated with both sending and receiving)

PayPal:

Payment sent business-to-business via PayPal

Other wire transfer services: there are an increasing number of regional and international money transfer platforms (Zelle, etc)

Activity

1

What payment terms are you offering customers? What payment methods do you prefer?

2

Please refer to your production plan; how will you finance the time it takes to fulfill an export order.



Export Team: Communication & Customer Relationships

Standard = An artisan enterprise has a person or team responsible for export sales and customer service and they communicate in a timely and thorough manner.

A person or team responsible for export sales with excellent communication and customer relationship management skills is critical for developing sustainable and profitable export sales.

What is good communication?

- ✓ Timely: respond in 24-48 hours
- ✓ Thorough: answers all questions
- ✓ Proactive: communicates problems or delays quickly
- ✓ Problem-Solving: collaborates to find solution to problems or delays

Good customer relationship management will cultivate customers through the three phases of developing a relationship with an export customer:

Three Phases	Objective	What happens?
1. Get to Know You	Establish good communication & determine you are a good match to work together.	<ul style="list-style-type: none">- Meet customer (trade show, online, showroom);- Present export catalogue- Learn about the customers' business- Ensure customer matches your target profile in terms of price, volume, design and terms- Fulfill sample orders or initiate custom designs
2. Prove the Product	First order is successfully fulfilled and sells well to end consumer.	<ul style="list-style-type: none">- First order ships on time; quality is consistent with original samples and consistent within the order; any delays or problems are communicated quickly and solutions are found; shipping costs are reasonable and as expected; buyer pays on time.- Communication continues to go well- Products sell to end-consumer successfully- New products developed
3. Reach Profitability	Repeat orders reach optimal volume	<ul style="list-style-type: none">- Repeat orders continue to grow in size/volume- Communication continues to go well- Relationships becomes profitable for both buyer & seller

Timeline for Three Phases = 6-18 months

Activity

- 1** Who is responsible for export sales at your company?
- 2** What are their strengths? What are their weaknesses?
- 3** How many customers do they manage?

Notes & Activity