



Women in Informal Employment
Globalizing and Organizing

TRAINING MATERIALS

November 2015

Developing Leadership and Business Skills for Informal Women Workers in Fair Trade

Compiled by Elaine Jones and Carol Wills



TRAINING MODULE 5:
Understanding the Market

TRAINING MATERIALS

Training materials compiled by Elaine Jones and Carol Wills with Friends Consult Ltd, Uganda (Module 4) and Kate McCrindle (Module 7). Contributions from Brains Consultancy, Kenya; Edwin Bett; Jennipher Wettara; Mabel Addy; Phiona Nakusi and Tabitha Namarome.

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TRAINING MODULE 5

Understanding the Market

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TRAINING MODULE 5

Understanding the Market

SESSION 1 What Is the Market? What is Marketing and Market Research? Knowing Your Customer



Celestine Adiambo Opondo Photo: C. Wills

“What I have learnt is that working together in a group is better than working alone. In Inuka we buy and sell as a group. I am no longer shy and can talk to a customer. I make baskets and also sell bananas. I have managed to visit a number of shopping centres looking for new markets. I have customers in Bungoma and also at Chwere. I sell in these two places. I would like to learn some new things. I would like to know more about marketing.” **Celestine Adiambo Opondo, Inuka Group, OYES Cluster, Kenya**

Objective

To enable participants to learn about the market, marketing, market research, and how best to get to know their customers.

Learning Outcome

Participants understand what is meant by the words “market” and “marketing”, have learned the broad principles of market research, and will have discussed how best to get to know their customers.

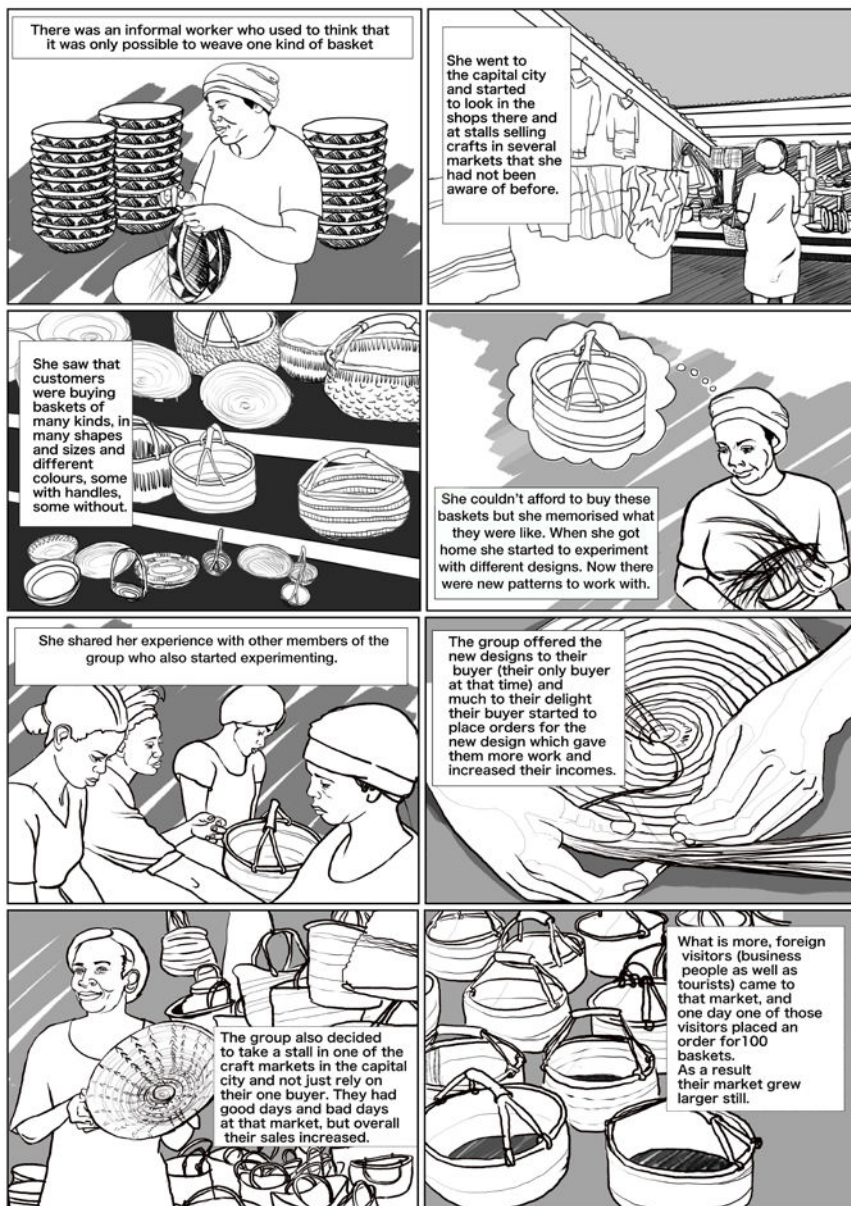
Note: For this session, participants should each bring samples of their products. These should be displayed as if in a marketplace for the “show and tell” session, which will take place in section five.

SESSION 1: WHAT IS THE MARKET? WHAT IS MARKETING AND MARKET RESEARCH? KNOWING YOUR CUSTOMER

	Activity	Timing Guide
	<p>Welcome and Introduction</p> <p>At the start of every training session, the facilitator takes time to make sure that everyone is comfortable and that participants know each other by name. S/he invites a senior person to open the session with a prayer or other appropriate ceremony.</p>	5 mins
1.	<p>This training session is about the market, marketing, and knowing your customer.</p> <p>At the end of this session, you will understand what is meant by the words “market” (where you sell), “marketing” (how you sell), and “market research” (how to find out what to sell and where). You will also have talked about getting to know your customer.</p> <p>There are different kinds of markets and many different market places. You have your existing market (where you sell now) and your potential market (where you could sell in the future). You sell (or market) your products in a certain way now, but have you thought about other ways in which you might sell?</p>	5 mins
2.	<p>In small groups of three or four, spend a few minutes talking about where the market is for your products.</p> <p>Where do you sell?</p> <p><i>(After a few minutes, the facilitator will ask participants to share where their products are sold. If appropriate, write this up on a flip chart. If not, keep a list yourself. Then feed back to participants what they have said and suggest other possibilities).</i></p> <p>So, your market could be:</p> <ul style="list-style-type: none"> • The market place in your community. • A small town shop. • A smart large town or city shop. 	<p>10 mins</p> <p>+</p> <p>10 mins</p> <p>+</p> <p>5 mins</p> <p>=</p> <p>Total 25 mins</p>

	<ul style="list-style-type: none"> • A tourist stall. • A fair or exhibition (e.g., a Christmas or other festival fair). • A museum shop. • A trader who sells to someone else. • An export organization selling to buyers in Europe, the USA, or other countries. <p>Your “market” is <i>where</i> your products are sold.</p> <ul style="list-style-type: none"> • How many of you sell products in more than one market? • Does this make a difference to the price? • The price you get for your product may well be different in different markets. • And so will the requirements for quality and packaging. <p><i>(The facilitator will encourage participants to take a few minutes to talk to their neighbours in the room about their experiences of different markets and where they might try to sell in the future. Then, the facilitator will ask for feedback and record it on the flipchart).</i></p>	
3.	<p>So now that we know what the market is, who can tell me what “marketing” is?</p> <p>Marketing is about <i>how</i> you sell your products.</p> <p>Marketing is all about four activities – the four P's: Product, Price, Promotion, and Place.</p> <ul style="list-style-type: none"> • Product – making a product that people want to buy. • Price – selling your product at a price that people are willing to pay. • Promotion – making sure that people know that your product is available. • Place – selling your product in the best possible market. <p>Any questions?</p> <p>Take a few more minutes to talk in groups of 3 or 4 about your experiences of marketing:</p> <ul style="list-style-type: none"> • Do you know that you are making products that people want to buy? How do you know this? 	<p>5 mins + 10 mins + 10 mins = Total 25 mins</p>

	<ul style="list-style-type: none"> • What sort of people buy your products? • Is the price you ask for your product the right one? • Do people or businesses know that your product is available? • Are you selling your product in the best place? <p><i>(After their small group work, participants give feedback to the larger group).</i></p>	
4.	<p>Marketing is also about people: you and your customers.</p> <p>Getting to know your customers better can bring you more business and grow your sales:</p> <ul style="list-style-type: none"> • Do you know who your customers are? • Do you know why they like your products? • Do you ask your customers to tell you how they think you could improve your products? • Are there new ways in which you could help your customers? • Are you friendly and polite to your customers? • Do you listen to what they say about your product? • Do you learn from what they say? <p>The answers to these questions help you to understand who your customers are and what they want to buy and why. The answers will also help you to improve your business.</p> <p><i>(Discuss in small groups for 10 minutes and then feedback to the larger group).</i></p>	15 mins
5.	<p>The last part of this session is about market research.</p> <p>Market research is the process of finding out what your customers want and then developing, producing, promoting, and distributing the right products to the right place at the right time.¹</p>	60 mins



Understanding the Market – Show and Tell

(Products to be displayed around the room on tables to create a marketplace).

Participants will each present their products to the other participants:

- What is my product (or products)?
- Who is my customer?
- Where/how do I sell?
- What is the price paid?

The presenter is the seller and the other participants are the customers/buyers. The customers should choose one product and make a note of:




- What do I like about this product?
- Would I buy this product?
- What do I like/dislike about this product (design/look, quality, price, functionality)?

The sellers then react to the customer feedback – what have I learned about my customer? (*Participants discuss in an open forum*).

Example

There was a woman informal worker, a member of a small women’s group in Uganda,² who used to think that it was only possible to make one kind of basket.

She went to Kampala and started to look in the shops there and at the stalls selling crafts in several markets that she had not been aware of before. She saw that shops were selling, and customers were buying, baskets of many kinds, in many shapes and sizes, and different colours, some with handles, some without. She couldn’t afford to buy these baskets, but she memorized what they were like, and when she went home, she started to experiment with different designs. As she said, she was no longer “stuck”. She shared her experience with other members of the group, who also started experimenting. The group offered the new designs to their buyer (their only buyer at that time), and much to their delight, their buyer started to place orders for the new design, which gave the group more work and increased their incomes. The group also decided to take a stall in one of the craft markets in the capital city and not just rely on their one buyer. They had good days and bad at that market, but overall, their sales increased. What is more, foreign visitors (business people and tourists) came to that market and one day, one

	<p>of those visitors placed an order for 100 baskets, and so, the group’s market grew larger still.</p> <p><i>(After sharing the example, the facilitator asks these questions):</i></p> <ul style="list-style-type: none"> • What do you think about that story? • What ideas does it give you? • Where could you look for new ideas for products or new places to sell? 	
6.	<p>We are coming to the end of this training session.</p> <p>At the beginning, I said that by this time you would be able to answer certain questions:</p> <ul style="list-style-type: none"> • Who can tell me what is meant by the word “market”? <i>(Ask for a show of hands and check with one or two people).</i> • Who can tell me what is meant by “marketing”? <i>(Ask for a show of hands and check with one or two people).</i> • Have you talked about your customers? • Do you understand what market research is and why it could be important for you and your group? <p>Raise your hand if you agree!</p> <p>Now please tell me if this session has gone well.</p> <p> = Session has gone well. I have learnt something new.</p> <p> = Session has been OK. I could have learned more.</p> <p> = Session has not gone well for me. I haven’t learned very much.</p> <p>Is there anything else anyone would like to say?</p> <p>Thank you all for attending.</p>	5 mins

Total time: About 2 hours

FOOTNOTES

1. This definition of Market Research is from Brains Consultancy Ltd, Kenya.
2. Use the name of your own country and capital city.

REFERENCES

Brains Consultancy Ltd, Nairobi, Kenya.

TRAINING MODULE 5

Understanding the Market

SESSION 2 Finding Out About Fair Trade



Jennifer Wettara C. Wills

“As far as Fair Trade is concerned we are OK. All our fellow women understand what Fair Trade is and its benefits and meet the requirements of the Standard”. Jennifer Wettara, Bunabude Society, Uganda

Objective

To create awareness of the meaning of Fair Trade and the Fair Trade market and of the principles underpinning Fair Trade.

Learning Outcome

Participants understand what “Fair Trade” and “the Fair Trade market” mean. They learn about Fair Trade principles. They recognize the two Fair Trade Labels and what they mean. They have considered where they are in the Fair Trade supply chain. They will know about the importance of telling stories to support Fair Trade.

SESSION 2: FINDING OUT ABOUT FAIR TRADE

	Activity	Timing Guide
	<p>Welcome and Introduction</p> <p>At the start of every training session, the facilitator takes time to make sure that everyone is comfortable and that participants know each other by name. S/he invites a person to open the session in a manner in keeping with local custom.</p>	10 mins
1.	<p>This training session is about Fair Trade, what it is, the principles that guide it, and the Fair Trade supply chain.</p> <p>At the end of the session, you will know what Fair Trade is. You will have discussed the 10 Fair Trade principles and why they are important. You will have thought about where your group is in regard to Fair Trade.</p> <p>Who has heard of Fair Trade? <i>(Please raise your hands).</i></p> <p>Who can tell me what Fair Trade is?</p> <p>Fair Trade is an organized social movement across the world that believes that a better world is possible for everyone, especially if we work together and organize. It has networks of Fair Trade or World Shops, global, regional, and national networks of Fair Trade Organizations (such as the World Fair Trade Organization³, WFTO Africa⁴ and Fair Trade Kenya), plus the Fair Trade Organizations themselves, which work to improve the livelihoods of producers and farmers and help them to access markets. These may be the Fair Trade shops, especially for handcrafts, but are also mainstream supermarkets for commodities such as coffee, tea, chocolate, sugar, nuts, herbs and spices, etc. Campaigning groups such as Oxfam also participate. Some people talk about the Fair Trade movement as a big family!</p>	20 mins

	<p>Across the world, there are people who want to buy from farmers and producers as directly as possible. They want to know about you and how your lives are changing as a result of the benefits you have received from being involved in Fair Trade.</p> <p>Fair Trade is all about sustainability and partnership, transparency, accountability, and shared values. It is about making sure that everyone involved in the business of trading, from the producer or farmers to the final customer (or consumer), gets a fair deal, which means that they are treated in a decent way right along the supply chain.</p> <p><i>(The facilitator will have informed him/herself in advance about Fair Trade in his/her country and know if there is a local network and how many FTOs there are and their names).</i></p> <p>Talk to your neighbour for a few minutes about Fair Trade and then let's have a discussion. <i>(The facilitator asks sample questions to stimulate conversation):</i></p> <ul style="list-style-type: none"> • Is your group or cooperative involved in Fair Trade? • If so, what does this mean for you? • What does a "fair deal" mean for you? • Do you know where your product finally ends up? 	
2.	<p>The 10 Fair Trade Principles ⁵</p> <p>Now we are going to talk about the 10 Principles that underpin Fair Trade.</p> <p><i>(The facilitator outlines them on a flipchart or board, having prepared them in advance).</i></p> <p>Fair Trade is based on these 10 core principles that need to be met if the trade being done is going to be called "Fair Trade".</p> <p><i>(The facilitator talks about each principle as s/he goes through and encourages questions):</i></p> <p>The 10 Fair Trade Principles</p> <ol style="list-style-type: none"> 1. Creating opportunities for disadvantaged producers 2. Transparency and accountability 	15 mins



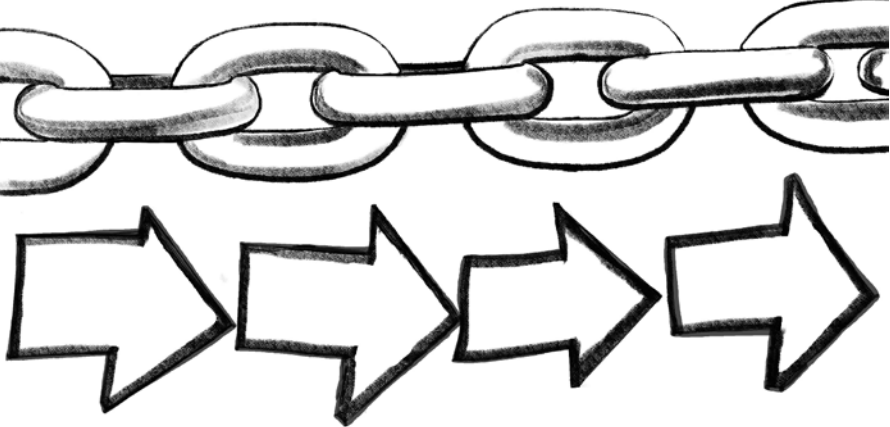
3. Fair Trade practices
4. Payment of a fair price
5. Ensuring no child labour or forced labour
6. Commitment to non-discrimination, gender equity, women's economic empowerment, and freedom of association
7. Ensuring good working conditions
8. Providing capacity building/training
9. Promoting Fair Trade
10. Respect for the environment



15 mins

Let's talk about these principles.

- How do you think they might apply to your group/ organization?
- Who would need to ensure that they do?
- Is there anything in that list that concerns or worries you?

<p>3.</p>	<p>Fair Trade Marks</p> <p><i>(The facilitator then talks briefly about Fair Trade Marks. These are the marks that tell consumers that a product has been fairly traded).</i></p> <p>These marks appear on labels attached to products or on the packaging. They tell consumers that the organizations trading the products comply with the principles above and have been audited (or inspected) to prove that this is true.</p> <div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;">  <p>Products with this label meet the internationally agreed Fair Trade Standards and are licensed by Fair Trade International.</p> </div> <div style="text-align: center;">  <p>This label is awarded by the World Fair Trade Organization to members meeting the requirements of its Fair Trade Guarantee System.</p> </div> </div> <p>Do you think this is a good idea? Why?</p>	<p>15 mins</p>
<p>4.</p>	<p>The Fair Trade Supply Chain</p> <p>Fair Trade is very much about trade and trading as well as fairness. In your group, you are at the beginning of the Fair Trade supply chain.⁶ What other links are there in this chain? Is there a link that comes before you? Where does your product go before it reaches the final consumer?</p> <p><i>(As participants call out the links, the facilitator writes the links into the arrows on a large sheet of paper, like below).</i></p> <div style="text-align: center;">  </div>	<p>15 mins</p>

5. **Stories about people in your group**




Consumers/customers who support Fair Trade want to know that the principles we have been talking about apply to every group that is involved. They also like to hear stories about informal workers and their lives. In your groups,⁷ please spend 15 minutes thinking about the story about you and your group that you would like to tell people who buy your Fair Trade product in another country. The story should tell customers:

- Who you are.
- What you do.
- How you spend your time.
- How Fair Trade has changed your life and the lives of group members.

When we come back together as a large group, we will share your stories.



30 mins

6.	<p>We are coming to the end of this training session.</p> <p>Who can tell me what Fair Trade is? <i>(Ask for a show of hands and check with one or two people)</i></p> <p>What are Fair Trade principles? <i>(Ask for a show of hands and check with two or three people)</i></p> <p>What have you learned today? <i>(Facilitator will ask for feedback from two or three people).</i></p> <p>Now please tell me if this session has gone well.</p> <p> = Session has gone well. I have learnt something new.</p> <p> = Session has been OK. I could have learned more.</p> <p> = Session has not gone well for me. I haven't learned very much.</p> <p>Is there anything else anyone would like to say?</p> <p>Thank you all for attending.</p>	10 mins
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Session time: About 2 hours

FOOTNOTES

3. The WFTO has 400+ members in 70 countries around the world.
4. WFTO Africa has 77 member organizations in 21 countries.
5. A full version of these principles is given as an appendix to this session plan.
6. Note for facilitator/ trainer: A supply chain takes raw materials and converts them into products. So there is a chain of activities that produces an end product, which is sold via various links to the final customer.
7. There is a note about small groups in the introduction to these training materials. If the training is taking place with one producer group, then the participants might work in threes or fours discussing possible stories. If there are representatives of more than one group present, then this exercise should be done in those groups.

10 PRINCIPLES OF FAIR TRADE

Principle One: Creating Opportunities for Economically Disadvantaged Producers

Poverty reduction through trade forms a key part of the organization's aims. The organization supports marginalized small producers whether these are independent family businesses or grouped in associations or co-operatives. It seeks to enable them to move from income insecurity and poverty to economic self-sufficiency and ownership. The organization has a plan of action to carry this out.

Principle Two: Transparency and Accountability

The organization is transparent in its management and commercial relations. It is accountable to all its stakeholders and respects the sensitivity and confidentiality of commercial information supplied. The organization finds appropriate, participatory ways to involve employees, members, and producers in its decision-making processes. It ensures that relevant information is provided to all its trading partners. The communication channels are good and open at all levels of the supply chain.

Principle Three: Fair Trading Practices

The organization trades with concern for the social, economic, and environmental well-being of marginalized small producers and does not maximize profit at their expense. It is responsible and professional in meeting its commitments in a timely manner. Suppliers respect contracts and deliver products on time and to the desired quality and specifications.

Fair Trade buyers, recognizing the financial disadvantages producers and suppliers face, ensure orders are paid on receipt of documents and according to the attached guidelines. For Handicraft FT products, an interest free pre-payment of at least 50% is made on request. For Food FT products, pre-payment of at least 50% at a reasonable interest is made if requested. Interest rates that the suppliers pay must not be higher than the buyers' cost of borrowing from third parties. Charging interest is not required.

Where southern Fair Trade suppliers receive a pre-payment from buyers, they ensure that this payment is passed on to the producers or farmers who make or grow their Fair Trade products.

Buyers consult with suppliers before cancelling or rejecting orders. Where orders are cancelled through no fault of producers or suppliers, adequate compensation is guaranteed for work already done. Suppliers and producers consult with buyers

if there is a problem with delivery, and ensure compensation is provided when delivered quantities and qualities do not match those invoiced.

The organization maintains long-term relationships based on solidarity, trust, and mutual respect that contribute to the promotion and growth of Fair Trade. It maintains effective communication with its trading partners. Parties involved in a trading relationship seek to increase the volume of the trade between them and the value and diversity of their product offer as a means of growing Fair Trade for the producers in order to increase their incomes. The organization works cooperatively with the other Fair Trade Organizations in-country and avoids unfair competition. It avoids duplicating the designs and patterns of other organizations without permission.

Fair Trade recognizes, promotes, and protects the cultural identity and traditional skills of small producers as reflected in their craft designs, food products, and other related services.

Principle Four: Payment of a Fair Price

A fair price is one that has been mutually agreed by all through dialogue and participation, which provides fair pay to the producers and can also be sustained by the market. Where Fair Trade pricing structures exist, these are used as a minimum. Fair pay means provision of socially acceptable remuneration (in the local context) considered by producers themselves to be fair and which takes into account the principle of equal pay for equal work by women and men. Fair Trade marketing and importing organizations support capacity building as required to producers to enable them to set a fair price.

Principle Five: Ensuring No Child Labour and Forced Labour

The organization adheres to the UN Convention on the Rights of the Child, and national/local law on the employment of children. The organization ensures that there is no forced labour in its workforce and/or members or homeworkers.

Organizations who buy Fair Trade products from producer groups either directly or through intermediaries ensure that no forced labour is used in production and the producer complies with the UN Convention on the Rights of the Child, and national/local law on the employment of children. Any involvement of children in the production of Fair Trade products (including learning a traditional art or craft) is always disclosed and monitored and does not adversely affect the children's well-being, security, educational requirements, and need for play.

Principle Six: Commitment to Non Discrimination, Gender Equity and Women's Economic Empowerment, and Freedom of Association

The organization does not discriminate in hiring, remuneration, access to training, promotion, termination or retirement based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, HIV/ Aids status, or age.

The organization has a clear policy and plan to promote gender equality that ensures that women as well as men have the ability to gain access to the resources that they need to be productive and also the ability to influence the wider policy, regulatory, and institutional environment that shapes their livelihoods and lives. Organizational constitutions and by-laws allow for and enable women to become active members of the organization in their own right (where it is a membership-based organization), and to take up leadership positions in the governance structure regardless of women's status in relation to ownership of assets such as land and property. Where women are employed within the organization, even where it is an informal employment situation, they receive equal pay for equal work. The organization recognizes women's full employment rights and is committed to ensuring that women receive their full statutory employment benefits. The organization takes into account the special health and safety needs of pregnant women and breast-feeding mothers.

The organization respects the right of all employees to form and join trade unions of their choice and to bargain collectively. Where the right to join trade unions and bargain collectively are restricted by law and/or political environment, the organization will enable means of independent and free association and bargaining for employees. The organization ensures that representatives of employees are not subject to discrimination in the workplace.

Principle Seven: Ensuring Good Working Conditions

The organization provides a safe and healthy working environment for employees and/or members. It complies, at a minimum, with national and local laws and ILO conventions on health and safety.

Working hours and conditions for employees and/or members (and any homeworkers) comply with conditions established by national and local laws and ILO conventions.

Fair Trade Organizations are aware of the health and safety conditions in the producer groups they buy from. They seek, on an ongoing basis, to raise awareness of health and safety issues and improve health and safety practices in producer groups.

Principle Eight: Providing Capacity Building

The organization seeks to increase positive developmental impacts for small, marginalized producers through Fair Trade.

The organization develops the skills and capabilities of its own employees or members. Organizations working directly with small producers develop specific activities to help these producers improve their management skills, production capabilities and access to markets – local/regional/international/Fair Trade and mainstream as appropriate. Organizations that buy Fair Trade products through Fair Trade intermediaries in the South assist these organizations to develop their capacity to support the marginalized producer groups they work with.

Principle Nine: Promoting Fair Trade

The organization raises awareness of the aim of Fair Trade and of the need for greater justice in world trade through Fair Trade. It advocates for the objectives and activities of Fair Trade according to the scope of the organization. The organization provides its customers with information about itself, the products it markets, and the producer organizations or members that make or harvest the products. Honest advertising and marketing techniques are always used.

Principle Ten: Respect for the Environment

Organizations that produce Fair Trade products maximize the use of raw materials from sustainably managed sources in their ranges, buying locally when possible. They use production technologies that seek to reduce energy consumption and where possible use renewable energy technologies that minimize greenhouse gas emissions. They seek to minimize the impact of their waste stream on the environment. Fair Trade agricultural commodity producers minimize their environmental impacts by using organic or low pesticide use production methods wherever possible.

Buyers and importers of Fair Trade products give priority to buying products made from raw materials that originate from sustainably managed sources and have the least overall impact on the environment.

All organizations use recycled or easily biodegradable materials for packing to the extent possible, and goods are dispatched by sea wherever possible.

Last revised and approved by WFTO members in October 2013.

NOTES

A large rectangular area with rounded corners, containing 25 horizontal lines for writing notes. The lines are evenly spaced and extend across the width of the page.

TRAINING MODULE 5

Understanding the Market

SESSION 3 Costing and Pricing Products



Daisy Nanteza (on left) Photo: C. Wills

“We had a workshop on costing and pricing. Before we made our baskets and accepted what we were given for them. Now we can calculate the cost of the raw materials and how much time we have taken to make a basket and can calculate a price. We learnt how to cost for our time. I calculate how many hours in a day I spend on making baskets. I go to the garden in the morning, then I make my baskets from Midday to 3 o’clock. I can calculate that I make UGX 2,000-3,000 in that time.” Daisy Nanteza, Zinunula Kyagalanyi Women’s Group, Uganda

Objective

To teach participants how to cost and price products correctly.

Learning Outcome

Participants know the difference between costing and pricing and will be able to cost and price their own products.

Preparation

Participants are asked to bring samples of products with them to the training session.

SESSION 3: COSTING AND PRICING PRODUCTS

	Activity	Timing Guide
	<p>Welcome and Introduction.</p> <p>At the start of every training session, the facilitator takes time to make sure that everyone is comfortable and that participants know each other by name. S/he invites a person to open the session in a manner in keeping with local custom.</p>	10 mins
1.	<p>This training session is all about costing and pricing products.</p> <p>At the end of the session, participants will know the difference between costing and pricing and will be able to cost and price their own products.</p>	5 mins
2.	<p>Participants are asked whether they know what the difference is between costing and pricing.</p> <p><i>(The facilitator asks participants to break into small groups to talk about cost and price, and asks these questions):</i></p> <ul style="list-style-type: none"> • Do you know what it costs you to produce one product? • How do you work this out? • Do you know how many products you could make in a day if you worked for 8 hours? • What price do you sell your product for? • Who works this out? • Is there a difference between the cost and the selling price of your product? • What is the production capacity of your business/ group? (This means how many products can all the members of the group guarantee to make in a given period, such as a month). 	25 mins

(After 15 minutes, the facilitator asks participants to offer feedback. Then, the facilitator provides the following information):

Costing means calculating the cost of producing a product.

You have to work out exactly what everything costs. This will include:

- Labour⁸
- Raw materials. What is the cost of the raw materials needed to produce one finished product?
- Other overheads (e.g., dye, electricity, hire of a workshop, water, transport, etc.).

There are two sorts of costs:

Variable Costs (Direct)

- These are costs that are matched to each unit of output (product) and these costs will increase when your production or sales increase and vice-versa.

Fixed Costs (Indirect)

- These remain largely the same (hence the words “fixed costs”), regardless of how much or little you sell or produce. An example of such a cost would be rent if your group rents a workspace.

Pricing is all about setting a selling price for the product.

The simplest way to do this is called “**Cost Plus**”.

You have your cost and you add your profit, e.g.:

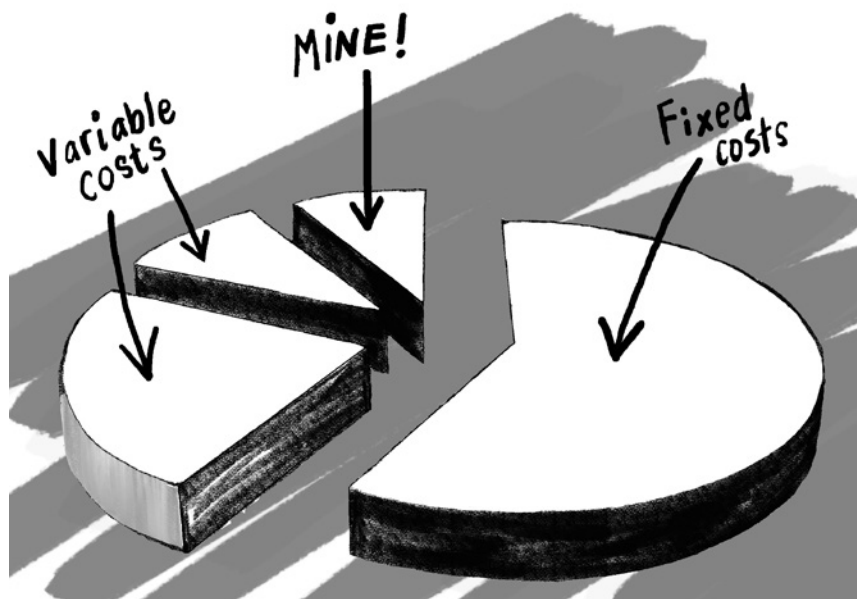
COST	100
PROFIT	15
SALES PRICE	115

There are other ways to price your products. Participants will know that price is based on what the customer is prepared to pay!

The right price for a product is what the market will bear (as long as all costs are covered plus a margin for profit).

15 mins

25 mins



30 mins

Activity:

Let each of the groups list the costs involved in making at least two of their products. They should list all the costs separately. Allow 10 minutes for the exercise, and 5 minutes to each group for the presentation.

(The facilitator then provides more information about pricing):

A **Price** is the amount that you charge for your products and services.

Pricing is based on three critical points:

- What it costs you to produce a product or provide a service.
- The value of your product or service to your customers.
- The price charged by your competitors.

Questions to ask (let the groups answer these questions in the plenary):

- How is your current pricing done?
- What is it based on, and who does it?

Factors to Consider When Determining Price:

- Competitors' price
- Quality of product/ service
- Price in the market
- How much you sell (quantity/volume)

Advice:




- Try to find out what people making similar products to you charge for their products.
- Talk to retailers. Ask shop owners where they purchase and what they pay.

This will help you to work out what your customers will be willing to pay.

Conclusion:

- It is impossible to price your products or services correctly if you do not know what they cost you to produce, provide, store, and distribute.
- Once you have determined the cost of your product/ service then carry out research.
- You need to find out what the prices are for similar items or services in the market.
- Be careful to examine what your competitors offer along with the product/service.
- It is important that you work out realistically how your customers would react to your product or service prices, especially the highly priced ones.
- To achieve this, make sure customers know why they are buying from you rather than a competitor and explain the reasons behind your prices.

	<p>Below is a simplified costing table:</p> <table border="1" data-bbox="288 338 1166 1279"> <tr> <td data-bbox="288 338 600 528">1. Cost of materials</td> <td data-bbox="600 338 1166 528">Beads, sisal, dye, sewing threads, etc. used to make one product.</td> </tr> <tr> <td data-bbox="288 528 600 719">2. Cost of labour</td> <td data-bbox="600 528 1166 719">Labour cost per piece = agreed daily wage rate divided by average number of pieces made in a day if the worker works for 8 hours.</td> </tr> <tr> <td data-bbox="288 719 600 909">3. Overheads</td> <td data-bbox="600 719 1166 909">Other costs incurred during production, broken down into an average daily figure and then per piece (or worked out as a % of the piece).⁹</td> </tr> <tr> <td data-bbox="288 909 600 1099">4. Your profit</td> <td data-bbox="600 909 1166 1099">Anything from 10-50% of cost of production, depending on the market.¹⁰</td> </tr> <tr> <td data-bbox="288 1099 600 1279">5. Total price</td> <td data-bbox="600 1099 1166 1279">Sum of cost of materials, cost of labour, overheads, and profits.</td> </tr> </table> <p><i>(Facilitator wraps up session and reviews outputs).</i></p> <hr/> <p>Take away assignment: After the workshop, each group should review the pricing for each of their products to ensure that their prices are profitable and competitive. This can be checked by the facilitator after, say, three months. All products to be developed after the training should have costing sheets with product codes and prices.</p> <hr/>	1. Cost of materials	Beads, sisal, dye, sewing threads, etc. used to make one product.	2. Cost of labour	Labour cost per piece = agreed daily wage rate divided by average number of pieces made in a day if the worker works for 8 hours.	3. Overheads	Other costs incurred during production, broken down into an average daily figure and then per piece (or worked out as a % of the piece). ⁹	4. Your profit	Anything from 10-50% of cost of production, depending on the market. ¹⁰	5. Total price	Sum of cost of materials, cost of labour, overheads, and profits.	
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3.	<p>We are coming to the end of this session.</p> <p>At the beginning, we said that by this time, you would know the difference between costing and pricing and be able to cost and price their own products.</p> <p>Raise your hand if you agree!</p>	10 mins										

	<p>Now please tell me if this session has gone well.</p> <p>Put a tick or mark against the face on the chart. This will tell me what you think.</p> <p> = Session has gone well. I have learnt something new.</p> <p> = Session has been OK. I could have learned more.</p> <p> = Session has not gone well for me. I haven't learned very much.</p> <p>Is there anything else anyone would like to say?</p> <p>Thank you all for attending.</p>	
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Session time: About 2 hours

NOTES FOR FACILITATORS

1. Valuing labour

“Labour” means the human work that goes into production. It has a cost. Valuing this correctly ensures that informal workers are paid properly for what they do.

Most informal handcraft workers are paid by the piece. Most informal agricultural workers are paid by the kilogram of produce.

Many countries have a minimum daily wage (based on eight hours of work) for different categories of work. Before the training session, check whether your country has such a minimum. If it does, use this minimum (plus, say, 10 per cent) for your calculations. If it does not (as in Uganda) try to find out how much people are paid for the same type of work and use that as your base figure.

Then you need to work out how many pieces the average worker can make in eight hours and then divide the minimum wage for a day plus 10 per cent by that figure. That will give you the labour cost per piece. For example, the country has a minimum daily wage of 100. You add 10 per cent to that = 110. You find out that the average worker can make five pieces in eight hours if they work continuously. That means that the labour cost per piece is 110 divided by 5 = 22.

2. Working Out Percentages

The term “per cent”, usually written as the symbol %, means parts per hundred. In maths %'s are used to describe parts of a whole, the whole being made up of a 100 parts. So the total cost of something is 100%. Percentages are a way to divide the whole into 100 equal parts, and this can help us to do calculations about costing and pricing (and many other things as well).

3. Overhead Costs

Many home-based workers may have overhead costs, such as electricity, water, rental, etc., but they do not factor these into the costs of production. Group members may work together in one place, and this workshop may have some fixed costs such as rent, electricity, and water. These costs may be charged on a monthly basis. Break the total monthly cost down into a daily rate by dividing the monthly cost by the number of days worked, e.g., total monthly cost 200. Divide this by 25 (being the average number of days that people use the space for work in a month). The daily rate for overheads would then be eight. If only one person uses the space, and makes an average of five pieces per day, the overhead per product would be eight divided by five. If 10 people use the space, each making an average of 5 products per day, the overhead cost per product would be 8 divided by 50 = 0.16. You could work this out as a % of 1 (raw materials) + 2 (labour) in the simplified chart above, using this each time you calculate the price of a new product.

FOOTNOTES

8. The facilitator needs to check how participants place a value on their labour and to discuss how to calculate this.
9. See notes at end of session plan.
10. A note on percentages is given at the end of this plan.
11. B2B = Business to Business

REFERENCES

Brains Consultancy Ltd, Nairobi, Kenya.

Centre for the Promotion of Imports from Developing Countries, Netherlands.

Millard, E. *Export Marketing for a Small Handicraft Business*. Oxfam (Oxfam Skills and Practice). Available at www.cbi.eu (accessed August 18 2015).

TRAINING MODULE 5

Understanding the Market

SESSION 4 Attending a Trade Fair



Angelina Akoth Photo: C. Wills

“Before I didn’t realise that when there is a trade fair, I need to go there at a certain time or else the buyers will have gone. Now I have learnt about time management too.”
Angelina Akoth, Kyebaija Tobona Women’s Group, Uganda

Objective

To enable participants to discuss what is involved in attending a Trade Fair and provide some useful tips.

Learning Outcome

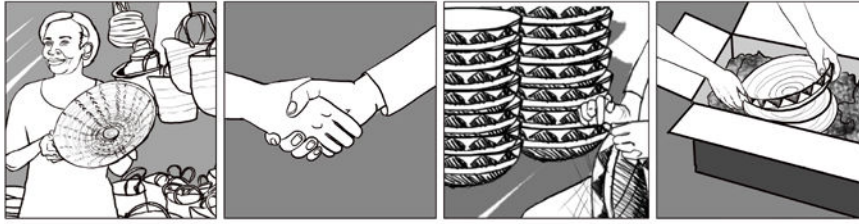
Participants learn how to sell effectively at a Trade Fair whether this is local, regional, or international.

Preparation

Participants are asked to bring samples of products with them to display as if they were at a Trade Fair.

SESSION 4: ATTENDING A TRADE FAIR

	Activity	Timing Guide
	<p>Welcome and Introduction</p> <p>At the start of every training session, the facilitator takes time to make sure that everyone is comfortable and that participants know each other by name. S/he invites a person to open the session in a manner in keeping with local custom.</p>	10 mins
1.	<p>This training session is all about attending a Trade Fair.</p> <p>At the end of the session, you will have learned a number of tips on how to sell effectively at a Trade Fair whether this is local, regional, or international.</p> <p>What is a Trade Fair?</p> <p>A Trade Fair is an exhibition organized for businesses in a specific “industry” (which, in our case, could be Fair Trade, handcrafts, gifts, household products, or a particular agricultural commodity such as coffee, cocoa, or tea), at which businesses can showcase their latest products, see what their competitors are doing, and note latest trends.</p> <p>Above all, Trade Fairs are opportunities to meet potential buyers of your products who may place orders with your business or group. So you need to make sure that you attend the Fair with as much information as possible about your organization and the products you are selling, such as your production capacity (how many products may be produced in a month) and prices. Will you give a discount if buyers place an order for a large quantity? You must go prepared.</p>	15 mins



Trade Fairs may also be an opportunity to sell on the spot (particularly at the end), but the best place to sell on the spot is at selling fairs, which are held during Festive Seasons and are attended by members of the public who buy products one at a time.

2. Who has attended a Trade Fair already?

Raise your hands.

Can you tell us about your experience?

Where was the Fair? What was it for?

Did you have a plan for the Fair?

10 mins

3. What is the purpose of a Trade Fair?

(Facilitator will ask participants to call out).

A trade fair (or show or exhibition) is organized for you to show your latest products to potential buyers. It also allows you see what your competitors are doing, what new products they have developed, and note new trends.

How is a Trade Fair different from a Christmas or Diwali Fair?

Other Fairs are for selling directly to the public, so you need to carry stock with you so you can sell as much as you can. The purpose of a Trade Fair is not to sell stock.

Some organizations, like the WFTO, organize a mixture of a Trade Fair and a public fair. Here, the first day is for you to introduce new products to buyers and the next day is for you to sell to the public.

10 mins

4.	<p>So, if you have been invited to attend a Trade Fair, here are some questions to consider:</p> <ul style="list-style-type: none"> • What factors do you take into account when deciding whether to accept the invitation? • What information do you need at your fingertips as you prepare to attend and meet possible buyers? (Preparation) • What do you think buyers like to see in the person representing your group? • What do you think buyers don't like? <p><i>(Facilitator invites participants to break into small groups to think about this. After 25 minutes, participants provide feedback. The facilitator notes what they say on a flipchart and promotes further discussion about any gaps).</i></p> <p>What factors do you take into account when deciding whether to accept an invitation to attend a Trade Fair?</p> <ul style="list-style-type: none"> • Is this a funded invitation or are you going to be required to pay to take part and for the construction of a stand? • Do you have a (marketing) budget to cover the cost of participation? • Is transport to the Trade Fair provided or will your business have to pay for this – for you and your products? • What about the cost of accommodation and food for the person or people you send? • How will you organize the display of products on your stand? Will there be any extra costs involved? • Are you likely to meet B2B¹¹ buyers who are known to be interested in your type of product? • What else? 	<p>5 mins</p> <p>25 mins</p>
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30 mins
Feedback




Allow 15
mins

When you have decided to attend the Trade Fair, ask the following questions:

What information do you need at your fingertips as you prepare to attend and meet possible buyers? (Preparation)

- Business cards giving your contact details to hand out to potential buyers (and remember to collect their cards for follow-up).
- A profile of your business, the people who work there, and the products you make. (You might think about putting a screen on your stand where you could show a DVD film about your organization on a loop).

	<ul style="list-style-type: none"> • As much information as possible about the products you are trying to sell e.g., production capacity, production method and raw material used, information on price, and any discounts for large orders, etc. <p>What do you think buyers like to see in the person representing your group?</p> <ul style="list-style-type: none"> • Good manners. • Listening well. • Good eye contact. • Well-informed and able to answer questions. • Sincerity. • Good organizational skills. • Dressed smartly and appropriately for the occasion. • What else? <p>What do you think buyers don't like?</p> <ul style="list-style-type: none"> • Poor preparation and lack of information or product knowledge. • Bad manners (disrespectful, pushy, etc.). • Sloppy appearance. • Smell of smoke or alcohol. • What else? <p>Do you have any questions?</p>	
5.	<p>We are coming to the end of this training session.</p> <p>At the beginning, I said that by this time you would have learned a number of tips on how to sell effectively at a Trade Fair whether this is local, regional or international.</p> <p>Raise your hand if you agree!</p> <p>Now please tell me if this session has gone well.</p> <p>Put a tick or mark against the face on the chart. This will tell me what you think.</p>	10 mins

<p> = Session has gone well. I have learnt something new.</p> <p> = Session has been OK. I could have learned more.</p> <p> = Session has not gone well for me. I haven't learned very much.</p> <p>Is there anything else anyone would like to say?</p> <p>Thank you all for attending.</p>	
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Total time: About 2 hours

FOOTNOTES

11. B2B = Business to Business

REFERENCES

CBI Netherlands. Available at <http://www.cbi.eu> (accessed August 7 2015).

NOTES

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About WIEGO: Women in Informal Employment: Globalizing and Organizing is a global research-policy-action network that seeks to improve the status of the working poor, especially women, in the informal economy. WIEGO builds alliances with, and draws its membership from, three constituencies: membership-based organizations of informal workers, researchers and statisticians working on the informal economy, and professionals from development agencies interested in the informal economy. WIEGO pursues its objectives by helping to build and strengthen networks of informal worker organizations; undertaking policy analysis, statistical research and data analysis on the informal economy; providing policy advice and convening policy dialogues on the informal economy; and documenting and disseminating good practice in support of the informal workforce. For more information visit: www.wiego.org.

Launched in 2012, **Securing Economic Rights for Informal Women Workers** seeks to strengthen the organizing and leadership capacity of women working in informal employment so that they gain economic self-reliance and increase their participation in politics, governance and management. As part of this project, WIEGO's Global Trade Programme, in partnership with leading Fair Trade organizations in Africa, initiated *Developing Leadership and Business Skills for Informal Women Workers in Fair Trade*. The focus is on developing both leadership and business skills for informal women workers involved in fair trade activities in Ghana, Kenya and Uganda. This project has received support from Funding Leadership and Opportunities for Women (FLOW), Government of the Netherlands, Ministry of Foreign Affairs.



Ministry of Foreign Affairs of the
Netherlands