

Marketing for the Bottom of the Pyramid: challenges faced by an NGO

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Abstract

The case is about a leading NGO, ABC FOUNDATION, that operated in the area of health care. Started as an institutional response to the needs of primary health care in the region, the NGO implemented a slew of programs in the health care sector for the poor. It soon realized that the poor could not have access to healthcare unless they had income. While men had some income through farming activities women were affected the most. Due to dependence on men for money women, mainly from the poorer sections, did not have easy access to healthcare. ABC foundation therefore initiated a family viability program. Based on advice given by experts handicrafts manufacturing by poor women was identified as a source for income generation and livelihood. Since the region in which the foundation operated did not have a crafts base patchwork design based products were identified as possible options. Women were trained to make various categories of products based on patchwork design. The case discusses the marketing efforts and product strategies pursued by the foundation and the many challenges in marketing the product. Marketing the product successfully is crucial for the family viability program

Key words: product strategy, marketing, handicrafts, NGO, family viability

Marketing for the Bottom of the Pyramid; Challenges faced by an NGO

1.0: Background

ABC FOUNDATION is an NGO that was setup by a leading freedom fighter and social worker. Inspired by Mahatma Gandhi's values the freedom fighter worked very closely with other eminent freedom fighters of the period. An important aspect of this struggle was to work for economic freedom as well and he set about organizing dairy farmers through cooperatives. He was a pioneer



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in the field of cooperative dairying. As part of the dairy cooperative movement not only a dairy cooperative union was setup to market milk produced by the farmers but also an excellent veterinary care network was established. The veterinary care was so outstanding that farmers in the area, in a lighter vein, remarked humorously that animals got better health care than humans. It was felt that as to why good health care could not be provided to villagers while top rate care was being given to animals. Over a period of time the freedom fighter won major awards for his societal contribution. In addition, recognizing the contribution made by him for welfare of the people farmers in the region gave him a purse of a few lakhs. The entire money from the awards and the gift purse was donated to establish ABC FOUNDATION in 1980. The foundation was set up with the vision of becoming a model primary health care organization and implement relevant health programs in that area. ABC FOUNDATION operates in more than 800 villages in that area. It works in the area of maternity and childcare and has emerged as an important organization implementing such programs.

2.0: Activities undertaken

ABC FOUNDATION undertook programs in primary healthcare, integrated maternity and childhealth programs, tobacco de-addiction programs, cancer awareness, clinics for patients, social autopsies for maternal deaths, mobile hospitals and micro-health centres etc. One of the major thrust areas of the foundation was the family viability program. This program was based on the belief that maternal and child health would improve only if women could earn some supplementary income. This was particularly relevant for women from the downtrodden sections of the society. It was found through informal research that even well-off rural women needed supplementary income to reduce their dependence on men for their personal health care. Thus, a correlation existed between income generation and maternal and child health. An additional source of income for women, independent of the man's earnings, gave them not only a livelihood but also access to healthcare and medical support.

3.0: Foray into handicrafts

With this background different options were considered. It was perceived that helping women to manufacture handicraft items could be a possible solution. It so happened that the district where ABC FOUNDATION operated did not have any specific handicraft item that could be termed as traditional and native to the area. As such there was no handicrafts base there unlike certain other regions of India. A leading artiste and social worker during a visit suggested that ABC FOUNDATION could examine patchwork (applique work) as a possible activity. This activity was

common in many parts of India and a state government undertaking was already supporting such activities. A few women sponsored by ABC FOUNDATION were trained there and they in turn trained village women in the geographical area of the foundation. At one point of time the program covered 1000 women in 110 villages of the area.

4.0 Handicrafts sector in India:

There are around 32 major categories of handicrafts in India as per the Development Commissioner (handicrafts), Ministry of Textiles, Government of India. These categories have been listed briefly as follows (Table 1) :

Table 1: Categories of handicrafts in India

| | |
|-------------------------------------|-----------------------------|
| • Zari | • Metalware |
| • Leather | • Bidriware |
| • Footwear Leather (Other Articles) | • Jewelry |
| • Rugs & Durries | • Pottery and Clay Objects |
| • Textile (Handloom) | • Terracotta |
| • Textile Hand Embroidery | • Horn & Bone |
| • Textile Hand Printing | • Musical Instruments |
| • Wood Carving | • Folk Painting |
| • Wood Inlay | • Conch Shell |
| • Wood (Turning) | • Coir Twisting |
| • Wood (Lacquerware) | • Theatre Costumes |
| • Furniture | • Puppet |
| • Stone Carving | • Dolls and Toys |
| • Stone Inlay | • Grass, Leaf, Reed & Fiber |
| • Cane and Bamboo | • Metal Images (classical) |
| • Filigree and Silverware | • Metal images (folk) |

Source: www.handicrafts.nic.in, Development Commissioner (Handicrafts), Ministry of Textiles

The evolution of these craft was varied and some of the crafts were localized in certain regions in the country. In some cases specific communities or religious groups were associated with them. The value of the products made could range from a few hundred rupees to a few lakhs. The processes, designs could also have local variations. Post-independence the thrust was on heavy industries. Due to efforts by eminent people such as Kamaladevi Chattopadhyay and Dr L C Jain, the government formulated strategies to encourage the handicrafts sector. In the case of crafts and handloom sector the initiatives of the visionaries led to conservation and rejuvenation of the crafts sector in India. State government organizations, khadi boards, NGOs and craft councils also played a useful role in this context. Professional designers with a social conscience also played an important role in preservation of crafts. A few social enterprises have also emerged in recent years to enable the artisans meet emerging consumer requirements by helping them design better products and in market development.

5.0: Patchwork product initiative

As indicated earlier products with patchwork making was suggested as a possible craft for the women to earn livelihood and supplementary income.

In patchwork, using needles, pieces of fabric are stitched in a manner that evolves into a larger design. These are based on geometric shapes that enables stitching on a fabric in a systematic pattern. Many countries have their own version of patchwork. Normally quilts are stitched using patchwork (see en.wikipedia.org). In India, patchwork based crafts are seen in Kutch region and in Lambani communities settled in South India. In Karnataka, the Lambani communities made patchwork design based skirts. There has been an increasing interest in this art in view of its attractiveness and versatility.

The modus operandi of this activity involved ABC FOUNDATION's own patchwork centre. This centre, a wing of ABC FOUNDATION, had around 7-8 master cutters. The basic raw material was given to village women, i.e the item without the patchwork, with a drawing of the design wanted. Women trained in patchwork undertook hand-stitching in villages and were paid on a piece rate basis. The semi - finished item was brought to the centre again and completed with the requisite machine stitching. Quality control for hand stitching was exercised at the village itself. The basic raw material was cotton as that offered advantages in hand-stitching.

Various items that were sold by ABC FOUNDATION in a particular year were as follows (Table 2):

Table 2: Product categories

| | |
|-------------------|-------|
| Cushion covers | ***** |
| Double bed spread | ***** |
| Single bed spread | ***** |
| Pillow covers | ***** |
| File folders | ***** |
| Bolster covers | ***** |
| Apron | ***** |
| Shopping bag | ***** |

(exact figures not given)

In addition, ABC FOUNDATION also sold dining table covers, tea cosies, wall hangings and curtains. The demand for these were mostly sporadic in nature and catered to specific market segments. The sale was through ABC FOUNDATION's own sales centre at its head office. An outlet was opened in the city market complex in the main part of town. This outlet sold goods worth a few lakhs in its first year of operation but overheads were high. In the initial years ABC FOUNDATION totally depended on government handicraft marketing corporations for marketing the products. Subsequently ABC FOUNDATION stopped selling through these bodies. The reasons were:

- No revision of rates
- Addition of 30 to 40% markup on the products sold by these bodies
- Slow payment
- Rejections and insistence on inspections at their site leading to additional transport costs and other local costs
- In addition, ABC FOUNDATION conducted weeklong exhibitions in the city where it was located. One such exhibition raked in considerable amount. Similar exhibitions were held in metros such as Mumbai and Delhi. The profits generated were insignificant and the idea was discontinued. Traders visited ABC FOUNDATION from places as far as Kolkata to order

specific items in bulk. However, ABC FOUNDATION did not have a policy with respect to minimum order quantity and did honour requirements of smaller lots. While taking such orders ABC FOUNDATION would examine the time required to make such designs at the village level. File folders were sold to institutional buyers and academic institutions in the area. It was the presence of academic and research institutes that purchased the products helped ABC FOUNDATION sustain its patch work sales even after stopping sales through government bodies. ABC FOUNDATION also tried its hand in making Punjabi suits using patchwork design, but stopped this initiative owing to inventory pile-up. It could not also compete with designer boutiques in major cities and state capitals and other well-established outlets in this product category. Similarly export through a global donor agency did not make much headway possibly owing to fast changing preferences of global customers and strict quality requirements.

5.0: Marketing challenges and the way forward:

ABC FOUNDATION had a large annual budget for various development activities of which patchwork initiative was just one activity. The patchwork product sales was reasonable but faced many problems. A few of problems of ABC FOUNDATION in marketing patchwork products were as follows:

- Continuous production of items was essential. A woman working in a farm can earn much more per day. This prevented ABC FOUNDATION from committing for bulk orders.
- Absence of a design database was a constraint. Product design was also a dimension. What possible design factors must be considered so that the product was not seen as run of the mill was also an issue.
- Copying of products by competitors was another problem. Often traders purchased an item but in the subsequent season copied the design and sold similar products under their own label.
- There was no branding for the product.
- ABC FOUNDATION proposed to open an outlet in a nearby city and at the same time it could not have too many outlets owing to high overheads.
- Scope for diversifying into more value-added products existed but direction was not clear.

- Unlike certain other regions in the country the region in which ABC FOUNDATION operated was not associated with any craft in the consumers' mind.
- Consumers in India could not distinguish between genuine crafts and look alike. There were many duplicates that were passed off as original.
- Consumer preferences kept changing. Meeting consumer preferences was a challenge
- Differentiation was also an issue as there were independent skilled artisans who sold on their own for livelihood.
- Need to diversify into other allied products and modern crafts. Opportunities included value added products for corporate offices, modern crafts such as jewelry for office wear etc. More ideas were possible. ABC FOUNDATION felt that these product categories posed challenges from concept stage to launch stage.

As could be inferred ABC FOUNDATION faced many challenges. Was it clear to the FOUNDATION as to the target consumers for the craft? Can it compete with boutiques that specialize in patchwork products? One strategy could be to tie up with social enterprises focusing on crafts as its earlier experience of marketing through government bodies was not fruitful. This might also help in continuously improving the design. Should differentiation and positioning be based on social dimension? Its effort to distribute on its own had only given limited dividends. Should it tie up with retail chains for distribution and marketing? Should it market the product under the brand of leading players in the handicrafts sector? Should the design focus be for ease of manufacture or differentiation? Should it focus on new products for existing markets, current products for new markets or new product for new markets? The easiest option for ABC FOUNDATION would be to close the patchwork program. That would affect income generation by poor women and negatively impact the family viability program. Product development and diversification could be possible solutions. Surviving in this business and marketing the product successfully were critical as it had implications for the livelihoods of poor and their access to a better quality of life.

(Note: The name of the organization has been disguised and only qualitative information provided in academic interest and to protect the organization's commercial interest. A few current issues faced by handicrafts organizations have been incorporated based on various readings to impart a contemporary flavour. The case is based on a real life case exercise undertaken by the author)

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Website of the NGO which is disguised