



Creative Giving

## Ten Thousand Villages Grows With Fair Trade

Ashlea Ebeling, 09.07.09, 12:00 AM ET

The Ten Thousand villages store in the Center City of Philadelphia is crammed with \$8 Ghanaian soaps, \$16 Indonesian beaded necklaces, \$48 Vietnamese serving dishes and \$115 Peruvian wall hangings. As international music softly plays, volunteers approach shoppers to share the story behind each product, made by artisans from 131 groups in 38 countries. They talk about how craftsmen are paid a "fair wage" but rarely mention the religious roots of the store as an offshoot of the Mennonite Central Committee, a missionary, relief and antiwar agency run by Mennonite and Brethren in Christ congregations in the U.S. and Canada.

Back in 1946 Mennonite volunteer Edna Ruth Byler decided the women who had been trained in the MCC's embroidery classes in Puerto Rico weren't being paid enough for their handiwork. So she started bringing their pieces back to Pennsylvania to sell out of the trunk of her car--an effort that is often cited as the start of the "fair trade" movement. The MCC adopted Byler's Overseas Needlepoint & Crafts Project in 1962 and assiduously nurtured artisans abroad. But it left the retailing largely to others; it sold wholesale to church and gift shops and held craft fairs at churches.

Finally, in 1997 the MCC opened its first Ten Thousand Villages store and in 2000 split off the project as a separate charity, headquartered in Akron, Pa. and dedicated solely to promoting economic development through crafts. The timing was opportune, what with growing interest in the idea that poverty can be alleviated if tiny businesses in poor countries are able to sell their goods in rich ones for a decent price. Since the split, Ten Thousand Villages has added 23 stores to the 4 it had before and doubled the number of franchise outlets (Ten Thousand-branded stores operated by other charities under contract) to 48. It began online sales from its own Web site in 2005 and, last fall, through Ebay's Worldofgood.com.

In the February 2009 fiscal year Ten Thousand Villages had net U.S. sales of \$24 million, up from \$10 million in 2000. (A sister charity, which runs 50 stores in Canada, did another \$14 million in 2009.) Its primary competitor is Serrv, which sells fair-trade artisan-made goods primarily through a printed catalogue.

These days Ten Thousand Villages pays as much attention to finding and retaining customers as it does to developing craftsmen. "That's the reason we exist as an organization--to try to generate income and jobs for our artisans," says Chief Executive Craig Schloneger. New stores are in tony suburbs, in gentrifying neighborhoods and near college campuses. The typical consumer: an educated, socially conscious woman, aged 25 to 54, with a household income of \$70,000 to \$100,000. She might be looking for an inexpensive wedding present, replenishing her supply of Equal Exchange coffee or browsing racks of cheap jewelry for a gift to herself she'll feel virtuous for buying.

The stores employ the standard retail gimmicks: gift cards, gift registries, a free gift of jatropa-seed soap with a \$50 purchase. Instead of pleas for cash donations (Ten Thousand Villages doesn't take them), customers get 10%-off coupons in the mail.

The chain also encourages store managers to work all the charitable and marketing angles. Philadelphia store manager Darlene DeLaPaz visits schools to talk up fair trade and invites nonprofits such as Women Against Abuse to promote shopping days to their supporters. On those days, 10% to 15% of sales goes to the sponsoring organization. The manager has also tried to turn her store into a destination with live musical performances, workshops by artisans visiting from overseas and a seating area where free Ethiopian and Nicaraguan coffee is served.

While none of the items sold by Ten Thousand Villages is a necessity, the low price point and charitable hook seems to have sheltered it from the worst of the recession. Sales were down 6% in the last fiscal year, compared with a 13% drop at for-profit Pier 1 Imports.

From a field notebook she keeps of customer comments, DeLaPaz (an anthropologist by training) reads off what one woman who bought a \$14 Kenyan Smiling Hippo candleholder said: "I felt as if I had bought something of value." If a tchotchke draws such devotion, it's no surprise that many customers become volunteers, too. Stores (both owned and franchised) keep costs low

by supplementing the work of paid managers with the efforts of 4,000 volunteers nationwide.

Retired high school Spanish teacher Anne Kuntz works Friday afternoons in the West Hartford, Conn. store. She appreciates both the store's mission and the 20% volunteer discount. "My husband joked, 'You're going to have to get a paying job to pay for the items you're bringing back from your volunteer job,'" Kuntz says. While older volunteers are more common, younger folks have been pulled in, too. One three-year volunteer at DeLaPaz's store is a 24-year-old studying for her Ph.D. in microbiology at the University of Pennsylvania.

So what does all this feel-good buying and selling do for the poor? On average, 21 cents of the retail sales dollar goes to artisan groups. By contrast, Peruvian jewelry makers and knitters selling through the usual commercial channels receive only 1 to 5 cents of the retail dollar, according to research by Partners for Just Trade, in St. Louis. Ten Thousand Villages does not take items on consignment; it, not the craft workers, absorbs the loss if a product doesn't sell. The craftsmen are paid 50% when an order is placed, the balance when the product is shipped.

Rather than buy from already successful co-ops and companies, Ten Thousand Villages tries to nurture fledgling ones that, Schloneger says, "wouldn't have a chance in the commercial marketplace." Six in-house designers and buyers travel to the villages to help groups develop products for the North American market. Local raw materials--say, olive wood from the West Bank for a Nativity scene or wool from alpacas raised in the Andes foothills for a knit hat--are favored.

Ten Thousand Villages aims to build long-term relationships with its suppliers and has worked with the majority of them for 12 years or more. That gives them better access to loans to expand their businesses and allows individual craft workers to buy homes and plan for the future, Schloneger says. Some make the transition to commercial sales. Recently, Schloneger reports, the founder of a handmade-paper company in the Philippines came to the U.S. on a Ten Thousand Villages promotion tour and went home with an order from Barnes & Noble.

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