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Fair trade frenzy drives retailer's sales New store also helps not-for-profit Global Gifts' revenue triple in five years

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Times are good for Global Gifts Inc., a local not-for-profit that runs two boutiques where shoppers think globally and buy locally.

The retailer is experiencing a growth spurt as it approaches its 20th anniversary—sales have more than tripled in the last five years and leaders are planning a third location to capitalize on the increasing number of central Indiana residents who embrace fair-trade shopping.

Fair-trade retailers agree to a set of rules guaranteeing that their products—mostly crafts and agricultural goods from developing nations—were bought at fair prices and that those who provided the merchandise are actually benefiting from the sale.

"Awareness about fair trade is growing by leaps and bounds and young people really seek it out," said General Manager Sam Carpenter.

Global Gifts got its start in 1982 when a member of Indianapolis' First Mennonite Church started selling fair-trade crafts at the church and through home parties.

As its popularity grew, organizers opened a retail shop at 79th Street and Michigan Road in 1988 before moving to Global Gifts' current location at 1468 W. 86th St. In 1992, the store was incorporated as a separate not-for-profit.

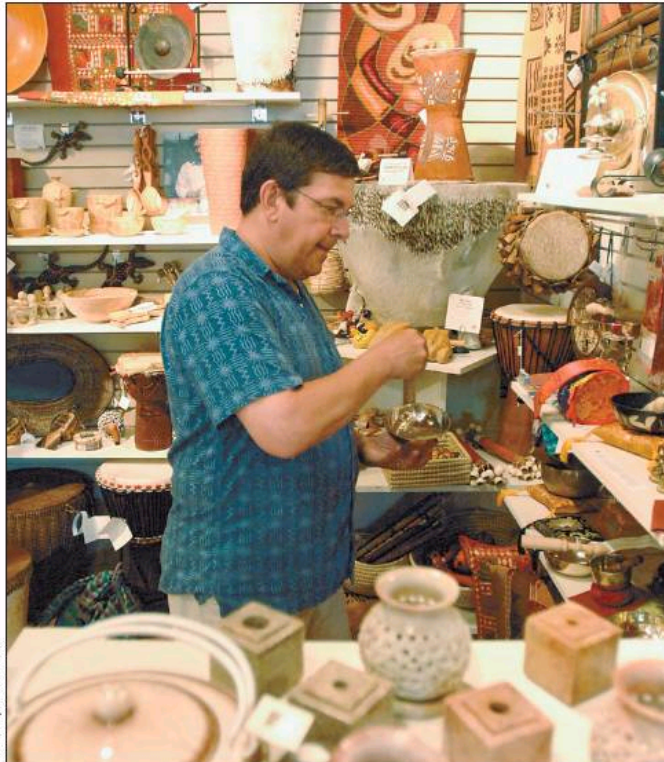
Its steady growth got a boost when a second store opened at 446 Massachusetts Ave. in 2006, following a successful experiment with a temporary location on South Meridian Street downtown during the 2005 holiday shopping season. The stores now have three full-time and seven part-time employees, augmented by a core of about 80 volunteers who work regular shifts.

Sales last year reached nearly \$779,000—particularly impressive since many items sell for \$1 to \$5; the stores do stock some hand-carved furniture that can cost as much as \$300, though.

Any revenue left over after expenses is reinvested in growing the stores or buying more merchandise from third-world artisans. Some is donated to other not-for-profits, including a national group that teaches about fair trade. The store also pays for staff travel to artisan cooperatives or to bring producers to Indianapolis.

Global Gifts buys most of its products through wholesalers that also are members of the Washington, D.C.-based Fair Trade Federation. They follow certain fair-trade rules, including:

- Providing market access to groups that would not otherwise have it;
- Paying at least half of the purchase price up front and the rest on delivery of goods, allowing the artisans quicker access to capital;
- Paying a fair price for the goods;
- Barring child exploitation;
- Requiring artisan groups to be democratically organized co-ops; and
- Buying only environmentally sustainable products.



IBJ Photo/Robin Jerzard

Chris Walezak of Avon looks at musical instruments in Global Gifts' Mass Ave shop. The retailer, which also has a north-side location, is scouting locations for a third store.

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Global

Nationally, the burgeoning fair-trade market is split into two categories: crafts imported by organizations that are part of the Fair Trade Federation and agricultural products that are

Global Gifts Inc.

Mission: serving impoverished artisans and producers in the developing world by paying them fairly and providing a more direct market for their goods

Founded: 1988

Stores: 1468 W. 86th St. and 446 Massachusetts Ave.

2007 revenue: \$778,912

General manager: Sam Carpenter

Employees: three full-time, seven part-time

Source: Global Gifts Inc.



Carpenter

certified as fair-trade compliant by TransFair USA, a not-for-profit certification agency. Global Gifts stocks mostly crafts, though it does sell some coffee, chocolate, and soup and cookie mixes.

In 2006, the Fair Trade Federation's 270 members had more than \$160 million in sales, according to Executive Director Carmen K. Iezzi. Of the organizations that apply for membership, only about half make the grade. About 65 percent of its members are for-profit stores.

But that is just a portion of the industry—global sales of fair-trade products are expected to reach \$4.5 billion this year, said Douglas Murray, co-director of the Center for Fair & Alternative Trade Studies at Colorado State University. And growth has averaged about 40 percent a year over the last decade.

Previous generations tried unions and socialism to tackle inequities, but today's do-gooders are looking to the marketplace to tackle social ills.

It appears to be working. Several studies have shown fair-trade farmers and artisans get a higher price for their products. Plus, fair-trade organizations require a portion of proceeds to be set aside for community development projects, such as building health clinics or

schools.

"The fair-trade phenomenon is part of a larger, emerging awareness ... about personal consumer engagement in social problems using the market," Murray said.

The stories don't hurt, either. Global Gifts regularly highlights the people behind its wares, such as Dorothy Nabikibi, a Ugandan basket weaver and single mom who visited the store in 2005 and sends regular updates.

Unlike traditional retailing, where price and value are at the forefront, fair-trade stores sell the human connection, said Richard Feinberg, a retail expert at Purdue University.

"That reinforces their image, and it's extremely important," he said.

Although fair trade is gaining steam, Feinberg said it's not something average consumers understand.

"Right now, it's not a mass-market issue," he said.

But one of the great myths of retail is that to succeed, a store needs to appeal to the mass market. As Global Gifts' success shows, all a retailer really needs is a loyal niche of shoppers, Feinberg said.

Not content with the status quo, Global Gifts' board has approved opening a third store and leaders are scoping out sites now. Plus, they hope to grow festival and farmer market sales from more than \$36,000 in 2007 to \$100,000 in two to three years. •

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