



# BADR ADDUJA MARKETING PLAN

Part of SABEQ's Support to the members of The Jordan Forum for Business and Professional Women (JFBPW) in Developing Marketing Plans  
FINAL REPORT

September 26, 2009

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## FOREWORD

The Jordan Forum for Business and Professional Women is a voluntary business association. It was established in 1976 and considered one of the most active Non-Governmental Organizations in Jordan.

JFBPW emphasizes the crucial need for developing marketing plans for their members stating that having such plans will help members in identifying on regular basis the targeted market segments, customer needs, their own differential advantage and use all that to design their marketing mix to satisfy customers much better than competitors.

In this context, the USAID Jordan Economic Development Program (SABEQ) through its InsTran component, thought providing such technical assistance to JFBPW members will improve JFBPW image and credibility among members through creating success stories that will contribute to increasing membership that will eventually lead into financial sustainability. This commensurate well as supporting selected JFBPW members with well thought-out marketing may lead to increasing revenues and exports of the sectors in which the selected members operate, and might even increase the number of jobs available at those businesses due to their possible growth.

The consultant has run intensive discussions with JFBPW and SABEQ technical advisors to select a group of companies (up to 8 companies) of JFBPW members that show the potential to improve if they are given the right direction of how to market their products. A selection criterion to choose the top two companies that prove to be the most ready for the pilot project of developing marketing plans has been developed and the results of this selection criteria were as follows:

**Table 1: Selection Criteria Results**

Criterion	Company					
	A	B	C	F	G	H
Physical presence of business	50%	100%	50%	75%	100%	100%
Market potential	70%	75%	75%	70%	75%	65%
Need for defined target market segments	70%	55%	65%	75%	65%	70%
Added value proposition	75%	60%	60%	70%	75%	70%
Aspects of the competitive advantage	65%	65%	60%	70%	75%	65%
Beneficiary buy-in	85%	90%	75%	85%	60%	90%
Owner/Management team relevant qualifications/experience	75%	80%	70%	90%	75%	90%
Anticipated impact of marketing strategy	65%	70%	70%	80%	65%	75%
<b>Weighted Average Score</b>	<b>69.4%</b>	<b>74.4%</b>	<b>65.6%</b>	<b>76.9%</b>	<b>73.8%</b>	<b>78.1%</b>

A Knowledge Way Training Center (Amani Elayyan)

B Aqaba Diving Center (Laila Mana'a)

C Al Layan Co. (Muna Shamyeh)

D Al Reebal Trading Est. (Nabila Haddadin)

E Monojo Co. (Penelope Se'edan)

F Rawabi Creations (Rawabi Abu Ghazaleh)

G Ithmar (Al Quqa Group)

H Badr Adduja (May Khoury)

## 1.0 SITUATION ANALYSIS

### 1.1 COMPANY OVERVIEW

Badr Adduja was established by Ms. May Khoury in 1999 under the patronage of H.R.H Princess Muna El-Hussein. The idea was to introduce a new dimension to Jordanian arts and handicrafts centers through freedom of artistic expression reflected in handicraft products of Jordanian traditional authenticity combined with contemporary splendor. Product idea and designs are mostly put by Ms. May Khoury and the company's products mainly include furniture, wall hangings, home accessories, as well as a range of other handicraft products, which are listed in further detail in the later parts of this section. Most of the creations are a mixture of old and new materials merged to form the final products. As for the old traditional pieces, the items are inspired by the Jordanian cultural heritage and the orient, namely; furniture, rugs, textiles, costumes, silver, jewelry and accessories, brass, wood, and pottery.

#### 1.1.1 Scope of Business

Badr Adduja is a partnership company, which specializes in producing home furnishings made of authentic traditional pieces, redesigned to reconcile tradition with modernity. Products include a variety of home furnishings, collections with old pieces, and handicrafts.

#### 1.1.2 Product Analysis

Badr Aduwa's products' collections are classified into seven main categories:

**Figure 1: Badr Ad Duja: Main categories of product collections**

<b>The Old textiles Collection</b>	The collection includes textiles from all around the orient, mainly, Syria, Iraq, turkey, Yemen, Iran, Jordan, Uzbekistan, and Caucasia.
<b>The New textiles Collection</b>	The collection includes Kaftans, scarfs, jackets, tops, vests, belts, handbags, cushions, runners, and costars.
<b>The Furniture Collection</b>	This collection is dominated by chairs, tables, benches, consoles, mirrors, stools, picture frames, side lamps, and cupboards.

<b>The Jewelry Collection</b>	The collection is mainly made of silver and semi-precious stones. Products are mainly necklaces, rings, bracelets, belts, headdresses, pendants, boxes, and mirrors.
<b>The Old Stone Pottery and Wood Collection</b>	This collection includes old traditional wood, pottery and stone used in daily life, from Jordan.
<b>The Old Rugs Collection</b>	The collection includes old rugs from Jordan, Iran, Afghanistan, and Turkey.
<b>The Brass Collection</b>	The collection includes brass from all countries famous in brass, which include Syria, Iraq, and Uzbekistan.

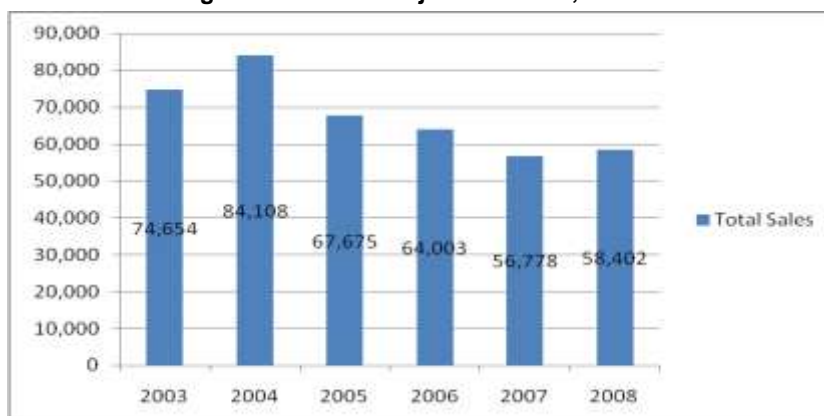
**Table 2: Badr Adduja Product Range**

Badr Adduja's Product Range		
Product Groups, Descriptions and Features		
Product Categories	Product Description	Product Features
Old textiles	<p>Badr Adduja's products under all product categories mainly constitute of the following material items:</p> <ul style="list-style-type: none"> <li>- New and old textiles</li> <li>- New and old wood</li> <li>- New Pottery</li> <li>- New and old brass</li> <li>- Glass</li> <li>- Silver with semi-precious stones</li> <li>- Old handicrafts</li> </ul>	<p><b>Design:</b> Ms. May Khoury is the main designer of her products, besides her assistant, Randa Shomar. Her designs include a collection that represents the essence of Arab and Jordanian culture and heritage. In addition, some pieces represent a mixture of old and new materials incorporated together to form the final product.</p> <p><b>Price:</b> The products are purchased locally, and then processed; therefore, the competition obliges the designer to multiply the production cost by 1.5 or 2 as a ceiling price.</p> <p><b>Packaging:</b> The packaging of Badr Adduja's products is unique in terms of design. This is because the artist forms different packaging bags and boxes, depending on the final product, and the customer ordering the product.</p> <p><b>Quality:</b> The final products consist of good quality materials and possess a crucial quality of good finishing.</p>
New Textiles		
Furniture		
Jewelry		
Home Accessories		
Old Stone Pottery and wood		
Rugs		
Brass		

### 1.1.3 Historical Sales Analysis

Total revenues of Badr Adduja peaked in 2004 amounting to JOD 84,108 and reflecting a growth rate of 10.0% over the previous year 2003 when revenues amounted to JOD 74,654.

**Figure 2: Badr Ad Duja Total Sales, 2003-2008**



According to Figure (2) above, Badr Adduja total sales have been growing at a negative Average Annual Growth Rate (AAGR) of 4.15% over the (2003-2008) five year period. Sales per product category are further analyzed in Table (3) below:

**Table 3: Badr Adduja - Sales by Product (2003-2008)**

Badr Adduja Sales By Product Sales and Share in Total Sales by Product (2006-2008)												
Product Categories	2003		2004		2005		2006		2007		2008	
	JD	%	JD	%	JD	%	JD	%	JD	%	JD	%
Old Textile.	11,198.1	0.15	26,073.5	0.31	11,504.8	0.17	7,680.4	0.12	6,813.4	0.12	9,928.3	0.17
New Textile creations.	20,156.6	0.27	12,616.2	0.15	22,332.8	0.33	16,000.8	0.25	16,465.6	0.29	18,688.6	0.32
Furniture	19,410.0	0.26	18,503.8	0.22	14,211.8	0.21	21,121.0	0.33	18,736.7	0.33	21,024.7	0.36
Jewelry	8,958.5	0.12	10,934.0	0.13	6,090.8	0.09	8,320.4	0.13	5,677.8	0.10	5,256.2	0.09
Home Acces	5,972.3	0.08	5,046.5	0.06	6,767.5	0.10	3,200.2	0.05	2,838.9	0.05	1,752.1	0.03
Old stone Pottery & wood	5,225.8	0.07	2,523.2	0.03	2,030.3	0.03	1,920.1	0.03	2,271.1	0.04	584.0	0.01
Rugs	2,986.2	0.04	6,728.6	0.08	4,060.5	0.06	5,120.2	0.08	3,406.7	0.06	584.0	0.01
Brass	746.5	0.01	1,682.2	0.02	676.8	0.01	640.0	0.01	567.8	0.01	584.0	0.01
<b>Total</b>	<b>74,654.0</b>	<b>100%</b>	<b>84,108.0</b>	<b>100%</b>	<b>67,675.0</b>	<b>100%</b>	<b>64,003.0</b>	<b>100%</b>	<b>56,778.0</b>	<b>100%</b>	<b>58,402.0</b>	<b>100%</b>

**Figure 3: Badr Ad Duja - Distribution of Product Shares in Total Sales**

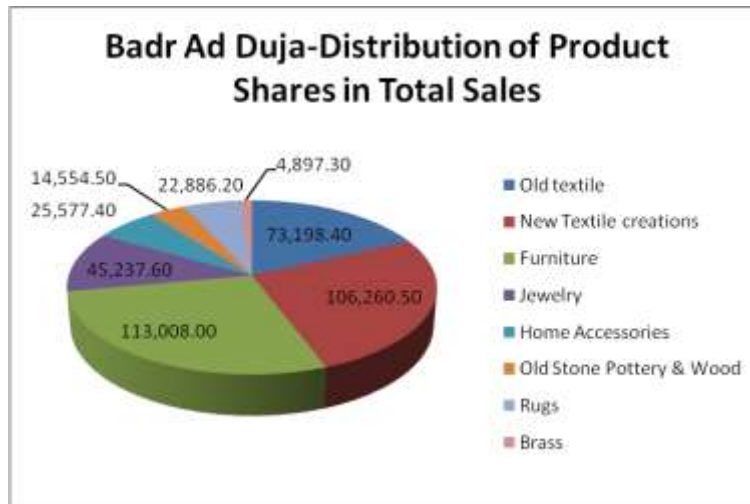
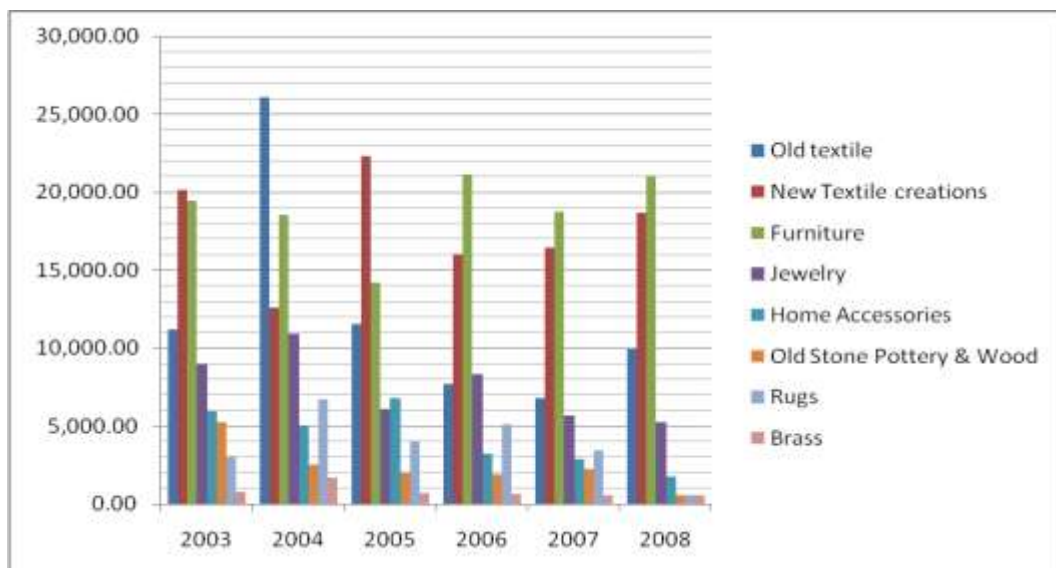


Figure (3) shows that the (Furniture) product category had the highest share in total sales during 2008, equal to 36%. Of the remaining shares, 32% of total sales are attributed to New Textile Creations, and the rest is almost divided equally between old textile, jewelry, home accessories, old stone pottery and wood, rugs, and brass.

Figure (4) below illustrates that products that generate the highest revenues are within the (Furniture) product category, as sales of that category reached JOD 21,024.7 reflecting a growth rate of 12.21% over sales of the same products category during the previous year 2007, when sales of (Furniture) were JOD 18,736.7. Second highest revenues were attributed to the (New Textile Creations) and (Old Textile) product categories with sales of JOD 18688.6 and JOD 9,928.3 respectively in 2008, reflecting growth rates of 13.50% and 45.72% respectively over their sales in 2007. The (Old Stone Pottery and Wood), rugs, and brass product categories registered the lowest revenues with sales of only JOD 584.0 in 2008.

**Figure 4: Badr Adduja - Sales by Product (2003-2008)**





In general, the furniture and new textile creations' categories have the highest sales value throughout 2003 and 2008. The negative Average Annual Growth Rate (AAGR) of total sales is due to the negative (AAGR) of the sales of jewelry, home accessories, old stone pottery and wood, and rugs, which were -4.96%, -16.74%, -26.54%, and -0.91% respectively. On the other hand, old textiles, new textiles, furniture, and brass categories, had positive (AAGR) of sales of 15.63%, 5.53%, 4.33%, and 10.34% respectively. The products of Badr Ad Duja are of a touristic nature- 60%-70percentage of Badr Ad Duja's customers are expats living in Jordan- and are not bought on a regular basis. In addition, the production of some products is based on the demand, which is neither fixed nor seasonal, and therefore results in fluctuations in sales of each product category.

#### 1.1.4 Management Team

The management team mainly consists of the founder, manager, promoter, and main designer in the business, Ms. May Khoury, who owns one-third of the company. Her two sons- both silent partners- each owns one-third of the company as well.

#### 1.1.5 Profitability Analysis

An indication of the total margin available to cover operating expenses and yield a profit can be calculated for Badr Adduja. Gross profit margins in the years 2003 till 2008 are presented in the following table:

Year	Gross profit margin	%change in gross profit margins
2003	7.25%	-
2004	10.13%	39.72%
2005	5.08%	- 49.85%
2006	9.95%	95.87%
2007	11.22%	12.76%
2008	4.49%	-149.89%

The profitability analysis mentioned above indicates the low gross profit margin achieved by Badr Adduja, which is an indicator of the weak pricing strategy used in pricing the final products. To be noticed again is the highly fluctuating change in gross profit margins, resulting from the high fluctuations in the sales revenue of the enterprise from year to year, depending on the unstable demand.

### **1.1.6 Top-Line Internal Marketing Audit**

#### **Overall Strategy and Management Capabilities**

- + The management team is committed to ongoing self-review and continuous improvement.
- + Hands-on practical experience in the field of handicraft product design and production.
- No clear strategic intent (lack of clear vision and mission statements).
- No specific or measurable goals that translate the mission (which is non-existent).
- No financial goals formulated. Lack awareness within the company of its strategy or of what it does well.
- Financial and non-financial goals are not part of the output of the strategic planning process, which is weak and almost non-existent.

#### **Marketing Strategy**

- + Awareness of the importance of the strategic marketing planning.
- No formal strategic marketing planning. Marketing structures and systems are unavailable.
- Rather weak marketing knowledge and skills.
- Although aware of the benefits of marketing, yet, incapable of affording to market the end-products.

#### **Market Research**

- No market research is carried out.
- Marketing activities are not planned and not reflected in the company's budget.
- Secondary market data sources are not used.
- Customer profiling is not done properly (out of day-to-day practice).

#### **Product: Design and New Product Development Strategy**

- Design skills and creativity: the key person is Ms. May Khoury who is highly skilled and capable of crafting creative handicraft pieces.
- High artisanship skills illustrated by the ability to transform innovative concept designs into sellable products.
- Uniqueness and originality of product items
- However, there is no defined process for identifying new ideas or opportunities. Ideas are generally haphazard.
- Need to lay down procedural guidelines for product development.
- No structured process for capturing new product ideas.
- Current process for developing new ideas does not take into account customer preferences and competitors.

- Inability to produce at large commercial quantities due to the incapability of attracting talents because of financial difficulties.

### **Price: Pricing Strategy**

- Unsystematic price planning evident by an ineffective pricing.

### **Branding and Communications Strategy**

- + Good participation in relevant exhibitions.
- + Good oral and written presentation skills.
- + Good packaging.
- The company does not assess relative importance of the various tools and tracks promotional activities.
- The company does not have an integrated marketing communications strategy that coordinates, unifies, and controls the promotional mix. The branding framework is generally weak and there is a lack of messages communicated through product hangtags.

### **Competitive Analysis**

- No systematic competitor analysis or consideration of sources of competitive advantage or disadvantage.
- Lack of data collection on competitors and related market updates.
- Misconception and fundamental misunderstanding of the company's source of competitive advantage.

### **Customer Awareness**

- The company is not fully aware of the relative profitability of its individual customers. Sales records are not formally analyzed. Lack of detailed records kept of sales to each individual customer.

### **Customer Satisfaction**

- No customer surveys and little feedback from frontline staff.
- There is no clear evidence that the company tracks customer suggestions and complaints. Most customer satisfaction trends data is qualitative.

## **2.0 MARKET ANALYSIS**

### **2.1 INTRODUCTION**

Handicrafts evolved in Jordan the Arab countries as part of people's lives, to meet their daily uses and to use as decorative items. As demand for traditional crafts increased due to the rise in the number of tourists, the production of traditional crafts has also evolved to become a significant source of income for those involved in their production. Having said this, it can be noted that traditional crafts were produced and marketed to meet the growing demand by foreign tourists for the exotic, and the unusual handicrafts; in turn, this required artisans to adapt to the challenges of the marketplace by modifying traditional crafts to meet different tourists' tastes and preferences.

Handicrafts are an important factor of maintaining a national culture and identity as they are considered as a key component of any nation's cultural heritage. Westerners are demanding more traditional handicrafts from developing countries because they serve as cultural momentos of their travels as well as symbolize rich historical traditions of the past.

### **2.2 Definition of Handicrafts**

Before delving into analyzing the market demand for handicrafts in Jordan, it is important to define handicrafts and observe global trends of handicrafts.

The following generic definition, adopted in 1997 by the United Nations Educational, Scientific and Cultural Organization/Information Technology Community (UNESCO/ITC) Symposium on Crafts and the International Market, defines the handicrafts sector and describes its complexity and diversity:

“Artisanal products or handicrafts are those produced by artisans, completely by hand or with the help of hand-tools and even mechanical means as long as the direct manual contribution of the artisan remains the most substantial component of the finished product. Their special nature derives from their distinctive features, which can be utilitarian, aesthetic, artistic, creative, culturally attached, decorative, functional, traditional, and religiously and socially symbolic and significant. They are made of sustainable produced raw materials and there is no particular restriction in terms of production quantity. Even when artisans make quantities of the same design, no two pieces are ever exactly alike”<sup>1</sup>.

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<sup>1</sup> ITC

## 2.3 Definition of Craftsmen or Artisans

According to the ITC/ UNCTAD definition the word artisans (Craftsmen) was defined as:

*“Persons who carry out manual work on their own account, often helped by family members, friends or apprentices, even workers with whom they constantly keep personal contacts which generate a community of intellect and attachment to the craft.”<sup>2</sup>*

The above definition refers to the main elements in producing artisan products or traditional craft products. However, as these products are becoming more and more attractive for tourists who are becoming the main consumer, it is necessary to understand what is referred to as “tourist art” and then understand the main distinctions of different products.

## 2.4 Overview of the Global Market Trends

The global market for home accessories was estimated to be at least \$100 billion in 2006 according to the study. The U.S. is the largest importer of the home accessories and was valued at \$67 billion, the second largest market is the E.U. collectively followed by Japan and Hong Kong.

The study segments the home accessory market in the U.S. in 2004 according to market share as follows: Accessories and Gifts 22%, Accent furniture 21%, Portable lamps 11%, Area rugs 9%, Wall décor 9%, Lighting fixtures 7%, Tabletop and tabletop accessories 7%, Collectibles 6%, Soft goods 5% and Permanent botanicals 4%.

The study highlighted the potential buyers of handicrafts in the U.S. as follows:

- 1- **Specialty and lifestyle stores** as this category look for unique products not available at mass retailers.
- 2- **Catalog and internet retailers**, which is the direct to consumer channel. A high percentage of young consumers in the U.S., including Hispanics and African Americans, are buying home accessories through this channel.
- 3- **Independent retailers**, which are small stores such as tourists’ shops, art galleries and museums. This channel has been traditionally a large and constant outlet for handicrafts and there is a growth in the luxury market.

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<sup>2</sup>Source: (Definition adopted for crafts/artisan products at the UNESCO/ITC International Symposium on “Crafts and the International Market: Trade and Customs Codification”, Manila, Philippines, October 1997).

The study lists most common raw materials used by handicraft producers as classified by ITC as follows: Basket, wicker and vegetable fibers, Metal, Leather, Paper, Pottery, Wood, Soap, Textiles, Stone, Glass, Bone, Horn, Shells and a combination of different materials and techniques.

As for price segmentation, the study cites four main handicraft categories and price segments as follows:

- 1- **Functional wares:** items made in a workshop or small factory that mass-produces handmade goods such as pottery, tiles, or furniture for national or export markets. This segment falls into the low-end market and is sold through big-box stores.
- 2- **Traditional art:** ethnic crafts marketed locally by creating interest in the culture and by maintaining high quality. This segment falls into the mid-to-high-end markets and is sold by small chains and independent retail stores.
- 3- **Designer goods:** sometimes based on local crafts but always redesigned by foreigners to suit fashion trends in the export market. This segment falls into the high-end market segment and is sold by specialty stores.
- 4- **Souvenirs:** inexpensive, universal trinkets or simplified traditional crafts made for local retail or sold through international development agencies as tokens of good will. This segment falls into the low-end market and is sold by souvenir and gift shops in resorts and vacation areas.

The major exporters of handicrafts are China, India and Vietnam. China is the largest exporter of home accessories globally and in April 2005, China produced an estimated 70% of all home accessory products sold in the U.S. India total exports of handicrafts amounted to USD 3.5 billion in 2007 and 30% is exported to the U.S. Vietnam Handicraft exports in 2007 stood at USD 824 million.

In terms of main trends in handicrafts, it is growing commoditization of handicrafts production, shorter product lifecycles and an emphasis on creating new designs, the move from indigenous designs towards contemporary minimalism designs, the push to differentiate by focusing on luxury items and a significant growth in online sales.

## 2.5 Analysis of the Jordanian Market for Handicrafts

Similarly to other countries in the region, Jordan has a heritage of producing traditional handicrafts and skills are available. Bedouin weavings, rugs, camel accessories, jewelry, pillowcases, leather cushions, pottery, mosaic, ceramics and other handicrafts are items found in souvenir shops and boutiques all over Jordan. However, due to insufficient inputs in

creative product design and lack of branding and marketing communications efforts, Jordanian handicrafts are not particularly well-known outside Jordan.

### 2.5.1 Jordanian Handicrafts Market Macro-Environment Overview: PEST Analysis

This section provides an analytical overview of the relevant macro environment of the Jordanian handicrafts sector through PEST analysis, which is a tool to help understand the main relevant features and characteristics of the political, economic, socio-cultural and technological factors associated with the market that could have impact on the handicrafts sector in Jordan and business of Badr Adduja.

**Table 4: PEST Analysis of the Jordanian Handicrafts and Home Accessories Sector**

Main Macro-environmental Characteristics of the Jordanian Handicrafts and Home Accessories Market	
PEST ANALYSIS	
<b>Political &amp; Regulatory Factors</b>	<ul style="list-style-type: none"> <li>• Jordan is relatively stable, open, and safe in comparison to other countries in the region.</li> <li>• Jordan has signed many bilateral trade agreements<sup>3</sup> with many countries including USA, EU, Arab countries, and it enjoys good relations with so many countries due to its moderate political position, which creates opportunities for exporting.</li> <li>• The Jordan crafts industry falls under a multi governance structure. There is more than one ministry under by which artisans are governed: Ministry of Industry and Trade, Ministry of Tourism and Antiquities, Ministry of Social Development, Ministry of Culture.</li> <li>• Two bylaws fall under Tourism Law No.20 of the year 1988. These are the only regulations that focus on craftsmen and the production of crafts: <ul style="list-style-type: none"> <li>- Bylaw No 36 on Handicrafts and Traditional Folklore Industries</li> <li>- Bylaw No 38 on Handicraft Producers and Traders Associations.</li> </ul> </li> </ul> <p>Yet, reviewing these bylaws, and exploring their effective application reveal the following gaps:</p> <ul style="list-style-type: none"> <li>- There are no incentives to ensure marketing and promoting local crafts at the tourist sites.</li> <li>- The law clearly states that the development of crafts falls under MOTA, which permits the Ministry to collect fees, but it does not set clear actions or instructions to support artisans and represent their needs and interests.</li> <li>- The issued laws and bylaws do not refer to the special needs of the craft profession as artisans are treated like any other profession.</li> </ul>

<sup>3</sup> In April 2000 Jordan acceded to the WTO. In 2001 the Jordan-US FTA entered into force, followed by the Jordan-EU Association Agreement in May 1, 2002.

	<ul style="list-style-type: none"> <li>- The rules articulate similar treatment for craft producers and traders regardless of the product's origin.</li> <li>- There are a number of issues that are missed and ignored completely such as a clear definition of crafts, craft certification, branding and labeling.</li> <li>- There are no legal measures to protect original designs and property rights of artisans.</li> </ul>
<b>Economic Factors</b>	<p><b>Background:</b> Jordan is a small country with limited natural resources, but has developed significantly since its inception as a country. Jordan's geographic disposition and sole port of Aqaba puts it far from other markets makes its exports expensive to deliver. Economic growth has been robust in recent years, with several years of real GDP growth rate above 6 percent, and 6.0 percent<sup>4</sup> during 2007, while the official unemployment has hovered at 14% (unofficial estimates are double this number). The budget deficit and public debt have remained high and continue to widen, yet inflation has remained relatively low due mainly to stable monetary policy and the continued peg to the United States Dollar.</p> <p><b><u>Latest official economic indicators<sup>5</sup></u></b></p> <p><b>GDP (current prices):</b> 11.23 JOD million (2007)</p> <p><b>GDP (constant):</b> 8.23 JOD million (2007)</p> <p><b>GDP Growth (current):</b> 12.3%</p> <p><b>GDP Growth (constant):</b> 6.0%</p> <p><b>GDP per Capita:</b> JOD 1785.3 (2007), JOD 1633.8 (2006)</p> <p><b>External Debt of Total GDP:</b> 64.5 (2007)</p> <p><b>Inflation rate:</b> 5.4% (2007), 6.3% (2006)</p> <p><b>Exports:</b> JOD 5427.7 million (2007)</p> <p><b>Imports:</b> JOD 9047.3 million (2007)</p> <p><b>Total Population:</b> 5,723.0 million (2007)</p> <p><b>Male Population:</b> 2,950.0 million (2007)</p> <p><b>Female Population:</b> 2,773.0 million (2007)</p> <p><b>Population Growth Rate:</b> 2.2% (2007)</p> <p><b>Overall Economic Stability and Impact of the Global Financial Crisis:</b> Central Bank of Jordan (CBJ) reports show that the impact of the global economic turmoil on Jordan remains minimal and "manageable" compared to other economies in the region.</p> <p>The economic growth rate dropped to four percent in the last quarter of 2008 when the impact of the global crisis started to be felt in the Kingdom noting that in the first three quarters of the year it ranged between 6 – 6.5 percent. This runs in harmony with the forecasts of the world bank and the IMF that growth rates in the kingdom in 2009 are to range between 3 and 4 percent.</p>

<sup>4</sup> At constant prices. Source: Department of Statistics (DOS)

<sup>5</sup> Source: Department of Statistics (DOS).



	<p><b>Gross Domestic Product (GDP):</b> The Kingdom's real GDP growth for the first half of this year is forecasted to be 6 per cent, which is attributed to "robust expansion" in the finance and tourism sectors as well as increased productivity</p>
	<p><b>Banking system:</b> One of the major pillars of the Kingdom's economic stability is the Central Bank's policy, which led to a healthy banking system.</p> <p>The banking system still enjoys a high degree of liquidity that greatly contributes to the achievement of the aspired for economic growth. Most banks have good liquidity, some even have great liquidity. We have seen that no bank was hit by the financial crisis.</p>
	<p><b>Interest rates:</b> There is pressure on the CBJ and the government to lower interest rates, but there is a strain on reserves as people switch from dollar to dinar.</p>
	<p><b>Tourism</b> (as a potentially related sector): during the first two months of 2009, the influx of the tourists to the Kingdom increased by 2 percent. Growth in the number of tourists is to continue within these rates, according to forecasts by IATA. The tourism sector expects more tourists this year as the Kingdom host major events including a pilgrimage by the Pope in May.</p>
<b>Socio-cultural Factors</b>	<ul style="list-style-type: none"> <li>• Large percentage of the Jordanian citizens is concentrated within the age group of (less than 15 years (37.32%)). Those who are within the (15-64) years age group comprise more than half the population (59.44%)<sup>6</sup>.</li> <li>• The population of Jordan is highly urban (Percentage of urban population is 82.6% according to DOS statistics 2007). In 1952, only 39.6% of Jordan's population lived in urban areas. By 2002, the figure had reached 78.7% this increase is largely a result of internal rural – to- urban migration, combined with the influx of refugees and migrants, mainly from Palestine and Iraq. The urban population within Amman accounts for 2.16 million, representing 38.7% of the total population of Jordan (2007)<sup>7</sup>.</li> <li>• Dependency ratio in Jordan is 68.4% (2007).</li> <li>• Number of households in Jordan is 1,059.8 million and the average household size is 5.4 (2007)<sup>8</sup>.</li> <li>• Upper-middle and higher-level income classes are concentrated in the West Amman area.</li> <li>• Tourists are seeking distinctive heritage, arts, and cultural experiences worldwide.</li> <li>• Research studies have shown that travelers who participate in cultural activities spend more money and stay longer than leisure travelers stay<sup>9</sup>.</li> <li>• The consumer demand and purchasing patterns of handicrafts is often unpredictable and are less reliant on research and generalization than other products. "Consumers buy handicrafts because they like to feel connected</li> </ul>

<sup>6</sup> Source: Department of Statistics (DOS), 2007.

<sup>7</sup>Source: Department of Statistics (DOS).

<sup>8</sup>Source: Department of Statistics (DOS), Jordan in Figures (2007).

<sup>9</sup> Based on a web research finding by the consultant.

	<p>with indigenous traditions and cultures in a global and increasingly commoditized world.”<sup>10</sup></p> <ul style="list-style-type: none"> <li>• Within the last five to ten years the interest in home furnishing and decoration has increased considerably among customers in Jordan as well as in the EU<sup>11</sup>. According to Euromonitor, public interest in interior design has rocketed across much of Europe, led by a rash of interior decoration magazines and the popularity of television programs featuring creative ideas for interiors, home improvement suggestions, interior architects, ‘home make-overs’ and designer talk-shows etc. These developments have in turn led to an increased interest in purchasing household accessories, which follow these themes and complement the overall décor of the house<sup>12</sup>.</li> <li>• The main types of crafts produced in developing countries that are in demand by western consumers/tourists are: pottery, basketry, carved goods, painted and paper products, spun and woven goods, dyed and printed goods, embroidered and appliquéd goods, floor coverings, theatre and musical crafts, jewelry, and recycled crafts.</li> <li>• Cultural heritage tourism is one of the fastest growing market segments and accounts for about 10 percent of tourists worldwide, about 60-70 million tourists each year. The typical cultural tourist is 40-60 years old. The segment is expected to grow. Tourists interested in cultural heritage are typically well travelled, affluent, highly educated, and stay in high quality accommodations. Among this segment, there is a growing need to get reacquainted with historical places<sup>13</sup>.</li> <li>• Travelers always enjoy aesthetic features the handicrafts bring to them. There travelers recognize the value of the aesthetic satisfaction derived from the intrinsic beauty in color and design, or workmanship in handicrafts.</li> <li>• The social context of tourist art production is closely linked to its cultural outcome, which is the art object. If the meaning of an object is not validated, it will have little interest for the tourist except as a personal memento.</li> <li>• Increasing consumer (whether local or foreign, but especially foreign) expectations in terms of quality, design, colors, shapes, exclusivity, environmental friendliness of the product, etc.</li> </ul>
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<sup>10</sup> Global Market Assessment for Handicrafts Vol I, a USAID report conducted by Ted Barber and Marina Krivoshlykova (DAI), 2006.

<sup>11</sup> Based on a web research finding by the consultant.

<sup>12</sup> Source: Euromonitor

<sup>13</sup> Source: Jordan National Tourism Strategy 2004 – 2010.

<b>Technological Factors</b>	<ul style="list-style-type: none"> <li>• Technology does not have a significant impact on the production of handicrafts as it is a labor intensive industry and handicrafts are appreciated by the valuable work of the hand, techniques employed, time spent in the craft production process as well as the finishing of the handicraft<sup>14</sup>.</li> <li>• However, technology can play a very important role in the marketing of handcrafted products through e-commerce as well as packaging and branding.</li> </ul>
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## 2.5.2 Overview of the Jordanian Handicrafts Market Structure and Trends

The Jordanian handicraft sector is an extremely fragmented industry, mainly because by their very nature handicrafts comprise a whole range of art and design variation. It is not possible to measure the handicrafts impact on the economy, as there is no specific “handicraft classification”. The government has classified some activities under “tourism” and some activities under the “crafts” sector, along with mechanics and carpentry.

However, not being able to measure the impact of handicrafts does not mean that it does not have an impact on the economy. Handicrafts are part of a larger significant sector, which is Tourism. Tourism accounts for approximately eleven per cent of the country's gross domestic product and is the second source of foreign income after receipts from Jordanians working abroad.

The handicrafts industry is represented by two main associations in Jordan, which are the Handicraft Producers Association (a voluntary association under the Ministry of Culture and has around 150 registered members all of which are producers) and the Jordanian Handicrafts Producers & Traders Association (a mandatory association under the Ministry of Tourism and Antiquities, with around 250 registered members most of which are retailers).

## 2.5.3 Demand Analysis

An earlier study by Jordan Design and Trade Center (JDTC), which falls under Noor Al Hussein Foundation (NHF), revealed that their domestic sales of Jordanian handicrafts followed a similar pattern for the past ten years that ranged according to the following percentages:

- Locals, whether individual or corporate (35% - 45%)
- Tourists (20% - 30%)
- Foreign residents (Expats) (10%).

<sup>14</sup> Littrel (1996) – Based on a web research conducted by the consultant.

### **2.5.3.1 Locals**

Local customers are represented either by the cultured individual customers who appreciate artistic handicrafts, or corporate customers be it the private-sector companies or public-sector institutions.

The cultured individual customers are highly interested in artistic handicrafts representing the Jordanian Culture. Those individuals represent the middle-upper to upper income receivers who live in western Amman, usually of ages 35 and above. The cultured customers seek the pieces of art that incorporate the traditional and cultural part of Jordan, with the modern style incorporated in the piece, and use the pieces mainly for decorative purposes, or for gifts. The public and private sectors represent the corporate clients. Both parties are interested in the handicrafts products and cultural pieces either for decorative purposes in their place of work, or for giving them out as gifts for foreigner guests.

Handicrafts are sold locally to Jordanians and to local companies and governments as gift items and a small percentage of handicrafts are exported mainly to Saudi Arabia and the Gulf region.

In 2008, the prime minister sent out an official circulation to the government's 48 institutions (ministries, departments, etc) to use Jordanian made handicrafts and products as official gifts. This creates an opportunity for local handicraft manufacturers to upgrade its products and designs.

### **2.5.3.2 Tourists**

Jordanian handicrafts are highly interlinked with tourism, as they are considered as an integral part of the tourism experience. This assumption is derived from the observation that a tourist rarely fails to take home a souvenir. Handicrafts represent local traditions and indigenous populations, and for tourists they symbolize the destinations they have been to, the experiences they had, a particular memory they shared, a souvenir to take back home and show to or give as present to their friends.

Tourism has been rapidly growing into one of the world's largest industries over the last decade, and destinations like Jordan are capturing a significant share of the growing market. Tourism has been steadily growing in the Middle East region over the past few years. In 2007, tourist arrivals grew by 16% compared to 2006, exceeding the growth of all other regions in the world.

Jordan has an abundance of sites and attractions that are considered as touristic hotspots and there have been a number of tourism-related developments in specific areas of Jordan over the past few years, with special attention to some relatively large development projects in Aqaba such as Tala Bay, Ayla Oasis and Saraya. The Dead Sea area has been a primary area for health and religious tourism.

Aiming at transforming Jordan from being more or less a transit point to a top touristic destination, the Ministry of Tourism launched a USD 70 million program in 2007 to restore cities across the Kingdom, ensuring that facilities and accommodation are up to international standards. The Jordan Tourism Board, the marketing arm of the Ministry, meanwhile, has also been working on promoting Jordan as a first class destination in terms of services offered. Several grants have been offered in that concern, the latest of which is a USD 143.25 thousand grant from the USAID for promoting Jordan through enhanced research and communications capacities. The Ministry of Tourism signed a number of agreements in 2008, executing the first phase of the third tourism development project.

Tourism in Jordan is a major driver of economic growth being a key contributor to GDP and has significant potential for continued growth. The region and particularly Jordan have been witnessing an increase in the number of visitors who are keen on exploring treasures such as: Petra, Wadi Rum, Aqaba and even Amman. At the end of October 2008 the total tourism income reached JD 1.77 billion compared to JD 1.41 billion over the same period of last year, registering an increase of 25%.

Key Indicators	2003	2004	2005	2006	2007	Jan-Sep 2008
<b>Number of Arrivals</b>	4,599,706	5,586,656	5,817,369	6,712,804	6,528,625	5,391,456
<b>Number of Overnight Visitors</b>	2,353,088	2,852,807	2,986,585	3,546,990	3,430,959	2,842,224
<b>Percentage of Overnight Visitors to Total Number of Arrivals</b>	51.2%	51.1%	51.3%	52.8%	52.6%	52.7%
<b>Number of Same Day Visitors</b>	2,246,618	2,733,849	2,830,784	3,165,814	3,097,666	2,549,232
<b>Percentage of Same Day Visitors to Total Number of Arrivals</b>	48.8%	48.9%	48.7%	47.2%	47.4%	47.3%
<b>Tourism Receipts (JOD Millions)</b>	752.6	943.0	1,021.6	1,460.8	1,638.9	1,576.8
<b>Packaged Tourism</b>	145,601	254,145	338,787	278,329	359,625	314,590
<b>Tourism Employment</b>	22,110	23,544	29,384	31,063	34,405	36,406
<b>Length of Stay in Days (Package Tours)</b>	4.4	5.0	4.5	4.2	4.4	4.3

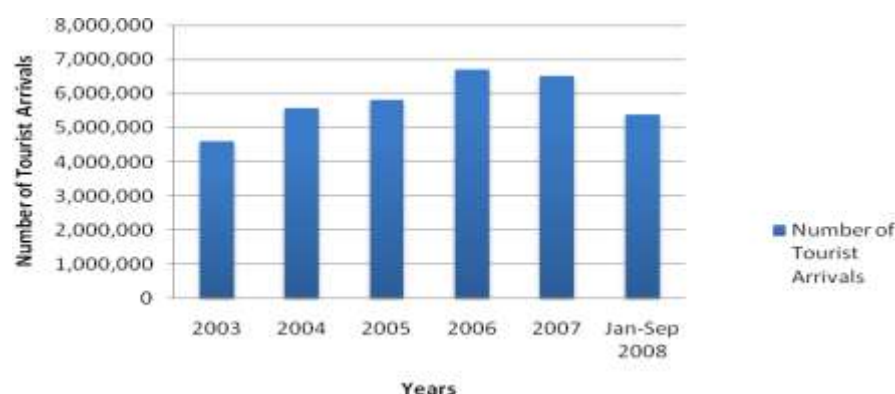
Source: Ministry of Tourism and Antiquities

After it was chosen as one of the new wonders of the world, the number of tourists visiting Petra reached 566.05 thousand during the first nine months of 2008, up from 389.51 thousand for the same period in 2007, with the number of foreign visitors growing by 72.3%,

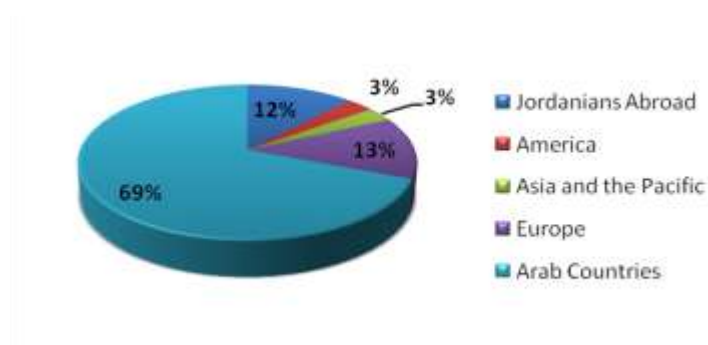
making Petra the most visited attraction in Jordan. The Baptism site has also been a popular tourist attraction, with the number of visitors rising by 56% in the first three quarters of 2008 compared to the same period of 2007.

The number of tourist arrivals to Jordan has been increasing since 2003, registering an average annual growth rate (AAGR) of 9.5%, with the largest growth being registered in 2004 as arrivals grew by an impressive 21.7% compared to the previous year. This notable increase was a by-product of the war on Iraq, which caused thousands of refugees to flood into Jordan, raising the number of Iraqi arrivals that year by 49.2%. The war also brought about a 44.8% increase in the number of American visitors who entered the country on route to Iraq. In 2005, growth in arrivals declined sharply to 4.1% from over 20% the year prior, before increasing again to 15.4% in 2006 due to Lebanon-Israel conflict.

In 2007 the number of visitors declined by 2.7% primarily due to a decrease in arrivals from Arab countries, particularly Iraqis, who witnessed a 48.3% drop in their number compared to the previous year.



The decline in the number of Arab tourists was compensated with an increase in the number of European visitors by 35% at a time when the Euro valued strongly against the Dollar and consequently the Jordanian Dinar, making Jordan a relatively cheap destination for European travelers. By the end of the third quarter of 2008 the number of arrivals to Jordan reached 5.40 million.



Developments in the constituents of Jordan's tourist arrivals did not offset the weight played by Arabs as a percentage of total arrivals, which accounted for almost 68.7% in the first nine

months of 2008, with Syrians registering a total of 1.55 million visitors out of the 3.71 million visitors from Arab countries. Meanwhile, European visitors, despite demonstrating the strongest growth in arrivals to Jordan, made up only 13.3% of the total, albeit rising from 9.6% the previous year.

Visitors in Jordan are divided into two segments, overnight tourists and same day visitors. Both segments have been growing hand-in-hand with the overall growth in arrivals. Same day arrivals represent almost 50% of total arrivals, which has prompted the industry to put into place strategies to help encourage longer stays in the Country, in order to maximize the volume of revenues that can be generated. The results of these efforts have been evident in recent years, with the percentage of overnight visitors rising from 51.2% of total arrivals in 2003 to 52.7% at the end of the third quarter of 2008.

Arabs represented 90% of the total same day visitors during the first nine months of 2008, registering a total of 2.29 million visitors compared to 2.23 visitors million over the same period in 2007. Syrian nationals make up the bulk of these same day visitors, at 1.31 million visitors in the first three quarters of 2008, due primarily to the proximity of Jordan to Syria, and the relative ease of entry to Jordan.

In terms of overnight tourists, Arabs also made up the bulk, reaching 1.42 million visitors during the same period, as highlighted in the chart below. The chart indicates that Europe represents a target market for boosting tourism receipts, as they have shown an inclination for longer-stay packages. In 2008, the average length of stay for Europeans was 5 days, the highest length of stay according to region, with Israeli nationals constituting 40% of overnight European visitors.

With regards to tourist lodging, the number of hotels in Jordan increased from 177 in 1998 to 473 at the end of the third quarter of 2008.

<b>Tourist Lodgings</b>	<b>Number</b>
5-star Hotels	23
4-star Hotels	21
3-star Hotels	45
2-star Hotels	53
1-star Hotels	56
<b>Total Classified Hotels</b>	<b>198</b>
Apartments	112
Suites	23
<b>Total Apartments and Suites</b>	<b>135</b>
Unclassified Hotels	125
Motels and Hostels	3
Camping	12



<b>Total Lodgings</b>	<b>473</b>
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Source: Ministry of Tourism and Antiquities

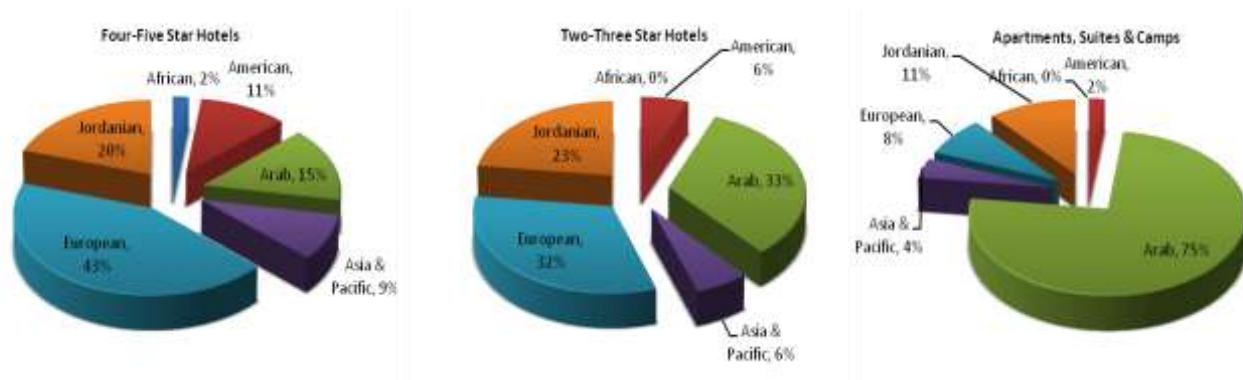
The majority of hotels are located in Amman (321 hotels), followed by Aqaba with 45, Petra with 38 and the Dead Sea with 5 hotels. Tourists visiting Jordan prefer making Amman their main lodging destination, since more services are available, and its location is convenient for movement to other areas of the Kingdom. Nights spent in Amman during the first nine months of 2008 reached 2.80 million, while Aqaba, which is considered the second highest city in regards to the number of lodgers, registered 466.10 thousand nights.

Nights Spent by Location		
City	Jan-Sep 2007	Jan-Sep 2008
Amman	2,750,423	2,798,050
Aqaba	454,469	466,104
Petra	312,463	385,076
Madaba	19,934	23,886
Dead Sea	238,350	311,150
Irbid	13,779	16,649
Jerash	6,170	5,011

Source: Ministry of Tourism and Antiquities

Nights Spent by Category		
City	Jan-Sep 2007	Jan-Sep 2008
5-stars	1,308,176	1,515,968
4-stars	646,439	705,124
3-stars	609,080	715,704
One & two stars	496,682	392,176
Apartments	620,998	572,744
Suites	124,867	113,649
Camping	27,137	27,377

Five star hotels are the most popular type of accommodation, accounting for 37.5% of total nights spent in the Kingdom. Europeans and Americans tend to lodge in four and five star hotels, in contrast to Arab visitors, who have a stronger preference for suites and apartments.



- According to the Handicraft Producers Association, a tourist average spending on handicrafts is 70 JDs and estimated the Jordanian handicraft sales to be around 30 million JDs a year.
- An assumption is made that only overnight tourists purchase handicrafts, as same day tourists may not have enough time to make substantial handicraft purchases.
- An assumption is made that average spending of a tourist is per family and not individual, which brings down the spending to about half of tourists visiting Jordan.



- Another assumption is made that retailers display 80% imported handicraft versus 20% local handicrafts although the Tourism Law (2002 amendments) stipulates under the handicraft section that handicraft retailers must display a minimum of 70% local handicrafts<sup>15</sup>.

Overnight tourists in 2007 X average spending of tourist X 0.5 X 0.2 = Total value of Jordanian handicrafts purchases in 2007

$$3,430,960 \times 70 \text{ JDs} \times 0.5 \times 0.2 = 24,016,720 \text{ JDs}$$

Location of the handicraft retailer outlets plays a major role in the distribution of handicraft purchases according to the nationality of tourists, according to major handicraft retailers such as Afaghani in Amman and Mr. Zreiqi owner of Petra Tourism Complex in Petra. For example, Mr. Omar Afaghani mentioned that in the Afaghani Amman store most of the sales 85% is to Arabs (70% Jordanians and 15% Arab nationals) and the rest 15% is sold to foreigners.

### 2.5.3.3 Western European and North American Expats Population in Jordan

There is a lack of accurate, up-to-date data available at official data sources regarding the total number of expatriates or non-Jordanian population residing in Jordan. Available published data is available by the Department of Statistics, which is based on the Population and Housing Census (2004). Although this data is old, it can be referred to so as just to have a rough indication on the number of non-Jordanian population living in Jordan and the distribution of such population by nationality.

Distribution of Western European and North American Expats Population Living in Jordan by Gender (2004)			
Nationality	Females	Males	Total
Spain	198	133	331
Germany	370	408	778
Italy	178	157	335
UK	381	497	878
Belgium	42	37	79
Denmark	25	30	55
Sweden	56	41	97
Switzerland	109	108	217

<sup>15</sup> Traditional and Popular Crafts and Industries and Trading therein regulation No. (36) for the year 2002 issued under article (16) of Tourism Law No. (20) for the year 1998.

France	211	218	429
Austria	55	71	125
Netherlands	111	106	217
Greece	44	23	67
<b>Total Western European Countries</b>	<b>1935</b>	<b>1967</b>	<b>3902</b>
USA	1255	1586	2841
Canada	167	187	354
<b>Total North American Countries</b>	<b>1422</b>	<b>1773</b>	<b>3195</b>

Source: Department of Statistics

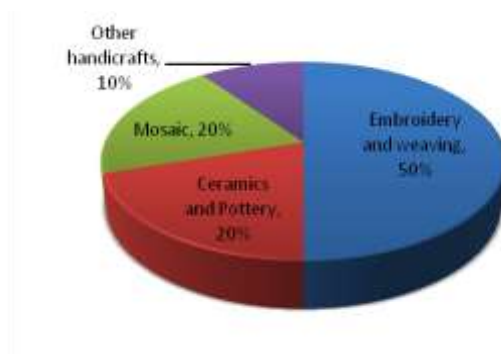
## 2.5.4 Supply Analysis

Handicrafts in Jordan are produced and available in the domestic market through different business formats that correspond to three different structures of production:

- Individual craftsmen
- Groups of artisans associated with NGOs, cooperatives or voluntary and social societies.
- Private-sector Small and Medium-Size (SME) handicrafts workshops and showrooms.

To a certain extent, most of these producers face similar problems which are related to their legal status, lack of access to credit, weak professional organizations, absence of tax incentives or exemptions, limited access to raw materials and poor marketing.

There is no accurate data or recent surveys on the numbers of the artisans, total amount of sales, exports, or any other indicator that shows their contribution to the national economy or the actual size of the handicrafts and home accessory market in Jordan. However, according to the Handicraft Producers Association, Textile-handcrafted products (including embroidery and weaving) are the largest segment of sector's production at 50%, followed by Ceramics and Pottery at 20%, Mosaic at 20%, and 10% for the rest of the products including, jewelry, olive wood products, soaps and bath products, copper items, and others.



Handicraft producers in Jordan are usually micro-manufacturing enterprises under the umbrella of non-government organizations (NGOs), small manufacturing enterprises in the private sector, retail outlets that have their own workshops, and education and training facilities.

According to the Jordanian Handicrafts Producers and Traders Association and feedback received from Ms. May Khoury, local handicraft retailers import handicrafts from China and India because it is 50-100% cheaper than locally made handicrafts and tourism guides demand a 40% commission on each item purchased by a tourist.

### **2.5.5 Consumer Behavioral Trends and Buying Patterns**

Based on the consultant's desk research, personal observations, and a series of personal interviews with a number of western tourists and expats, the following general findings were noted about consumer behavioral trends within the market segments of: western tourist and expats as well as cultured locals towards Jordanian handicrafts:

- Tourists, especially those of Western European or Northern American nationalities, are seeking distinctive heritage, arts, and cultural experiences worldwide.
- Research studies have shown that travelers who participate in cultural activities spend more money and stay longer than leisure travelers stay<sup>16</sup>.
- The consumer demand and purchasing patterns of handicrafts is often unpredictable and are less reliant on research and generalization than other products. "Consumers buy handicrafts because they like to feel connected with indigenous traditions and cultures in a global and increasingly commoditized world."<sup>17</sup> However, the trend in handicrafts design which is seemingly increasingly becoming favored by the majority of individual end buyers (whether foreign or local), is towards more modern, contemporary design which still have an indigenous element.
- Within the last five to ten years the interest in home furnishing and decoration has increased considerably among customers in Jordan as well as in the EU<sup>18</sup>. According to Euromonitor, public interest in interior design has rocketed across much of Europe,

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<sup>16</sup> Based on a web research finding by the consultant.

<sup>17</sup> Global Market Assessment for Handicrafts Vol I, a USAID report conducted by Ted Barber and Marina Krivoshlykova (DAI), 2006.

<sup>18</sup> Based on a web research finding by the consultant.

led by a rash of interior decoration magazines and the popularity of television programs featuring creative ideas for interiors, home improvement suggestions, interior architects, 'home make-overs' and designer talk-shows etc. These developments have in turn led to an increased interest in purchasing household accessories, which follow these themes and complement the overall décor of the house<sup>19</sup>.

- The main types of crafts produced in developing countries that are in demand by western consumers/tourists are: pottery, basketry, carved goods, painted and paper products, spun and woven goods, dyed and printed goods, embroidered goods particularly cushion covers and wall hangings, and handcrafted floor coverings.
- Cultural heritage tourism is one of the fastest growing market segments and accounts for about 10 percent of tourists worldwide, about 60-70 million tourists each year. The typical cultural tourist is 45-60 years old. The segment is expected to grow. Tourists interested in cultural heritage are typically well travelled, affluent, highly educated, and stay in high quality accommodations. Among this segment, there is a growing need to get reacquainted with historical places<sup>20</sup>.
- Travelers always enjoy aesthetic features the handicrafts bring to them. There travelers recognize the value of the aesthetic satisfaction derived from the intrinsic beauty in color and design, or workmanship in handicrafts.
- The social context of tourist art production is closely linked to its cultural outcome, which is the art object. If the meaning of an object is not validated, it will have little interest for the tourist except as a personal memento.
- Increasing consumer (whether local or foreign) expectations in terms of quality, design, colors, shapes, exclusivity, environmental friendliness of the product, etc. Having said this, a number of interviewed western tourists indicated that they are generally not overly impressed with the overall quality of Jordanian handicrafts particularly in terms of finishing, except for the Jordan River Foundation products, which seem to be favored by western tourists and expats for their quality finishing and designs despite being somewhat expensive in price.
- Personal interviews with western tourists indicated that there is a general lack of awareness among those tourists about the difference between local and imported handicrafts. Furthermore, the social and cultural values linked to Jordanian-made

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<sup>19</sup> Source: Euromonitor

<sup>20</sup> Source: Jordan National Tourism Strategy 2004 – 2010.

handicrafts are not being properly communicated to tourists by tour operators, hotels or any other relevant body.

### **2.5.6 Key Success Factors**

Common characteristics and features, which seem to be key for success in the handicrafts business include:

#### **1. Design:**

The ability to be responsive and flexible to evolving customer needs and preferences and adapting handicraft products and designs accordingly is a key success factor. By nature, handicraft products reflect the cultural heritage. Although opportunities for purely indigenous designs seem to be decreasing as mentioned earlier in the latest global market trends section, the potential for products that accent contemporary styling with indigenous elements is certainly not. The combination of contemporary and ethnic designs is considered a firmly established and growing category, one that presents new and expanding opportunities for handcrafted goods and handcrafted home furnishings.

#### **2. Quality of Craftsmanship:**

A great deal of researches on characteristics of handicraft consumers indicates that artisanship with high quality is what the handicrafts customers (particularly within the travelers segment) pursue in the handicrafts they purchase<sup>21</sup>. Through handicrafts, customers, especially within the travelers and expats market segments, attain the appreciation of several aspects such as the valuable work of the hand, techniques employed, time spent in the craft production process as well as the finishing of the handicraft<sup>22</sup>.

#### **3. Price:**

Price is usually an important factor for the decision on quality of the handicraft. Handicrafts with higher quality are always costlier than items with lower quality, because of specialized labor and material used. Customers perception of quality and expectations are positively correlated in handicrafts.

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<sup>21</sup> Based on a web research finding by the consultant.

<sup>22</sup> Littrel (1996) – Based on a web research conducted by the consultant.

#### **4. Access to low cost resources and raw materials.**

More and more people are seeking out original handmade items that are functional and eye-catching, yet more affordable relative to artworks. Therefore, it is important to have access to sources of relatively cost raw material and labor so as to maximize the gross profit margin per unit.

#### **5. Branding and marketing the handicraft story**

Marketing a handicraft business is about generating and enhancing the awareness and reputation for the high quality work of the handicraft producer. By consistently producing fine craft products that are exciting and innovative, the reputation of the producer can serve as word-of-mouth advertising if that is coupled by marketing activities. An interesting story about the handicraft producer, the indigenous or contemporary materials that are used, or how the producer started doing what they love through their handicraft business, all can serve as powerful marketing tools that can turn into a key success factor.

### **2.5.7 Competition Analysis**

Three different lines of competitors can be identified:

#### **1- Main Competitors**

Main competitors can also be identified as the direct competitors of Badr Adduja in terms of similar product lines and target market segments. These main competitors are identified below:

##### **a- Al-Burgan handicrafts**

In 1989, Al-Burgan handicrafts started up by employing and training 3 unskilled women, two of whom with hearing disabilities, working on a sewing machine. As the business matured, it became one of the leading Jordanian handicrafts workshops, employing over 20 full time local skills, mainly women, some with disabilities, making use of traditional Jordanian embroideries and work techniques to produce a wide variety of unique top quality items.

A good range of Al-Burgan's products can be found at all five star hotels' gift shops through out Jordan, The airport duty free shop and prominent tourist attraction shops.

Al-Burgan designs managed to keep its identity and the Jordanian influence in its works, as well as the orient of its designs and color to suit the liking and appeal of different markets. This has proven successful as Al-Burgan designs succeeded to expand its outlets to many regions from the Gulf countries to Japan, Switzerland, Austria and the United states.

#### Al-Burgan products

The end products are produced in relatively small quantities. The product range includes the following:

- i. Embroidered small gift items: Pouches, wallets, bookmarks, slippers, teapot covers, and hats.
- ii. Soft collectable animals in patchwork traditional fabrics and embroideries: Teddy bears and camels.
- iii. Hand made traditional Jordanian dolls with hand carved wooden faces and explicit embroidered outfits.
- iv. Ladies fashionable shoulder hands and back bags.
- v. Bath and bed room wear and accessories for adults and children in toweling and traditional fabrics.
- vi. Ladies' and children's out fits, jackets and shawls.
- vii. Tablecloths, place mats and accessories.
- viii. Custom made woven wall hangings and floor rugs.
- ix. Soft home furnishings including table runners and embroidered cushions.

#### **b- Jordan River Foundation**

The Jordan River Foundation (JRF) is a non-profit Jordanian non-governmental organization established in 1995 and chaired by Her Majesty Queen Rania Al-Abdullah.

JRF works to empower the society, mainly women and children in order to improve the quality of life and secure a better future for all Jordanians. Its mission is to promote, in partnership with stakeholders, the development of a dynamic Jordanian society by initiating and supporting sustainable social, economic and cultural programs that empower communities and individuals based on their needs and priorities. The foundation has initiated socio-economic projects for women to provide employment opportunities that enhanced their livelihood while developing their knowledge and skills in handicraft production and entrepreneurship. These projects benefited thousands of individuals, directly and indirectly, and continue to generate income for vulnerable communities and families.

As the Foundation matured, and the context of development evolved in Jordan, the foundation expanded its approach to one of sustainable community investments, integrating and serving community development needs.

The foundation is at this time recognized nationally, regionally and internationally as an agent for positive change and as a leading Jordanian institution contributing to the social and economic well-being of citizens.

### Handicraft Products

The high quality collection of handicrafts is produced with an exclusive array of materials and rich accents. Each item is designed and produced individually utilizing traditional skills. Jordan River Foundation has the twofold objective of preserving the Jordanian heritage and enhancing the livelihood of the working women and their families.

The Foundation has a main showroom, besides other points of sale, which include duty free shops and most five-star hotels in Amman, the Dead Sea, and Petra.

The product categories are presented below:

- i. The Bani Hamida Weavings
  - Rugs, cushions, wall hangings, and candles.
- ii. Jordan River designs
  - Small gift items, cushions, table cloths and mats, quilts and bed covers, wall hangings, wooden wall hangings, wooden boxes, shawls, and children collection.
- iii. Wadi Al-Rayyan
  - Baskets, small gift items
- iv. Others
  - Lightings, shades and lamp
  - Furniture accessories

### **c- Beit Al Turath**

Beit Al- Turath Cooperative was established as a not-for-profit entity registered in Madaba. The entity aims at promoting, developing, and selling the local handicraft products in Madaba. Beit Al-Turath markets items and provides consulting services to a number of projects in Madaba and on a regional basis, especially in the Gulf.

Beit Al-Turath took upon itself the responsibility of gathering all types of ancient and traditional handicraft works found in Jordan, reviving this valuable heritage and marketing it to interested locals, tourists and art lovers. In Madaba, Beit Al-Turath aims to work with the



local producers to market their products through the retail outlet, as well as to develop products quality for sale in Madaba, Jordan, and the region.

#### **d- Al-Aydi (Jordan Craft Development Center)**

The Jordan Craft Development Centre in the 1970s for Jordanian artisans to salvage traditional crafts and skills. The shop has a wonderful selection of Palestinian tapestries, Bedouin carpets, ceramics, antique silver jewelry, mother-of-pearl and olive wood items, and embroidered traditional products.

### **2- Other Competitors**

Other competitors to Badr Adduja are the small souvenir shops and small scale individual craftsmen shops and outlets that do not necessarily possess the same quality products, products range, pricing, or marketing strategies as Badr Adduja, but are still considered competitors. The scattered shops' products do not represent the same quality of artistic value as Badr Adduja's products, and are rather cheaper and sometimes imported from China or Syria, but they do represent a chunk of the handicrafts sector and market, and tourists actually purchase from them. The scattered shops are found in the old downtown area and in touristic places in Amman, Madaba, Jerash, Aqaba, and other touristic sites.

### **3- Indirect Competitors**

The indirect competitors offer somehow different and irrelevant product lines than Badr Adduja's product lines, they are however relevant in the sense of representing a portion of the handicrafts market. The indirect competitors represent the handicrafts sector as the tourists and big companies purchase their products.

- a- Beit Al Bawadi
- b- Silsal Ceramics
- c- Center for Palestinian Culture
- d- Jordan Design and Trade Center
- e- Kan Zaman
- f- The Royal Society for conservation of Nature
- g- Al-Afghani
- h- Al-Khayyam Oriental Bazar
- i- Bawabet Al-Sharq

Below is a benchmark between Jordan River Foundation and Badr Adduja against the key success factors. Jordan River Foundation was specifically chosen as it is a key competitor to

Badr Adduja, it has the highest market share, expats and tourists are mostly aware of it, and they have the most established marketing plan. Besides, performing a benchmark between all competitors against key success factors was rather complex because of the nature of the handicrafts sector, as there is a wide range of products that are not homogenous. Therefore, the benchmark against Jordan River Foundation; considering it the prominent player in the market, will yield better results.

Benchmark	Jordan River Foundation	Badr Adduja
<b>Design</b>	Jordanian culture in contemporary designs	Arab and Jordanian culture and heritage
<b>Quality of craftsmanship and finishing</b>	Good quality of craftsmanship and quality	Good quality of craftsmanship and quality
<b>Price</b>	Relatively high prices, as most raw materials are imported from abroad. Running cost for the showroom (marketing and sales expenses) is added to the production cost to arrive at the selling price.	Relative to the market, products are of high price, production cost is multiplied by 2 to arrive at the selling price.
<b>Access to low cost material and human resources</b>	Raw materials imported from abroad. Finding the appropriate raw materials locally is a challenge	Raw materials are sometimes imported, and other times local
<b>Marketing, branding, and promotional activities</b>	Annual exhibitions, Press releases, ads in magazines, email shot, newspaper, and via sms.	Good participation in the main relevant fairs and exhibitions. Lack of ads in magazines, email and sms shots.
<b>Outlets</b>	Main showroom, annual exhibitions, large scale events such as the world economic forum	The main showroom, anywhere else
<b>Packaging</b>	Packaging is key, and its creatively done	Packaging is worked on when the product is of a high price?
<b>Descriptive tags</b>	Each products has a descriptive tag that narrates and communicates a message behind the product	No descriptive tags are associated with the products available
<b>Participation in exhibitions</b>	Yes	Yes
<b>Display of the showroom</b>	The proper lighting and organization in the showroom makes the customer feel welcomed.	The showroom is not well organized, as products are scattered all over the showroom, and the lighting is not sufficient.
<b>Creativity</b>	Very creative product lines. Each occasion is represented by a creative set of products. A product line for babies is present.	Designs are not as creative and modern as JRF's designs.
<b>Target market segments</b>	Corporate, Ministries, tourists-	Cultured Locals and tourists

	Arabs, and foreigners from all over the world, and cultured locals	
<b>Key human resources</b>	Creative advisory board which represents high end designers	The main designer, Ms. May Khoury, and an assistant designer

## 2.6 Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis

### Badr Adduja SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>- The management team is committed to ongoing self-review and continuous improvement.</li> <li>- High craftsmanship skills illustrated by the ability to transform innovative concept designs into sellable products.</li> <li>- Good practical experience in the field of handicrafts and home accessories design.</li> <li>- Access to relatively low-cost sources of raw materials.</li> <li>- Active participation in relevant exhibitions.</li> <li>- Healthy banks and donors relationships, shown through SABEQ's willingness and ability to support Badr Adduja.</li> <li>- Good packaging.</li> </ul>	<ul style="list-style-type: none"> <li>- Products have not been particularly demand-driven or focused on a target market.</li> <li>- Absence of story-telling hang tags for each product. This is key for promoting Badr Adduja's products especially to customers within the tourists and expats market segments.</li> <li>- Distribution channels of Badr Adduja products are limited to a sole showroom.</li> <li>- Inability to produce at large commercial quantities due to the incapability of attracting talents because of financial difficulties.</li> <li>- Rather weak branding. The company does not have an integrated marketing communications strategy that coordinates, unifies, and controls the promotional mix.</li> <li>- Unsystematic price planning evident by the fact products are not priced according to real costs or market situation.</li> <li>- Insufficient coordination with handicrafts sector stakeholders.</li> <li>- Inability to attract talent because of financial limitations.</li> <li>- Evident gap in technical capacity in the areas of finance and accounting, which leads to poor financial reporting, cash flow management and budgeting, and bookkeeping. This is evident by the lack of financial statements showing the annual sales according to product type.</li> </ul>
Opportunities	Threats (Challenges)
<ul style="list-style-type: none"> <li>- There is a cultural heritage and tradition to draw from. This can result in new products being developed, as</li> </ul>	<ul style="list-style-type: none"> <li>- The financial and economic crisis, if persists, is expected to have certain implications especially with</li> </ul>

<p>well as the development of themed events for tourists.</p> <ul style="list-style-type: none"> <li>- Handicrafts is a large growing market worldwide. From 2000-2005, worlds exports of handicrafts increased by 31%. International trade in handicrafts is estimated at USD 35 billion<sup>23</sup>.</li> <li>- Growth in the tourism sector in Jordan.</li> <li>- There are established skill sets to draw from. Various handicraft areas already exist in embroidery, tailoring and sewing, wood working, basic jewelry (beading and simple silver smithing), welding, and weaving. These skills can be drawn from to produce new, marketable products for identified target markets.</li> <li>- Rising appreciation for handicrafts by consumers in the developed countries. As more tourists seek cultural destinations, they are also looking to take home with them a product that represents their experiences. This can translate into local growth in handicrafts. There are widespread “novelty seeking” and growing discretionary incomes at the disposal of consumers from developed countries.</li> <li>- There is a growing trend in retail chains in major importing countries for suitable products and reliable suppliers.</li> <li>- The competition from China is expected to weaken slightly as a result of the recent global financial crisis. China is a strong competitor because of the sharp prices its producers can realize due to mass production. However, the crisis has already forced large numbers of Chinese companies into bankruptcy<sup>24</sup>.</li> </ul>	<p>regards to decrease in exports especially to USA and Europe. The decrease in exports would be a direct result of declining demand.</p> <ul style="list-style-type: none"> <li>- Tour operators are not linked to handicrafts. Currently tourism operators are generally not connected to producer groups. Some tour agents/operators only refer tourists to handicrafts shops that are willing to offer high sales commission.</li> <li>- Limited availability of competent technical staff such as marketing people, designers and sales people</li> <li>- Irregular and expensive inputs and inconsistent availability</li> <li>- Stricter international standards. Such standards are requiring the sourcing of more products that are “lead-free,” eco-friendly, fair trade, etc. Handicraft producers will need to adhere to these standards if they want to sell outside of Jordan.</li> <li>- Apart from Souq Jara, Jordan lacks a central artists’ district where the wide spectrum of original Jordanian handicrafts is put on display for tourists and locals alike. These bazaars, akin to a huge warehouse, would allow artists, designers and craftsman the opportunity to exhibit their work, whilst also offering tourists the option of one destination for all their purchases</li> <li>- Lack of awareness among tourists about the difference between local and imported handicraft items.</li> <li>- Tourists feel that the social and cultural values linked to the Jordanian-made crafts are not being properly communicated to them by tour operators and other relevant bodies.</li> <li>- Lack of promotional material or a national website for Jordanian handicrafts.</li> <li>- The competition represented by less expensive/less valuable handicrafts imported from India, China, and other neighboring countries such as Egypt and Syria.</li> <li>- In many cases, there are duplications and lack of coordination among donor agencies, which does not allow for the efficient uses of the resources available within these agencies to support handicrafts.</li> <li>- Increasing consumer (whether local or foreign) expectations in terms of quality, design, colors, shapes, exclusivity, environmental friendliness of the product, etc.</li> <li>- Lack of a research center to identify unique Jordanian cultural characteristics as well as latest industry and</li> </ul>
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<sup>23</sup> Source: UNCTAD, UNDP, Creative Economy Report, 2008

<sup>24</sup> Source: A web-based research finding by the consultant.

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	product design trends that can guide artists in designing handicrafts.
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## 3.0 Marketing Strategy

### 3.1 Strategic Focus and Intent

#### 3.1.1 Vision

To reinforce and maintain the status of being one of the leading handicraft workshops in Jordan.

#### 3.1.2 Mission

The following represents the consultant's recommended mission to be integrated with Badr Adduja's original mission statement:

To utilize the freedom of artistic expressions to allow savoring the traditional authenticity combined with a contemporary splendor in Badr Adduja's creations featuring a wide variety of exclusive traditional designs that create a statement.<sup>25</sup>

#### 3.1.3 Marketing Objectives

##### **Limitations:**

Objectives should be realistic and achievable. There is little purpose in setting unrealistic objectives. In general, there are no available accurate data on the Jordanian market of handicrafts and home furnishings other than the data provided in this study. Therefore, the freedom to set objectives is somewhat constrained. The constraints are both internal (lack of resources) and external (consumer demand). However, the consultant suggests the following marketing objectives that are expected to be achievable given the constraints that apply.

1. To increase sales revenues by the following growth rates over the next five-year period:

**Table 5: Growth Rates over the next five-year period**

	2009	2010	2011	2012	2013
<b>Target revenue growth rate</b>	15.0%	25.0%	35.0%	50.0%	50.0%

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<sup>25</sup> Quoted from Badr Adduja's profile.

The anticipated revenue projections above represent the suggested revenue growth objective. The estimated figures above are based on the consultant's personal rough estimations assuming that the main recommendations of this marketing plan are implemented successfully and no major changes occur in the market.

2. Increase market awareness of the Badr Adduja's brand in the target market segments by 30-40% over the next five years.
3. Increase gross profit margin to at least 50-60% across all products by adopting proper pricing.

## 3.2 Segmentation and Targeting

The marketing strategy encourages targeting the following market segments:

Segment	Description
A	<b>The tourist market segment:</b> Foreign tourists are interested in aesthetically pleasing, cultural products, as well as products that represent Jordan. This segments mainly includes foreign tourists who visit Jordan, especially westerners, from both genders, who visit Jordan and stay at hotels in Amman, Dead Sea and Aqaba. These tourists often look to buy handicrafts as souvenirs, home decorative items, or gifts.
B	<b>Expats in Jordan</b> are interested in cultural products that represent the Jordanian culture. Expats living in Jordan, especially those from western Europe and North America are interested in buying handicrafts such as souvenirs, home decorative items, and gifts.
C	<b>Local individual customers</b> , from both genders, but with special emphasis on females, aged: <ul style="list-style-type: none"> <li>- 25 years and above (particularly females and particularly for Badr Adduja's traditional dresses), and</li> <li>- above 35 years (for all Badr Adduja's products)</li> </ul> <p>Who have a certain level of cultural sophistication and appreciation of art or have interest in unique handicrafts and home accessories. Those local cultured customers are located in western Amman, and are upper-middle to upper class income earners.</p>
D	<b>Jordan-based corporate clients</b> are whether the public sector, such as ministries and Greater Amman Municipality, as well as the private sector companies and NGOs. Those entities are interested in the items that represent the cultural part of Jordan, either to display the items in their offices, or to send out gifts to foreigner guests.

## 3.3 Marketing Mix Strategy

### 3.3.1 Product Strategy

Segments Targeted	Product Category	Product Strategy Recommendations (In terms of suggested product features and characteristics)	Focus (Share of production in total Product portfolio)
<b>Segment (A): The</b>	Old textiles New textiles	- Develop more products that embrace the concept of global contemporary styles in order to both access	40-50%

<p>tourist market segment + <b>Segment (B):</b> Expats in Jordan</p>	<p>Home accessories. Such products are recommended to be primarily embroidery products and small gift items, which can predominantly sold to tourists and locals as well. Other embroidery items that are popular with tourists are cushion covers, runners, shawls and tablecloths amongst others. In addition, it is strongly recommended to focus on and expand the product line of wall hangings.</p>	<p>the demand within these two target segments for contemporary designs while still maintaining an authentic indigenous element: Many handicrafts buyers within these target segments buyers have been noted to seek unique products made in countries they visit or reside in.</p> <ul style="list-style-type: none"> <li>- “Global style<sup>26</sup>”—products that combine ethnic, indigenous elements with contemporary designs—is a growing category and represents an opportunity.</li> <li>- “Contemporary” is a term used to mean styles that are currently popular. This translates into smooth lines, a sharp and sleek look, little or no detail and decoration, and a simple and clean finish.</li> <li>- Look at major catalogs in case of targeting western tourists, expats, and western export markets such as the US and Europe. There are website, which provide such information, and updates on crafts market and product design trends including: <a href="http://www.style.com">www.style.com</a>, <a href="http://www.accessoriesmagazine.com">www.accessoriesmagazine.com</a>, and <a href="http://www.accessoryweb.com">www.accessoryweb.com</a>.</li> <li>- Constantly upgrade skills and techniques, including detailed handiwork, quality (especially finishes), product development, and customer service to remain competitive, difficult to imitate, and appealing.</li> <li>- Pay attention to new colors and styles and tracking designs at an early stage of the production process.</li> <li>- Creating product hang-tags: telling the story and giving information on the cultural aspect in a hang tag or a small brochures or descriptive labels. This would allow the buyer to have a personal connection with the product and Badr Adduja as an artisan workshop. Such hang tags are recommended to have a handmade look to them so as to keep consistent with the products.</li> <li>- Portability of products (appropriate size to fit in luggage). This is especially for products targeting tourists and expats.</li> <li>- Softening textures and creating a unique look will help in differentiating Badr Adduja's product and keep up with evolving market trends and consumer preferences within these two target market segments.</li> <li>- Creating products that are more functional while still decorative would provide a favored added-value.</li> <li>- Product characteristics are recommended to also include being of good quality, looking like an artwork that belongs to a quite wealthy, contemporary setting.</li> </ul>	
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<sup>26</sup> Global style (or world style) includes elements from both indigenous and contemporary design

		- Packaging should be of a high quality.	
<b>Segment (A):</b> The tourist market segment + <b>Segment (C):</b> Local individual customers	Old textiles, New textiles, Furniture collection, jewelry collection, old stone and pottery collection, old rugs collection, the brass collection	<ul style="list-style-type: none"> <li>- Develop products that embrace the contemporary styles in order to both meet the demand of the local cultured customers, who seek contemporary designs, more modern than cultural products, yet, still maintaining an authentic indigenous element, either to decorate their houses, or to give out as gifts.</li> <li>- Holidays are important: Consider special designs for Ramadan, Christmas, Valentine's Day, Mother's Day, and Easter.</li> </ul>	20-30%
<b>Segment (C):</b> Local individual customers with special focus on females	Traditional dresses	<ul style="list-style-type: none"> <li>- Expand on this product line with the same level of creativity in designs and materials used</li> </ul>	20-30%
<b>Segment D:</b> Jordan-based corporate clients	Embroidery products are the primary products recommended to target corporate and governmental gifts	<p>Develop original products that incorporate both the cultural aspect and the modern aspect. Big companies and ministries are rather interested in the products for two goals:</p> <ul style="list-style-type: none"> <li>- For use in decorating their offices and workplaces</li> <li>- To give out gifts for foreigner guests.</li> </ul>	10-20%

### 3.3.2 Price Strategy

Pricing handicrafts and home accessory products can be a complex issue. From the customer's perception of the value of the crafted work, to the price of similar pieces by other artists working in the same medium, there are plenty of factors that can impact the decisions an artisan can make when pricing their handicrafts. Under-pricing crafts is probably one of the most common mistakes that people make when they are initially establishing a handicraft business and this is noticed in the case of Badr Adduja.

Handicraft pricing can be tricky, particularly when the artisan tries to separate pricing issues from personal feelings about their work. There are emotional issues, particularly lack of confidence, which can be one of the factors leading to settling handicraft product prices too low to make a reasonable profit.

Pricing your crafts begins before a craft is even made. In the handicrafts business, there is a fine balance between overpricing and under pricing. If an artisan overprices their product



items, they will not sell them. If they under price them, they can lose profits, or worse yet, customers will see their item as “cheap” and not think of it as a quality product.

Pricing is fundamental to the success of any marketing or sales effort. The pricing of the handicrafts products should be thought through carefully, responding to market requirements while not overlooking the uniqueness of each piece. Pricing should reflect the cost of the product as well as a realistic profit margin that will guarantee the sustainability of the project, while maintaining its competitiveness in the marketplace. This requires researching the target market, understanding the market competition, and knowing the true costs of production.

In the general, the following factors should be taken into account when setting prices for each handicraft piece:

- The amount/share of raw material and molding works.
- Time used in producing the piece.
- Cost of subcontracting
- Other operating costs and overheads should be divided by the amount of pieces and collections produced.
- Gross profit margin is recommended to vary between at least 70% and 80%.

The table below represents the price range of three price tiers for the products offered. Those prices represent a rough estimate of the price categories according to the consultant's observations of the market prices. Those price estimates would give an indication of price categories of numerous handicrafts in Jordan.

Price Category	Price Range Example	Key Product Characteristics	Target Market Segment
Luxury/High End	JOD 350 – JOD 750	<ul style="list-style-type: none"> <li>- Very high quality.</li> <li>- Product looks like artwork that belongs in a wealthy setting.</li> <li>- Innovative design.</li> <li>- High-quality packaging, labeling, and marketing materials (product hang-tags for example).</li> <li>- Customer purchasing priorities are expected to be: unique design and high quality.</li> </ul>	<p>Upper-middle to high income classes within segments A, B, and C.</p> <p>Large-size customers within segment D (Mainly private-sector companies, NGOs, GAM, and large public-sector institutions)</p>
Middle	JOD 150 – JOD 350	<ul style="list-style-type: none"> <li>- Product must have noticeable added-value whether in terms of design, quality, usability, price, etc.</li> </ul>	Ordinary/typical segment A, B, C customer.
Low-end	Under JOD 150 – JOD 50	<ul style="list-style-type: none"> <li>- Lower-end and readily available.</li> <li>- Might have a good look, but quality is not the best product attribute.</li> <li>- Low cost materials.</li> <li>- Lower-quality finishes</li> <li>- Mostly in-expensive souvenir</li> <li>- Purchasing priorities are: price, design</li> </ul>	<p>Average/middle level income customers within segments A, B, and C.</p> <p>Smaller-size customers within segment D (as well as public-sector institutions and NGOs)</p>

### 3.3.3 Promotion Strategy

It is very important that the promotion strategy focuses on the following considerations:

#### I. Advertising:

Target Segment	Medium	Objectives	Frequency of Advertising
<b>Primarily (A + B)</b>	Royal Wings Magazine	<ul style="list-style-type: none"> <li>- Creating awareness of Badr Adduja as one of the cultural attractions in Amman and brand as an artisan Jordanian handicrafts gallery</li> <li>- Stating address and contact details.</li> </ul>	3-5 adverts especially during summer (June, July and August)
<b>Primarily (A + B)</b>	Company brochures distributed to cultural councils of major embassies and conciliates in Amman particularly Western European and North American countries	<ul style="list-style-type: none"> <li>- Generating expat and tourist customer referrals by these bodies.</li> <li>- Creating awareness of Badr Adduja as one of the cultural attractions in Amman and brand as an artisan Jordanian handicrafts gallery.</li> </ul>	Periodical distribution of brochures
<b>B + C</b>	Company brochures distributed to main cultural centers in Amman.	<ul style="list-style-type: none"> <li>- Creating awareness of Badr Adduja as one of the cultural attractions in Amman and brand as an artisan Jordanian handicrafts gallery through the brochures put in the cultural centers in Amman, such as the French cultural center, the British cultural center, and others.</li> <li>- Generating expat, tourists, and cultured local customer referrals by these bodies.</li> </ul>	Periodical distribution of brochures
<b>B + C + D</b>	Email shots to be sent to local individual customers, expats, and corporate customers.	<ul style="list-style-type: none"> <li>- Build awareness of local cultured customers, corporate customers, and expats on Badr Adduja as one of the cultural attractions in Amman and a brand of an artisan Jordanian handicrafts gallery. The Email shots will assist in increasing the hits on Badr Adduja's website, as the Email will include the link to the website.</li> </ul>	4 email shots per year

<b>B + C</b>	sms shots to be sent to local individual customers as well expats.	- Build awareness of local cultured customers, and expats on Badr Adduja as one of the cultural attractions in Amman and a brand of an artisan Jordanian handicrafts gallery.	6 – 12 sms shots
<b>C</b>	Offering traditional dresses to TV anchors to wear while broadcasting particular TV shows during Ramadan as well as morning shows.	- Increasing awareness and exposure of this product line to potential customers within this segment.	Morning shows, Ramadan-related shows, New Year
<b>C</b>	Adverts in women magazines such as: Layalina, Living well, and Viva	- Increasing awareness and exposure of the 'traditional dresses' product line to potential customers within this segment.	4-5 adverts yearly
<b>C</b>	Inviting a number of women community figures and opinion-leaders to Badr Adduja's main showroom to exhibit latest collections of traditional dresses and other product items.	- Though the assistance of BPW-A, it is recommended that Badr Adduja seeks to host such events in order to enhance awareness of the uniqueness of this product line and generate word of mouth among potential female customers.	Once or twice a year.

- Reaching out to reputable tour guides and operators in Amman to give more information to tourists about Badr Adduja as one of the key cultural handicrafts and home accessories workshops in Amman (in order to generate referrals and arrange tour visits to Badr Adduja as part of their tour programs) in addition to distributing company brochures to those tour guides.
- It is recommended that Badr Adduja reaches out to the Jordan Tourism Board since it is one of the bodies that are primarily involved in the marketing and promotion of

Jordan as an attractive tourist destination in the region. JTB can contribute to promoting Badr Adduja as one of the key cultural handicrafts workshops in Amman.

- It is recommended that Badr Adduja seeks to promote its 'traditional dresses' product line somewhat separately from other products due to the notion that this product line is relatively different in nature and consumer behavioral patterns from the other handcrafted products. Continuing to offer dresses to TV anchors to wear while broadcasting TV shows (particularly during Ramadan and the New Year as well as morning shows) is a good promotional tool, which has proved to be effective. In addition, placing special magazines as for this product line only in magazines such as 'Viva', 'Layalina' and 'Living Well' is also recommended.
- **Inventory pieces:** Badr Adduja owns pieces in the inventory, mainly made of copper. The lack of significant turnover on those inventory pieces is costing the designer noteworthy inventory cost every month. To resolve this basic dilemma, the consultants suggest that the designer accumulates the pieces of copper that are quite similar in shape, and package them as a set to be sold as gift items, mainly to the high end customer segment. As for the hospitality give, away gifts- large plates, which constitute a chunk of the inventory items, the designer can choose to sell them as gift items to stores that sell mainly chocolates or dates. As for the pieces that cannot be used for the previous suggested options, they can be used as giveaway gifts to customers that purchase Badr Adduja's items during holidays or during the anniversary of Badr Adduja.

## **II. Trade Fair and Exhibitions:**

It is important during that Badr Adduja intensifies its involvement in related exhibitions and participation of art and cultural events, whether locally or internationally.

In Jordan there are several handicrafts exhibitions that take place within the annual Jordan Summer Festival and Jordanian Handicrafts Exhibition.

It is also recommended that Badr Adduja seeks to participate in fashion shows to exhibit its 'traditional dresses' product line.

## **IV. Branding and Marketing Communications Framework:**

Branding is a key issue as it communicates the image and identity of Badr Adduja and its products.

It is recommended that Badr Adduja solicits a specialized branding and packaging consultant to conduct a branding and marketing communications strategy and complete the brand identity tools as well as the story-telling product hang-tags. The Branding/Advertising Consultant can also assist in implementing the advertising campaign in light of the insights and recommendations provided in this plan.

The branding and packaging specialist should focus on the following issues:

- Providing a range of guidelines for brand, style, examples of internal and external communications, and templates.
- Providing technical advice on the color scheme of product packaging and labeling.
- Assisting in formulating product description and communicating product benefits as well as the Badr Adduja's story to consumers through packaging and product leaflets and hang-tags.

### **3.3.4 Place Strategy**

#### **3.3.4.1 Direct Distribution (through Badr Adduja's main outlet):**

The following represent the three main recommendations with regards to the direct distribution (through Badr Adduja's main showroom):

- **Product display in the main showroom:** Badr Adduja relies on the main showroom as the main outlet to the products. The main showroom ought to be more organized in terms of the display of products. The lighting in showroom is recommended be stronger and brighter, which can give the showroom a more welcoming atmosphere.

#### **3.3.4.2 Selective Distribution:**

Selective distribution means that Badr Adduja distributes its products directly to a number of selected outlets. On the long run, Badr Adduja should consider expanding its outlets to cater the Airport, exhibitions, and other touristic and cultural sites.

The following represent a general insight on the outlets through which Badr Adduja can consider for selective distribution of its products at a later stage:

Type of Outlet	Possible locations
<b>Craft and flea market</b>	Souk Jara
<b>Internet</b> , through an e-commercial website	This is increasingly becoming an important distribution channel for handicrafts in USA and Europe. It is unlikely to prove to be of an impact on the Badr Adduja's sales in the foreseeable future but on the long-term it can be a very useful tool.

In addition, Badr Adduja could consider deploying 'Social Network Multi-level marketing': in this distribution scheme, Badr Adduja could sell directly to consumers who receive a discount depending on the amount they order. These buyers then sell on the traditional dresses in the same way to their friends. Gradually a network of buyers/sellers develops. The major advantage of the system is that people trust the judgment of friends and this would create a positive word of mouth and raise awareness of Badr Adduja while increasing sales.

### 3.4 Action Plan

Ref.	Tasks	1 Year Action Plan - Implementation Schedule												Responsibility	Estimated Budget (JOD)
		1	2	3	4	5	6	7	8	9	10	11	12		
<b>1.0</b>	<b>MANAGEMENT CAPACITY BUILDING</b>														
1.1	Attend training on developing marketing plans, business development skills and sales management													Management	N/A
1.2	Attend accounting, budgeting and financial reporting training													Management	150 – 300
<b>2.0</b>	<b>BRANDING AND COMMUNICATIONS</b>														
2.1	Appoint a branding specialist to launch several brand training modules, a range of guidelines for brand, style, examples of internal and external communications, story-telling product hang-tags, brochures, corporate identity tools and other communication templates.													Management + Contracted Branding and Packaging Specialist (Could be through donor assistance such as: SIYAHA, JE, BDC or SABEQ)	Donor assistance
2.2	Complete/modify website development in consultation of the marketing consultant and the branding specialist													Management + contracted website design and development company/specialist	2000 – 3000
<b>3.0</b>	<b>MARKETING MIX STRATEGY IMPLEMENTATION</b>														
<b>3.1</b>	<b>Resources</b>														
3.1.1	Recruit a marketing officer													Management	Salary + fringe benefits
<b>3.2</b>	<b>Product Strategy</b>														
3.2.1	Lay down procedures for new product development based on recommendations provided in the Product Strategy section of this plan.													Management	N/A
<b>3.3</b>	<b>Pricing</b>														
3.3.1	Conduct recommended piece costing to each product under different product lines and target market segments.													Management	N/A
<b>3.4</b>	<b>Promotional Strategy</b>														
<b>3.4.1</b>	<b>Advertising</b>														
3.4.1.1	Create Product hang-tags to communicate the story of each product													Management + Contracted Branding Specialist	1000

3.4.1.2	Design advertisements for the suggested advertisement recommendations under the Promotional Strategy of this plan in coordination with advertising and branding consultant																
3.4.1.3	Create lists of email addresses of target individual and corporate customers as well as expats as per the advertising campaign suggested in the Promotional strategy section of this plan															Marketing Officer	N/A
3.4.1.4	Design and develop company brochures Design a special brochure specially for the 'traditional dresses' product line															Management, marketing officer, in coordination with a contracted advertising agency	1000 – 1500
3.4.1.5	Implement the suggested advertising campaign in light of the recommendations of this plan and the branding and marketing communications consultant															Marketing Officer + branding and communications consultant and/or advertising agency	2000 – 3000
<b>3.5</b>	<b>Place strategy</b>																
3.5.1	Implement recommendations in the direct distribution section of this plan (in terms of showroom internal arrangements for product display and location visibility)															Management	1000 – 1500



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