



## PAGE 3: B. ABOUT YOU

**Q1: Respondent details**

Name	Ed Edmundson
Organization	Earth Divas
Email Address	Info@EarthDivas.com
Phone Number	610-389-4489

**Q2: Country or Customs territory**

UNITED STATES

**Q3: Organization**

Private sector

## PAGE 4: C. ABOUT YOUR CASE STORY

**Q4: Title of case story**

Earth Divas - Empowering Women Through Trade

**Q5: Case story focus**

E-commerce development and efforts to bridge the "digital divide".

**Q6: Case story abstract**

Earth Divas ([www.EarthDivas.com](http://www.EarthDivas.com)) is a Fair Trade company (a member of the Fair Trade Federation) that works with Artisans in Nepal to design and produce handbags, hats, backpacks and other accessories made of natural fiber materials, which are imported into the U.S. and sold via e-commerce channels to consumers and retail stores. We work primarily with women tailors, and return all company profits to them via direct cash payments. We leverage technology to disintermediate the various layers between the producer in Nepal and the consumer in the U.S. Using online, hosted platforms we are able to reduce costs, and improve communication and work-flow to ensure a consistent, high-quality product is delivered to the U.S. market on time.

**Q7: Who provided funding?**

Private sector

**Q8: Project/Programme type**

Single country

**Q9: Your text case story**

Earth Divas' Work and Mission

Earth Divas started in 2004 with the sole purpose of helping to bring the Fair Trade and socially responsible shopping movement to a wider audience. When we started, few store buyers, outside of the health food category, understood the purpose and values of fair trade. But since 2004, we have seen an explosion of awareness thanks to the number of companies that recognize the value of socially responsible sourcing.

Earth Divas makes a line of beautiful, natural fiber handbags, hats, scarves, headbands, backpacks, and wallets.

Earth Divas makes a line of beautiful, natural fiber handbags, hats, scarves, headbands, backpacks, and wallets. Fabrics used include cotton, jute, hemp, wool or recycled silk. Twice a year, in Spring/Summer and then for Fall/Winter we create a new catalog with approximately 50 new designs. Most handbags retail for under \$24, headbands are in the \$5 range, hats retail for under \$15, and backpacks are \$35 and lower. All items are made in Nepal and imported into the U.S. market. We work with approximately six Artisan groups in Nepal; these are small, family owned businesses that operate mainly out of a factory located in the same building where they live. Approximately, 85% of our sales are wholesale, with the balance sold through Amazon and on our retail website; we do not own a retail outlet. Earth Divas is an S-Corp, headquartered in Maryland.

#### Fair Trade Values Guide Us

Fair Trade has nine values, as defined by the Fair Trade Federation, of which Earth Divas is a proud member:

1. Create Opportunity
2. Develop Transparent and Accountable Relationships
3. Build Capacity
4. Promote Fair Trade
5. Pay Promptly and Fairly
6. Support Safe and Empowering Working Conditions
7. Cultivate Environmental Stewardship
8. Ensure the Rights of Children
9. Respect Cultural Identity

#### Our Goal – More Cash to Artisans

At Earth Divas our goal is to make as many items as we can to reduce shipping costs and spread our overhead across a broad mix of products; to price our products as low as possible by keeping overhead, selling and marketing costs low; and to pay back to the Artisans as much money as we can from the sale of each item.

When we started down this path, there was no clear model to follow, so we have tried and failed several times with different approaches. We have not yet reached our goal of creating a sustainable business model, which will require our revenue to increase about three-fold.

As our volume increases, we intend to build our own fair trade factory, and expand our production model to other countries including Bangladesh, Nicaragua, and Haiti.

#### Investing in Suppliers – Expanding Export Capacity

Paying Artisans more money for the goods that they make is part of our core business objective; the other part is helping the Artisans improve the products that they make so they can sell to more customers in the U.S. market, as well as in other markets. In the U.S., there are lots of people who sell traditional Nepali handbags, but our focus has been to create something that is unique and beautiful, incredibly well made – what we call a wearable work of art.

One way to support Artisans is to loan money to them to buy equipment, and they pay back the loan in product purchases. A few years back, we found a terrific supplier, located about an hour outside of Thamel, the main tourist area in Kathmandu, which is where most factories are located. We placed a small order, but no product was made in time for the shipment. When I returned to Nepal, I discovered that the supplier did not have electric sewing machines (only foot pedal machines) or a generator. We loaned him \$2,800 to buy equipment. When I returned I discovered that instead of buying equipment, he pre-paid rent for two years in Thamel in a location with sewing machines and a generator. In this location, he could easily find excellent tailors. Today his business is booming with approximately 60 tailors.

Another effort was to fund a Tailoring School for Women. Women in Nepal are traditionally limited to cutting and hand stitching, and earn about 20% of what a tailor using a sewing machine would earn. We bought sewing machines, paid rent in a building for two years, hired a master tailor and paid women to attend the school to prevent loss of income. Although the school itself was not a success, the lady who ran the school converted it into a factory for herself, and now makes beautiful recycled silk and rubber bike tire/tube handbags. Her business is now doing very well and she has opened up a nice store in a hotel in Thamel.

#### Our Last Challenge – Big Box Retailers

Our designs and quality control have improved gradually, over time. The design and production process works well, and

the back-end infrastructure in the U.S. is set up to handle any size volume. The challenge today is to reduce marketing and sales expenses. Each season we design and print a wholesale catalog, mail it to customers, and pay for a sales team to obtain orders.

#### Critical Role of the Internet

Earth Divas was originally designed to operate on the Internet. Every facet of our business utilizes the Internet in some way, examples include:

**Communication:** Facebook Messenger is the easiest to use, but we also use Skype on a daily basis to communicate with Artisans and our IT group in India.

**Payments:** We use USForex for international wire transfers, and Paypal for domestic payments to vendors.

**Storytelling:** Facebook and our website are essential tools to tell the fair trade story of our how the purchase of a handbag can directly benefit a person in Nepal.

**Marketing:** Google Adwords and Facebook ads help us reach the end consumer through paid ads.

**Accounting:** We use QuickBooksOnline for our bookkeeping (which a company in India does).

**Website:** All transactions are placed on our website. Orders are downloaded by our fulfillment partner, and when shipped, the customer received tracking information from UPS or USPS. Additionally, we generate Purchase Orders and track production using the Project Management tools we've built.

**Sales:** We built an online/hosted Customer Relationship Management tool to track all contacts with customers and monitor sales efforts.

**Commerce:** We sell our line on Amazon, and in the past have sold on Ebay. We have utilized SPS Commerce for EDI (electronic data interface).

**Sourcing:** Items are sourced from the local market. We do not use Alibaba for sourcing rings, buckles, zippers and fabric but we have encouraged our vendors to try it.

#### Business Model, Consumer Demand, and Importance of Storytelling

Our success to date is based on a few things, one of which is a low-overhead operating budget (I am the only full-time employee). All other operations are outsourced to companies that can easily scale up for massive volumes, and scale down when necessary.

Our line is unique and manufactured in a socially responsible manner. We know the Artisans that work with us and we meet them and visit with them on a regular basis. We use the hangtag on our product to start the story, and we expand this story in the Fair Trade section of our website, and on Facebook. Small Artisan communities in small countries need to share with customers in the U.S. why and how the purchase of a particular item will have a direct and tangible benefit on the person who made it. This story must be authentic and enduring. The social message in our case is a core value of our business and we try to tell our story at every opportunity.

That said, our customers, for the most part, will not pay extra for a Fair Trade made item. The added labor cost must come from reduced overhead, lower shipping costs, less profit or some other area. Customers expect the product to be beautiful, well-constructed of high quality materials and priced at an affordable price point. The Fair Trade story is an added bonus that comes with the product – it cannot be an added cost to the product.

The market for sustainable and socially responsible handbags and accessories is in the billions of dollars and apparel expands the market exponentially. The ability to by-pass the traditional supplier network has never been greater. The challenge is not consumer demand. The challenge is convincing retail buyers to 'think outside the box', and take a chance on a new supplier with a 13 year track-record of filling orders, but who has not yet established the production capacity required to meet significant increases in volume.

**Q10: Lessons learnt**

Since 2004, we have come a long way and learned many lessons.

1. Retail is Hard: we started as an online retail store and found it very difficult to increase sales with a limited marketing budget, and customer service expenses were too high. Today, Amazon and other marketplaces have developed e-Commerce platforms that reduce cost, but fulfillment is still expensive. Our focus is on wholesale, but this requires upfront investment in inventory and marketing.
  2. Amazing designs and consistent, high quality products are difficult to make. I visit Nepal 2 to 3 times a year to work on new designs, and over the years, we have developed relationships with vendors that consistently produce beautiful accessories. Without a knowledgeable and committed local team to help with production workflow and quality control it would be impossible to succeed.
  3. In our experience, customers in the U.S. like Fair Trade, but are not willing pay extra for it. Our designs and quality must compete with all other non-fair trade designs. The fair trade story is an added benefit, and distinguishes us from our competitors.
  4. To survive, we have had to keep costs low. In the U.S., our fulfillment and all back-office operations are outsourced to a company located in PA. Our sales reps are contract employees that represent many lines. We have vendors for bookkeeping, photography, and design, and we established our own IT group in India for website development. I am the only full time employee working from a home office. All operations are managed on a hosted, online platform.
  5. Storytelling is important, but it takes time. We use our hashtag to tell the story of who makes our items, and how much we pay them. We further expand the story on our Facebook page: [www.facebook.com/EarthDivas.usa](http://www.facebook.com/EarthDivas.usa), and on our website. It is this story about our line that separates us for traditional accessories manufactures.
-