

Case #4: Erosion of Native Art

Alpine Imports, an international corporation that distributes native crafts throughout the United States, has found a new production site in Guatemala. Alpine has been certified by groups such as the Fair Trade Resource Network for its commitment to paying fair wages and preventing inhumane working conditions in the areas from which it purchases its products. Labor in Guatemala is relatively cheap, even with a living wage, and moreover, the corporation has found that native artisans there have a distinctive style that should market well in the United States. In particular, Alpine is considering Kaqchikel clothing for dolls, handmade in the Guatemalan village of San Lucas Toliman. The clothing fits several generic doll figures, including American Girl™ dolls.

Alpine Imports has researched the market and determined that import motif stores conspicuously lack toy divisions, and therefore it has little background as to what items succeed. It hopes, however, that its venture into this new arena will pay off. Managers at Alpine ordered an initial batch of 1,000 dresses to be produced by the Kaqchikel workers for distribution in Alpine stores throughout the United States. Managers project the cost of the dresses to be about \$5 a piece, and the retail price will be \$15. If these doll dresses are a success, they could mean a substantial profit for Alpine Imports and a sustained relationship between Alpine and the Kaqchikel.

The shipment of doll clothing arrived to the Alpine warehouse on time, and was distributed; managers anxiously awaited sales results. The first reports showed moderate sales; however, the response was not as strong as the marketing department had hoped. Alpine attempted some advertising of the dolls in local markets, to raise awareness of the new product, but still sales lagged behind expectations. Executives at Alpine began to realize that children are often subject to national advertising ploys coupled with strong peer pressure, and that if they want to realize success in the toy market, their strategy has to change. They assessed the situation and decided that the clearest options would be to cut their losses and discontinue the relationship with the Kaqchikel people, work on stronger marketing ploys, or to suggest changes to the design of the dresses. Alpine is in no danger of bankruptcy based on the sale of Kaqchikel dresses, but as a business, they strive to maintain fiscal viability, and thus, must keep the success of this product in mind.