



BETTER LIFE BAGS CASE ANALYSIS

**An in depth analysis of the factors to be considered when
expanding internationally to Norway.**

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ABSTRACT

This essay analyzes the founding and recent expansion of Better Life Bags, a U.S. startup company that specializes in designer handbags. It considers pros and cons of penetrating the Norway market.

INTRODUCTION

Better Life Bags was founded by American entrepreneur Rebecca Smith in August of 2009. The idea of designing and hand-making her own bags formed when she was pregnant and became inspired to make her own personalized diaper bag. Upon finishing the bag, Rebecca posted a photo of it on Facebook. Rebecca received raving reviews, encouragement, and even order requests from her Facebook friends, motivating her to start a business. As a result, she decided to open an online shop through Etsy to sell a small array of bag designs. The online shop began to boom with great success. Rebecca had established her business for handcrafted leather bags.

When she moved to Detroit, Michigan in 2010 she expanded her business in the small town of Hamtramck. Rebecca was living in a diverse neighborhood with different cultures residing in each neighboring house on her street. Hamtramck was overflowing with unemployed, impoverished families who spoke close to no English and had barely enough money for food, not to mention furniture or other luxuries. Seeing such stagnant and depressed lifestyles in her community inspired Rebecca to want to hire locals to help her further expand her company and support her neighboring residents. Thus, in 2012 Rebecca employed a local woman, Nadia, who had recently immigrated to the United States, from Yemen. A few months after employing Nadia, Rebecca paid her a visit to drop off some fabrics. During her visit, Nadia proudly showed Rebecca her children's room which had new bunk beds in them that Nadia was able to buy thanks to her new salary. Nadia's new financial empowerment inspired Rebecca to hire more local women. Rebecca knew that she could help create a change in her local community by employing women who had difficulty finding jobs due to their immigrant status and lack of work experience, but who also were extremely hard working. As a result, she expanded her business to twelve employees, all of whom were women that would benefit greatly from the opportunity Rebecca was giving them.

LITERATURE REVIEW

Better Life Bags sells stylish bags that have a wide range of variety. From crossbodies, to backpacks, to diaper bags, there is a product for everyone. When shopping online, consumers have the option to design their own bag or order a ready to ship one. While designing a bag, customers are able to choose the style of bag, the leather, and the fabric from the options listed. The bags have a unique look, comprised of trendy fabrics and leather. This unique look enables the bags to stand out amongst other brands bags. Furthermore, consumers can purchase trendy accessories for their bags, like key chains and tassels, or even small wallets.

What makes Rebecca's business unique, is its dedication to its charitable mission, "Custom with a Cause." Not only does her company give ten percent of each purchase to entrepreneurs in low income countries, but it also takes the extra step to inform customers that their investments in Better Life Bags products are giving a previously struggling family the opportunity to take a step towards a more stable life. With the bag comes a tag that states, "Your bag was made by: [employee's name]. Because of your purchase she is able to have work, provide for her family, and feel honor. Thank you" (Smith 2015). This not only affirms the company guarantee that each bag is handmade, but it also creates a

personalized connection between the producer and purchaser of each bag. As a result, consumers feel a sense of gratification as Better Life Bags highlights the fact that the customer's purchase has impacted someone's life for the better.

Consumer Audience

Better Life Bags appeals to a small niche. A majority of its consumers are high-income women who can afford to pay the expensive prices. However, Better Life Bags does not appeal to all high-income female consumers; rather, much of its audience caters to a small group of women within this demographic. Looking through its "Press" page, we noticed that many of the spokeswomen who praised Better Life Bags consisted mainly of feminists, philanthropists, religiously-devout, and charitable consumers. Better Life Bags' mission to empower women in the working class is found very attractive to such consumers. Amy Clary, a religious American blogger and mother of three, asserted this notion in her review titled "Being a Woman Who Supports Women." The review was centered on the brand's "Finley" bag and Clary explained how she finds satisfaction in being a "small part of supporting women in [her] own metro area" (Clary 2016).

Expansion on Characteristics of the Company

Better Life Bags concentrates on producing bags that are not only trendy, but that also makes a positive impact on the lives of those that are under-privileged. The products are sold exclusively online through the brand's personal website. Therefore, apart from shipping corporations that deliver the products to purchasers, we found that there are no defined distributors or partner brands that assist the company. In regards to only having a website and no other forms of distribution, the brand's website aesthetics may be extremely attractive for the consumers who are aware of the brand. However, this appealing design does not necessarily guarantee new customers. As a small company with few marketing strategies and opportunities, having a strong unit of distributors would help expand the consumer base so that the success of the company is not merely derived from its website. The consumer base we found mainly consists of high-income, charitable women. Although this may not be the brand's intended target audience, it is a loyal demographic that will continually attract similar consumers. The women who buy the bags often do so with philanthropic intentions, so by purchasing a bag they know that they are not only investing their money in a trendy product but also giving to a cause they are passionate about. Lastly, the brand has a variety of stylish bags including backpacks, diaper bags, and crossbody bags. By supplying bags of all styles, prints, and sizes, Better Life Bags is able to target more age groups and attract more consumers.

Marketing Strategies

The company uses a variety of simplistic marketing strategies to reach its consumers. Being a small brand, Better Life Bags does not have the same wide variety of resources that bigger, multinational brands have; however, the resources that it does have are put to good use. Below are a few of the marketing strategies the brand uses to appeal to consumers.

- **Website Design:** The company has a very easy-to-navigate website design that uses a simplistic look to highlight the purpose of the product. When opening the main page of the website, the simplistic design accentuates a colorful and vibrant

banner that highlights two links, offering consumers the option to gain an understanding of “The Better Life Bags Mission” and “The Better Life Bags Process.” Furthermore, having good quality images gives the website a polished, professional look. These good quality photographs offer consumers clear visuals of the products. In addition to well photographed advertisements, clearly categorized subheadings have made it easy for consumers to explore the wide array of product options. Better Life Bags offers the ability to “Design Your Own” bag. This unique and creative feature, on its website, gives consumers an opportunity to personalize their purchase. Easy navigation through the personal design process, on the website, gives consumers an enjoyable experience of creating their own bag.

- **Active Social Media:** Better Life Bags has an active Instagram account, @betterlifebags, that boasts over 38 thousand followers and a Facebook account with over 30 thousand likes. The company posts a wide variety of photos that are either professionally shot or taken by consumers. These images capture Better Life Bag products such as ready to ship bags, custom-made bags, and accessories by showing them in differing lifestyle environments (Exhibit 1). Overall, both the Facebook and Instagram accounts are very stylish and aesthetically pleasing to the eye. Better Life Bag’s social media helps market the idea that by using their products, consumers can achieve the image of a chic, modern-day woman.

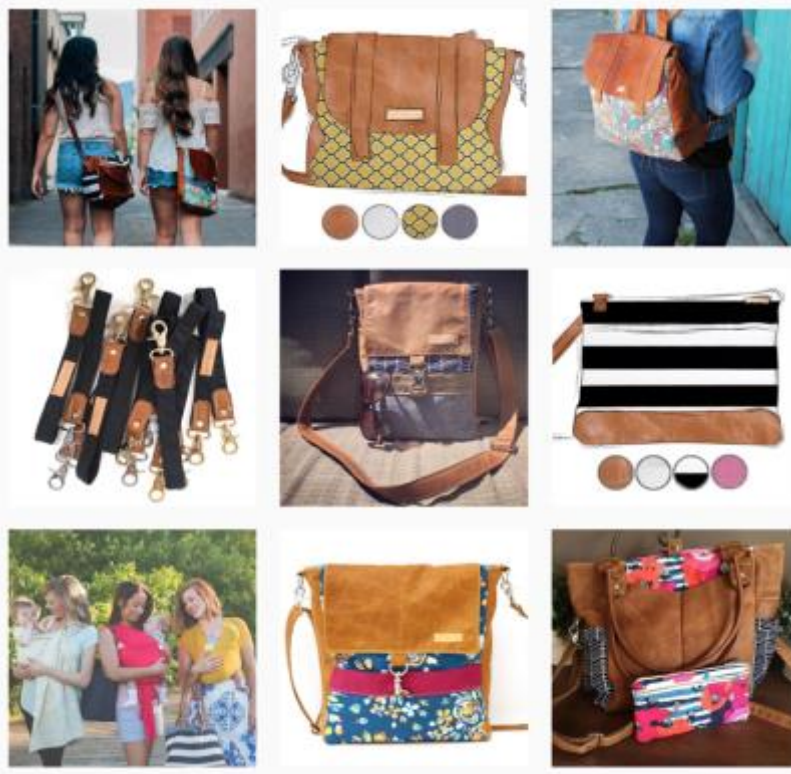


Exhibit 1 screen grab of a selection of the varied Better Life Bags Instagram posts. Retrieved from Instagram

- **Press:** A good deal of Better Life Bags name recognition comes from its press and online reviews. The bags and the company itself have been featured in many publications both online and in print. These publications promote the brand's name out in the public sphere. However, most of the publicity they receive comes from local press, in the Detroit area. Therefore, its audience tends to be limited, making it harder for the brand to reach a wider, more international consumer base. The website also features personalized reviews for specific bags from many bloggers. Although such reviews help spread word of the products, the bloggers tend to have a small, niche audience, making their impact in endorsing the product relatively insignificant.
- **Word of Mouth:** Better Life Bags is a relatively small business compared to other handbag companies, and as a result, a large amount of its promotion relies heavily on word of mouth in promoting the brand among new and existing consumers. Seeing that the brand appeals to a small, niche market, it relies mainly on wealthy, charitable women to spread the products' look and the brand's charitable message to mutual friends, colleagues, and family with similar tastes.

Case Introduction and Purpose of Study

Through diligent research and analysis, we have compiled a broad selection of information for Better Life Bags to determine whether they should expand or not. We chose to research and analyze the possibility of expansion to Norway because of its acclamation to expensive, high quality goods. For a company such as Better Life Bags, a retail market like the one in Norway would be perfect, as there are many consumers who fit the company's niche audience. However, seeing that many Norwegian consumers fit the brand's niche audience, this does not necessarily mean that expansion would be the best option for the company. If the costs and threats outweigh the opportunities of expanding, then it would be wiser not to market the brand internationally to the Norwegian consumer market.

Advantages of Expanding to Norway

A major possibility for Better Life Bags is appealing to the interests of those within the feminist movement. Altruistic projects have also grown rapidly in recent years. This spike in feminist and selfless consumers is highly profitable to the brand as two key components of their charitable mantra are dedication to empowering impoverished local women and assurance that ten percent of each purchase will be donated to entrepreneurs in low-income countries. In Norway the feminist movement is thriving, so expansion could be beneficial due to this fact. The generally higher income women in the country would be especially willing to spend money to purchase a bag if they knew that it was helping a woman in need.

Moreover, by expanding to Norway, Better Life Bags would be appealing to a country similar to that of the United States, making Norway an appropriate choice for expansion. Better Life Bags will face fewer challenges in marketing its American product to Norwegian consumers than if it were to expand to a country with a completely different environment than the United States. Although Norway is not an English-speaking country, advertising there would not be very difficult, thus creating a definite opportunity for

expansion. By simply changing the language of their various utilized marketing strategies, Better Life Bags could successfully advertise its products there without having to go through a great deal of work. In addition to having somewhat similar economic characteristics, as well as a similar social culture to the United States, Norway also has a similar social media base and platform the company could utilize if they chose to expand. As a result of having a large demographic of young adult consumers present on social media, Norway has the opportunity to offer a network in which it is easy and common for consumers to find new foreign brands through social media. Targeting Norwegian consumers through social media platforms, such as Instagram and Facebook would not be too challenging. On top of average consumers being able to post about new brands on social media, fashion and lifestyle bloggers also maintain a large online presence in Norway. These bloggers are constantly promoting new, trendy products on their social media accounts, which often greatly contributes to the popularization of up and coming brands.

Additionally, by expanding to Norway, Better Life Bags would be targeting a high-income country where consumers are far more able and willing to spend larger amounts of money on luxury products. Norwegian consumers could provide a profitable opportunity for Better Life Bags to expand because much of their population falls within a similar economic bracket to the company's American consumers. With a higher expendable income in comparison to consumers in other countries, Norwegian consumers are more likely to spend money on items like luxury handbags. They may even be willing to spend more than most American consumers, creating an especially appealing market for the company to explore.

Not only are Norwegian consumers practicing similar spending habits to American consumers, Norway also appears to be expanding as a successful, wealthy country much faster than other Nordic countries. When compared to other highly populated cities in Finland, Sweden, and Denmark, Norwegian cities consisted of higher incomes. In addition, Norway had the second highest total household disposable income of the 29 cities analyzed in this graph (Exhibit 2). When the cities were ranked based on forecast income growth per household from 2014 to 2030, the top three cities were in Norway. Therefore, investing in specific marketing efforts to Norwegian consumers could be a potentially highly profitable opportunity for Better Life Bags. With a market that has high predicted growth, Norway gives opportunities that the United States does not. If consumers have more money to spend, they could be more willing to purchase a product from a lesser-known brand, such as Better Life Bags, in addition to a high end designer product.

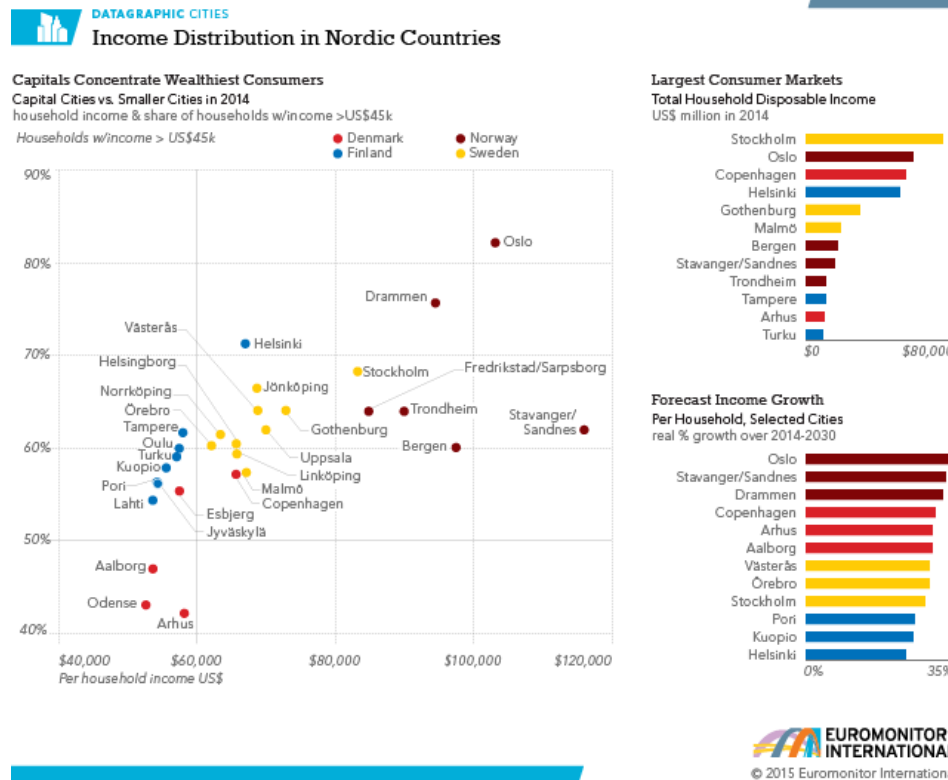


Exhibit 1 screen grab of a selection of the varied Better Life Bags Instagram posts. Retrieved from Euromonitor Research

In general, Norway is a relatively educated society with a higher presence of citizens who have an understanding of feminist and poverty related issues. Detroit, where Better Life Bags is stationed, is known as a relatively impoverished American city. Many educated Norwegian consumers could be able to recognize the brand’s purpose in empowering low income women in the city who are struggling to provide for their families. The company’s purpose and being defined as an American brand makes them unique and attractive to international consumers. These individual factors make the company stand out and give Norwegian consumers an incentive to invest in the brand and purchase products from its website.

In terms of international brand investments, Norwegians are very supportive and progressive in international trade. Therefore, Better Life Bags would most likely not need to worry about its products ending up in the wrong hands. Norway and the United States have had prosperous and beneficial trade relations in recent years that have aided both countries, showing that international exports from the United States have been accepted widely by the Norwegian market. For example, Norway is currently the United States’ 47th largest goods trading partner, and in 2013 the goods traded going both ways between the two countries totaled \$10.0 billion (Office of the United States Representative 2014). Norway in general also has easy acceptability and its established postal service makes it easy to ship products from the US without concerns of manipulation or stealing from middlemen.

Disadvantages of Expanding to Norway

In researching the market that Better Life Bags is a part of, we found that there are many established bag brands such as Kate Spade, Coach, and Michael Kors which serve as competition. These brands are highly recognized by consumers because of their status in the industry. Thus, considering that Better Life Bags is not nearly as well-known as these established brands, the company is at a disadvantage. Many consumers will be deterred from purchasing a Better Life Bag, when they see they can alternatively buy a well-recognized bag for the same price.

Established brands are also a threat to Better Life Bags in that they stay current with international fashion trends. Depending on such trends, Better Life Bags has to stay conscious of what is in style. Thus, if Better Life Bags decides to expand to Norway they will need to know how to research the notable sources of fashion inspiration and market trends within the country in order to best appeal to Norwegian consumers.

Another disadvantage the company faces is that its bags are made out of leather. For people who are against the use of leather due to cultural reasons or personal beliefs, the products can be off-putting.

Furthermore, although entering the Norwegian consumer market as an American brand gives Better Life Bags a respectable level of status and appeal, the brand is still a foreign, virtually unknown small business. Therefore, Better Life Bags faces the disadvantage of having no consumer base to appeal to when they first enter Norway. The brand will have to spend a great deal of time and money on marketing strategies if it wishes to overcome this challenge and establish itself among other international and local brands that already hold a high level of status within the Norwegian consumer market.

Not only does Better Life Bags have to compete with big-name brands, but it also has to ensure that no other company steals its ideas or designs. The brand relies on its quirky style that combines fun printed patterns with leather to create trendy bags. However, if other brands begin to style their bags with similar designs, Better Life Bags will lose its unique characteristics. Thus, Better Life Bags is exposed to threats of being copied or even replaced by more powerful competitors who recognize the success of the unique qualities incorporated into Better Life Bags products. The threat of losing profit is especially high from such powerful competitors because they have greater financial foundations and may even have a more established presence in the Norwegian consumer market. These competing companies have more resources to exploit characteristics of the Better Life Bags brand. Products such as bags are especially easy to replicate because general designs in the bag market do not vary greatly. Therefore, if other companies began to release merchandise with a similar look to Better Life Bags products, it would be difficult for the brand to prove that the competitor had copied its look. This would be especially challenging for Better Life Bags as it is considered an international brand in Norway. Moreover, since the brand's distinct style is one of its trademark qualities, if other brands begin to emulate the designs of its products, Better Life Bags would lose the unique appeal that it relies on to make reaching the Norwegian consumer base a profitable investment. More powerful international companies would be disposed

and able to reproduce this type of bag at a much faster and cheaper rate than Better Life Bags. This would likely be due to their replicas not being handmade, and this cheap “fast fashion” style of product would appeal to a large demographic of consumers who are not interested in waiting a long time to receive a relatively expensive bag.

Additionally, if Better Life Bags were to expand to Norway, the company would have to compete with local brands, many of which may already have a strong base of loyal Norwegian consumers. The most famous brand of bags in Norway is Cala & Jade and it is “a brand providing you with funky and fresh leather bags and accessories that reveal seductive uniqueness and soul. They have a distinct identity that involve elaborate craftsmanship, innovative techniques, and functionality. Vibrant colors play together with passion for detail and the use of Scandinavian and Italian quality leather” (Lazure-Guinard 2013). Not only are these bags incredibly beautiful, handmade, and useful, but they are also designed and produced in Norway. This fact makes it increasingly difficult for outside companies, such as Better Life Bags, to enter the market and gain customers’ loyalty quickly enough to make a profit. Thus, this high competition in Norway from local brands may cause Better Life Bags to struggle to become profitable in this market.

Better Life Bags will always be falling behind bigger brands if they wish to continue the charitable, small-scale manner in which they are producing their products. If the company was to expand to Norway and gain a significant consumer base, it would need to produce bags much more rapidly. This would be extremely difficult to achieve with the small staff the brand dedicates itself to employing, including low-income local women along with the artisan approach it takes in hand-making each bag. These small-scale approaches may produce high-quality bags but ultimately such methods are inefficient when producing on an international scale. If Better Life Bags chooses to maintain its charitable promise and small-scale approach, production will not be able to keep up with the potential demand of Norwegian consumers.

In addition, if the company was to open a manufacturing center in Norway it would likely wish to continue its mission of employing women in need. Depending on where the manufacturing center is placed, this could prove to be difficult. In 2010, around the time the brand was created, the unemployment rate in Detroit, Michigan was 24.8% (Bureau of Labor Statistics 2016) , and the unemployment rate of Norway was 3.5% (Bureau of Labor Statistics 2013). It was quite easy for the founder of the company, Rebecca Smith, to find women in need when the brand was created, as she was living in an impoverished area of Detroit. However, if brand managers were looking for new employees in Norway, it would be far more difficult to find women at the same level of need as there are in the United States. Therefore, the company would fail to fulfill its original goal of employing and helping women in detrimental situations if the company was unable to find such employees.

The waiting period to receive a handmade bag could prove to be a threat considering that Norwegian consumers may choose to invest in a rival brand with larger scale production. If consumers recognize that the waiting period for the rival brand’s pre manufactured bags only includes shipping time while it may take weeks longer for Better Life Bags, they will

opt to purchase the competitor's merchandise. The waiting time for Better Life Bags considers the time it takes to produce and package the artisan product using only a small team of workers, as well as the time it takes to ship the purchase internationally. Thus, the bags being handmade also poses a disadvantage to the brand as it extends the time it takes for a consumer to receive their purchase. This lengthy waiting period is an increasingly unattractive attribute in the impatient consumer market that dominates the world. As stated in the *Boston Globe*, "The demand for instant results is seeping into every corner of our lives...Retailers, smelling profit in impatience, recently began a battle for same-day delivery supremacy..." For example, when ordering off of the retailer Amazon, "shoppers can place an order by 11 a.m. and, for an \$8.99 fee plus 99 cents per item, have it that day" (Muther 2013). This proves that the impatience of consumers as well as the need for instant gratitude is so prevalent that retailers are changing their shipping methods to appeal to this need of consumers. However, Better Life Bags will struggle with this competition as it does not have the ability to supply the quick shipping that so many consumers demand.

In addition, another disadvantage for the brand is the weight of leather goods. Leather is a heavy material and so the brand will need to consider that shipping their products over the long distance from the United States to Norway will incur high shipping costs. Thus, they may need to consider reflecting any increased costs in the price they set for their Norwegian consumers. If this is the case, they may need to have higher shipping costs added to their price for Norwegian consumers in comparison with their domestic consumers. Consequently, increasing the total price consumers will have to pay, even by a relatively small amount, to reflect the costs of the international shipment may put off some prospective Norwegian buyers who will consequently decide to find cheaper bag alternatives. The brand must also consider the fact that they can have no power in international shipping prices. This is an unchangeable factor they will be forced to consider when deciding whether to expand to Norway, especially because they are a company with a small financial platform that cannot afford extremely high shipping costs. Better Life Bags must try to discern the best strategies for increasing their production and shipping methods if they wish to compete successfully in the international Norwegian market against other, more efficient brands.

CONCLUSION

Throughout the years since Better Life Bags has opened, the company has undergone a constant stream of success as the bags have been receiving raving reviews that indicate the customers have been consistently satisfied with the quality of its products. Although it is a small company with only twelve employees, one production shop in Detroit, and no physical store, Better Life Bags has been experiencing a booming success in the United States. Its mission to be a charitable company by empowering low-income local women and donating ten percent of each purchase to an entrepreneur in a low-income country encourages customers to buy its products so they can invest in the company's cause to help those in need. In analyzing the success of Better Life Bags, our group decided to research the possibility of expanding to another country, in this case Norway. Norway has a similar environment to that of the United States and would be relatively easy to create marketing strategies for, with the exception of the language barrier. Furthermore, Norway

is a high-income country in which inhabitants are generally wealthy enough to afford luxury goods such as high quality bags. In addition, Better Life Bags is an American brand, which gives the company an automatic advantage as brands from the United States are viewed highly by other countries. However, there are also some risks in expanding to Norway. The cost of shipping goods internationally is extremely high and could potentially hurt Better Life Bags' profits. Also, Better Life Bags is not a brand name, causing there to be room for potential doubt about the product. If someone is purchasing a bag, especially an expensive one, he or she would typically prefer a large brand name, one that is recognizable. Better Life Brands, although it is an American brand, is still a foreign company entering Norway's market. Thus, not only will customers not be as likely to spend their money on a brand that they are not familiar with, but they may not be as loyal to a foreign brand. In conclusion, there are many advantages as well as disadvantages when considering the option of expanding to Norway. The ultimate challenge is analyzing the opportunity of building Better Life Bags' empire in another country and deciding whether it will hurt the company or help it.

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