



# Handicraft Existing Market Channels and Raw Materials Database In Tajikistan And Kyrgyzstan

## RESEARCH REPORT

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## **ABBREVIATIONS**

CACSARC – resource center of Central Asian crafts support association

SE NUH – state enterprise national union of handicrafts

NGO – non-governmental organization

PA – public association

LLC – limited liability company

JICA – Japan International Cooperation Agency

USAID – United States Agency for International Development

CIS – Commonwealth of Independent States

CA – Central Asia

RT – Republic of Tajikistan

KR – Kyrgyz Republic

UAE – United Arab Emirates



## 1. EXECUTIVE SUMMARY

«Crafts positively influence people. They help to dream, think. They teach patience, teach to think philosophically, keep national traditions. This is a very global task. This is not just buying and selling, it is deep inside. We should introduce our youth to handicrafts. This is history, traditions that mothers should pass to their daughters for generations».

Gulumkan, Osh region, Kyrgyzstan

This report contains results of the study of market channels and suppliers of raw materials for handicrafts in Tajikistan and Kyrgyzstan, conducted by research and consulting firm M-Vector in July-September of 2015.

The study was aimed to describe existing distribution channels, suppliers of handicrafts, types of handicrafts, types of customers, as well as to compile data base of suppliers of raw materials for craftsmen. Methodology of the research included desk analysis, in-depth interviews with craftsmen and sale channels, SWOT analysis.

Study revealed the following:

Despite the economic difficulties, handicrafts in Tajikistan and Kyrgyzstan are developing and give jobs to dozens of thousands of people, which are fully or part-time employed in production, selling or supply of raw materials. In rural areas, especially in Tajikistan, handicrafts provide supplementary income to people off the season. Handicrafts sector is better developed in Kyrgyzstan, than in Tajikistan: there are more artisans, more trade shows and seminars, more points of sale of handicrafts across the country. Kyrgyzstan also has much more tourists: in 2014 2,8 mln. people visited the country<sup>1</sup>, versus 246 thousand in Tajikistan<sup>2</sup>, which has a direct impact on sales of handicrafts.

Variety of handicrafts offered in both countries is large, reflects rich culture and traditions of native people. Spectre of items is large, from small souvenirs like fridge magnets to large items like yurta (traditional Kyrgyz mobile home). There are decorative and functional handicrafts.

Craftsmen utilize all available local materials: yarn, felt, fabrics, leather, wood, metals, semiprecious stones etc. Neither in Kyrgyzstan nor in Tajikistan there is established and organized system of supply of raw materials for handicraft production. There are no specialized suppliers. Craftsmen have to stock necessary raw materials, buy it from different sources available in countries (bazars, stores etc.) and abroad. Quality and selection of local raw materials is generally poor, does not meet requirements of craftsmen.

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<sup>1</sup> National Statistics Committee of Kyrgyz Republic. 2014

<sup>2</sup> Main Directorate of Border Troops of the State Committee for National Security of the Republic of Tajikistan. 2014

Craftsmen in both countries aim at selling their products directly to end customers, which allows them to control pricing and promote themselves on the market. Many of them are able to produce and sell at custom orders, at trade shows and exhibitions, through Internet. Along with individual craftsmen and small groups there are handicraft businesses that are vertically integrated – from stocking up raw materials to production to selling in their own stores (e.g. De Pamiri, Tumar, Foundation of craftsmen Khaft-Paikar, Kyal).

Large part of craftsmen, especially in rural areas, do only production and supply their items to resellers: souvenir stores, art galleries, malls, bazars etc. Distribution system in Kyrgyzstan is better developed: there are more points of sale of handicrafts, local craftsmen more widely use Internet for promotion and sale, shipment services are more developed.

Main areas of demand and supply of handicrafts in both countries include capitals of Bishkek and Dushanbe, and major tourist destinations (Osh, Khudjand, Khorog, Issyk-Kul, Jalal-Abad).

Foreign tourists and personnel of international organizations working in Tajikistan and Kyrgyzstan are the main buyers of handicrafts and souvenirs. They account for about 2/3 of total sales. People from Western Europe, North America, Japan, South Korea are the best customers. They usually buy best quality items, made of natural ecological materials, small to medium size (easy for carrying over). Tajikistan is well known for its suzani, jurabs (Pamir traditional knitted socks), ceramics and carved wood; in Kyrgyzstan foreigners are willing to buy felt and patchwork carpets, felt scarves, silver.

Local people in RT and KR have low paying capacity and are not active buying handicrafts except for special occasions, such as weddings, when it is common to buy items that have ritual or functional purpose (dowry, carved wooden chests, traditional dresses, household decorative items) or presents, gifts, souvenirs for anniversaries, birthdays, travel abroad. There is a growing interest of the population to national traditions and customs, culture and crafts, which may well stimulate demand for handicrafts in the coming years.

There are differences between two countries in level of marketing and promotion of handicrafts. Craftsmen and resellers in Kyrgyzstan are more active in using information and communication technologies (websites, social networks, e-mail services etc.) and printed materials (business cards, booklets, catalogues, posters), they more often participate in local and foreign trade shows and exhibitions.

Handicrafts exhibitions and trade shows are probably the best way to promote and sell, make new contacts, communicate, exchange information and skills. Unfortunately, such events in Tajikistan and Kyrgyzstan are few.

Obviously, both country markets have potential for growth. Further increase of sales in Tajikistan and Kyrgyzstan can be achieved through the following directions:



- The research revealed a number of handicrafts that are of demand from foreign and local customers. Kyrgyzstan is mostly known for products made of felt, patchwork carpets and pictures, scarves, silver; Tajikistan is famous for suzani, carved wood, knitted wool items, semiprecious stones, and ceramics. These handicrafts have the most sale potential both on inside and outside the countries. They should be promoted as national treasures and “pearls” of handicrafts of the countries. Special attention should be given to quality and packaging.
- National strategies and programs should be developed to increase demand of local population to handicrafts taking advantage of rising national consciousness and interest in culture and traditions.
- Development of another potential market niche – corporate customers. Promotion and sale of handicrafts to local and international organizations, embassies and representative offices in RT and KR, which they may use as presents and souvenirs for their clients, guests and staff. Production of handicrafts with logos and colours of customers may also be a good marketing move.
- Craftsmen and resellers in both countries, especially in Tajikistan, should more actively explore other sale channels such as tour agencies, airlines and airports, hotels and homestays, government procurement (for needs of the government and ministries of international affairs).
- Craftsmen and resellers in Tajikistan should more actively promote themselves inside and outside the country using such methods and instruments as business cards, booklets, websites, and social networks. Trainings on methods and skills of promotion and sale of handicrafts, use of information technologies for business are needed for handicraft sector of Tajikistan.



## 2. METHODOLOGY OF RESEARCH

### Goals and objectives

Goal of the research was to identify the most promising market channels for Tajik and Kyrgyz handicraft products in their home markets.

Specific objectives of the study included:

1. To describe *existing sale channels for handicraft products* in each country:
  - Types of operators
  - Range and types of handicraft products offered on the market.
  - Types of tools used by operators to contact craftsmen, select products and make purchase orders.
  - Promotion/marketing strategies and tools used by sale channels.
2. To describe *major suppliers of handicrafts* in Tajikistan and Kyrgyzstan, including:
  - Types of suppliers
  - Handicraft products produced.
  - Working with sale channels: preferences in channels, working procedures, pricing etc.
3. To identify and describe *major types of customers* in the local market:
  - Major customer segments
  - Products preferred by different segments.
4. To compile a data base of suppliers of raw materials in Tajikistan and Kyrgyzstan:
  - Names, contact details
  - Types of raw materials provided
  - Other (capacity, directions of supply etc.)
5. To make *conclusions and recommendations* re:
  - Customer segments with the most growth potential.
  - The most promising market channels and locations for handicraft products.
  - Handicraft products with the most market potential.
  - Marketing strategies and tools necessary to increase promote handicraft products among target customers and increase sales.

## Data collection methodology

Related information was collected in three major tourist destinations in each country:

Tajikistan	Kyrgyzstan
<ul style="list-style-type: none"><li>• Dushanbe</li><li>• Khujand</li><li>• Khorog</li></ul>	<ul style="list-style-type: none"><li>• Bishkek</li><li>• Osh</li><li>• Karakol</li></ul>

Target groups of the study included:

- Sale channels (retail outlets, etc.)
- Craftsmen, artisans
- Suppliers of raw materials.

M-Vector used the following data collection methods:

Desk study:

- Official government statistics
- Websites
- Reports available with other organizations, working with handicraft sector.

In-depth interviews:

Country	Location	Sale channels	Craftsmen
Tajikistan	Dushanbe	7	3
	Khujand	7	2
	Khorog	4	2
Kyrgyzstan	Bishkek	8	3
	Osh	7	3
	Karakol	5	2
<b>TOTAL:</b>		<b>38</b>	<b>15</b>

SWOT analysis

- Analysis of strong and weak sides, opportunities and threats for each country

Compilation of data base of suppliers of raw materials

- Data base of suppliers of raw materials will be compiled using different sources: contacts provided by artisans and retail outlets, Internet, other.

### 3. MAIN RESULTS

#### 3.1 Introduction

New period in development of handicrafts in Tajikistan and Kyrgyzstan began after gaining independence at the beginning of 1990s. During the Soviet times handicrafts were produced by population mostly for its own needs. Today crafts bring full or supplementary income for many people, especially in rural areas. There are individual craftsmen, groups and enterprises in RT and KR that are successful and sustainable and offer local and foreign customers a wide variety of hand-made items and souvenirs made in traditional and modern style and design.

Tajikistan has always been famous for its culture and handicrafts that stemmed from ancient times. Centuries-old history of the country has been reflected in unique manual technologies and methods of processing of different materials, ornaments and styles. Tajikistan craftsmen have been famous for wood carving, carpets and traditional dresses, jewelry, stone work, ceramics, art processing of metal. Thrown back for many years by the civil war, handicrafts in Tajikistan are now on the rise. For the last years a number of handicraft organizations and talented individual craftsmen emerged and are successfully developing and gaining prominence inside the country and abroad, e.g. International foundation of Tajikistan craftsmen Khaft-Paikar, leading semiprecious stones craft company Rukhom, traditional Pamir handicrafts producer De Pamiri, producer of textiles Ozara, woodcarver Mirkhalim Yakheev, producer of national musical instruments Dona Zieev, jeweller Dilmurod Sharipov, artisans Usmon Khamidov and Sodik Zaripov, to name a few.

Kyrgyzstan takes second place in Central Asia after Uzbekistan in number of craftsmen, especially in rural population. Handicrafts have been continuously developing since 1991, the demand is supported by rising numbers of foreign tourists coming to the country, which are much higher than in Tajikistan. According to the Chamber of arts and crafts of Kyrgyzstan, more than 97 thousand people are involved in production and sale of handicrafts in the country in different capacity<sup>3</sup>. In the Chamber of arts and crafts there are 73 organizations registered that produce and sell craft products. In large cities of KR there are many points of sale of souvenirs and handicrafts. Advantages of handicraft sector of Kyrgyzstan include strong design potential, which is recognized foreign specialists, more developed international connections of local craftsmen, active development of local textile sector that directly supports certain crafts sub-segments, e.g. production of national dresses.

Tourism is the main driver of demand for handicrafts and souvenirs across the world. Tourists and country visitors are the main buyers of crafts and arts. It should be noted that Central Asia is so far not a mass tourist destination. Situation is especially dispiriting in Tajikistan, where

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<sup>3</sup> National Chamber of arts and crafts of Kyrgyz Republic.

only 246 thousand foreign citizens visited the country in 2014<sup>4</sup> (compare with 2.8 mln. visitors in Kyrgyzstan in the same year<sup>5</sup>).

At the same time there is a rise of national self-consciousness, interest in own culture, heritage and traditions, which may well be translated into some increasing demand for handicrafts from local population.

Production of arts and crafts is based on hand work and uses rather simple tools. Local craftsmen widely utilize accessible local raw materials and semi-products, mostly of agricultural origin (cattle-breeding, plant growing): wool, yarn, felt, leather, horns, wood, metals, clay, straws, scrubs, roots, leaves of different plants (including for dyes):

- Clay is used for production of decorative dishes, figurines, small souvenirs, etc.
- Felt goes for carpets, bags, pictures, interior items, hats and caps, slippers, small souvenirs etc.
- Textile, fabrics and yarn are used for suzani, knitted carpets, patchwork, outerwear, bags and throws, covers, national dresses, hats etc.
- Leather is used for production of harness, jewelry boxes, cases, musical instruments, shoes, wares, key-chains etc.
- Wood is used for musical instruments, chess, frames, carved pictures.
- Metal goes for musical instruments, jewelry, knives.
- Precious and semiprecious stones and minerals from Gorno-Badakhshan are used for jewelry, souvenirs, stone carving, pictures.

Handicrafts are sold at specialized stores, art galleries, kiosks, bazars, through direct sales. Unfortunately statistical agencies of RT and KR do not keep data of export of handicrafts, data of export volumes and value is not available.

### 3.2 Range and quality of handicrafts



Arts and crafts in Central Asia have centuries-old history and traditions. Even today many craftsmen still use in their work old traditional designs, ornaments and style, methods and techniques of production.

Range of handicrafts on the market in Tajikistan is very diverse. Craftsmen produce a variety of items from wood, ceramics, wool, silver, leather, felt, cotton, stone, yarn, fabrics

<sup>4</sup> Main Directorate of Border Troops of the State Committee for National Security of the Republic of Tajikistan. 2014

<sup>5</sup> National Statistics Committee of Kyrgyz Republic. 2014

and other materials. Across the country craftsmen from region to region differ from each other in design, style, color, ornaments of their products.

Following main kinds of handicrafts are produced by craftsmen of Tajikistan:

- Items from fabrics and leather: suzani, chakan dress, embroidered dresses, silk scarves, traditional caps (tiubetei), table-clothes, bags, phone cases, pillow cases and pillows, atlases, adrases, dresses with traditional embroidery Yurmaduzi, bride caps, tea kettle covers, robes for bride and groom, children caps iroki, klatchi.
- Woolen and felt items: hand-made carpets, jurabs, baby's bootees, bride scarves, bags, slippers, knitted shawls and sweaters, woolen carpets, souvenirs and key-chains, national caps and hats, namad carpets, winter shoes, felt toys and dolls and more.
- Stone crafts: old stones, figurines, pictures, traditional and souvenir knives, bracelets, necklaces, earrings, chess sets, glasses and so on.
- Wooden crafts: chests, wood carving, musical instruments, combs, magnets, traditional knives (handles made of wood and bone), jewelry boxes, national dolls, fans, baskets, traditional dishes and utensils, key-chains etc.
- Potter, porcelain and ceramic items: ceramic and porcelain dishes, vessels and souvenirs, decorative dishes and pitchers etc.
- Leather goods: cases for cosmetics, musical instruments, wallets, key-chains, belts etc.

Production of handicrafts in Tajikistan differs from region to region. For example, in Khudjand, which has been famous for its crafts since ancient times, craftsmen still use old local ornaments and designs. Women are mostly engaged in embroidering and needlework. Handicrafts produced in Gorno-Badakhshan are also different from other regions of the country due to cultural differences of native people. Pamir crafts has particular design and production technique. A number of highly professional artisans and organizations appeared in Kyrgyzstan within the last 10-15 years such as art group Tumar, female felt production cooperative Altyn-Kol, family artisan group 7 Sisters, silver and leather artisan Janyl Sharshembieva, crafts organization Kyrgyz Heritage, jeweller Burul Jusupbekova, Crafts House Kurak, ceramics artisan Jumagul Tashiev and ToiArt, others.



Ergashboi Gafurov of Istarafshan is a potter and produces achobak, mythical creatures from clay, and penny whistles. He learned the craft from his grandfather, two of his sons are willing to follow the father. Ergashboi says: «I've got four children, two of them want to follow my steps. My handicrafts are usually bought by tourists».

Craftsmen of Kyrgyzstan are well known for production of the following handicrafts:

- Felt carpets: these are, probably, the most famous Kyrgyz items, they include two main types of carpets, different in production technique: ala-kiiz and shyrdak.

- Knitted carpets: two types – napless carpets (araba kilem) and nap carpets (jiul kilem). These carpets are mostly produced in Southern Kyrgyzstan.
- Patchwork carpets – tush kiiz and kurak. These are another signature items of Kyrgyz craftsmanship, example of national art. Kurak is a traditional technique when many patches of different fabrics are stitched together into one carpet.
- National dresses: winter coats made of different types of skins: sheepskin, fox, wolf, otter other; married women skirt beldemchi; national hats kalpak and ak-kalpak; winter hat with a fur top, tebetei, produced from the most expensive kinds of fur (mink or marten); takya, male cap from fabric or felt, and other.
- Products from chiy. Handicrafts made of chiy, steppe plant, are particular for Kyrgyzstan craftsmen. Stalks of chiy are braided with coloured wool and put together to create different patterns.
- Leather items: after processing of skins craftsmen make leather dresses and shoes, harnesses, traditional dishes and vessels for dairy products and other goods (leather covered wooden chests, cases for tea cups).
- Handicrafts made from wood: furniture, household items, yurt structure, bowls and vessels (ayak, choichok, tabak), small souvenirs and gifts.
- Jewelry: rings shakek, earrings yimek, bracelets bilerik.
- Musical instruments. Komuz is the most famous Kyrgyz instrument; kyl kyak, stringed instrument; dobulbash, one sided drum, covered with leather; temir komuz, a metallic mouth instrument; other.
- Horse harness with saddle as a main item. Harness craftsmen use different materials for producing harness: leather, felt, knitting, embroidery, processed iron, copper and silver.
- Yurts. Yurt is a convenient and cozy mobile Kyrgyz home, which is made of wooden structure, felt, fabric, chiy, ropes, and other materials.
- Souvenirs, presents: tumars, talismans of triangle shape; felt dolls, toys; embroidered slippers, straps for tea kettles (tutkuch), patchwork napkins (kurak technique); jewelry, magnets etc.



*«I do everything from felt: shyrdaks of different size, ala-kiizes, animal souvenirs, souvenir beads, cases for mobile phones and sunglasses, accessories for yurts, toshoks, baby's bootees, stands for tea kettles, other items.» – Gulumkan, Osh oblast, Kyrgyzstan*

Quality of handicrafts directly depends on qualification and experience of artisan. According to Tajikistan resellers, average quality of local items is worse than that of imported handicrafts. Main reasons are lack of equipment and qualification of producers. Nevertheless there are highly skilled craftsmen that make products of excellent quality. Souvenir stores and galleries



accept only quality items for sale, which stimulates craftsmen to constantly improve quality of their products.

Quality of materials, i.e. their natural origin, is another important factor for customers of handicrafts:

*«Today people can't stand chemicals any more, they are looking for items made of natural materials. What we produce and show at this exhibition is all natural. For example, felt. I believe that all handicrafts that are produced from natural raw materials, are popular with customers and they are going to buy them.» – Burulkan, Bishkek*

«All items are hand-made, from natural materials. Absolutely no chemicals. We dye them with natural dyes only. When yellow colour is needed, we use onion peels, if red colour, we take pomegranate rinds. Products are antallergic». – Aiperi, Osh oblast

### 3.3 Production of handicrafts

Crafts in Tajikistan and Kyrgyzstan are developing in two ways: a) professional production of high quality items with high value added, which are then sold at medium to high price. This



7 Sisters are a family artisans in Kyrgyzstan that have taken on the honored tradition of making felt carpets and rugs, as well as making scarves that combine silk and felt and traditional jackets. These beautiful and delicate pieces are made with local raw materials, including natural dyes, sheep's wool, and handmade yarn from sheep. The family even began to utilize the remnants from felt carpets by creatively transforming them into other necessary domestic goods and toys. UNESCO Award of Excellence Winner.

production segment includes professional highly skilled full-time individual craftsmen, small production groups and registered enterprises/organizations, which operate in large cities (Dushanbe, Bishkek, Khudjand, Khorog); b) production of items of medium to low quality for medium to low paying capacity customers. This type of production is usually developed in rural areas, where it is usually a supplementary income for people in non-agriculture season.

One of the advantages of rural craftsmen is good access to raw materials, which are mostly by-products of agricultural activities - wool, yarn, skins and raw leather, cotton, as well as natural materials – clay, wood, willow, chiy, and leftovers from other local productions – fabrics, felt, dyes, metal, glass etc. As a rule, rural artisans prepare and stock up all necessary raw materials themselves, or buy them from local sources (other people or organizations).

Most part of individual and family craftsmen, especially in rural areas, choose to operate without legal registration because of seasonality and remoteness from the markets. Often individual craftsmen unite into co-operatives or associations of 3 to 10 people. In summer, which is a high

season for sales of handicrafts, craftsmen attract volunteers or students as part-time labour.

Craftsmen are looking to attract and teach younger generations to crafts, pass their knowledge and skills, in order to save crafts and pass them on.

*«My goal is to teach youth, pass my craft to them. We should serve our people and our country. Today they sell machine embroideries, but we should save the art of embroidering with knitting awl, which is our national property.» – Salkynai Shainazarova, Bishkek*

It is worth noting that in many cases it is resellers who decide what items craftsman should produce and in what quantity. Resellers analyze sales and situation on the market and determine what handicrafts there is a demand for, what its characteristics should be (colour, size etc.).

Production process begins with choosing design, ornament, colour of item. In accordance with required production volume the craftsman prepares or buys necessary quantity of raw materials. After all coordination and preparations a sample item is produced. Based on the sample all deficiencies and defects are removed, and craftsman start producing required amount of items.

Majority of craftsmen make all design works themselves, use modern or old patterns, ornaments. Sometimes handicrafts are produced using design provided by a customer. Some craftsmen have their own designers, others cooperate with independent ones. Internet is also widely used by craftsmen for search of new designs and styles.

*«I work on design at night in silence, develop design of items, draw sketches. Sometime I use Internet, watch works of designers of Kazakhstan, Kyrgyzstan and Uzbekistan, take something from them and then develop my own design». – Naimajon Boboeva, Khudjand*

*«Craftsmen also make their suggestions for design of handicrafts, but I mostly make my own decisions because I often travel abroad, learn a lot, know what people are interested about, their demands. I also see what other artisans are doing. This is how I got ideas» - Burulkan, Tumar Art Group, Bishkek*

Some craftsmen, especially rural ones, produce the same items regardless demand. Other craftsmen make handicrafts taking into account changing demand. There are individual craftsmen whose handicrafts are well known and looked for, receive direct orders for production from foreign and local customers.

*«We make larger part of production ourselves, but if needed we can allocate production to our partners, whom we provide with necessary materials. We develop design of handicrafts, they fill the order» - Burulkan, Bishkek*

In process of production craftsmen and resellers enter into certain business relations, beginning with issues of quantity of items and delivery to financial issues and quality of production.

Craftsmen and resellers also meet at trade shows and exhibitions. Resellers choose promising items and discuss with craftsmen orders and terms of cooperation. Trade shows provide excellent opportunity to see new items, get new connections, talk to customers.

Many resellers do their best to study the market and customers and provide their feedbacks to craftsmen on what handicrafts are in demand, which colour, price etc.

*«We discuss everything. They ask me what items are in demand, I ask them what handicrafts they supply to other stores, what sells best» - Representative of Art gallery Max, Dushanbe*

*«We discuss with craftsmen what handicrafts to bring, their quantities and price, and then we buy these items» - Seller of handicrafts from Khudjand*



Makhmadsaid Zioev creates national musical instruments. He has been doing this for 20 years. Zioev says: "For each dutar (Tajik national stringed instrument) I spend 400 somoni and make maximum profit of 100 somoni. Creation of one dutar requires a lot of efforts, I have to work several weeks".

According to Tajikistan craftsmen, volume of production depends on the season and demand for handicrafts. Female artisans that knit jurabs (Pamir socks), gloves, shawls and other woolen items, produce more in winter than in summer. According to Latofat Azizova, female craftsman from Dushanbe, in summer one craftsman makes 4-5 pairs of jurabs per month, while in winter he/she can make 10-15 pairs. "Pamir Gems in Khorog on average produces up to 300 faceted stones a month, but if it has large customer it can increase volume up to 2,000 stones.", says director of the company Nekhrokh Khorkashov.

Individual craftsman in Kyrgyzstan on average produces 80 to 100 small items such as felt slippers, toys, bags, scarves, telephone cases etc. Producers of

felt carpets shyrdak on average produce 3-4 items a month. Art group Tumar produces from 3,500 to 4,000 different items a month<sup>6</sup>.

In Kyrgyzstan shyrdaks made from grey or dark felt are in most demand. Cost of one carpet is \$150 - \$200, its retail price is \$1,000 to \$1,200. It takes 8 to 10 days to make one item. One craftsman makes 3-4 shyrdaks a month.<sup>7</sup>

<sup>6</sup>Source of information: Interview with Art Group Tumar

<sup>7</sup>Data by National Chamber of arts and crafts of KR

Average profitability of a handicraft is about 20%. Profitability of high quality author's item can reach 50% and more.<sup>8</sup>

Craftsmen aim to sell their products directly to customers, because it allows them to control the price and promote themselves on the market. Besides, craftsmen believe that resellers are not able to consult or advise customer on products effectively and thus can't close the deal.

In general, craftsmen in both countries use all available channels for sale of products. Specialized outlets such as souvenir shops, art stores, galleries, sale department in malls, kiosks in hotels, museums and other public places, are the most effective and prevailing channel. Due to high turnover of customers they provide the highest turnover of products. There are few vertically integrated companies, which are engaged in both production and sale of handicrafts through their own stores (e.g. Tumar in Bishkek).

*«Our products we mainly supply to Kazakhstan, both to end customers and resellers».  
– Rysbek, Issyk-Kul oblast, Kyrgyzstan*

International foundation of craftsmen Khaft-Paikar has been operating in Tajikistan for many years now. The organization opened a number of retail shops in Dushanbe and trained about 5,000 craftsmen across the countries, who now supply their handicrafts to Khaft-Paikar's shops.

Craftsmen also sell their products at trade shows and exhibitions, which are regularly held in Central Asia, such as international summer festival Oimo in Bishkek and Cholpon-Ata, winter fair at Lenin peak in Osh oblast and regional exhibition in Almaty.

Part of urban craftsmen actively use Internet to promote their products and find customers. This was reported by few of surveyed individual craftsmen, as well as Association of development of tourism Zerafshan<sup>9</sup>, companies Rukhom<sup>10</sup> and Pamir Gems. Besides websites some of them have pages in social networks.

*«Potential customers see my products on my page in Facebook, I give contact information to those interested, then we meet and discuss all details, and I produce handicrafts to their orders».* – Craftsman from Dushanbe

*«I receive orders via Internet, buyers leave good reviews about my products».* – Irina, Bishkek

*«I sell via WhatsUp. Now we are working with Helvetas. They train us, provide other assistance».* – Dursunbubu, Osh oblast

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<sup>8</sup> Source of information: Interview with Art Group Tumar

<sup>9</sup> Data by Zerafshan Tourism Development Association [www.ztda-tourism.tj](http://www.ztda-tourism.tj)

<sup>10</sup> Data by OOO Rukhom <http://www.rukhom.tajnet.tj>

A number of craftsmen in Tajikistan and Kyrgyzstan sell their products to foreign buyers and resellers. They usually find foreign business partners at fairs and trade shows, seminars and trainings abroad. Handicrafts and souvenirs from Tajikistan are shipped to Russia, USA, China, Japan, France, Switzerland, Iran, Arab countries. Kyrgyzstan craftsmen sell their products to Italy, Switzerland, Holland, Japan, USA. Besides, some craftsmen in Tajikistan ship their items to their relatives abroad for reselling.

At last, handicrafts are also sold at bazars and markets. As a rule, these items aren't of high quality and are meant for local undemanding customers. Craftsmen usually give their products to bazar resellers for consignment. Should be noted that not all craftsmen have their products sold at bazars, because they believe that may damage their brand and reputation.

Should be noted that handicrafts by Kyrgyzstan craftsmen are valued in Kazakhstan for quality and design and have competitive price. It is believed that it is cheaper to import handicrafts from Kyrgyzstan, than to produce them in Kazakhstan.

### **3.4 Supply of raw materials**

The study revealed that there is no organized system of supply of raw materials for handicrafts sector in Tajikistan and Kyrgyzstan. Craftsmen have to prepare all necessary materials or procure them from different sources – markets, bazars, businesses, farmers. Materials that are unavailable or in short supply locally, have to be bought abroad.

In Kyrgyzstan:

- Sheep's wool is one of the key raw materials. Wool usually comes from Issyk-Kul and Naryn. Today craftsmen are facing shortage of high quality merino wool, which is caused by reduction of sheep livestock and increase of export to China.
- Fabrics used by Kyrgyzstan craftsmen are usually imported. Synthetic fabrics are imported from China, Turkey, South Korea. Natural fabrics (linen, cotton, wool) come from Russia, Uzbekistan and India. Craftsmen buy fabrics in specialty shops such as All For Sewing, local markets. «I order velvet from South Korea, threads from UAE and Turkey». – Salkynai Shainazarova, Bishkek.
- Leather of cattle, horses and camels is purchased at local markets, Bishkek leather factory, rawhide companies Akmaral and Bulgary. High quality leather is imported from Russia and Turkey.
- Dyes are natural and synthetic. Synthetic dyes are manufactured in Kyrgyzstan and imported from Russia, China and Turkey. Highest quality dyes come from Europe, and they are the most expensive. Craftsmen in Southern Kyrgyzstan use natural dyes, such as onion peels, pomegranate rinds, walnut shells, tree fungus, rhubarb and fir cones.

- Wood is purchased locally. Kind of wood depends on type of handicraft (musical instruments, chess sets, yurt structure etc.). Wood is bought at local construction materials markets.
- Metals are bought at local markets or from main metal supplier in Kyrgyzstan, Kyrgyz Temir.

Quality of local raw materials in Kyrgyzstan is rather low and not standardized. Quality of imported materials meets international quality standards. Craftsmen have to process local materials in order to bring them to required standard.

*«We cannot get anything on the local market. Wool is in short supply, we have to be constantly looking for it, it is of poor quality, we have to process it again. We are completely not satisfied with local raw materials. We cannot find required threads, leather, wood and so on. We have to be adapting all the time». – Tumar, Bishkek*

The best wool in Kyrgyzstan comes from merino sheep. Other kinds of wool can't provide quality products. In Osh oblast there is a shortage of merino wool. Local craftsmen have to buy wool in Bishkek, Naryn, village Katta-Taldyk in Osh oblast. Bishkek artisans purchase wool wherever they can - from wool processing factory in Tokmok, private procurers, association of sheep breeders, factory Runo-Asia.

Yet Kyrgyzstan craftsmen prefer local raw materials because it is cheaper, there is small transportation expenses and absence of customs fees.

In Tajikistan:

- Dushanbe craftsmen engaged in knitting, buy raw materials (synthetic yarn) at local market Korvon, cotton yarn from local traders, produced in Khudjand and China. Products made of synthetic yarn do not sell well, that is why craftsmen prefer using cotton yarn.
- Gorno-Badakhshan craftsmen that produce carpets, gloves, shawls, jurabs and other knitted handicrafts, use wool as a main material. According to craftsmen, before they used to fleece sheep themselves and got raw materials for their crafts, nowadays they don't have time and have to buy wool in rural areas. Wool comes from Murgab region, craftsmen consider its quality as rather high.
- Items made of semiprecious stones are produced from raw materials purchased from state owned enterprise Jamasta. Its quality is very poor: from one kilogram of raw material craftsmen are able to produce not more than 300 g of finished product.

- Silver for jewelry items is bought from jewelry store Kristal in Dushanbe. Other small parts (silver rings, metal triangles, etc.), which are used for production of items with semiprecious stones, are brought from China and Turkey.
- Craftsmen that produce sewing products (pillows, covers, bags etc.) buy all materials at local markets: fabrics, threads, leather etc. Some craftsmen cooperate with bags workshops, buy leftovers (leather) for their work. They consider quality of the materials as acceptable. There are problems with coloured materials, which sometimes are not available on the local market. Craftsmen have to replace them with Chinese materials, which quality is quite poor.
- Craftsmen that produce stone items, buy raw materials from Gorno-Badakhshan, Pakistan and Iran. They say that local stones are of good quality, but its production is almost halted and it got more expensive. Craftsmen have to import stone. Quality of local and imported stone is equally high.
- Khudjand craftsmen that produce national dresses for girls, brides, foreign guests in the country, dresses chakana, embroider tiubetei iroki (national cap), restore old and rare fabrics and embroider pillow cases, mostly buy fabrics at local market, when necessary they order materials from India and Uzbekistan. According to their opinion, there is lack of some materials and accessories, such as zippers, threads, some types of yarn, which have to be brought from China.

With materials being a problem, Tajikistan craftsmen often have to wait for necessary materials to appear on the market or order them in other countries (China, Uzbekistan, Kyrgyzstan, Russia). Some craftsmen get raw materials from their clients. In Khorog a craftsman which has been working with De Pamiri for more than 10 years, receives all necessary materials from the organization and sells all his handicrafts to it.

In course of their production activities craftsmen also require equipment for processing raw materials, such as knitting and sewing machines, stone processing machinery, pottery equipment etc. Equipment and machinery is mostly purchased in China and Russia. Chinese equipment is bought through Internet portal Alibaba. This equipment needs to be adjusted for local raw materials, it also has a short lifetime, often breaks down.

Handicrafts are hand-made, thus require certain tools for manual work. Hand tools are often unique, craftsmen have difficulty replacing them when they break down.

*«I am one of the few in town. I work with hand awl. All bring machine embroidery, but I do hand work». – Salkynai Shainazarova, Bishkek*

### 3.5 CHANNELS AND METHODS OF DISTRIBUTION

According to the survey, handicrafts and souvenirs produced by craftsmen of Tajikistan and Kyrgyzstan reach end customers through the following channels:

- Resellers (specialty stores, departments, art salons, galleries, bazars, kiosks in hotels and museums)
- Direct sales (from craftsman to end customer), using different delivery methods.

#### Resellers

In general, the largest volume of sales of handicrafts in both counties goes through resellers.



This channel includes specialty points of sale, such as art salons, souvenir shops, departments in malls, art galleries, small shops in museums and hotels, individual resellers at bazars and markets.

As a rule, resellers are active in large cities, which attract tourists. In Tajikistan Dushanbe and Khujand account for the main bulk of sales, in Kyrgyzstan – Bishkek and Osh.

There are following key outlets that sell handicrafts in the country: in Bishkek – state enterprise Kyal, art salon Tumar, store Dayra, design studio Dilbar, ethno center Supara; in Osh – creative center Golden Valley, creative association Kurak, art gallery Saltanat, group of craftsmen Jyldyzcha, galleries Saimaluu-Tash and Symbat; in Issyk-Kul region – JICA project One Village – One Product, Public association Oimok, crafts group Tash-Tookum, souvenir shops in Karakol and Cholpon-Ata. According to the study, art salon Tumar and national crafts association Kyal are the leaders of the market in Kyrgyzstan.

Bazars and markets in large cities and towns of Kyrgyzstan and Tajikistan also play important role in sales of handicrafts. Craftsmen supply their products to bazar resellers who sell them retail and wholesale.

In Issyk-Kul oblast, which is a tourist and recreational region, traders sell souvenirs and small handicrafts in resorts and at municipal fairs. Handicrafts are also sold in specialty shops in Cholpon-Ata and Karakol. Japanese cooperation agency (JICA) is implementing a project named One Village-One Product, which aims at development of crafts in rural areas of Issyk-Kul region.

In Tajikistan majority of shops and galleries sell only local handicrafts. Few outlets also offer handicrafts made in Afghanistan, Iran, Uzbekistan, Pakistan, Kyrgyzstan, India, China and Russia.

Resellers stock up products and handicrafts that were in demand at the end of the sale season.

*«Souvenirs in the form of a horse are very popular now. People like horses more than other animals». – Kaiyrgul, Osh oblast*



Should be noted that shops and galleries in Kyrgyzstan and Tajikistan, with a few exceptions, do not position and differentiate themselves on the market, lack specialization and focus, lack professional approach to promotion and sale of handicrafts. Almost all shops are alike. There are no professional sale and marketing consultants, and merchandisers in the crafts sector.

*«It is very important to display handicrafts in right way in our store. It happens that a product does not sell only because it was not properly displayed and customers do not see it. So far we were not able to find such specialists, there are no merchandisers on the market». – Chinara, Art salon, Bishkek*

### Direct sale

Every craftsman aims to avoid resellers and sell directly to end customers. Highly skilled and professional craftsmen, which produce unique products, are well known, have customers and usually work by direct orders. Craftsmen and artists, especially in cities, began switching more to Internet to promote, find customers and information, and sell. Almost all surveyed large producers of handicrafts in RT and KR (e.g. Ozara, Tumar, De Pamiri, Altyn-Kol) use their websites for retail and wholesale.

Some co-operatives and associations of craftsmen have their own stores. For example, Khaft-Paikar has been operating for some time in Tajikistan and opened a number of shops in Dushanbe that sell handicrafts and souvenirs produced by craftsmen that were trained by the organization. Crafts association Kyal in Bishkek also has its own points of sale, along with distribution through other resellers (bazars and independent shores).

Local and international handicrafts fairs and trade shows, conducted in Central Asia, provide an excellent opportunity for local craftsmen and resellers to get into direct contact with customers, get new connections, participate in master classes and seminars, and sell their products. The most important regional events include International festival Oimo in Kyrgyzstan (Bishkek, Cholpon-Ata), regional crafts exhibition in Almaty, Kazakhstan, country exhibitions conducted by chambers of trade and commerce in Dushanbe and Bishkek.



Zhanyl Sharshembieva grew up under the artful eye of her sisters, master textile artists, and their father, a master saddle maker. Today, they combine their talent into a jewelry-making business inspired by her sisters' designs. They shape, cut, engrave, and solder these designs into exquisitely detailed earrings, cuffs, necklaces, and rings. As Zhanyl explains, "Owning silver, for a Kyrgyz, is like touching something sacred, left by the ancestors."

### 3.6 Customer segments and preferences

Analysis of sales for the last few years, conducted by art salon Tumar in Bishkek, showed that ratio between foreign and local customers in their store was 60% to 40% respectively<sup>11</sup>. Regular customers account for 25% of the total. Foreign buyer (tourists, visitors to the country, foreign workers) have larger purchasing capacity than local customers, bring more revenues to the company.

*«All categories of customers are important for us, but of course, revenue-wise, foreign tourists and organizations are more important. We also rely on corporate orders». – Chinara, Tumar, Bishkek*

Regular local customers in Bishkek mostly buy gifts, accessories and ritual products, e.g. ala-kiizes, tush-kiizes, carpets, bride's dowry, national dresses, scarves and harness.

Foreign customers usually shop for interior decorations, unique Kyrgyz handicrafts and small souvenirs as keepsake: felt carpets shyrdak, knitted carpets, felt slippers, felt pictures and bags, scarves (felt and silk), felt toys.

In Osh, which is quite far away from Bishkek, there are less tourists and foreign visitors and it is mostly local people who buy handicrafts. There is a demand for carpets, bride's dowry, felt products, cases for mobile phones, small pillows for chairs. For majority of Osh craftsmen it is difficult and costly to look for foreign customers elsewhere. Sometimes foreign workers from international organizations officed in Osh visit craftsmen at home to buy souvenirs and gifts. Swiss organization Helvetas helped Osh craftsmen to set up a Facebook page where customers can see products and contact information.

In Issyk-Kul region tourists from Kazakhstan and Russia, coming in summer, are the main buyers of local handicrafts. Local population do not buy crafts except carpets and bride's dowry.

Foreign customers in Kyrgyzstan also shop for handicrafts and souvenirs at fairs and exhibitions.

*«We have a shop in Chon-Alai. It is located near Lenin Peak, so there are many tourists over there. They buy our souvenirs. Also we regularly attend fair Oimo, sell our stuff there too». – Aiperi, Osh oblast*

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<sup>11</sup> Source of information: Interview with Art Group Tumar

Felt carpets shyrdaks and ala-kiizes, patchwork carpets kurak are signature products of Kyrgyzstan handicrafts, they are well known and are in demand by foreign and local customers. Besides this, any hand-made items, made in a single copy, are sold well: e.g. musical instrument temir-komuz, leather and felt purses, knitted carpets kilem, national dresses, traditional style jewelry, traditional hats and caps, leather bowls and vessels for dairy products, harnesses, national style chess sets, chiy mats.

In Tajikistan demand for handicrafts depend of type of product and region. Customers attach importance to regional colours and specifics, they prefer to buy products that are locally produced and reflect regional culture and traditions.

- Foreign citizens (tourists, visitors, personnel) are main buyers of handicrafts in Dushanbe. They like to buy suzani, national dresses, old silk shawls, hand-made carpets, old stones, national caps tiubetei, ceramic products from northern regions (Khudjand, Isfara, Kanibadam). Traditional Kulyab dress chakan is also popular among foreign customers.
- No wedding in Tajikistan is held without traditional wooden chests. There is a constant demand for this product from local customers in wedding seasons (later spring through late autumn). According to surveyed resellers, people in Dushanbe are getting more interested in buying local handicrafts, though for most of them prices are still too high.

*«Foreign tourists are the most perspective and profitable customers. With my level of income I will never buy picture for \$90. This is luxury for me. Our people just can't buy these items, they are too expensive for us». – Sale person, Art gallery Max, Dushanbe.*

*«Foreigners are more interested in this. But there is increasing interest among local people too. I think, our people see that interest of foreigners to our culture and they also want to have national products». – Craftsman, Dushanbe*

- According to representative of De Pamiri, leader of handicrafts market in Gorno-Badakhshan, about 70% of customers in Khorog are tourists and staff of international organizations. The most popular items, both among foreign and local customers, are jurabs (traditional Pamir woolen socks). This product truly reflects culture, traditions and crafts of local people. Besides, jurabs are affordable product, costs from 25 to 50 somoni, they are bought as a gift and can be used in cold season to warm up. Besides jurabs, foreigners prefer to buy items with local semiprecious stones (rings, earrings, necklaces, bracelets), knitted woolen carpets. Local people usually shop for Pamir tiubetei, purses, musical instruments, leather purses, slippers, knitted shawls and sweaters, sherazi<sup>12</sup>, wooden beads.

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<sup>12</sup> Sherazi – ribbon-like fabric with embroidered patterns

Should be noted that lately entrance of foreign citizens into Gorno-Badakhshan region has been limited, which makes sales of some handicrafts go down (stone items, semiprecious stones).

- In Khudjand local handicrafts are mostly bought by foreigners (tourists, staff of organizations) or people from other regions of Tajikistan. Local people, which are going abroad (students, labor migrants) also take some items out to give them as gifts and presents. The most popular handicrafts in Khudjand are traditional knives, dishes, magnets, stone cups with Zodiak signs made in Gorno-Badakhshan, key-chains in a form of national dolls, covers for tea-kettle, traditional fans. Items that are not expensive and made of natural materials are sold best.

When choosing items for purchasing, foreign buyers attach importance to design and quality of materials. Materials should be natural and environmentally friendly. Foreign customers don't buy items that are made of artificial materials, made by machine. They also prefer to buy small to medium sized items, which are easy to carry over.

Local customers prefer items and accessories in national style, which they use for decoration and as presents at important events. They pay attention to quality of items. Thus, at weddings, anniversaries people give manually embroidered top national dresses, traditional hats, leather goods, steel arms, jewelry.

In general, buyers form the demand for handicrafts. Through getting feedbacks from customers, collecting reviews and analysis of sales resellers and craftsmen are able to determine the most popular items and products. The most popular products are put in catalogues and booklets, posted on websites, social network pages.

### **3.7 Marketing and promotion of handicrafts**

Majority of craftsmen, especially working in rural areas and small towns, do not use any instruments to promote their business. The reasons for that are as follows: lack of understanding and knowledge of marketing, lack of special skills, as well as low access to Internet and other information technologies.

Resellers of handicrafts are also not active in marketing. For example, in Tajikistan only six out of 18 interviewed sellers advertise their shops. Methods used include social networks (pages in Facebook, Odnoklassniki), advertisement in local press, booklets, outdoor advertising. Handicrafts shops located in center of cities don't put any advertisement, because they believe these expenses unnecessary.

Individual skilled craftsmen in both countries (working in capitals or large cities), which produce high quality items, and handicrafts organizations use more diverse promotion tools. Firstly, they more intensively use Internet tools, such as e-mail, websites and social network

pages. It is worth noting that many websites of craftsmen and organizations are bilingual (Russian and English), which helps them to promote their products to foreign customers. Majority of successful and well-known craftsmen and organizations also use business cards and other printed collateral materials – booklets, calendars, posters, catalogues).

Participation in regional and foreign trade fairs and exhibitions is one of the most effective methods of promotion for local handicrafts sector. Almost all interviewed craftsmen and organizations mentioned attending different events, including festival Oimo in Bishkek, exhibition in Almaty Eastern Tale – Silk Road, regular handicrafts fair in Dushanbe<sup>13</sup>. More and more craftsmen are willing to attend such events in future. Some individual craftsmen and organizations attend trade shows in foreign countries, independently or with support from international organizations (India, Pakistan, Moscow, USA). In March this year several Tajikistan handicrafts producers successfully participated in a large exhibition of gifts and souvenirs in Moscow.<sup>14</sup> Art salon Tumar in Bishkek regularly participate in some famous handicraft shows around the world, e.g. in NY NOW in New-York, BATOMA Exhibition in Japan etc.

*«I participated in some fairs and exhibitions and going to participate further on. When you attend the trade show or exhibition abroad, you are going to see a lot of new things, exchange experience with foreign peers. I attended exhibitions and trade fairs in UAE, Pakistan, Kazakhstan, Uzbekistan and Oman. Recently I received another invitation to Oman fair. The event will be held in October this year and I would like to go there». – Naimajon Boboeva, Khudjand*

It is worth mentioning international and foreign organizations working in Kyrgyzstan and Tajikistan such as European Union, Swiss Development Cooperation, Helvetas, JICA, CESVI, PromoFirenze, CACSAR, as well as local organizations such as unions of craftsmen of Kyrgyzstan and Tajikistan, Chamber of Arts and Crafts of Kyrgyzstan, Bishkek Business Club, chambers of trade and commerce of Tajikistan and Kyrgyzstan, which play an important role in support and promotion of local handicrafts. These organizations sponsor travels and participation of craftsmen in foreign exhibitions, help with publishing catalogues and advertising materials, fund trainings and websites.

Branding is one of the most important marketing strategies for handicrafts producers and sellers. For the items to sell well they should not only be of high quality, but to have beautiful and stylish packaging, have logo and name, etc. In Tajikistan only two out of seven interviewed craftsmen reported having brand names and putting it on products: Rukhom and Pamir Gems. 7 Sisters is as successful example in Kyrgyzstan. This family art group produces felt scarves, which were awarded with UNESCO quality certificate. Felt scarves are well known, products sell well at domestic, regional and foreign market. For better promotion of scarves sellers

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<sup>13</sup> www.news.tj <http://news.tj/ru/news/v-ismailitskom-tsentre-dushanbe-otkrylas-vystavka-remeslennikov>

<sup>14</sup> www.saidoitjikon.com <http://saidoitjikon.com/tajnews/627-izdeliya-tadzhikskih-remeslennikov-budut-predstavleny-na-vystavke-ruchnyh-rabot-v-moskve.html>

work together with craftsmen, attract professional designers, use Eco labels and packaging, develop short product stories, find foreign customers and take active participation in international trade shows.

25% of Tumar customers are local people. Each year Tumar develops catalogue of perspective products. Before catalogue is approved, company sends it to its regular customers by e-mail in order to get their opinions and feedbacks. Thus Tumar stays in touch with its clientele and promotes its brand on the market.

#### **4. STRONG AND WEAK SIDES, OPPORTUNITIES AND THREATS**

To identify opportunities for further growth of handicrafts sector in Tajikistan and Kyrgyzstan, the consultant conducted analysis of strong and weak sides of the industries, its opportunities and threats for each country.

Despite some differences, Tajikistan and Kyrgyzstan have very much in common. Below is the consolidated results of SWOT analysis for both countries.

##### **STRONG SIDES**

1. Strong traditions, techniques and experience of production of certain categories of handicrafts: in Tajikistan – textile products, wood carving, ceramics, jewelry; in Kyrgyzstan – products from felt, patchwork, leather products, jewelry.
2. Affordable prices for local raw materials. Basic raw materials are of local origin (wool, felt, leather, wood etc.).
3. Products are mostly made of natural and environmentally friendly materials. Craftsmen use accessible local raw materials, try to avoid artificial and synthetic materials.
4. Availability of strong designers in handicrafts sector in Kyrgyzstan.

##### **WEAK SIDES, PROBLEMS**

1. Poor quality of local raw materials, low access and small choice of materials.
2. No system of supply of raw materials for handicrafts production, no specialized suppliers. No single accessible data base of sources of raw materials.
3. Majority of local people cannot afford to buy handicrafts. Sellers aim mostly at foreign customers.
4. In average, quality of handicrafts and souvenirs is medium to low.
5. Underdeveloped system of distribution of handicrafts, especially in Tajikistan.
6. Specialty shops and points of sale do not differentiate themselves; they do not position and promote themselves.
7. Craftsmen lack knowledge and skills in marketing and promotion of products, branding. Poor use of Internet for promotion and communication with customers, sale of products.
8. Lack of modern equipment for processing of raw materials (wool, wood, metal etc.).
9. Lack of working capital necessary for purchasing quality raw materials, equipment and tools.
10. Weak state support of the sector.
11. Absence of trademarks, names, packaging.
12. Craftsmen and resellers do not have command of English or have poor command, which makes it more difficult for them to sell to foreign customers.

## OPPORTUNITIES

1. Sale of handicrafts to corporate customers: international, foreign and local companies and organizations, working in Tajikistan and Kyrgyzstan. Possibility to produce custom made souvenirs and items (with logo, etc.).
2. Cooperation with related sectors: promotion and sale of products through tourist agencies, hotels, homestays, airlines and airports.
3. Increase of internal demand for arts and crafts due to rising interest of population to culture and traditions.
4. Increasing demand for CA handicrafts abroad providing more active steps are taken to promote and integrate local handicrafts sectors into global market. Establishment of relations and supply of products to foreign handicraft stores and chains.
5. Increase of sales due to use of online payment systems (credit cards, PayPal other).

## THREATS

1. Tajikistan and Kyrgyzstan are still terra incognita in tourist world. Both countries are the poorest in the CIS, have relatively high risks for travellers (crime, threats of terrorism). All this have direct impact on number of tourists, which is very small (especially in RT) and may decrease even more.
2. Low demand for crafts from local customers. Economic crisis is lowering paying capacity of the population, which affects craftsmen and sellers. Compared to 2014 revenues of craftsmen and sellers in Tajikistan dropped by 20%.
3. Pressure from foreign competitors. Import of handicrafts made in China, Iran, other countries.
4. Bad logistics and shipment services in Tajikistan, there is a shortage of shipment and forwarding companies, which can deliver orders to foreign customers at acceptable price.



## 5. CONCLUSIONS AND RECOMMENDATIONS

### 5.1 Perspective customer segments

The study revealed the following customer segments, which has market potential (paying capacity and willingness to purchase products):

1. Foreign visitors in RT and KR: tourists, personnel of foreign and international organizations and companies. They account for about 60% to 80% of sales of handicrafts in both countries. Foreigners have high paying capacity, but often buy small items that are easy to carry.
2. Local customers. Study determined rising self-consciousness of local population and increasing interest in national culture and traditions, including crafts. So far locals do not often buy handicrafts. There are certain occasions when people have to buy ritual items or gifts, e.g. for weddings, anniversaries, birthdays etc. Apparently the demand for crafts may be increased through effective promotion campaigns and other marketing activities, targeted at people with medium to high income living in large cities.
3. Corporate customers: local and foreign companies, international organizations working in RT and KR. This segment has been overlooked so far by majority of producers. It has high paying capacity and can bring significant revenues to craftsmen and sellers. Organizations and companies can purchase regular handicrafts and souvenirs, order custom items with corporate logo, colours, style etc.
4. Potential customers abroad: Western Europe, USA, Canada, Japan, South Korea. Countries (Tajikistan in particular) are not attracting a lot of western tourist. Nevertheless local craftsmen may reach for foreign customers and sell their products using Internet and trade fairs. This trend is already emerging: some individual craftsmen and production companies in RT and KR attend world exhibitions and fairs, establish relations with foreign buyers, and even sell their items online. Market potential of the developed countries is huge. People are open to perception of other cultures and traditions, and will be ready to buy high quality and beautiful items from CA. Local craftsmen and sellers should use be active in penetrating those markets using effective strategies and instruments.
5. Finally, government and state institutions in KR and RT can procure handicrafts (give them as gifts to foreign guests and delegations, ship them to embassies) and thus promote national crafts to other countries, stimulate interest to culture and traditions, strengthen reputation of countries and support demand for products.

## 5.2 Handicrafts with high market potential

According to the study results, the following kinds of handicrafts have highest growth potential in selected customer segments:

Tajikistan:

- Foreign customers: suzani, jurabs, tiubetei, kylab dress chakani, Pamir knitted woolen carpets, jewelry with semiprecious stones, ceramics. High quality and natural materials are the must.
- Local customers: carved wooden chests, wedding dresses, sherazi, suzani, knitted goods (jurabs, baby's bootees), tiubetei, bags, musical instruments. Local customers are sensitive to price.

Kyrgyzstan:

- Foreign customers: felt products (shyrdaks, ala-kiiz, dolls); patchwork items (kurak, tush-kiiz, wall carpets); small items such as talismans, figurines; silver jewelry; leather items (dishes, souvenirs); scarves from felt and silk; ceramics.
- Local customers: national dresses and hats; bride's dowry; carpets, shyrdaks, jewelry, harness, yurtas.

To improve quality of products and increase sales, craftsmen will have to be more product specialized, work more with designers and artists, and control quality of raw materials.

## 5.3 Sales channels

Tourists, foreign workers, visitors

1. Existing distribution system: souvenir shops, art salons and galleries, souvenir departments in malls, sellers at bazars and markets.
2. Hospitality industry: hotels, homestays and shelters, resorts and recreation facilities, museums, airports.
3. Tour operators and agencies (e.g. Kyrgyz Concept in Bishkek, Orom Travel in Dushanbe).

Corporate customers

1. Direct marketing and sales. Publication of annual catalogues, presentation of new collections.

Customers in other countries

1. Direct marketing and sale of handicrafts online (using online payment systems).
2. Supply of handicrafts to foreign handicrafts retailers and wholesalers.

#### Local customers

1. Existing specialty stores (souvenir shops and departments, galleries etc.)
2. Trade shows and exhibitions
3. Websites: online orders, followed by delivery and payment.

#### Government

Associations of craftsmen can lobby interests of the sector in the government, develop and propose promotion strategies and activities, measures of support to local craftsmen. Production and presentation of perspective items to the government procurement department, discussion of terms of cooperation.

### **5.4 Promotion strategies and tools**

Strategies and objectives of promotion of handicrafts may conventionally be divided into two levels: macro level (sector) and micro level (individual craftsmen, enterprises).

1. On the level of handicrafts sectors in both countries the following strategies and methods are needed to increase interest to arts and crafts among local customers and corporate sector:
  - Development and implementation of PR activities aimed to support local craftsmen (articles in newspapers, TV interviews, press conferences etc.). Objectives: popularization of crafts, informing local people and organizations about craftsmen and their products, formation of interest and willingness to buy handicrafts.
  - Regular publication of national directory of craftsmen, producers, art galleries and shops. Translation of directory into English language, dissemination of directory among international and local organizations, embassies, etc.
  - Organization of regional fairs and exhibitions (Khudjand, Osh, Kulyab, Khorog) with the aim to boost production and sales of handicrafts in regions, support local artisans, many of which can't participate in central exhibitions in Bishkek or Dushanbe.

Activities aimed to support sectors should be developed and implemented by country associations with technical and financial assistance from international organizations.

2. Strategies and methods of promotion of products and increase of sales recommended for individual craftsmen and enterprises include the following:

- Fame and reputation are the factors important for craftsmen to be able to grow and sell more. Fame comes through high and stable quality of products, customer service, and attitude. Positive reputation of artisan or seller can immensely support his name (trademark, brand) and bring more customers. Unfortunately majority of craftsmen in RT and KR are unknown to end customers. They don't have power in negotiations with resellers, the latter receive main profit from sales. Craftsmen should develop and promote their professional identities and names, turn them into market assets, become visible to the customers.
- Craftsmen and resellers should do their best to participate in as many exhibitions and fairs as possible. This is the best strategy to get visible, make new contacts and sale products. One of the largest trade shows is held in Santa-Fe, New Mexico, USA. It is conducted by International Folk Art Alliance<sup>15</sup>. List of participants of this exhibition includes craftsmen from Uzbekistan, Kazakhstan and Kyrgyzstan, but there is none from Tajikistan.
- Craftsmen and sellers in both countries should more actively use Internet for promotion and finding customers: websites, social networks, blogs.
- Making new contacts and getting new opportunities through membership in international trade associations, e.g.:
  - International Feltmakers Association (<http://www.feltmakers.com>)
  - International Decorative Artisans League (IDAL) (<http://www.decorativeartisans.org>)
  - International Woodcarvers Congress <http://www.awcltd.org>
- Craftsmen and sellers should acquire new customers and retain existing ones. This can be done through tracking down all sales and keeping database of all buyers in order to inform them about new collections, discounts, seasonal sales, other news.
- Seasonal sales, discounts upon arrival of new collections are a good method of stimulation of demand. Customers are informed via direct mail, websites, social networks, outdoor announcements.

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<sup>15</sup>Data source: <http://www.folkartalliance.org>

### Annex 1. Suppliers of Raw Materials in Tajikistan

<b>Supplier</b>	<b>Address, phone</b>	<b>Type of raw material</b>
Djahonnek Ltd.	Dushanbe +992918499080	Leather
Dunei Atlas Ltd.	Soghd oblast, Khudjand, Lenin St. +992927845555	Cotton fabrics, adras, atlas, floss, wool, threads
Jamasta	Gorno-Badakhshan, Khorog, Lenina St, phone +992933330550	Semiprecious stones
Nassochii Tochik Ltd.	Dushanbe, Sherozi St., 2213673, +992951300003, +992900848363	Fabrics, felt, wool
Market Korvon	Dushanbe, Firdavsi St.	Fabrics, threads, dyes
Tochik Istiklol	Dushanbe, Yuzhnaya- Obkhodnaya, +992904462446	Leather
Ranginkamon Ravshan	Dushanbe, Rudaki St. +992917873081, +992909993889	Dyes
Asrori Sang	Dushanbe, Shestopalov St.. 2330023, +992918181808	Non-ferrous metals
Aprelevka	Soghd, Kairakum, Gorky St. +992927771800	Metals
Zarafshon	Soghd oblast, Penjikent, Kosatorosh, village Sughdiayn, 8343754227	Precious metals
Djavoni ltd.	Soghd oblast, 735700, Khudjand, 1 Djavoni St. (+992 3422) 6 51 67, 4 08 61, javoni@sugdien.com	Fabrics
Khudi	830002, China, Urumqi,	Threads, zippers

	Siaosimen, textile market Xinhua #6-3, Phone 0086-991-2315130. 2315744, mob.: 13579934280, Fax: 0086-991-2849131	
Store Edgorlik	Uzbekistan, Ferghana oblast, Margilon, +998 93 97 807	Atlas, adras, fabrics
Private entrepreneur Gaibullojon	Soghd oblast, Khudjand, Shark St., market Panchshambe, Phone+992927414644	Semifinished pottery items
Training and production enterprise Dugonaho	Soghd oblast, Gafurov rayon, jamoatt Usmon, Akhmedov St., +992 92 939 55 55	Atlas, adras
Sellers of metal	Soghd oblast, Gafurov rayon, jamoat Khistevarz, Phone +992927258245	metal
Butchers, market Pachshanbe	Soghd oblast, Khudjand, market Panchshanbe	Horns, bones
Market Khodji Sharif	Khatlon oblast, Kurgan-Tiube, +992987800015	Wood, metal
Pamir Endigraf Ltd.	Gorno-Badakhshan, Khorog, Lenin St., +992919262901	Wool, threads
Mukhamadjon	Khudjand, market Panshanbe, phone:+992927477866	Soles, leather
Store Bek	Khudjand, market Panshanbe, phone +992901012320	Leather for footwear
Shop Sabrina	Khudjand, market Panshanbe, Phone +992918640469, +992928860000	Fabrics, threads
Silk	Khudjand, Lenin St. 238, phone 83422+4877	Silk threads
Gaser	Shakhrinav rayon, jamoat Sabo, phone +992919609920	Precious stones and metals
Enterprise Aziz	Khatlon oblast, rayon Shakhrituz, jamoat Kholmatov, village Leninobod, phone: +992935878900	Plastic materials
Enterprise Gairat	City of Kulyab, 5 Somoni St. Phone +992933065225	Fabric waste,

		cuttings
MPMK-30	Kurgan-Tiube, 118 Jalilov St., phone +992934470022	Wood, metal
Mushtari-90»	Hissor, village Khodjagirdob, Phone +992904255544	Threads, fabrics
Shop Zarina	Bokhtar rayon, jamoat Zargar, Phone +992934645884	Fabrics
Sokhtumoni Shark	Faizabad rayon, Somoni St. Phone +992919650614	Wood waste
Enterprise Firuz	Khudjan, Lenin St., phone: 83422 44638	Yarn

## Annex 2. Suppliers of Raw Materials in Kyrgyzstan

<b>Supplier</b>	<b>Address, phone</b>	<b>Type of raw material</b>
Public foundation for merino development	Tokmok, Luschihina E.M. Felt production 0313820086, 0773406077	Wool, felt
Sosnovka felt factory	Village of Sosnovka 0553347642	Wool, felt
Runo Asia. Factory of nonwoven materials. Production of felt and woolen blankets	Eastern industrial zone, 1 Vinogradnaya St., Bishkek 0312299585, 0701544911	Wool, felt
State breeding plant Katta-Taldyk	Osh oblast, Kara-Sui rayon, village Bash-Bulak +996 (3232) 2-18-00.	Wool
OVAL Australia Pty Ltd	ovalaustralia@yahoo.com <a href="http://www.australiawool.com.au">http://www.australiawool.com.au</a> Tel 61-2-95562905 Mob 61-410649099	Non-washed merino wool
Zhejiang Tiantai Wenxing Non-Woven Cloth Industry Co., Ltd.	No.35 East Youyi Road, Pingqiao Town, Tiantai County, Taizhou City, Zhejiang Province. China 86-576-83671888,83671999	Felt
Regional handicrafts fair, Almaty, Kazakhstan	Central Department Store, Arbat, Almaty Bibinur 87019977910	Camel's hair
Borsk felt factory	606460, Nizhniy Novgorod oblast, Bor, 2 Klubnaya St. 8(83159) 6-89-13, 6-89-42	Felt



Beijing Cornovo Import&Export Corporation	3-515, Sanjianfang Creative Life Park, 1292 North Shore, No. 1-1, Yard 15, Jianguo Road, Chaoyang District, Beijing, China  86-10-85094532	Handicraft felt
Russian Wool Company	Russia, Moscow 125363, 13 Fabritsius St.  Phone: 7 968-394-87-88 , +7 (916) 795-89-54	Merino wool
Sutherland Felt Company	700 E. Whitcomb, Madison Heights, MI 48071, Scotland  248-280-0450	Naturally pressed 100% wool felt
Akmaral	Bishkek, Fuchik St.  3824-18-84; 24-18-90; 24-18-95; 24-24-64	Leather
Bulgary	Bishkek, 158 Osmonkul St.  +996 312 361440, 361431	leather
Leather production plant	Bishkek, 64 Khvoinaya St. 0 312 67-91-19, 0 312 67-91-12, 0 312 67-91-21. 0 555 006-990, 0 543 94-77-58	Leather
Persepolis Leather	Izmir Menemen Leather Free Zone 35660, Turkey Telephone:90-232-8426302 Mobile Phone: 00905337737884	Natural leather
Argo	659311, Russia, Altay region, Biisk, 4 Chaikovskiy st. +7 905 980 5522	Natural leather
Tavro, Individual entrepreneur R.Nazarov	Russia, Moscow 129515, 124 Prospekt Mira St., building 8, entrance 16.  +7 (495) 241-90-16	Natural leather

Chegem leather factory	Russia, Kabardino-Balkar Republic, Chegem, 1 Kyarova St., Chegem leather factory Karista +7 (86630) 422-15	Natural leather
Weiyida (Guangzhou) Leather Co., Ltd.	No. 13, 13A, Shiling (Int'l) Leather City Plaza Road, Lianhe Village, Shiling Town, Huadu Dist., Guangzhou, Guangdong, China 0086-20-86933113	Natural leather
ROLIPEL DI MAALOUF FADI	Corso Europa 185, Avellino, Italy 39-349-7129729	Natural leather
VINTAGE TEKSTIL VE DERI URUNLERI ITHALAT IHRACAT SANAYI TICARET LIMITED SIRKETI	Hidiraga Mah. Tahtali Camii Sk. No:13/B, Corlu, Tekirdag, Turkey 90-282-6543438	Natural leather
Pervaya Metolobaza	Bishkek, 56 Murmanskaya St, Phone 312-320240	Metal
Perfodeko	Russia, Moscow, 3 Putevoi Proezd Phone (495) 542-77-20	Decorative metal
Anping County Puersen Hardware Wire Mesh Products Co., Ltd.	800 Meters, Southwest Cuianpu Village, Anping County, Hengshui, Hebei, China 86-0318-5188833	Decorative metal
Shop "All for Sewing"	Bishkek, 61 Manas Blvd. Phone: 996 312 614147	Fabrics, threads, dyes
Market Madina	Bishkek, Mendeleeva St., microdistrict Vostok-5 Phone +996 312 531094	Fabrics, threads, dyes
Wholesale and retail market Dordoi	Phone: 312 281920	Fabrics, threads, dyes
ABDUL RAZZAQ MOHIDDIN ABDULLA TRADING EST.	ABDUL RAZZAQ MOHIDDIN ABDULLA TRADING EST P.O.Box	Threads

	916,Dubai - U.A.E. 971-971-04-3474001	
Jinsung Textile Co.	161 Gugok-ri Munbaek-myeon, 365865, South Korea, Chungcheongbuk-do, Jincheon- gun 82-02-4020093	Threads
Wuxi Chaoqiang Adornment Co., Ltd.	Yuanjing Village, Yuecheng Town, Jiangyin, Wuxi, Jiangsu, China 86-510-86582588,	Threads
Sunshine Nonwoven Fabric & Clothes Co., Ltd.Quanzhou	AA2406, Wanda Center, Baozhou Road, Fengze Dist., Quanzhou, Fujian, China 0086-0595-28020304	Fabrics
FLY SHIP TEXTILE TRADING (L.L.C)	203RULER'S BLG,BUR DUBAI, Dubai, United Arab Emirates 971-04-3539168	Fabrics
AKEL INSAAT TAAHHUT OTOMOTIV TEKSTIL KUYUMCULUK GIDA SANAYI VE DIS TICARET LIMITED SIRKETI	evren mah gulbahar cad 2 sok no 62, bagcilar, Istanbul, Turkey 90-212-6712760	Fabrics
YOUNGSHIN ENTERPRISE	#20-6, Baegyang-daero 1048, Buk-gu, Busan, South Korea 82-10-55583350	Fabrics
RAVI EXPORTS	601, Brooklyn, Lokhandwala Complex, Opp Ashok Academy, Mumbai, Maharashtra, India 91-22-9320363500	Fabrics
VINAY INDUSTRIES LIMITED	DHORAJI ROAD, JUNAGADH, Gujarat, India <a href="http://vinaygroups.com/">http://vinaygroups.com/</a> Telephone:91-285- 2661797,2661585,2661794 Mobile Phone:9825979781	Cotton fabric
ASIAN CONSUMABLES INDIA PRIVATE LIMITED	No.3 , Balaji Street , M.G.M Nagar , Avaniyapuram Byeapass Road, Madurai, Tamil Nadu, India 91-452-6453334	Cotton fabric

Dezhou Junxiang Textiles Co., Ltd.	15/F, Unit 2, Block 1, Dongcheng International Building, Sanba Rd., Dezhou, Shandong, China (Mainland) Telephone: 0086-534-2182756 Mobile Phone: 18516995972	Cotton fabric
AALISHAN EXPORTS	26A, Ramakrishnapuram, Karur, Tamil Nadu, India 91-04324-230337	Cotton fabric
Hebei Huafang Printing And Dyeing Co.	Rm. 3006, Fuer Mansion, No. 9, East Sanhuan Middle Road, Chaoyang Dist., Beijing, China 86-10-85868789-809	Cotton fabric
Shaanxi Yalan Textile Co., Ltd.	Room 41802, Phase 2, Wealth Center, Gaoxin 3rd Road, Hi-Tech Development Zone, Xi'an, Shaanxi, China 86-029-83151505	Cotton fabric
Echo-Silk Co., Ltd.	Rm. 1002, Building A, No. 1775, Caoan Road, Jiading District, Shanghai, China <a href="http://www.echo-silk.com">http://www.echo-silk.com</a> Telephone:86-021-61397204 Mobile Phone:18321109761	Silk
Marjona-Tola-Fayz	Узбекистан, Наманганская область, Уйчи, Жийдакапа КФЙ +998 (90) 5979006	Silk
Hangzhou Fangda Silk Co.	No. 67, Jiankang Road, Xiacheng Dist., Hangzhou, Zhejiang, China 86-0571-85161063	Silk
Tongxiang Heshan Weiye Textile Co.	Changxiu Hexi, Heshanji Town, Tongxiang, Jiaxing, Zhejiang, China 0086-0573-88677184	Silk
KVR INTEXX	C-12 / 434, First Floor, Yamuna Vihar, New Delhi, Delhi, India 91-11-22917853	Silk

JAISALMER HANDLOOM HANDICRAFT INDUSTRIES	H.O. Court Road Gandhi Chowk, Jaislmer, Rajasthan, India 91-2992-251610	Silk
YOUNGSHIN ENTERPRISE	#20-6, Baegyang-daero 1048, Buk-gu, Busan, South Korea Telephone:82-10-55583350	Velvet
MEHER INTERNATIONAL	8003, World Trade Centre, Ring Road, Surat, Gujarat, India 91-261-2328237	Velvet
FLY SHIP TEXTILE TRADING (L.L.C)	203RULER'S BLG,BUR DUBAI, Dubai, United Arab Emirates	Velvet
Alamedin market Stroimarket	Bishkek, 150 Jibek-Jolu St. Phone: +996 312 29-49-38, +996 312 29-49-32	Wood (elm, apricot tree, poplar other)

### Annex 3. Guide for in-depth interviews with resellers of handicrafts

Hello, my name is \_\_\_\_\_, I am working in consulting agency M-Vector. We are conducting research of handicrafts market in Central Asia. Results of this research will help all players of the market, including you, to operate more effectively, sell more products and earn higher income.

Can I ask you few questions on this subject? Our conversation will not exceed 30 minutes. Your answers will be used only in generalized form. If you don't mind, I will make audio recording of our interview for the sake of further analysis. If you have any questions regarding this interview or want to tell us more later, you can always call our office in Dushanbe/Bishkek at the following number \_\_\_\_\_.

INTERVIEWER, FILL OUT THE TABLE BELOW AFTER INTERVIEW IS FINISHED.

Name of respondent	
City	
Name of store\shop (if there is any)	
Type of shop:	<ul style="list-style-type: none"> <li>• Department in mall</li> <li>• Shop in hotel, guest house</li> <li>• Specialized store</li> <li>• Department in museum</li> <li>• Other (specify) _____</li> </ul>
Date of interview	
Phone # of respondent	

INTERVIEWER!

- AFTER INTERVIEW IS FINISHED, PUT DOWN ALL TYPES OF HANDICRAFTS THAT ARE SOLD IN THE GIVEN OUTLET.
- ASK RESPONDENT TO SHARE CONTACT INFORMATION OF HANDICRAFT PRODUCERS/SUPPLIERS HE IS WORKING WITH (NAME, PHONE). JUSTIFY THIS BY SAYING THAT YOU WILL ALSO HAVE TO MAKE FEW INTERVIEWS WITH CRAFTSMEN.

#### LET'S FIRST TALK ABOUT YOUR OUTLET, HANDICRAFTS AND CUSTOMERS

1. How long has your store been working? How many employees do you have?
2. Are you working as independent legal entity or as part of other legal entity?
3. Are you retailer or wholesaler?

4. What souvenirs/handicrafts do you sell? Please, list all type of products for sale in your store (e.g. carpets, pictures, decorative plates, figurines, etc.)
5. Which products sell best (the most popular)? Why, do you think?
6. Do you sell only local handicrafts or imported ones too? What regions of the country are handicrafts from?
7. Do you sell products under your trade name/brand or under trade names of craftsmen?
8. Now I would like to know who buys handicrafts and souvenirs in your outlet. Please, tell about your customers. What are the main customers – e.g. foreign citizens, tourists, personnel of foreign organizations in the country, locals etc. Which types of handicrafts does each of those groups prefer to buy most often? For what purpose, do you think?
9. In general, which types of customers are the most perspective and beneficial for you – local customers, foreign tourists, CIS tourists other? Please, tell why you think so.
10. Regarding pricing, which price level is your outlet currently at – low price, middle price or high price? Are you focusing at high paying customers or customers with medium or low capacity?
11. How do you advertise yourself? Do you have ad placed in mass media? Do you have a website? Do you develop any promotion materials (booklets, etc.)? Please, tell more about your marketing activities?
12. Do you participate in any activities inside or outside the country, such as trade shows, handicrafts fairs etc.? Please, tell.
13. Are you a member of national handicrafts association? If so, please, tell more about the organization and how it helps your business.

**NOW I WOULD LIKE TO LEARN MORE ABOUT YOUR RELATIONSHIP WITH CRAFTSMEN AND SUPPLIES OF RAW MATERIALS.**

14. Do you produce handicrafts yourselves or sell handicrafts produced by other craftsmen?
15. Who decides which handicrafts should be produced – you or craftsmen?
16. How many producers/craftsmen are you working with? In which regions are they located? How long have you been working with them?
17. How do you find craftsmen? Do you have any lists/contact information on craftsmen in the country?

18. How do you order handicrafts? Do you come to craftsmen to make an order, or you connect by phone, e-mail/Internet, via catalogue, at fair or exhibition or any other way? Please, tell more.
19. Do you discuss with your suppliers/craftsmen production issues, e.g. which handicrafts to produce, volume of production, quality, pricing etc?
20. What about the pricing? Who sets purchase price – you or craftsmen?
21. What are the payment terms? Do you buy out handicrafts or take them for consignment with payment after sale?
22. In general, how would you evaluate the quality of handicrafts, produced by local craftsmen? If quality being poor or medium, what it is reflected in?
23. How products are delivered to your outlet? Are they brought by craftsmen or you take them to the store?
24. What difficulties or problems are you facing working with craftsmen?

**FEW MORE QUESTIONS AT THE END**

25. In your opinion, what should be done to bring more customers to stores and increase sales of handicrafts? What methods or strategies should be used?
26. What problems and obstacles are at the market of handicrafts in the country? How can they be fixed?
27. What else can you add to our conversation?

Thank you for your cooperation!

Good luck!



#### **Annex 4. Guide for in-depth interviews with craftsmen**

Hello, my name is \_\_\_\_\_, I am working in consulting agency M-Vector. We are conducting research of handicrafts market in Central Asia. Results of this research will help all players of the market, including you, to operate more effectively, sell more products and earn higher income.

Can I ask you few questions on this subject? Our conversation will not exceed 30 minutes. Your answers will be used only in generalized form. If you don't mind, I will make audio recording of our interview for the sake of further analysis. If you have any questions regarding this interview or want to tell us more later, you can always call our office in Dushanbe/Bishkek at the following number \_\_\_\_\_.

INTERVIEWER, FILL OUT THE TABLE BELOW AFTER INTERVIEW IS FINISHED.

Name of respondent	
Location	
Name of enterprise (if any)	
Date of interview	
Phone # of respondent	

INTERVIEWER:

- AFTER COMPLETION OF INTERVIEW PUT DOWN ALL TYPES OF HANDICRAFTS THAT THE CRAFTSMAN PRODUCES.
- ASK RESPONDENT TO SHARE CONTACT INFORMATION OF SUPPLIERS OF RAW MATERIALS, HE IS WORKING WITH (NAME, PHONE NUMBER). JUSTIFY THIS BY SAYING THAT YOU WILL ALSO HAVE TO MAKE FEW INTERVIEWS WITH SUPPLIERS OF RAW MATERIALS.

#### **Production**

LET'S FIRST TALK ABOUT YOUR WORK, HANDICRAFTS THAT YOU PRODUCE.

1. How long have you been producing handicrafts? Do you have any legal status (enterprise, individual entrepreneur, patent etc.)?

2. Are you working sole or with partners? How many people are working with you? What are your direct functions, responsibilities?
3. Which types of handicrafts do you produce? Please, list all that you do.
4. How do you make decisions on which types of handicrafts to produce? Do you make such decision on your own or consult with somebody else?
5. Who develops design, style of handicrafts? You or somebody else?
6. Please, tell where you get raw materials for your work. What kinds of raw materials do you use? Please, list them all.
7. Can you obtain all necessary materials on the local market? What raw materials are not available locally?
8. Do you buy any foreign raw materials? If so, please, tell what exactly you buy and where it is produced. Do you buy it directly from foreign producers or local intermediaries/resellers?
9. How would you assess quality of locally available raw materials? What are their advantages and deficiencies? What can you say about quality of foreign materials?
10. Do you buy raw materials from other people/organizations or prepare them yourself? From which regions of the country do you buy or bring raw materials?
11. How do you look for suppliers of raw materials? Among friends, relatives, countrymen? Which methods do you use – existing databases, Internet, trade fairs and shows etc?
12. Do you have all necessary tools and equipment for processing of raw materials and production of handicrafts? What are you lacking?
13. Regarding volume of production, how many items of different type do you produce monthly (number of pieces)? Please, give numbers for each type of handicraft.

### **WORK WITH RESELLERS**

NOW I WOULD LIKE TO TALK WITH YOU ABOUT YOUR RELATIONSHIPS WITH RESELLERS OF HANDICRAFTS

14. Do you sell your products directly to customers (tourists, local buyers) or supply them to other stores, departments?

15. If selling directly to end customers, how do you do that? Do customers come to your studio? Do you have your own shop, department (if so, where)? Do you sell your items online (through website)?
16. Are you working with one point of sale/reseller or with several ones? In which cities/regions of the country are they located? Which types of stores are you working with: souvenir shops, departments in malls, bazars, museums, hotels etc.?
17. Do resellers make orders for production of certain types of handicrafts or sell what you have in stock?
18. Do you discuss with your partners (shops, outlets etc.) any production issues, e.g. type of handicrafts to produce, volume of production, quality, pricing?
19. How do you arrange your working relations with your partners? Oral or written agreement, other?
20. Do you use Internet for communication with retailers (e-mail, Skype, website etc.)?
21. Who sets retail price on your handicrafts - you or reseller?
22. What are the payment terms? 100% advance payment, partial advance payment or 100% post-sale payment?
23. Can you tell me about profitability of your business? How much do you add up to the cost of production as your profit?
24. Do you produce under your own trademark/brand name or reseller puts his name on your items?
25. Speaking about cost of your products, what is your price segment – high, medium or low? Why?
26. Do you bring your products to reseller or he comes to you?
27. Do you sell to foreign customers? If so, which types of handicrafts and which countries?
28. Who buys handicrafts in our country? What are the main types of customers? What types of handicrafts are in demand in each customer segment? Why?

## **CONCLUSION**

29. Do you participate in trade fairs, exhibitions of handicrafts in our country or abroad?  
Please, tell more.
30. Are you a member of a local or international association of craftsmen? Please, tell more about it.
31. In general, how would you assess financial results of your work: over the past year are you making more money, less money or nothing changed? Are you getting more orders now than you year ago?
32. Which problems, difficulties are you facing? How do you cope with them?
33. What else can you tell me about your work?

Thank you for the information that you shared with me!

I wish you good luck!

## Project “Handicraft and Business through Regional Integration and Fair Trade Market”

### Partner Organizations



#### **Cesvi Tajikistan**

16, Firdavsi Street  
734003, Dushanbe  
Tel: +992 224 67 28  
e-mail: [tajikistan@cesvioverseas.org](mailto:tajikistan@cesvioverseas.org)



#### **Bishkek Business Club**

245/1, Chui Street, Bishkek, Kyrgyzstan  
Tel: (+996 312) 93 55 81  
e-mail: [office@bdk.kg](mailto:office@bdk.kg)



#### **PromoFirenze, Special Agency of the Chamber of Commerce of Florence**

Via del Castello D'Altafronte, 11 - 50122 Firenze – Italy  
Tel. +39 055 267141  
email: [laura.tettamanti@promofirenze.it](mailto:laura.tettamanti@promofirenze.it)  
[www.promofirenze.it](http://www.promofirenze.it)



#### **National Association of Small and Medium Businesses of the Republic of Tajikistan (NASMB)**

3 Loik Sherali Street  
734003, Dushanbe, Republic of Tajikistan  
Tel: ( + 992 44) 625 00 08  
e-mail: [info@namsb.tj](mailto:info@namsb.tj)  
[www.namsb.tj](http://www.namsb.tj)  
<https://www.facebook.com/namsb.tj>



#### **Union of Craftsmen of Tajikistan (UCT)**

Adress: Takhmos 377, Dushanbe, Republic of Tajikistan  
Tel: +992 (44) 6206137  
e-mail: [tajikhhandicrafts@gmail.com](mailto:tajikhhandicrafts@gmail.com)  
<https://www.facebook.com/UCT.TJ>



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by the European Union

The European Union is made up of 28 Member States who have decided to gradually link together their know-how, resources and destinies. Together, during a period of enlargement of 50 years, they have built a zone of stability, democracy and sustainable development whilst maintaining cultural diversity, tolerance and individual freedoms. The European Union is committed to sharing its achievements and its values with countries and peoples beyond its borders.

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