

Measures to Develop Markets for Traditional Handicrafts

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1. Obstacles to development of markets for traditional handicrafts

Handicraft and other small industries could create many jobs without requiring big investment and other resources and they are particularly suitable to developing countries. Like other products, however, traditional handicrafts also meet with keen competition from other developing countries. In comparison with neighboring countries, Vietnamese handicrafts are less competitive in terms of price, quality, designs and distribution network.

Firstly, Vietnamese traditional handicrafts have uneven and poor quality compared with their counterparts from China, Japan and South Korea with the result that they couldn't compete with them on both export and domestic markets.

When asked about the quality of their products, most craftspersons ranked theirs as medium.

The table shows that only lacquer ware and traditional painting villages felt their product quality is highly competitive (54% and 50% of respondents) while the fiber and textile didn't (50% of respondents said their products were less competitive).

The poor product quality comes from the following reasons:

- Shortage of skilled and well-trained laborers: Skills of craftspersons are usually handed down from generation to generation and only a handful of workers get formal training, and as a result, the laborers lack ability to improve the product quality.

- Unreliable sources of raw materials: These villages use various substances as their raw materials but there is no plan to preserve and exploit these sources reasonably and effectively. At present, many villages meet with difficulties in securing reliable supply of raw materials: 53.3% of villages making textile; 48% wooden goods; 42% rush products; 31.9% stone carvings; 38.5% lace; and 28.2% bamboo and rattan.

- Lack of a system controlling the quality of inputs and output.

Table 1: Competitiveness regarding the product quality

Product	Handicraft village			Total	%		
	High	Medium	Low		High	Medium	Low
Rush goods	56	211	9	276	20.3	76.4	3.3
Lacquer ware	16	15	0	31	51.6	48.4	0.0
Bamboo and rattan goods	169	431	55	655	25.4	54.8	9.8
Ceramics	11	42	7	60	18.3	70.0	11.7
Lace	83	179	67	329	25.2	54.4	20.4
Fiber and textile	46	174	202	422	10.9	41.2	47.9
Wooden goods	69	235	27	331	20.8	71.0	8.2
Stone carvings	12	29	5	46	26.1	63.0	10.9
Paper	3	5	0	8	37.5	62.5	0.0
Traditional paintings	2	1	1	4	50.0	25.0	25.0
Others	129	347	19	495	26.1	70.1	3.8

Secondly, Vietnamese handicrafts have poor and monotonous designs because of the lack of product development strategies. Many researches, when comparing Vietnamese handicrafts with those from China, Thailand, South Korea and

Japan, say that many Vietnamese villages make goods of the same designs and patterns that fail to reflect characteristic features of each village or province, while Japan and Thailand have adopted the strategy to develop "a unique product for each vil-

Table 2: Price competitiveness of handicraft villages

Product	Handicraft village			Total	%		
	High	Medium	Low		High	Medium	Low
Rush goods	37	215	24	276	13.4	77.9	8.7
Lacquer ware	16	15	0	31	51.6	48.4	0.0
Bamboo and rattan goods	112	464	100	676	16.6	68.6	14.8
Ceramics	11	39	9	59	18.6	66.1	15.3
Lace	50	185	245	322	15.5	57.5	27.0
Fiber and textile	27	153	35	425	6.4	36.0	57.6
Wooden goods	54	246	6	335	16.1	73.4	10.4
Stone carvings	9	30	1	45	10.0	66.7	13.3
Paper	1	6	0	8	12.5	75.0	12.5
Traditional paintings	1	3	87	4	25.0	75.0	0.0
Others	110	369	27	505	21.7	72.9	5.3

lage" in order to make the best use of comparative advantages. In addition, each village holds a market segment by making various designs and patterns of its own.

Thirdly, the production cost of Vietnamese handicrafts is usually high in comparison with many Asian countries: for example, the wooden furniture is dearer than ones from Indonesia, the Philippines and Malaysia; textile dearer than their Thai and Laotian counterparts, etc.

According to my survey, most villages think their price competitiveness is of medium level; and 57% of textile villages said their products were poorly competitive.

The following are main reasons for the poor competitiveness regarding the price and production cost.

- Most handicrafts are produced by family businesses that don't have enough money for modern equipment and machines.

- Increasing prices of inputs, difficulties in getting access to bank loans and high rental of land make the production cost rise constantly.

The ceramics village of Bát Tràng, for example, faced many increased costs in late 2004: coal price rose by 20%; fuel by 16%; and gas by 66%, with the result that many families had to stop their production.

- High cost of transport of raw materials from other provinces because the local supply isn't enough also affects the production cost.

- Cooperation between family businesses is very poor, so they couldn't provide services needed for reducing costs and expanding distribution network.

Fourthly, most handicrafts have no brand names and there is no standards for their quality and specifications, which make producers miss chances to enjoy the monopoly on the market and deal with technical barriers set by developed countries. The monopoly advantage originating from a brand name help increase the selling price: Bát Tràng ceramics for example, are ten times dearer than Japanese ones but they are still saleable. But only a few handicrafts from Vietnam enjoy such an advantage.

Moreover, most handicrafts are made from natural resources, which leads to international regulations concerning the protection for the ecosystem and the use of children and women labor. This situation makes it difficult to enter such high-end markets as the U.S., Japan and EU.

Fifthly, most handicraft businesses get almost no information about foreign markets because of their small size and shortage of fund while the governmental agencies have no system to provide them with information. My survey shows that over 80% of villages realized the lack of market information and 22.9% of them considered it a serious problem. And as a result, they tend to make what they could instead of what the market wants. For example, wooden furniture was made without changes in designs while the export market experienced a lot of new trends. Another study shows that sales of stone carvings made by villages in Non Nước, Đà Nẵng in 2004 was five times higher than what they earned in 1997 because they could keep up

with changes in their export markets.

Sixthly, consumption in the domestic market is low because of low spending power and lack of marketing strategies. Relations between handicraft villages and the tourism industry are still lacking with the result that their products aren't introduced to both foreign and local tourists.

2. Measures to expand market for handicrafts

- Building product development strategies to create characteristic goods with separate brand names for each village, and diversifying designs to meet foreign tastes.

- Developing cluster of handicraft villages with a view to helping them modernize their production lines and reduce costs: This measure aims at accelerating the specialization of these villages, forming service centers, turning family businesses into small and medium enterprises, and creating conditions for implementing supporting policies by local authorities.

- Building a system of quality and specifications of handicrafts suitable to international standards in order to help Vietnamese handicrafts pass technical barriers in foreign countries.

- Supplying business information through trade associations, developing information service centers and promoting the e-commerce.

- Expanding the distribution network in the domestic market■



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