

## Chapter 2

# Export and Domestic Interior Design Market Promotion by Handicraft SME in Lao PDR

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### Abstract

SOZAI, a material, has been key to regenerating traditional handicraft industries in Japan. Instead, of selling the final products of traditional crafts, selling the product material, the technique, or the artisans’ skill is a means of survival. For instance, *dharma* doll material is a non-woven fabric with high water absorbency and strength (*kozo*), or a form of waterproof paper (*aburagami*) made for traditional Japanese umbrellas can be sold for other uses. Such a SOZAI business was introduced to small and medium-sized enterprises (SMEs) producing handicrafts in Lao PDR as a project hosted by Japan External Trade Organization (JETRO) for fiscal year (FY) 2018. At the Handicraft Festival, a SOZAI contest was held, and 10 contest winners had a chance to exhibit their works at the 2019 Tokyo International Gift Show. This paper focuses on the handicraft SMEs in the period following the SOZAI project, what kind of difficulties the handicraft SMEs faced, which sectors they targeted as the SOZAI market, and how they promoted their work to both domestic and foreign markets for their SOZAI business. As a result, the interior of hotels, restaurants, and cafés have now become their new targeted market.

**Key Words:** handicraft, interior design, SME, Laos, material, SOZAI, gift, JETRO, LHA, designer, CBI, EXPO 2020 Dubai

### Introduction

Since 2001, the Japan External Trade Organization (JETRO) has supported small and medium-sized enterprises (SMEs) in handicraft sector in Lao PDR, in cooperation with the Lao Handicraft Association (LHA). To date, the JETRO has conducted the *Chai Lao*

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project (FY 2001-FY 2008), the *Kimono* project (FY 2010-FY 2011), the Lao-Japan design project (FY 2013-FY 2015), and the GIFT project (FY 2015-FY 2017).<sup>3</sup>

Handicraft products in Lao PDR, such as textiles, bamboo, rattan, and jewelry products, are rooted in the culture and lifestyles in Lao PDR, inherited over many generations. These crafts and skills were also cultivated in tributary relations under Luang Prabang, Vientiane, and Champasak’s three dynasties. However, few foreign tourists purchased handicraft products in Lao PDR. This was partly because the Lao identity was too strong, and sometimes they struggled to match with the foreigners’ tastes and lifestyles, and partly because product prices were too high as souvenirs for foreign tourists (Iwakami and Yamada 2019).

The GIFT project was successful in improving and transforming the handicraft products in Lao PDR into appealing products that can be exported to foreign countries and are purchased by foreign tourists by using ingenious strategies. First, the handicraft SMEs were guided by a JETRO expert<sup>4</sup> to not only improve quality and design but also improve the whole value of gift products. This included packaging, wrapping, product tags, product story descriptions, message cards, and so on. Second, a public contest was held at the annual “Lao Handicraft Festival” by the LHA in Vientiane Capital. The participants of handicraft SMEs in Lao PDR created products with guidance on a specific theme, and they were told the judgment criteria. Third, a satellite shop was set up where the prize-winning products from the handicraft SMEs were displayed. The JETRO then gathered foreign tourists’ opinions and observed displayed product sales to the handicraft SME, providing expert feedback (Iwakami and Yamada 2019). As results, a questionnaire survey conducted in 2019 showed that the export ratio and sales to foreign residents in Lao PDR increased for the participants in the GIFT project, compared to the time before their participation; some participants replied that they understood the GIFT concept perfectly (Ueki 2019).<sup>5</sup>

The SOZAI (material) project, the focus of this paper, was carried out for FY 2018 after progress for the handicraft SMEs who participated in the GIFT project was confirmed. The SOZAI project idea was based on the experiences of traditional craft industries in Japan, which have strategically broken through a prolonged downturn in

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<sup>3</sup> The fiscal year of Japan starts in April and ends in March of the following year.

<sup>4</sup> The JETRO expert is the second author. He is treated objectively, however, as “the JETRO expert” in this paper.

<sup>5</sup> The questionnaire was conducted in January 2019, by the JETRO, JETRO Vientiane Office, and the Economic Research Institute for Industry and Trade (ERIIT).

sales. Many of traditional Japanese craft products were not receiving contracts for real business, although their delicate and unique crafting techniques were highly evaluated. For instance, the Japanese traditional umbrella, the big *dharma* doll, and *fusuma-e* are all highly evaluated;<sup>6</sup> yet due to the mismatch to foreign people’s lifestyles, there were not many tourists buying them as souvenirs. Nevertheless, for instance, the *dharma* doll material called *kozo* can be repurposed as a non-woven fabric with high water absorbency and strength, and *aburagami*, a traditional Japanese umbrella material, is used as a waterproof. It has been reported that such materials and techniques cultivated in the traditional craft industries can be sold and used for other uses different from the original ones. In other words, new target customers can be architects or interior designers.

In Lao PDR, public contests were held at Lao Handicraft Festival 2018 and a chance was given to the winners of the contest to exhibit their works at the 5<sup>th</sup> LIFE x DESIGN exhibition at the Tokyo International Gift Show Spring 2019 (hereinafter called “Tokyo International Gift Show”) after their works were modified. During the exhibition, around 46 business discussions were had between Lao handicraft SMEs and visitors. Unlike the GIFT project, unfortunately, the SOZAI projects did not continue to the next fiscal year of 2019 due to various circumstances.

However, it was considered meaningful to follow up with the handicraft SMEs who participated in the SOZAI project after FY 2018. For instance, how have the winners of the SOZAI contest approached the SOZAI business? What kind of barriers did the winners face? What kinds of solutions can be considered for the barriers they faced? This chapter intends to answer these questions by dividing foreign and domestic markets. The first section reviews the previous literature on handicraft industries in Lao PDR. The second section shows what has been conducted with the SOZAI project in detail. The third section explains the methodologies. The fourth and fifth sections report the Lao handicraft SMEs’ developments (the winners of the contest) in the SOZAI business in foreign and domestic markets, respectively. In conclusion, we review accomplishments and the prospects and challenges for the future.

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<sup>6</sup> A *dharma* doll is a hollow, round, red-colored Japanese traditional doll modeled after Bodhidharma, the founder of the Zen tradition of Buddhism. *Fusuma-e* is paintings on sliding-door panels. *Fusuma* are constructed of wooden frames and covered with layers of thick paper on both sides.

## 1. Literature Review

There are not many previous studies focusing on handicraft industries in Lao PDR. Ohno (2020) depicts the relations among participants in the hand-weaving industry in Lao PDR. With assumptions that cloth’s market price is determined by yarn quality and pattern, the author highlights roles played by “master weavers” who furnish producers with yarn and pattern information. Among the master weavers, some live in a village and organize weavers who engage in weaving as a side business. In contrast, others live in Vientiane Capital and employ weavers in their workshops or furnish weavers yarns and pattern information as shop owners. Depicting the relations between the master weavers and weavers in general, the author demonstrates that contract relations changed before and after the macro-economic turmoil started in 1997, influenced by the Asian Economic Crisis in Thailand. This paper is a typical study related to handicraft industries in Lao PDR, as far as more than half of LHA members belonging to the textile sector, while this chapter does not mention other sub-sectors such as bamboo, rattan, jewelry, and pottery.

Norasingh and Phouthaphone (2017) introduce three case studies of handicraft firms to contribute to human resource development in the handicraft sector in Lao PDR toward product innovation. The first firm is a local handicraft firm located at Vientiane Capital. The second one is a joint-venture firm in Luang Prabang. The third one is a foreign firm located in Vientiane Capital. Based on the differences among a local, a joint-venture, and a foreign firm, the authors stress the necessity of local firms learning about the international market and diversity of taste and combining local and foreign styles into product innovation. From a perspective of human resource development, the authors also emphasize the importance of developing high-level skills, such as marketing, crafting, and R&D, in addition to basic skills such as sewing, weaving, and dyeing. The authors also point out the risks for SMEs’ continuous development of new products without customer orders in hand. Following these findings, thus far, the authors call for 1) establishment of handicraft curricula in universities, colleges, and vocational schools, 2) facilitation of firm-level access to finances, and 3) setting up open mechanisms to generate new ideas and the formation of “innovation networks” as policy implications.

The Economic Research Institute for ASEAN and East Asia (ERIA; 2019) introduces and evaluates a master plan for the handicraft industry created by the Ministry of Industry and Commerce, Lao PDR (MOIC), “Nationwide Promotion of the Handicraft Industry and Development Project Plan (2016-2020).” The paper enumerates the advantages and bottlenecks of handicraft industries in Lao PDR. The paper finally offers some policy recommendations. The paper’s interesting recommendations include establishing an e-

commerce platform for exports and conducting sales promotion at duty-free shops at Wattay International Airport.

The Centre for the Promotion of Imports from developing countries or the CBI (2016) analyzes the export potentials of home decoration and personal accessories of Lao PDR, applying a value chain approach. The analyses show that Lao PDR is by far the smallest exporter of home decoration, home textiles, and gifts to the European market, with a value of only US\$0.391 million. The main European importing countries in 2015 were Switzerland, France, and Germany, and the main product group of home decoration, home textiles, and gifts produced in Laos are textiles. The most common non-timber forest products (NTFP) are rattan, bamboo, and a pied local fiber. One of the report’s conclusions states that the textile industry’s main strengths in Lao PDR are the vast numbers of weavers, sophisticated silk weaving techniques, and a good combination of in-house production and outsourcing of weaver networks. Finally, the paper warns that Lao PDR and Cambodia and Myanmar should not try to compete with cheap products from China or India.

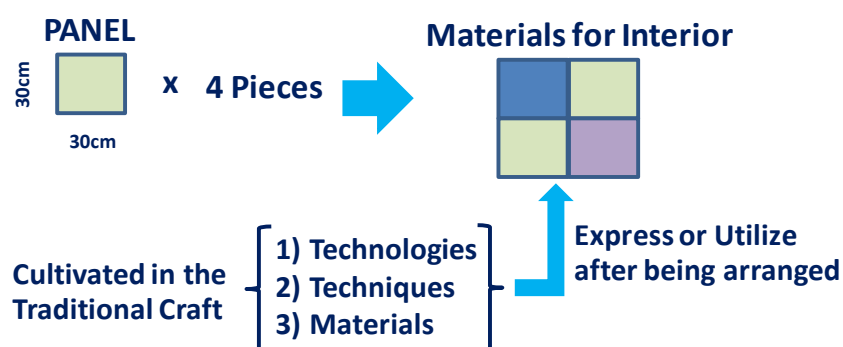
Finally, five chapters of the previous project conducted by the IDE-JETRO, “Empirical Research to Examine the Effectiveness of Supporting Policies to SMEs of Handicraft Industries in Lao PDR as to Realize Some Collaborations with Traditional Craft Industries in Japan,” are upon the IDE-JETRO website. Iwakami and Yamada (2019) introduce the programs in the past. The JETRO supported handicraft SMEs in Lao PDR cooperating with the LHA, focusing on the GIFT project and the SOZAI project. Kamiesu (2019) presents the chronological process of the SOZAI project. Ueki (2019) presents the questionnaire’s results January 2019 survey conducted by the IDE-JETRO, JETRO Vientiane Office, and the ERIIT. Ueki and Kamiesu (2019) consider the rise and decline of Japanese traditional craft industries and the possibility of collaboration between the handicraft industry of Lao PDR and Japan’s traditional industry. Ishida (2019) presents the objectives and methodologies of the project and briefly introduces the above-mentioned chapters. More details of these chapters are introduced in the following sections.

## **2. Reviewing SOZAI Project**

The fundamental idea of the SOZAI project was first described to the handicraft SMEs at the final seminar of the GIFT project in March 2018. As already explained in the Introduction of this chapter, the fundamental idea is not to sell the traditional craft

products themselves, such as a Japanese traditional umbrella, a big *dharma* doll, or a *fusuma-e*. Instead, it is intended to sell the materials or the techniques for producing the products such as *kozo* and *aburagami*. The JETRO expert explained the idea at the seminar, while the examples he used at the seminar differed from the above-mentioned traditional Japanese products.

**Figure 1 A New challenge requested for SOZAI project to handicraft companies in Lao PDR**



Source: Ishida (2019).

After the start of FY 2018 in April, the first workshop was held in September 2018. The JETRO expert challenged handicraft SMEs' participants in Lao PDR to a contest held as part of the Lao Handicraft Festival in October 2018. The challenge was to produce panels with four 30cm square sections that reflect the skill, technique, and materials utilized by individual handicraft SMEs (Figure 1). The panels were intended to appeal to interior designers, architecture designers, and product planners. The JETRO expert then provided consultation with the specific prospective handicraft.

On 29 October 2018, the SOZAI contest was held by the JETRO in cooperation with the LHA. Eighteen local handicraft SMEs participated in the contest (Picture 1). Most of

**Picture 1 SOZAI panels exhibited at SOZAI Contest in Lao PDR**



Source: Taken by the author on 28 October 2018.

the panels exhibited were based on textiles such as silk and cotton, while there were also some blackened bamboo panels accented with silverwork and wooden panels made by coating finely cut eggshells with lacquer. Positive comments were made by visitors in general and government officials that “this was an opportunity to get a sense of new ideas and inspiration from competitors’ works” (Iwakami and Yamada 2019). Among the 18 handicraft SMEs, the top eight SMEs were selected as winners. Special prizes were awarded to two SMEs chosen by the Deputy Minister of Industries and Commerce and by the Ambassador of Japan at Lao PDR. The ten winning SMEs had an opportunity to participate in the Tokyo International Gift Show in February 2019. The judges for the contest included a government official, an advertising agency professional, an architect, a building consultant, an interior designer, and the JETRO expert (Kamiesu 2019).

Before the Tokyo International Gift Show, the JETRO expert visited Lao PDR to consult with the winners and suggest more appealing ways to repair and display the exhibition panels in December 2018. Incompleteness, such as bending, stain in the recess of the frame, stitching that might break, was identified in several products (Iwakami and Yamada 2018). During the Tokyo International Gift Show, on 12-15 February 2019, the 10 winning works were exhibited (Picture 2), and the Japanese visitors expressed interest. Around 46 business connections were made between the handicraft SMEs of Lao PDR and the visitors, including one who spoke with eight Japanese businessmen.

## **Picture 2 SOZAI panels exhibited at SOZAI Exhibition and visitors in Japan**



Source: Taken by the author on 13 February 2019.

### **3. Methodologies**

We have hosted repeated dialogs with the handicraft SMEs awarded in the SOZAI project contest in 2018 and exhibited their work at the Tokyo International Gift Show. The dialogs were held in workshop style on 29-31 October 2019 at the Laos Handicraft Festival in 2019. The second interviews were held in Lao PDR on 17-20 February 2020. The third interview was conducted through an online meeting in September 2020. In addition to the handicraft SMEs, we also interviewed interior designers, architects, and a hotel consultant.

### **4. Export Promotion**

When the handicraft SMEs who exhibited their works at the Tokyo International Gift Show returned from Japan, three additional events for promoting their exports were ahead. The first one was Style Bangkok, and the second was Expo 2020 Dubai. The third was a medium-term training program supported by the Centre for the Promotion of Imports from developing countries (CBI) of the Netherlands Enterprise Agency is funded by the Netherlands Ministry of Foreign Affairs.

Style Bangkok is a lifestyle exhibition event held twice per year by the Department of International Trade Promotion, Ministry of Commerce, Thailand at Bangkok



International Trade and Exhibition Centre (BITEC). Style Bangkok is held on 17-19 April and October 20-21, 2019. Some handicraft SMEs from Lao PDR exhibited their works at Style Bangkok in April 2019 with support of the Ministry of Industry and Commerce, Lao PDR (MOIC).<sup>7</sup>

Prior to introducing the relation between the Expo 2020 Dubai and handicraft SMEs, we introduce the Business Assistance Facility (BAF). The BAF has collaboratively financed a facility to support trade and integration of private firms in Lao PDR, including SMEs. It was launched in October 2013, with a total grant fund of USD 1.13 million, from Australian Aid, Irish Aid, and the World Bank.<sup>8</sup> One of the BAF’s goals is the identification of firms that intend to become more competitive and grow. To support this growth, the BAF provides matching grants to cover 50% of specific and tailored technical assistance costs.

The government of Lao PDR did not build a pavilion in Expo 2020 Dubai. Following the interviews with handicraft SMEs, the Lao National Chamber of Commerce and Industry seemed to support the LHA and other sectors such as agriculture and tourism by arranging for participation in Expo 2020 Dubai making use of the BAF grant facility. According to one of the handicraft SMEs, around a 2 x 3 square meter booth was prepared for three to four handicraft SMEs to exhibit their works, suitable for the given theme, “new lifestyle,” for a month in the booth in turns during the period between 20 October 2019 and 20 April 2020. There was no exhibition fee for the booth, but travel and accommodations were at the participants’ own cost, and BAF covered 50% of the BAF payment. One handicraft SME was planning to exhibit work produced using the technique learned from the SOZAI project.<sup>9</sup> Unfortunately, Expo 2020 Dubai was canceled and postponed to a period from 1 October 2020 to 1 April 2020 due to the COVID-19 pandemic.

As noted, the CBI is as an effort of the Netherlands Ministry of Foreign Affairs, which was established in 1971 as a part of the Netherlands Enterprise Agency, which supports firms, including the SMEs, in developing countries with entering the European market. The CBI publishes over 300 studies about the European market annually and provides information on the European market to firms in developing countries and

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<sup>7</sup> Interviews with handicraft SMEs in Lao PDR on 28 October 2019.

<sup>8</sup> Ministry of Economy and Finance, the ROK, and the Korea Development Institute (2018) and brochure of BAF II. According to the brochure, the three donors are enumerated. The website of BAF II adds USAID as a donor.

<sup>9</sup> Interviews with handicraft SMEs on 19 February 2019 and 4 and 14 September 2019.

introduces suppliers in developing countries to potential importers in Europe. Also, the CBI consults with firms that intend to export to the European market from developing countries and provides training programs to promote exports from developing countries.<sup>10</sup>

As one part of such training programs, on 11 December 2019, the CBI signed a Memorandum of Understanding (MoU) with the MOIC and the LHA to support further development of the home-textile value chain in Lao PDR. Through the program, the 13 selected SMEs received export coaching on strategies for approaching the European market and supporting institutional development to elevate the export-enabling environment of the Lao home textiles sector to new levels.<sup>11</sup> Among the 13 selected SMEs, three exhibited their works at the Tokyo International Gift Show, and at least one SME participated in the GIFT project. The term of the program is from 2018 to 2022.

With a part of the training program, the 13 selected SMEs were scheduled to visit Europe on a market study tour;<sup>12</sup> however, with the COVID-19 pandemic, the training was conducted online instead.<sup>13</sup> The visit to Expo 2020 Dubai and Europe as a study tour would have provided chances to learn about the international market as recommended by Norasingh and Phouthaphone (2017).

## **5. Domestic Interior Market Promotion**

### **5.1 Difficulty in SOZAI Business and Our New Research Direction**

As a result of the GIFT project, some handicraft SMEs in Lao PDR succeeded in increasing sales by putting what they learned into practice. For instance, with packaging, wrapping, and including a message on the gift sold in the shop, foreign tourists who came to the shop gradually began to buy the products. In contrast, some handicraft SMEs that participated in the Tokyo International Gift Show decorated the panel in their shop after returning; however, no one bought the panels. This highlighted the difference and difficulty of success between the GIFT and SOZAI projects. During the workshop in

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<sup>10</sup> Website of the CBI (accessed on 21 February 2021).

<sup>11</sup> Press release of the CBI dated 19 December 2017 entitled “Memorandum of Understanding connects Lao textile producers with European market potential.”

<sup>12</sup> According to one handicraft SME, it was scheduled to visit some major exhibitions in Europe, such as Heimtextil Frankfurt, Ambiente Frankfurt, Maison&Objet Paris, and Milano Salone. She expressed a hope to exhibit her works in such major exhibitions in future. The JETRO expert described his experiences participating in these exhibitions. He also explained that the size of a panel for such expos must be 50cm or 1 meter square while the size of the panel was 30cm square x 4 at the Tokyo International Gift Show.

<sup>13</sup> Based on an interview with one of the selected handicraft SMEs on 14 September 2020.

October 2019, one handicraft SME indicated that SOZAI was unnecessary in Lao PDR’s everyday life and its market was not so large. Even the top winner of the SOZAI contest in 2018 said that she had not yet quite understood the meanings of SOZAI business, while she had already mastered and become successful with the GIFT business.

In response to the SMEs’ complaints, the JETRO expert persuaded them not to try to sell the panels but instead to target architects, interior designers, and hotel managers who happen to see the panel want to use the technique or materials fabric, motif, and pattern in designs. He also suggested that the handicraft SMEs approach an owner or manager of a hotel and ask them to hang the panel on the lobby wall as a decorative panel. In this way, a hotel guest who is an architect or a designer might admire the craftsmanship and propose a business arrangement. It was promoted and encouraged in an easy-to-understand way that the materials and techniques cultivated by the artisan can be used as an interior design feature for hotels, restaurants, and cafés. In major cities in Lao PDR, including Vientiane Capital, the number of chic cafés and interior designers has increased. At the same time, it was difficult to find such cafés and designers 20 years ago. With the increase in income level, chic interiors are also expected to be integrated into the housing sector in the future; the potential of the SOZAI business in the domestic market is quite large.

It was then decided to focus our research on how the handicraft SMEs in Lao PDR could promote works to the domestic interior design market. Our research inquiry was to determine how an owner of a hotel, a restaurant, and a café would invest in or change interiors or amenities in Lao PDR, while the JETRO expert cited several such cases in Japan and other countries. We identified an interest in learning whether hotel owners or managers lead hotel design decisions and whether architects or designers lead the decision-making on interior design. Thus, we decided to conduct a questionnaire survey of hotels in Lao PDR (see Chapter 3) and continue conducting our research to support the move of handicraft SMEs toward domestic interior market promotion.

## **5.2 Domestic Interior Market Promotion**

Hotels and restaurants attracting foreign and domestic tourists often make efforts to express local tastes, making use of traditional crafts. One of the representative five-star hotels in Japan, Hotel Okura Tokyo, built in 1962, took four years for its construction, forming a planning committee composed of architects, designers, painters, a cultural asset expert, a sculptor, etc. The founder of the hotel, Kishichiro Okura, sought to build a hotel

that exemplified the Japanese aesthetic, not another imitation of western design.<sup>14</sup> In this same spirit, the *Sushiro* Restaurant building, a *kaiten* or conveyor belt *sushi* restaurant chain in the Japan Pavilion in Expo 2020 Dubai, provided an appearance that harmonized with the design of the Japan Pavilion and an original interior design-conscious of “Wa,” a traditional Japanese concept representing harmonization, mixed with modernity.<sup>15</sup> In Southeast Asian countries, many hotels and restaurants endeavor to create a traditional atmosphere by decorating the exterior with traditional-style-roofs and bringing in bamboo and rattan furniture.

During our interview with handicraft SMEs in February 2020, one SME shared a concrete plan with us to build a showroom and decorative interior goods and textiles. In a subsequent interview in September 2020, she reported that the construction of the showroom was completed. The same SME also shared another plan to exhibit at an architectural exhibition, “Lao Build,” in June 2020 (unfortunately, Lao Build 2020 was canceled due to the COVID-19 pandemic). Another SME told us that she would build a café and decorate the interior with her materials. For this plan, the JETRO expert suggested bringing a collection of books on minorities or pottery in Lao PDR into the café. When another SME shared a plan that the SME would newly produce pottery at a workshop in October 2019, the JETRO expert suggested introducing one set of pottery as a lifestyle; for instance, a set of a mug, a plate, and a cereal bowl can be shown as a concept of a breakfast setting.

We also had a few meetings with architects, interior designers, and hotel consultants. Before starting the interviews and discussions with them, we shared pictures of the works of artisans who were awarded the prizes at the SOZAI contest in 2018 and exhibited their works at Tokyo International Gift Show. One architect showed a high interest in the works, and another architect said he would like to use such works to decorate his model house. One hotel consultant said it is plausible for five-star hotels in Lao PDR to use materials made in Lao PDR. The JETRO expert recommended that they contact promising handicraft SMEs and advise the handicraft SMEs to develop collaborations with the designers and architects. One architect has now contacted the LHA, and another architect designed an interior of a café in Vientiane Capital. The JETRO expert also shared some technical advice; for instance, bamboo must be dried well to avoid moths and mold prior using; the original color of a curtain can fade with sunshine; the washable fabric is more suitable for curtains; and so on. One architect shared the valuable information that hotel

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<sup>14</sup> Website of Brutus Craft (accessed on 21 February 2021).

<sup>15</sup> Website of Ministry of Economy, Trade and Industry, Japan (METI) (accessed on 21 February 2021).

owners in Luang Prabang and Van Vieng used the Lanna Style of Northern Thailand for interior and exterior designs.

The LHA also brought a proactive attitude in undertaking the SOZAI business in our February 2020 interview. A leader of the LHA expressed concern that some SMEs would not be able to manage large orders. The JETRO expert noted that multiple LHA members could collaboratively reply to such orders; if one member has a capacity of ten pieces of textile for a week and the scale of the order is 100 pieces, then ten members could reply to the order. Everyone will benefit from such cooperation. Concerning this issue, the JETRO expert recommended creating a database of LHA members listing each member’s specialty. He also recommended introducing company profiles that list the materials that each SME can supply and prices by way of a website.

Following the inauguration of the new president of the LHA in April 2020, the LHA shared two plans for the promotion to the new market in our interview dated 4 September 2020. First, a team composed of nine leaders and four young members of the LHA would collaborate on approaching the new market of hotels, restaurants, and cafés. Each team member would be assigned to textiles, fabrics, bamboo, training, tourism and so on. Second, the LHA will build its own showroom to demonstrate how to create handicraft products and materials (SOZAI). As related advice, the JETRO expert stressed strengthening public relations online, including Facebook. In case of any LHA members’ exhibitions, in Lao PDR and in foreign countries, the date and venue should be promoted on the website. Access to the site should be provided for visitors to subsequent exhibition booths to contact the LHA following an exhibition. This will allow the LHA members to have business talks with visitors and facilitate follow-up. The JETRO expert also stressed increasing meetings, promoting and deepening the understanding of the people regarding SOZAI (materials) by holding exhibitions and repeating meetings and introductions with hotel owners and managers. This is based on the experiences of Japan; it took much time for a better understanding of the potential of SOZAI (materials) for diversifying customers.

Finally, let us consider whether hotel owners or managers lead hotel design decisions and whether architects or designers lead the decision-making on interior design. The actual decisions on the interior design should be made on a case-by-case basis. In accordance with the opinions expressed in the interviews, one handicraft SME did receive an order of bed covers from a hotel manager. Owners usually lead the interior design decisions when a hotel is newly built or a hotel is renovated, according to a hotel consultant. This difference is explained well by another SME’s opinion that a hotel manager must make decisions within the limited budget, while hotel owners are freer

from such a budget-line. There was also an opinion based on an experience that one owner did not understand interior design at all. Between a designer and an architect, a designer leads the discussion in many cases and sometimes an interior coordinator leads the discussion. The questionnaire survey (Chapter 3) provides much more detail to our research inquiries, with concrete percentages.

## **Conclusions**

This paper focused on the handicraft SMEs who won the SOZAI contest and exhibited their works at the Tokyo International Gift Show after the SOZAI project and their activities to promote the foreign and domestic interior market after reviewing previous studies on the process of SOZAI project in FY 2018. Several relevant points that have emerged are enumerated below.

First, several opportunities to participate in exhibitions or training in foreign countries arose, such as Style Bangkok, Expo 2020 Dubai, and the CBI training program for the home-textile value chain after returning from Japan; among them, Expo 2020 Dubai was postponed and the study tour of the CBI program to the European market was conducted online, due to the COVID-19 pandemic, while some handicraft SMEs did participate in Style Bangkok. Prospects for handicraft SMEs to visit foreign markets will be unlikely in 2021 and maybe 2022 due to the COVID-19 pandemic.

Second, regarding the promotion of the domestic SOZAI business, some handicraft SMEs were frustrated that the SOZAI panels did not sell well, even though they were decorated in the shops. With the advice of the JETRO expert, they recognized that the potential targets are interiors of hotels, restaurants, and cafés, with some handicraft SMEs constructing showrooms and decorating SOZAI panels as well as cloths. The LHA also developed a plan to build a showroom and form a team to explore the promotion of the new market of hotels, restaurants, and cafés. Second, the JETRO expert met with designers and architects and facilitated the exchange between the handicraft SMEs and designers and architects. Third, decisions on the interior design of a hotel are made on a case-by-case basis; the hotel owner is a decision-maker in many cases, while a hotel manager can sometimes lead such decision-making.

These conclusions, however, are not final; instead, they merely present a mid-term review. Yet, the activities of the handicraft SMEs are projected to diminish in 2021 and 2022. Thus, continuing the research in the following two years may not bear fruit, and we

must follow up the SOZAI business activities upon the passing of the COVID-19 pandemic.

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