Chapter 3

The potential application of Lao handicraft materials in hotel interior decoration: Findings from a questionnaire survey of hotels in Vientiane and Luang Prabang

Yasushi UEKI

Abstract

This study assesses Lao handicraft materials’ potential application in hotel interior decoration from the perspective of handicraft-user hotels. A questionnaire survey was developed to be implemented in hotels in Vientiane and Luang Prabang, Lao PDR in the beginning of 2021. The observations from the descriptive statistics reveal a potential demand for Lao handicrafts in the market for materials and products suitable for hotel interior design and decoration. However, the results also suggest the necessity of improving quality, cost, delivery, and marketing management. These findings should stimulate private initiatives to promote collaboration among handicraft small and medium-sized enterprises (SMEs) and between handicraft SMEs and interior decoration-related businesses and promote tourism to make the potential a reality.

Keywords: handicraft SMEs, hotel interior design, Lao PDR

Introduction

In Lao PDR, handicrafts and tourism are two main indigenous industries dominated by small and medium-sized enterprises (SMEs) that attract foreign customers. However, SMEs in these industries need to create higher quality, value-added products and services and develop non-conventional businesses to transform these industries into economically sustainable ventures. Japan External Trade Organization (JETRO) had supported the development of local handicraft SMEs in cooperation with Lao PDR Ministry of Industry and Commerce and the Lao Handicraft Association (LHA) through various projects, including the Gift Project (2015–2017) and the Sozai Project (2018).

The Sozai Project adopted a novel approach to developing new markets, including interior and architectural design, by selling the “materials” and “techniques” cultivated through traditional crafts rather than selling the final products of handicrafts. Sozai refers to raw materials in Japanese. The Sozai Project transferred this new concept for handicraft businesses to Lao handicraft SMEs and Lao PDR's government, providing technical assistance and policy recommendations based on a questionnaire survey of Lao handicraft firms (Ishida, 2019; Kamiesu, 2019; Ueki, 2019).

This study represents a follow-up investigation for the Sozai Project. The purpose of this study is to evaluate the market potential for Lao handicraft materials to the hotel industry and provide policy suggestions to the government of Lao PDR. For this purpose, a survey questionnaire was designed and administered to hotels in Lao PDR's two major tourist destinations: Vientiane Capital and Luang Prabang. This paper summarizes the results of the questionnaires.

The remainder of this paper is structured into five sections. Following this introduction, Section 2 introduces the method of the questionnaire survey. Section 3 presents the characteristics of the respondent hotels. Section 4 provides an overview of the procurement of interior materials and products by the respondent hotels, without a special focus on Lao handicrafts. Section 5 moves into detailed questions to assess Lao handicrafts' potential as hotel interior decoration and design elements. Section 6 concludes this study and discusses policy implications.

1. Method

This study mostly uses a dataset developed for a research project entitled "New Developments of 'Sozai (Material)' Business for Handicraft SMEs in Lao PDR," which was organized by the Institute of Developing Economies (IDE-JETRO) in the Japanese fiscal year 2020 (April 2020 to March 2021). To create the dataset, IDE-JETRO conducted a questionnaire survey in close collaboration with the Economic Research Institute for Industry and Trade (ERIIT), a research institute under the Lao PDR government's Ministry of Industry of Commerce.

1.1. Preparation for the survey

The author and the ERIIT team embarked on developing the questionnaire for the survey in November and completed the final draft in December 2020. The survey form was translated from English into Lao to enable Lao respondents to complete the questionnaire more easily.

When the translation was completed, in the first week of January 2021, the enumerators selected from ERIIT staff were invited to attend the survey method's training. Participants in the training included those who had joined the previous survey with the

IDE-JETRO in 2018 (Ueki, 2019) and could share their experiences in the previous survey with the new enumerators. This arrangement promoted their better understanding of the questionnaire and survey method. After the training, ERIIT organized two survey teams of six, totaling 12 members. Each team consisted of a team leader and five enumerators. Among the participating interviewers, 60% of them had experienced the 2018 survey, whereas this was the first survey project for 40% of the participants. Following the training, the survey team tested the draft questionnaire form. The trial results were shared with the author to ensure that the interviewers interpreted the questions and method as designed and to provide further clarification on some confusing questions.

1.2. Sampling

According to the tourism statistical report issued by the Lao PDR Tourism Development Department (TDD, 2020), in 2019, 2,920 accommodations operated in Lao PDR, including 637 hotels, 1,913 guesthouses and apartments, and 370 resorts. As of September 2020, 73 hotels and 57 guesthouses nationwide received the certificate of hotel and guesthouse standards issued by the TDD, which use a rating system ranging from 1 to 5 stars for hotels and 3 (highest) to 1(lowest) Dokchampa for guesthouses. The Dokchampa standard, used to grade guesthouses, is named after a Lao national flower.

By province, the areas with the first and second-largest number of hotels, guesthouses, and other accommodation types in 2020 are Vientiane capital, with 15.5% (452 entities), and Luang Prabang province, with 11.9% (348 entities). Therefore, this study chose these locations as the survey sites, mainly targeting hotels, guesthouses, and apartments as survey samples.

The survey applied a stratified sampling technique to select the samples from the population using a combination of the data from TDD and major online hotel booking websites, namely, agoda.com and airbnb.com. As a result, 155 accommodation establishments were selected. These include 137 selected from the list of TDD and 18 from online hotel booking websites.

1.3. Data collection

One of the two survey teams was assigned to collect data in the Vientiane capital, and the other collected data in Luang Prabang province to complete the data collection. In practice, each team was divided into two sub-groups and had a team leader in monitoring and assisting. The ERIIT's survey teams started sending the questionnaire on January 11th, 2021. The questionnaire with an official letter from ERIIT attached was sent directly to the hotel owners, guesthouses, and apartments. After sending the documents, the enumerators contacted the business owners or representatives to set an interview date. The survey team could also obtain responses by mail.

The survey team succeeded in obtaining a response rate of 77.4%, as 120 valid responses to the 155 forms sent were received, including 80 responses from the Vientiane capital and 40 from Luang Prabang province. The survey team collected about 70% of the total responses through interviews, whereas the other 30% of the questionnaires were completed and returned by business owners, mostly within five working days, whereas it took more than seven days in some cases. Thirty-three entities were not available to participate in the interview, and two were closed.

2. Characteristics of the respondent hotels

The questionnaire asked about various attributes, business performance, and strategy of the respondent hotels before investigating the main research issue of using Lao handicraft materials and products for accommodations. This section provides an overview of the respondents' business characteristics.

2.1. Basic characteristics of the respondent hotels

The respondent businesses tend to be relatively new, independent, and Lao family-owned accommodations that are deemed 3-star or a higher rated equivalent to the Lao standard and relatively larger than the average hotel size.

The respondent hotels were mainly established in the 2000s, ranging from 1967 to 2018. The mean and median are 2008.5 and 2009, respectively (Q1 in the questionnaire). The respondent hotels are categorized into various accommodation types that include hotels (88 respondents, 73.3%), boutique hotels (17 respondents, 14.2%), guesthouses (8 respondents, 6.7%), apartments (5 respondents, 4.2%), and villa, cottage, lodge, or bungalow (2 respondents, 1.7%) (Q4). This study referred to all categories of accommodations collectively as hotels. In terms of the type of hotel management, 110 respondents (91.7%) are independent, whereas only 6 respondents (5.0%) and 4 respondents (3.3%) are managed or franchised by hotel chains, respectively (Q5).

The hotels are mostly locally owned (89 hotels, 74.2%), whereas the rest are composed of joint ventures (6 hotels, 5.0%) or 100% foreign-owned (25 hotels, 20.8%). The foreign owners derive from diversified country origins, including China (8 hotels), France (5 hotels), Vietnam (5 hotels), Singapore (4 hotels), Thailand (2 hotels), Australia

(2 hotels), Hong Kong (1 hotel), India (1 hotel), Korea (1 hotel), Russia (1 hotel), and Sweden (1 hotel) (Q6).

Reflecting the minority position of foreign-owned firms, only 10 respondents (8.3% of the 120 respondents) have experience with mergers and acquisitions (M&A) (Q2). Nevertheless, even with the dominance of 74.2% locally owned firms, only 38.3% (46 respondents) are members of the Lao Hotel and Restaurant Association (Q3).

Among the 95 locally owned respondents, including joint ventures, 79 hotels (83.2% of the 95 locally owned hotels), ownership gender is relatively balanced, with 44 hotels (46.3%) having male owners, 48 hotels (50.5%) having female owners, and 3 hotels choosing not to respond to this question. The owners' ethnicity is mostly Lao, at 91 (95.8%). However, the survey asked the question on owners' ethnicity with an expectation that owners belonging to an ethnic minority group will prefer using local handicrafts (Q7).

The respondent hotels' sizes are diversified; however, their average may be larger than the country average. The size was measured by the number of rooms and beds (Q8). The number of rooms at the time of the survey ranges from 6 to 311, and the mean and median are 52.2 and 38, respectively. The number of beds is distributed between 6 and 423, having a mean of 72.6 and a median of 51.5. These values are larger than the averages of the total number of rooms (25.9) and beds (32.7) of all hotels, guest houses, and resorts in Vientiane Capital and Luang Prabang for 2019 calculated from the aggregate number reported by the TDD (2020) (Q8). This distribution in the size of the respondent hotels may reflect relatively advanced business foundations. Among the 120 respondents, 76 hotels (63.3%) are rated based on the Lao standard, mostly with 3 or more stars, with one 1-star, five 2-star, 39 3-star, 21 4-star, three 4.5-star, and seven 5-star hotels (Q10).

Most of the respondent hotels use information and communication technologies for promotion. Some 73 hotels (60.8%) operate their own websites. Multiple hotels make use of social networking services such as Facebook (93 hotels, 77.5%), WhatsApp (50 hotels, 41.7%), WeChat (22 hotels, 18.3%), Line (20 hotels, 16.7%), Instagram (18 hotels, 15.0%), and Twitter (3 hotels, 2.5%) (Q13.1). To facilitate room booking, 58 hotels (48.3%) use a booking form on their own websites and 88 hotels (73.3%) allow their guests to book rooms through online travel services (Q14).

Although the respondent hotels include diversified hotel categories, they are mostly internationalized from guesthouses to 5-star hotels. English is used at 108 (90.0%) of the respondent hotels. Other languages available include Thai (95 hotels, 79.2%), Chinese (49 hotels, 40.8%), Vietnamese (22 hotels, 18.3%), French (19 hotels, 15.8%), Korean (3 hotels, 2.5%), German (2 hotels, 1.7%), and Japanese (1 hotel, 0.8%) (Q12). One hundred hotels (83.3%) offer hotel information in English (Q13.2).

The survey questionnaire included additional questions regarding the effects of the COVID-19 pandemic on Lao PDR’s hotel business. For example, standard rates for a single room in Lao kip dropped during the period between 2019 and 2020. Reflecting on the respondent hotels’ diversity, the standard rates for a single room are broadly distributed between 100,000 and 16,000,000 kip in 2019 and between 80,000 and 16,000,000 kip in 2020. The mean and median of the standard rates are 597,641.7 kip and 300,000 kip in 2019, respectively. These values decreased to 42,3858.3 kip (mean) and 200,000 kip (median) in 2020, respectively. This decreased room rate can be affected if the standard rates include breakfast. In reality, the rate including breakfast decreased in 56 hotels (46.7%) in 2019 and 44 hotels (36.7%) in 2020. Nevertheless, decreases in the standard rates and the percentage of hotels lowering the rate of including breakfast reflect the effects of the coronavirus pandemic in 2020 (Q11).

The number of employees of the respondent hotels is another indicator that indicates the impact of COVID-19. This indicator for hotel size ranged from 2 to 220, with mean and median values of 32.0 and 20, respectively, as of December 2019. The employee size range changed to distribute between 0 and 200, whereas the mean and median decreased to 19.4 and 8.5, respectively, in December 2020 (Q9). The hotel without employees implies a temporal closure. During the same period, the mean and median of room occupancy rate significantly decreased, from 62.6 percent to 23.7 percent and from 60.0 percent to 20.0 percent, respectively (Table 1, Q16). This considerable decrease in room occupancy rate reflects the hotel business’s pandemic-related circumstances, with half the 120 respondent hotels temporally suspending their hotel operation due to COVID-19. The period of such temporary closure is broadly distributed, from 1 month (1 hotel, or 1.7% of the 60 temporally closed hotels) to 2 months (10 hotels, 16.7%), 3 months (14 hotels, 23.3%), 4 months (7 hotels, 11.7%), 5 months (7 hotels, 11.7%), 6 months (8 hotels, 13.3%), 7 months (4 hotels, 6.7%), 8 months (4 hotels, 6.7%), 9 months (4 hotels, 6.7%), and 12 months (1 hotel, 1.7%) (Q18).

Table 1 (Q16). % of room occupancy

Room occupancy	2018		2019		2020	(estimate)
0-9%	0	0.0%	0	0.0%	16	13.3%
10-19%	0	0.0%	2	1.7%	41	34.2%
20-29%	3	2.5%	7	5.8%	26	21.7%
30-39%	4	3.3%	12	10.0%	15	12.5%
40-49%	11	9.2%	6	5.0%	8	6.7%
50-59%	12	10.0%	22	18.3%	3	2.5%
60-69%	11	9.2%	13	10.8%	2	1.7%
70-79%	26	21.7%	16	13.3%	3	2.5%
80-89%	26	21.7%	18	15.0%	3	2.5%
90-100%	27	22.5%	24	20.0%	3	2.5%
Total	120	100.0%	120	100.0%	120	100.0%

Source: IDE-ERIIT Lao Handicraft Survey 2021.

The extreme limitation of the international movement of tourists also decreased the hotels' dependence on foreign guests. The respondents' shares of foreign guests in 2019 ranged from 16% to 100%, with a mean and median of 47.6% and 45.0%, respectively. The figures for mean and median dropped to 15.3% and 10.0%, respectively, in 2020 (Table 2, Q17). Consequently, Lao residents have increased in importance as hotel guests. The country origins of guests who were the most important for the respondent hotels in 2019 were Thailand for 24 hotels, China (23 hotels), France (21 hotels), and Korea (10 hotels). In contrast, Lao guests were the most important for 21 hotels. In 2020, Lao people were the most important for 51 hotels, followed by Thai (21 hotels), Chinese (19 hotels), French (7 hotels), Korean (7 hotels), and the United States (7 hotels) (Q19).

Table 2 (Q17). % of foreign hotel guests

Foreign guests	2018		2019		2020	
0-9%	4	3.3%	6	5.0%	54	45.0%
10-19%	13	10.8%	16	13.3%	40	33.3%
20-29%	5	4.2%	14	11.7%	7	5.8%
30-39%	14	11.7%	19	15.8%	4	3.3%
40-49%	9	7.5%	7	5.8%	1	0.8%
50-59%	12	10.0%	10	8.3%	5	4.2%
60-69%	10	8.3%	10	8.3%	3	2.5%
70-79%	19	15.8%	9	7.5%	2	1.7%
80-89%	14	11.7%	13	10.8%	1	0.8%
90-100%	20	16.7%	16	13.3%	3	2.5%
Total	120	100.0%	120	100.0%	120	100.0%

Source: IDE-ERIIT Lao Handicraft Survey 2021.

This increased importance of Lao guests has changed the types of hotel guests categorized by their travel purpose. The most important guests by travel purpose for the respondent hotels in 2019 were business trips (39 hotels), group tours (31 hotels), and individuals (12 hotels). In contrast, backpackers, meeting/incentive/convention/event (also known as MICE), and day-use were the most important for only two hotels. In 2020, more hotels (41 respondents) considered individuals as their most important guest type, whereas the number of hotels that recognized group tours as the most important decreased to 17 hotels (Q20).

To overcome the difficult situation under the COVID-19 pandemic, capabilities to achieve innovations, improve service quality, and enhance customer satisfaction will be more important for Lao PDR hotels. The respondents had been innovative during 2017–2019 enough, very actively introducing new marketing and advertising methods (40 hotels), new booking methods (34 hotels), and new products and services (32 hotels). Contrary to these activities, fewer respondents had actively adopted new equipment (25 hotels) or new design and decoration (24 hotels) (Table 3, Q21).

Table 3 (Q21). Has your hotel actively introduced innovative products, services, and other things in 2017-2019?

	Activity level				
	1	2	3	4	5
21.1. New products and services	3	5	30	50	32
21.2. New equipment	2	5	34	54	25
21.3. New design and decoration	2	6	40	48	24
21.4. New management methods for back office	4	7	34	48	27
21.5. New ICT systems for back office	7	8	36	46	23
21.6. New booking methods	5	5	30	46	34
21.7. New marketing and advertising methods	3	4	28	45	40

Notes: Activity level: 1 = Very inactive; 2 = Inactive; 3 = Neutral; 4 = Active; 5 = Very active.
Source: IDE-ERIIT Lao Handicraft Survey 2021.

In 2019, the hotels surveyed considered mainly eco-related elements extremely important to their service quality, such as organic food (42 hotels), staff with environmentally conscious attitudes (41 hotels), energy-efficient air conditioning temperature setting (40 hotels), and decrease in food loss and food waste (40 hotels). In contrast, equipment made of natural materials (19 hotels) and products with eco-labels (17 hotels) were not recognized as extremely important elements by many hotels, although these elements contribute to environmental preservation and sustainability (Table 4, Q22). These results suggest that what hotels considered extremely important are elements that contribute to cost reduction in hotel operation among various activities that help preserve the environment.

Table 4 (Q22). How important were the following elements for service quality of your hotel in 2019 (before the COVID-19)?

	Importance				
	1	2	3	4	5
22.1. Natural materials in hotel building	4	3	30	60	23
22.2. Equipment made of natural materials	5	4	35	57	19
22.3. Paintworks made of environmentally friendly substances	5	4	39	48	24
22.4. Bedding made of natural materials	3	7	43	44	23
22.5. Floor coverings made of natural materials	4	5	47	43	21
22.6. Energy-efficient lighting in hallways and restrooms	3	2	23	54	38
22.7. Energy-efficient air conditioning temperature setting	2	3	22	53	40
22.8. Water-saving system in bathrooms/restrooms	3		23	59	35
22.9. Environmentally friendly detergents	3	4	36	48	29
22.10. Products made with recycled materials	4	8	34	52	22
22.11. Products with eco-label	4	7	47	45	17
22.12. Environmentally friendly suppliers	5	5	47	36	27
22.13. Waste disposal into recycling cans	6	10	41	42	21
22.14. Traditional food with local specialties	5	1	41	41	32
22.15. Organic food	6	2	24	46	42
22.16. Decrease in food loss and food waste	3	6	25	46	40
22.17. Staff with environmentally conscious attitudes		4	21	54	41

Notes: Importance: 1 = Not use/provide; 2 = Slightly important; 3 = Moderately important; 4 = Very important; 5 = Extremely important.

Source: IDE-ERIIT Lao Handicraft Survey 2021.

3. Procurement of hotel interior decorations

Before going into detail regarding the main objective of this study—the potential of Lao handicraft materials and products in the market of interior decoration for accommodations—the questionnaire survey attempted to observe the overall circumstances of the hotels' procurement of interior materials, decorations, furniture/fixtures/equipment (FFE) and operational supplies and equipment (OS&E).

The section on procurement of hotel interior decorations in the questionnaire begins with a question (Q23) regarding the interior design style of the respondent accommodation, on the assumption that consistency with the hotel concept will be a crucial factor in the selection of interior materials, decorations, FFE, and OS&E. At the same time, this assumption will also be asked as a question later (Q25). The result demonstrates that widely adopted styles include “Lao traditional” (31 respondent accommodations) and “simple” (25), whereas some accommodations adopt the “Lao traditional,” “simple,” “colonial” styles, or a mix of these styles. These findings suggest that a significant number of Lao PDR accommodations have interior styles compatible with the simple and plain design and texture that is unique to Lao handicrafts.

Following the question on the respondent hotels’ interior design style, the survey asks various questions regarding interior materials, decorations, FFE, and OS&E. The first important question about hotel interiors is about the main producer countries of the hotel’s interior materials, OS&E, and FFE (multiple answers allowed) to confirm the extent to which hotels in Lao PDR use home-manufactured products. Table 5 (Q24) summarizes the result. This table differs from Table 11 (Q30) based on the question (Q30), which focuses only on Lao handicrafts. Table 5 (Q24) reveals that more than half the respondent hotels use locally produced products, including uniforms (99 respondents, or 82.5% of the 120 respondent hotels), FFE (97, 80.8%), artwork (86, 71.7%), and wall decoration materials (79, 65.8%). The respondent hotels also commonly use products made in Thailand, in particular, bath amenities (92, 76.7%), lighting equipment and lampshades (88, 73.3%), stationary (82, 68.3%), linens, toweling, and other fabrics (81, 67.5%), cups and dishes (73, 60.8%), and floor materials (69, 57.5%).

Table 5 (Q24). Main producer countries of hotel interiors and operating supplies

	Laos	Thailand	Viet Nam	China	EU	Others	Don't know
24.1. Furniture, Fixture	97	53	9	16	4	1	
24.2. Linens, Toweling, Other fabrics	57	81	8	17	6	1	
24.3. Wall decoration material	79	52	9	25	3	1	
24.4. Floor material	60	69	9	17	2		
24.5. Rug	35	53	5	30	3		14
24.6. Cup, Dishes	50	73	3	28	4		1
24.7. Bath amenities	34	92	3	11	10		1
24.8. Stationaries	51	82	5	12	3		1
24.9. Artworks	86	23	6	11	7		18
24.10. Uniforms	99	17	3	6	2		14
24.11. Spa equipment	26	54	6	8	9		49
24.12. Lighting equipment, lampshade	46	88	3	24	9	1	

Source: IDE-ERIIT Lao Handicraft Survey 2021.

Why did the respondent hotels choose products made in different countries? To obtain some insights into the reasons, this survey asked about the criteria for procurement of interior materials, decorations, FFE, and OS&E. Question (Q25) provides a list of 10 possible criteria, asking the respondents to rank them according to their importance. Table 6 (Q25) summarizes the answers. Although Table 6 (Q25) is similar to Table 13 (Q33), summarizing answers to question (Q33), these are different. Question (Q33) limits the product focus to locally produced handicrafts.

As shown in Table 6 (Q25), the most important criteria chosen by the largest number of the respondent hotels are cost (price) (41 respondent hotels). The second most important criterion chosen by the largest number of hotels is quality (43). As the third most important criterion, 20 hotels selected design, whereas 19 hotels also choose timeliness or on-time delivery, almost like the hotels that selected design.

Table 6 (Q25). Criteria of selecting interior materials, decorations, furniture/fixture/equipment (FFE), or operational supplies/equipment (OSE)

	Ranking									
	1	2	3	4	5	6	7	8	9	10
25.1. Price/Cost	41	20	16	10	9	7	5	5		7
25.2. Quality	34	43	16	6	3	3	5	4	4	2
25.3. Timely/On-time delivery	4	6	19	8	14	12	14	19	10	14
25.4. Design	12	22	20	23	14	11	9	4	3	2
25.5. Consistency with the hotel concept	13	9	13	17	23	13	12	6	9	5
25.6. Safeness	1	5	12	22	13	31	7	10	12	7
25.7. Eco-friendliness	1	4	5	10	7	14	32	20	18	9
25.8. Durableness	7	2	6	14	22	9	13	31	9	7
25.9. Maintainability	2	6	4	6	13	12	15	7	38	17
25.10. Locally made products with Lao materials	5	3	9	4	2	8	8	14	16	51

Notes: Ranking: 1 = 1st; …; 10 = 10th.

Source: IDE-ERIIT Lao Handicraft Survey 2021.

In sum, the respondent hotels place importance on the fundamental requirements for good procurement related to quality, cost (price), and delivery (QCD), which are followed by design that is consistent with the hotel concept, safety, and eco-friendliness. Contrary to these criteria, the hotels place a low priority on durability and maintainability. The criterion of locally made products with Lao materials is the least important.

It is also assumed procurement decisions on hotel interior materials, decorations, FFE, and OS&E will be dependent on the preference of those who have decision-making power. Table 7 (Q26) and Table 8 (Q28) present that the owner has the most influence on interior design selection, FFE, floor materials, and wall materials for room interior decoration and hotel supplies. More than 85% of the respondent hotels consider their owner as having a deciding voice in these choices. Although general managers serve important functions in hotel operation, they influence the procurement of hotel supplies in 10.8% of the hotels and 6.7% on the purchase of materials and FFE only.

Table 7 (Q26). Who is the most influential person in the interior design and choice of furniture, fixture, equipment, floor materials, wall materials, for room interior decoration

1. Owner	103	85.8%
2. Hotel management company	3	2.5%
3. Hotel developer	1	0.8%
4. General manager	8	6.7%
5. Architect/Designer	4	3.3%
6. Constructor	1	0.8%

Source: IDE-ERIIT Lao Handicraft Survey 2021.

Table 8 (Q28). Who is the most influential person in choosing hotel supplies?

1. Owner	106	88.3%
2. General manager	13	10.8%
3. Procurement manager	1	0.8%

Source: IDE-ERIIT Lao Handicraft Survey 2021.

Although hotels are likely to depend on owners' decisions and preferences on the selection of interior materials and equipment, some owners will draw on proposals from architects, designers, and other professionals and specialized companies, according to interviews with Lao architects that this study conducted. Based on the interview results, this survey included questions (multiple answers allowed) about the national origins of the architectural companies, architects (Q29.1), and designers (Q29.2) that developed the interior design of the respondent hotels. As shown in Table 9 (Q29), many respondent hotels hire Lao architectural companies and architects (98, 81.7%) and designers (87, 72.5%). However, a few hotels use architectural companies, architects, and designers from Thailand, China, Vietnam, and Europe.

Table 9 (Q29). National origins of the architectural company/architect and the designers who made interior design of your hotel

	29.1. Architectural company/ Architect		29.2. Designer	
1. Lao	98	81.7%	87	72.5%
2. Thai	23	19.2%	29	24.2%
3. Chinese	13	10.8%	13	10.8%
4. Vietnamese	8	6.7%	9	7.5%
5. European	7	5.8%	7	5.8%
6. Others	1	0.8%	2	1.7%

Source: IDE-ERIIT Lao Handicraft Survey 2021.

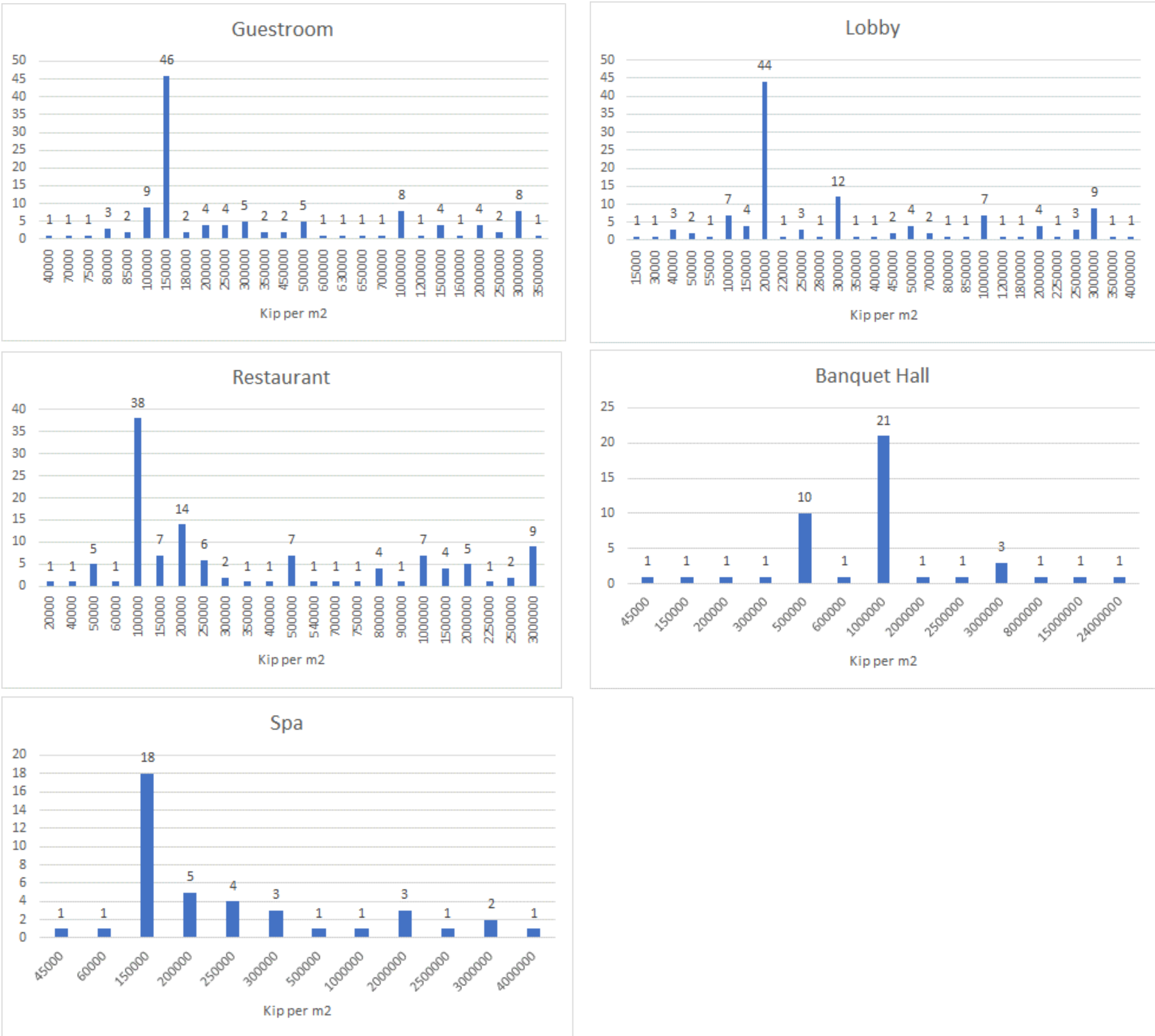
Even though various factors will affect procurement of goods by hotels, the most important criterion for the respondent hotels is price, as described above. The questionnaire included a question (Q27) regarding price, which precisely asked the respondent hotels about the budget for decoration of guest rooms, lobby, restaurant, banquet hall, and spa per square meter in the local currency (Lao kip). Considering the significant variance in the hotels' budget amounts, as illustrated in Figure 1 (Q27), both mean and median values are used to observe the answer to the question in Table 10 and Figure 1 (Q27). The guest room decoration budget ranges from 40,000 kip per square meter (roughly equivalent to 4 USD at the exchange rate as of the end of February 2021) to 3,500,000 kip (about 375 USD). For this purpose's budget, the median value is 150,000 kip (about 16 USD), whereas the mean value is 633,625 kip (68 USD). A similar difference between the median and mean is observed for budgets to decorate lobbies, restaurants, and spas. The mean values are 701,833 kip (75 USD) for lobbies, 647,583 kip (69 USD) for restaurants, and 626,951 kip (67 USD) for spas, which are much larger than the median value of 200,000 kip (21 USD) for these budget items. Interior decoration of banquet halls has the largest budget, of which median and mean values are 1,000,000 kip (107 USD) and 1,995,341 kip (214 USD), respectively.

Table 10 (Q27). Budget for interior decoration (Kip per m2)

	Mean (Kip)	Median (Kip)	Min (Kip)	Max (Kip)	Don't have
27.1. Guestroom	633,625.0	150,000	40,000	3,500,000	
27.2. Lobby	701,833.3	200,000	15,000	4,000,000	
27.3. Restaurant	647,583.3	200,000	20,000	3,000,000	
27.4. Banquet Hall	1995,341.0	1,000,000	45,000	24,000,000	77 (64.2%)
27.5. Spa	626,951.2	200,000	45,000	4,000,000	79 (65/8%)

Source: IDE-ERIIT Lao Handicraft Survey 2021.

Figure 1 (Q27). Budget for interior decoration (Kip per m2)



Source: IDE-ERIIT Lao Handicraft Survey 2021.

These average values and budget distributions indicate that some hotels allocate a sizable amount of their interior decoration budgets. This observation is consistent with results of the interviews that the author had with Lao architects that some hotels use; 250 to 500 USD per square meter for interior decoration. These findings suggest that handicraft producers who aspire to develop interior decoration materials, FFE, and OS&E for domestic hotels use can target markets of higher-end use and accommodations. Handicraft SMEs can realize the room interior market's potential growth by devising an inventive approach to making this new venture profitable at the price level observed.

4. The potential of Lao handicrafts as hotel interior decorations

Section 4 focused on hotel interior goods produced in any country, with any materials, and by any production method. This section provides an overview of the questions developed to assess the potential of Lao handicraft use in hotel interior decorations.

4.1. Assessment of the market potential

This section begins by assessing the presence or absence of Lao handicrafts' market potential in the hotel industry. Without establishing this potential, it would not be logical to investigate further the details of hotel interior decorations using Lao handicrafts. The questionnaire asked about the respondents' degree of interest in Lao handicrafts by item (Q30) and utilization site (Q31).

Table 11 (Q30) presents that the most used Lao handicraft items are FFE, which are already in use by 47 respondent hotels (39.2%). Other widely used items include uniforms (36 hotels, 30.0%), wall decoration materials (32 hotels, 26.7%), and artwork (30 hotels, 25.0%). The items that draw considerable interest from the hotels are bath amenities, cups and dishes, stationery, linens, and toweling. Sixty-eight hotels (56.7%) responded with "very interested" or "extremely interested" regarding bath amenities, 66 hotels (55.0%) for cups and dishes, 66 hotels (55.0%) for stationary, and 61 hotels (50.8%) for linens and toweling. Contrary to these items, the items that the respondent hotels do not use are mainly spa equipment (34 hotels, 28.3%), artwork (16 hotels, 13.3.%), uniforms (15 hotels, 12.5%), and rugs (13 hotels, 10.8%).

Table 11 (Q30). What kind of Lao handicraft materials and products can be used at your hotel? Please state the degree of your interest. (Please tick ONE of the choices)

	Degree of interest						
	1	2	3	4	5	6	7
30.1. Furniture, Fixture			4	26	36	7	47
30.2. Linens, Toweling	4		7	29	27	34	19
30.3. Wall decoration material	1		7	30	28	22	32
30.4. Floor material	2	1	12	28	30	27	20
30.5. Rug	13	5	11	28	27	29	7
30.6. Cup, Dishes	4	5	8	27	33	33	10
30.7. Bath amenities	4		10	27	32	36	11
30.8. Stationaries	4		10	27	31	35	13
30.9. Artworks	16	1	8	24	24	17	30
30.10. Uniforms	15	1	10	20	29	9	36
30.11. Spa equipment	34	6	10	24	21	9	16
30.12. Lighting equipment, lampshade	4	2	12	26	32	17	27

Notes: Degree of interest: 1 = Does not use the item; 2 = Not at all interested; 3 = Slightly interested; 4 = Moderately interested; 5 = Very interested; 6 = Extremely interested; 7 = Already used Lao handicraft.

Source: IDE-ERIIT Lao Handicraft Survey 2021.

More than half the respondents already use, or are very or extremely interested in using, Lao handicraft materials and products, mainly in the lobby or lobby area (e.g., reception, restroom), eating and drinking facilities (e.g., restaurant, lounge), and guest rooms. The areas inside hotels where more respondents indicated that they already use Lao handicraft materials and products are reception (41 hotels, 34.2%), lobby (37 hotels, 30.8%), and guest rooms (36 hotels, 30.0%). Respondents also answered that they are very or extremely interested in using Lao handicrafts in their reception (40 hotels, 33.3%), lobby (39 hotels, 31.7%), and guest rooms (38 hotels, 32.5%). Other areas where they are very or extremely interested in using such materials and products are restrooms (40 hotels, 33.3%), restaurants (39 hotels, 32.5%), and lounges (37 hotels, 30.8%) (Q31).

Table 12 (Q31). Which spaces/places/facilities of your hotel will be suitable for Lao handicraft materials and products? Please state the degree of your interest.

	Degree of interest						
	1	2	3	4	5	6	7
31.1. Lobby	12		6	27	24	14	37
31.2. Reception	1	1	6	31	24	16	41
31.3. Guest room	10		6	29	25	14	36
31.4. MICE venue	34	5	4	32	28	6	11
31.5. Restaurant	10	2	8	35	23	16	26
31.6. Café,	33	5	9	31	18	9	15
31.7. Bar	35	7	8	30	21	8	11
31.8. Lounge	31	1	9	22	25	12	20
31.9. Hotel shop	40	5	12	24	18	13	8
31.10. Spa	44	4	7	18	21	13	13
31.11. Rest room	7	7	13	32	23	17	21

Notes: Degree of interest: 1 = Not have the space, facility; 2 = Not at all interested; 3 = Slightly interested; 4 = Moderately interested; 5 = Very interested; 6 = Extremely interested; 7 = Already used Lao handicraft.

Source: IDE-ERIIT Lao Handicraft Survey 2021.

Why do Lao handicrafts attract interest from the hotels? Under the assumption that local materials are one of their advantages, the questionnaire also asked the hotels about their use and interest in Lao handicrafts by material (Q32). The materials or products made with the materials in which the respondent hotels show interests or currently use are wood (103 hotels, 85.8%), cotton (71 hotels, 59.2%), other textiles (57 hotels, 47.5%), rattan (53 hotels, 44.2%), bamboo (45 hotels, 37.5%), and clay (31 hotels, 25.8%). These results are consistent with the similar question described above (Q30) on the degree of interest in Lao handicrafts by product regarding which the hotels expressed considerable interest in furniture, cups and dishes, linens, and toweling. A new finding from the material's question is that a few hotels expressed interest in metals and metal products (i.e., silver and bronze).

To understand the criteria to choose Lao handicraft materials and products for interior materials, decorations, FFE, and OS&E, in the same way as Table 6 (Q25), question (Q33) lists ten possible advantages of Lao handicrafts and asks respondents to rank them according to their importance. As Table 13 (Q33) summarizes, the largest number of the respondents identify price or cost (41 hotels, 34.2%) as the most important advantage, quality as the second most important (47 hotels, 39.2%), and timeliness or on-time delivery (35 hotels, 29.2%) as the third most important advantage. Although many hotels express interest in using Lao handicrafts (Q34) as described below, handicraft SMEs are expected to satisfy QCD requirements, which are fundamental procurement conditions for most industries. The fourth and fifth advantages are design (31 hotels, 25.8%) and consistency with the hotel concept (33 hotels, 27.5%). These findings suggest that hotels in Lao PDR can take advantage of Lao handicrafts' characteristics only when the products of Lao handicraft manufacturers satisfy QCD requirements. This observation is consistent with the fact that "the largest number of the respondents chose locally made products with Lao materials" (43 hotels, 35.8%) as the 10th most important or the least prioritized factor. These results indicate that hotels do not perceive making interior designs more attractive to hotel guests by only using Lao handicrafts.

Table 13 (Q33). The values/advantages of Lao handicraft materials and products made with Lao handicraft materials (technique/skills of Lao craftspeople) as interior decoration.

	Ranking									
	1	2	3	4	5	6	7	8	9	10
33.1. Price/Cost	41	26	6	9	8	6	6	4	4	10
33.2. Quality	37	47	7	5	7		5	3	7	2
33.3. Timely/On-time delivery	6	8	35	7	4	12	9	7	12	20
33.4. Design	13	13	24	31	13	7	8	5	3	3
33.5. Consistency with the hotel concept	3	9	10	22	33	13	7	7	12	4
33.6. Safeness	2	4	15	14	20	30	16	7	8	4
33.7. Eco-friendliness	2	7	4	8	8	23	35	19	7	7
33.8. Durableness	1	3	11	6	20	9	17	35	11	7
33.9. Maintainability	1	2	5	10	5	14	9	19	35	20
33.10. Locally made products with Lao materials	13	2	3	8	2	6	8	14	21	43

Notes: Ranking: 1 = 1st; …; 10 = 10th.

Source: IDE-ERIIT Lao Handicraft Survey 2021.

To assess the existence or absence of the potential demand for Lao handicraft materials and products for the use of interior materials, decorations, FFE, and OS&E, question (Q34) in the survey also asked the respondents whether Lao handicraft materials and products provide their hotel with more value than equivalent mass-produced materials and products. In other words, whether they will pay more for Lao handicrafts if Lao handicraft SMEs can satisfy their procurement guidelines and criteria except price. Some 23 hotels (19.2%) agreed and 19 (15.8%) hotels strongly agreed with Lao handicrafts’ value. If the respondents who agree somewhat (51 hotels, 42.5%) are considered, 93 respondent hotels (77.5%) expect to provide more value to their guests. Therefore, the use of Lao handicrafts by hotels in Lao PDR can be expanded if more Lao handicraft materials and products meet the hotels’ requirements.

4.2. Restrictions to new market development

Although Lao handicrafts’ potential value is recognized by potential customers in the hotel industry, why are Lao handicraft producers unable to develop new applications of their products for the hotel decoration market? The author and research team assumed that limited access to information on handicraft producers and products hinder hotels in Lao PDR from recognizing Lao handicrafts as available sources of decoration materials and products from the discussions with Lao architects and designers.

The survey included a question (Q35) regarding the difficulties with accessing six types of information to investigate this problem. As shown in Table 14 (Q35), the answers to these questions suggest that 57 hotels (47.5%) recognize that it will be difficult, very difficult, or impossible to obtain information on Lao handicraft producers. It will also be difficult, very difficult, or impossible to obtain information on sales agents (51 hotels, 42.5%), price (49 hotels, 40.8%), and lead time (47 hotels, 39.2%). Only around 20% of the hotels assume that they will be able to access such information easily or very easily.

Table 14 (Q35). How easy/difficult for your hotel to obtain the following information on Lao handicraft materials and products?

	1. Impossible	2. Very difficult	3. Difficult	4. Possible	5. Easy	6. Vey easy
35.1. Price	3	9	37	44	18	9
35.2. Quality	1	6	37	59	11	6
35.3. Inventory	2	8	24	60	14	12
35.4. Lead time	2	10	35	51	10	12
35.5. Producer	2	12	43	40	11	12
35.6. Sales agent	1	11	39	42	11	16

Source: IDE-ERIIT Lao Handicraft Survey 2021.

In consideration of the apparent preponderance of dependence on imports of hotel interior materials and products from Thailand, as shown in Table 5 (Q24), this study asked whether the limited availability of information on Lao handicrafts is an important reason why Lao hotels use imported materials and products. Some 22 hotels (18.3%) agreed and 7 hotels (5.8%) strongly agreed with this presumption. If the 48 hotels (40.0%) that somewhat agreed are considered, 64.2% of the respondents consider lack of information as a contributing factor to choosing imported materials and products (Q36). This finding is consistent with the result of the previous question (Q35).

4.3. Connection of hotels in Lao PDR to handicraft and interior decoration businesses

Difficulties in accessing information on Lao handicrafts may be caused by the lack of opportunities for hotels to be aware of and communicate with local handicraft and interior decoration businesses. These cross-industry linkages will be an important resource for handicraft producers to develop the hotel interior decoration market. Closer ties with hotels will allow handicraft SMEs to raise hotel development and renovation projects or regular changes to interior decorations. Such opportunities will bring new ideas and requirements to suppliers of interior materials and equipment and motivate handicraft manufacturers to create new designs and products. This survey asked the respondent hotels about their relationships with handicraft businesses and architects/designers to understand these businesses’ current circumstances (Q37).

Regarding the relationships with handicraft manufacturers, about half the respondent hotels (57 hotels, 47.5%) have owner, managers, or staff who go to the Lao Handicraft

Festival; a unique national event where handicraft artisans from various provinces come together in Vientiane to exhibit their products (Q37.1). Notably, only 23 hotels (19.2%) have contact with the LHA, the organization that hosts the festival (Q37.2). Nevertheless, 39 hotels (32.5%) have contact with Lao handicraft producers (Q37.3). Because the venue of the Lao Handicraft Festival and LHA are in Vientiane, it is assumed that gaps in the percentages of the respondents whose owner, managers, or staff go to the festival or have contact with LHA will exist between hotels in Vientiane and those in Luang Prabang. Contrary to this expectation, no statistically significant differences were observed between the two regions. However, there was a significant difference in the percentage of hotels that have contact with handicraft artisans in Vientiane (23.8%) and Luang Prabang (50.0%).

In contrast to the relationships with handicraft manufacturers, hotels in Lao PDR have closer relationships with interior decoration businesses. Half the respondent hotels (60 hotels) have contact through their owner, managers, or staff with Lao architects or designers working within the hotel industry (Q37.5). The share of the hotels with these relationships is not statistically different between the percentages for the hotels in Vientiane (51.3%) and Luang Prabang (40.0%). Instead of having direct contact with Lao architects or designers, hotel owners, managers, or staff (25 hotels, 20.8%) go to LAOBUILD (the largest building, construction, and mechanical and electrical industry show held in Vientiane) (Q37.4) to collect information on materials and products for interior decoration. In addition, the share of the hotels that use LAOBUILD is statistically different between Vientiane (21 hotels, 26.3%) and Luang Prabang (4 hotels, 10.0%), reflecting the easier access to the exhibition location from Vientiane.

These results suggest that many hotels in Lao PDR have contact with architects or designers and obtain information on construction materials and supplies through these experts who work closely with construction companies. Compared to the relationships with architects and designers, hotels are less likely to contact members of the handicraft industry independently. It seems that many hotels can obtain general information on the handicraft industry at the Handicraft Festival and through other information sources. However, they are still likely to have difficulties in obtaining detailed information on materials, products, and handicraft suppliers that satisfy hotel needs.

A noteworthy finding from the data is that hotels in Luang Prabang are more likely to contact handicraft SMEs than those in Vientiane. This regional characteristic may reflect differences in target guests, major hotel categories, and business or social communities between the two regions. However, further investigations are needed to understand the causes of this regional difference.

5. Conclusion

This study presented the results of a questionnaire survey developed to investigate the possibility of Sozai business for handicrafts of Laos SMEs in interior decoration markets. The room decoration of accommodations was used for the questionnaire survey as a case of Lao handicraft use for interior decoration. The survey of hotels in Lao PDR asked the respondent hotels questions regarding their attributes, procurement of interior materials, decorations, FFE and OS&E, and the potential and issues with the use of Lao handicrafts for room interior decorations assessed by the respondent accommodations from the perspective of a handicraft user. This section summarizes the findings from the simple aggregated data and then discusses the policy implications and the limitations of this study.

5.1. Summary of the findings

5.1.1. Business opportunities

The Lao PDR accommodation industry does not commonly use Lao handicraft materials and products. The most used items are furniture/fixtures and uniforms, which are adopted by about 40% and 30% of the hotel respondents, although more than half of them procure goods domestically, such as uniforms, furniture and fixtures, artwork, and wall decoration materials as hotel interior materials and equipment. The majority of these accommodations also depend on items that are mainly imported from Thailand, including lighting equipment, lampshades, floor materials, and consumable supplies such as bath amenities, linens, toweling, other fabrics, stationery, and cups and dishes. These imported goods can be cost-competitive through high-volume production in larger economies like Thailand, making local procurement of these items unattractive to Lao PDR’s accommodations if their procurement policy only prioritizes lower prices. High transportation cost also increases production costs of Lao handicrafts that use imported inputs (IDE, 2017).

Even in the disadvantageous situation in terms of production cost for Lao PDR and high dependence on imports, the respondent accommodations exhibited a high interest in adopting bath amenities, cups, and dishes, stationery, linens, and toweling made of Lao handicraft materials. These accommodations have already adopted, or are very or extremely interested in, using handicrafts made of wood, rattan, bamboo, cotton, and clay in the lobby areas (lobby, reception, restroom), restaurants, etc., lounges, and guest rooms.

Accommodations select and purchase FFE and OS&E that meet basic requirements of price, quality, cost, and delivery. Following these basic procurement requirements, the accommodations prioritize design and consistency with the hotel's concept as the selection criteria. This order of the prioritized criteria applies to the procurement of Lao handicraft materials and products. Purchasers of Lao handicrafts expect timeliness and on-time delivery that is a typical advantage of local procurement, although handicraft suppliers must offer designs unique to Lao PDR as one of their many advantages.

Lao handicraft products can be pricey compared to the same type of mass-produced products. Therefore, they are less competitive in pricing, which is the most important element of material and equipment selection for the accommodation business. However, the budget size for interior decoration varies widely among the respondent accommodations. Some of them will be able to allocate a certain amount of budget sufficient for adopting Lao handicraft products as at least a part of the interior decoration. An encouraging finding for the Lao handicraft industry is the existence of accommodations designed in the "Lao traditional," "simple," "colonial" styles, or a mix of these styles. This finding indicates that a certain number of Lao PDR accommodations have styles that are amenable to the integration of Lao handicrafts into interior decorations, with simple and plain design and texture that is unique to Lao PDR. Some hotels recognize that Lao handicrafts will provide their guests with more value. These findings from the questionnaire survey suggest that more accommodations in Lao PDR are open to adopting Lao handicraft materials and products for use in interior decorating if handicraft suppliers can provide more products that meet requirements from accommodations.

5.1.2. Business challenges

The findings summarized above suggest that Lao handicraft producers should make continuous efforts to improve the quality, cost, and expedient delivery. Such endeavors will increase opportunities to sell their materials and products to more accommodations that emphasize design and consistency with the hotel concept as criteria for selecting interior materials, decorations, FFE, or OS&E.

However, to realize their potential certainly, it is ideal for handicraft producers to develop a relationship with accommodations to take part in construction projects from the concept stage. As shown by the questionnaire survey, although the accommodation owner's preferences are influential for selecting interior materials, decorations, FFE, or OS&E, some owners decide on interior designs and necessary materials by considering proposals from architects or designers. The survey results also suggest that the accommodations have contacts with architectural firms, architects, or designers and may obtain information on building materials and equipment from them. In contrast, fewer handicraft firms have contact with accommodations. This weaker linkage can cause the lack of information on handicraft materials, products, and suppliers in the accommodation industry, which results in the adoption of imported items, even if home-manufactured products are obtainable. This constraint also causes difficulties for handicraft suppliers in understanding the needs of accommodations and offering materials, products, and services with satisfactory quality in response to the market demands.

5.2. Policy implications

The respondent accommodations recognize that handicraft producers cannot expand sales of products for accommodations without an enhanced understanding of the FFE and OS&E markets, provision of information on handicraft producers and products, development of products, and ensuring suitable quality for sale in interior decoration markets. The challenges and measures for handicraft producers to solve can be summarized into four considerations.

(1) Industrial marketing improvement and promotion of cross-industrial collaboration for innovation

The identified business challenges from the survey, such as improved understanding of the handicraft market in the accommodation industry, provision of information on Lao handicrafts to hotels, product development suitable to accommodations in Lao PDR, and raised and consistent quality, can be addressed through training of handicraft firms in marketing/sales, quality control, and the development of collaborations between handicraft firms and architects/designers and between handicraft firms and accommodations.

The enhancement of quality control management is one of the main subjects for policies and international cooperation to develop industrial human resources. Therefore, the Lao handicraft industry can develop and implement capacity-building programs in quality control through cooperation with Lao public organizations, business associations, educational institutions, and other broad entities in Lao PDR. This includes international cooperation agencies and private efforts for human resource development.

On the other hand, improvement in the marketing/sales and promotion of collaborations with architects/designers and accommodations must include more business and market-oriented activities. Successful handicraft SMEs in Lao PDR collaborate with foreign designers and marketing experts or hire Lao staff with foreign experience or experience working with foreigners (Norasingh & Southammavong, 2017). Although public institutions may organize capacity-building programs in marketing and sales promotion, public-private cooperation will be indispensable in making such public support effective. It will be necessary to deploy experts acquainted with the interior design market and the related business's reality as program coordinators or trainers to guide such public support to business deals. The private sector's deeper involvement will promote cross-industrial collaborations that may not become economically sustainable without private initiatives.

The limited availability of necessary information can make it difficult for handicraft producers and architects/designers to find ideal partners for collaborations, even if the collaboration principle is private-sector-driven. Lao architects interviewed by the authors pointed out the information constraints on the handicraft businesses and producers, even though they are attracted to the idea of using Lao handicraft materials and products for room interior decorating. This problem cannot be underestimated, as some accommodations in Lao PDR hire Thai and other foreign architectural companies, architects, and designers for interior design. A possible measure to mitigate this problem is developing a model room or showroom to demonstrate the use of Lao handicraft materials and products for interior decoration. Such spaces will become a place for Lao handicraft producers, architects, and designers to connect and discuss future collaborations.

Lao public institutions and business organizations can also have a certain influence by providing local and foreign architects and designers with information on the Lao Handicraft Festival or handicraft producers to participate in domestic and overseas trade exhibitions to increase business matching opportunities.

(2) Promotion of cooperation and collaboration among handicraft producers

It will be a big challenge for handicraft producers to improve marketing management because most of them are extremely small in size, have insufficient human resources, and solely dedicate themselves to productive activities. Even if they could overcome the issue and receive an order, they will face other difficulties in filling requirements for producing and delivering large quantity orders of products on time. The questionnaire survey result suggests that accommodations as potential purchasers of Lao handicrafts recognize such constraints for handicraft producers. Therefore, the significant number of the respondent accommodations consider "joint sales promotion among Lao handicraft producers" and "joint production among Lao handicraft producers" to mitigate the constraints caused by the small size. Cooperation among producers is based on private business, so that active interventions by the government may not necessarily be appropriate. In contrast, if people become more aware of the market potential of room interior decoration for Lao handicrafts, some producers or agents will embark on networking with Lao handicraft producers. The government of Lao PDR and the LHA should consider their roles in promoting private initiatives by conducting market research and providing Lao handicraft producers and users with meaningful and useful information.

(3) Encouragement of private-sector initiatives and entrepreneurship

Both collaboration within the handicraft industry between the handicraft and handicraft-user industries can be realized and sustained through profit-oriented private initiatives. This aspect should be emphasized in the case of Lao PDR, in which the central government used to cooperate with foreign aid agencies and played a leading role in industrial development. In such a business environment, private firms tend to expect generous assistance and guidance. Nurturing such a mindset can discourage entrepreneurship and harm private businesses' healthy development in the long run. Government policies should be designed to stimulate entrepreneurship and encourage local firms to make necessary investments at their own risks.

(4) Tourism promotion

In addition to the above-described supply-side activities, efforts to increase tourists and hotel guests, who seek unique experiences in Lao PDR, are necessary to encourage accommodations in Lao PDR to invest in interior decorating with Lao handicraft materials and products. It will be difficult to overcome this challenge only through the efforts of individual accommodations. Private-public cooperation for tourism promotion, which involves local governments, is essential for increasing local handicrafts in the hotel industry, as is tourism promotion in cooperation between Lao handicraft SMEs and tourism associations that many respondent accommodations recognize.

5.3. Limitations of this study and the remained issues

Owners and management companies of accommodations, FFE/OS&E suppliers, architects, and designers are involved in room interior decoration. This study examined the possibilities and issues of the use of Lao handicraft materials and products for room interior decorations from accommodation owners and operators' perspectives. This perspective is different from the past studies (Ishida, 2019; Kamiesu, 2019, Ueki, 2019) that investigated the perspective of small and medium-sized Lao handicraft producers. Thus, this study offers novel findings and implications. However, we have not investigated new market development for the Lao handicraft industry from architects' and designers' perspectives, an important component of the collaborations that we advocate.

The other limitation of this study is that the application of Lao handicraft materials and products are restricted to room decorations of accommodation businesses. We did not investigate the potential use of Lao handicrafts in interior decorations of other businesses such as cafés, restaurants, homes, apartments, airports, and other public facilities. Interview research and a questionnaire survey of architects and designers on the same topic will be indispensable to gaining a comprehensive understanding regarding the possibility and challenges of new market development for Lao handicraft materials and products. A further study should explore the perspectives of architects and designers on issues as attractiveness and potential application of Lao handicraft materials and products for use in interior decoration; necessary information on Lao handicrafts and suppliers; potential difficulties in the development of business and collaboration between Lao handicraft producers; marketing and demonstration methods suitable for handicraft producers to convey advantages of Lao handicrafts to architects and designers (e.g., the development of model room or showroom); the possibility of cooperation between the LHA and architect and designer groups; and potential roles of the government and necessary policy supports.

Acknowledgment

The authors appreciate Laohoua Cheuching, Thantavanh Manolom, Phouthaphone Southammavong, Viengsavang Thipphavong, Chanhphasouk Vidavong, Phoukham Vongphanthong (ERIIT) for their dedicated efforts to make the survey project successful. All errors are the author's sole responsibility. The views and opinions expressed in this paper are those of the author and do not necessarily reflect those of the organizations.

Reference

IDE (2017). Logistics cost in Lao PDR. Chiba: Institute of Developing Economies, Japan External Trade Organization (IDE/JETRO).

Ishida, M. (Ed.) (2019). 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. Chiba: IDE/JETRO.

Kamiesu, Y. (2019). Supporting the SOZAI project and guidance to local companies. In M. Ishida (Ed.) (Chapter 3, pp. 25–44). Chiba: IDE/JETRO.

Norasingh, X., & Southammavong, P. (2017). Firm-level human resource management and innovation activities in production networks: A case study of Lao handicraft firms. Asian Journal of Technology Innovation, 25(2), 288–309.

Tourism Development Department (TDD) (2020). Statistical report on tourism in Laos 2019. Vientiane: Ministry of Information, Culture and Tourism, Tourism Development Department.

Ueki, Y. (2019). JETRO’s contribution to the development of the Lao handicraft industry: Findings from a questionnaire survey. In M. Ishida (Ed.) (Chapter 4, pp. 45–64). Chiba: IDE/JETRO.