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E-commerce of Handicraft

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Abstract

The thesis is done for the startup South Asian Handicraft. South Asian Handicraft is an e-commerce business, sells handicraft manufactured in South Asian at affordable price globally.

The objectives of the thesis was to make a successful ecommerce of handicraft that were manufacture in South Asia.

The first research was done with foreigner, who have been to Nepal and have used Nepalese Handicraft, to understand about their attitude and behavior about handicraft. The second research was with Nepalese people to understand their online buying behaviors. The third research was also conducted with craftsman/artist to understand their desire to sell online.

Both Descriptive and explorative Research design are used to get the objective and to answer questions of the thesis. Survey and Interview method are used to collect data.

It's a good decision for young people to become an entrepreneur in handicraft industry and serve millions of people involved in it. Business model which sells handicraft of craftsman without owning it, is feasible. Content marketing is most effective marketing method to reach potential customer and increase customer turnover. The amount of investment needed is 5000 euros. Airways is used for delivery to foreign customer and "Cash on delivery" for Nepalese customer.

Keywords (subjects)
E-commerce, Business Model, Transportation Mode, Logistics, Sustainable Development Goals, SDG , Hanidcraft, Marketing, Content Marketing, South Asian Handicraft, Nepal, Craftsman, Artist, Bottom of the SDG Pyramid

Miscellaneous: "Appendixes- 13 pages"

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Abbreviation

SDG: Sustainable Development Goals

UNDP: United Nation Development Programme

UN: United Nation

UNESCO: United Nation Educational Scientific and Cultural Organization

WHO- World Health organization

USAID: United States Agency for International Development

LDC: Least Developed Countries

EU: European Union

USA: United States of America

UIS: Institute for Statistics

CIA: Central Intelligence Agency

FGM: Female Genital Mutilation

HIV: Human Immunodeficiency Virus

GDP: Gross Domestic Product

MW: Megawatt

FHAN: Federation of handicraft association of Nepal

HAN: Handicraft Association of Nepal

MIS: Management Information System

COD: Cash On Delivery

VAT: Value Added Tax

OECD: Organization for Economic Cooperation and Development

PPC: Pay Per Click

B: Billion

Difficult Terms

Management Information System (MIS): It is a computerized database of financial information organized and programmed in such a way that it process regular reports on operations of every level of managemnt in a company.

Advanced Economies: An Advanced Economies are countries whose economy is more developed than those of less industrialized nation. For example: Germany, Finland, USA.

Developing Countries: A poor agricultural country that is seeking to become more advanced economically and socially. For example: Brazil, Russia, India, China, South Africa.

Central Asia: Central Asia the region stretches from the capsian sea in the west to china in the east and from Afghanistan in the south to Russia in the North. The region consists of the former soviet republics of Kazakhstan, Kyrgyzstan, Tjikistan, Turkmenistan, and Uzbekistan.

Sub Saharan Africa: The sub- Saharan Africa is geographically the area of the continent of africa lies south of the Sahara. It consists states of Somalia, Djibouti, Comoros, and Mouritania.

Northern Africa: It consist of countries like algeria, Morocco, Tunisia, Libya, and Egypt.

Western Asia: It included Caucasus nations but excludes Egypt and North Africa. The countries name are Turkey, Georgia, Amenia, Azerbaijan, Iran, Syria, Lebanon, Israel, Palestine (West bank and Gaza), Iraq, Saudi Arabia, Kuwait, Bahrain, Qatar, United Arab Emirates, Oman, Yemen, Cyprus (It is a part of Europe too). Unrecognized Nation in west Asia are: Republic of Artsakh, Republic of Abkhazia, Kurdistani (Iraqi

and Syrian). Special Autonomous Region in west asia are: Circassia, Chechnya, Dagestan, Ingushetia, Kalmykia.

Least Developed Countries: According to United Nation, The Least developed Countries (LDCs) is a list of developing countries that exhibit the lowes indicators of socioeconomic development, with the lowest Human Development Index ratings for all countries in the world. For example: Angola, Benin, Burkina Faso, Burundi, Central African Republic, Chad, Afganistan, Bangladesh, Nepal, East Timor, Laos, Haiti, Vanuatu, e.t.c.

Low Income Countries: Low income countries are defined those countries whose Gross National Income per capita of $1025 or less in 2015. (WorldBank, 2016)

FGM: Female Genital Mutilation- It is also female genital cutting and female circumcision. It is a ritual cuting or removal of the external female genitalia found in Africa, Asia and Middle East.

Mandala: It is a spiritual and ritual symbol in Hinduism and Buddhism, representing the Universe.

Phurba: it is a three sided peg, stake, knife, or nail-like ritual implement traditionally associated with Indo-Tibetan Buddhism, and Indian Vedic Tradition.

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It's a great experience of writing something like this and call it a dissertation. I like to thank all of those who make me mentally prepared and start writing this paper. I am grateful to my classmates Maria Al-Kharakhshe, Vadim Kushkunov, Anthony Rudenko for giving me ideas about eliminating mistake they made.

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<div align="right">Bimal Kumar Jaiswal</div>

Preface

The preface is the most important part of a book. Ever reviewers read a preface.

– Philip Guedalla

During my time in JAMK, I got familiar with the UN defined SDG. I found myself very capable to do something impactful in my own country, Nepal. A country like Nepal has a huge amount of natural resources that can be used properly by the youth and make the country economically strong and sustainable.

I have got a quality education from Finland. I understand the bottom of the SDG pyramid (will talk about the concept in the motivation part of this thesis). I have seen Nepali people's problems and challenges. At the same time, I know how to use innovation and build industries that will solve those problems.

My thesis will motivate the youth of developing countries like Nepal, India, China, Kenya, Tanzania, Vietnam who are educated enough to read my thesis have the capability to make difference in his society and live a purposeful life.

I thank JAMK University of Applied Science who taught about very up to date topic and give freedom to think outside of my field of study. I appreciate professors like Juha Sipila to install very high values and always motivating students to solve big problems. "We are engineers." This is the mantra which I recite most of the time whenever I face some challenge.

I enjoyed writing this thesis so I am sure, you will enjoy reading.

Bimal Kumar Jaiswal

Kathmandu, Nepal

06/09/2018

1 Introduction

1.1 Background of the startup

South Asian handicraft is a start-up to connect handicraft and handicraft lover. The startup is active for 5 months. It's an e-commerce business where handicrafts of different craftsman from south Asia will be sold. It is still in the development phase. It is still improving and pivoting. I, the Author of this thesis is the founder of the start-up.

1.2 Motivation to start startup and becoming entreprenur

I got motivated to become an entrepreneur during my studies in the 6th semester. I studied about SDG (Sustainable Development Goals) (Date Not given). According to UNDP (United Nation Development Programme), it has defined these goals as "A universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity." To know the list of goals, Please see Figure 1.

Figure1: SDG (Sustainable Development Goals

The first goal is to make the world poverty free and the 16th goal is to ensure peace and justice around the world. When I arranged the same agendas in pyramid with

number of people who are in each goals, my finding thrilled me. For more detail.
Please see Figure 2.

Figure 2: SDG Pyramid with number of people

According to world bank Data (date not given), there are 7.5 billion (B) people in the world in 2017.

According to the most recent estimates of world bank, in 2013, 10.7 percent of the world's population lived on less than US$1.90 a day, compared to 12.4 percent in 2012. (World bank 2018)

Now 10.7% of 7.5 billion is 802.5 million. ((10.7/100)*7 500 000 000 = 802 500 000)

802.5 million people live in poverty.

Globally, an estimated 165 million children under-five years of age were stunted (i.e, height-for age below- 2 SD) in 2011, 101 million children under-five years were underweight in 2011, an estimated 52 million children under-five years of age in 2011. (World Health Organization 2012)

Now the total number of Children suffered due to hunger are 318 million. (165+ 101+52= 318)

7 million people globally were living with HIV in 2016. (UN date not given)

According to Purvis (2015), 964 million people still go to the toilet outside and 663 million people lack access to improved sources of drinking water in the world.

About 263 million children and youth are out of school, according to new data from the UNESCO Institutes for Statistics (UIS). (UNESCO 2016)

While combining the number of people living in Poverty, having hunger, NO good Health and Wellbeing, NO clean water and sanitation, and NO Quality education are 3.0175 billion. For more clearity, please see Table 1.

Table 1. Number of people living in the bottom of the SDG pyramid

Total population of the world	7500	million	
SDG	**Number (m)**		
Poverty	802.5		
Hunger	318		
People with AIDS	7		
People with lack of sanitation	964		
People with lack of water	663		
Children and Yourth out of school	263		
Total population suffereing from poverty, Hunger, AIDS, lack of water and sanitation, with no education	**3017.5**		

The data here are from time frame between 2012 to 2017 and I strongly believe the world is getting better day by day. The numbers must be less than 3.0175 billion so I took 3 billion.

According to Martin (2018), 750 million women and girls were married before the age of 18 and at least 200 million women and girls in 30 countries have undergone Female Genital Mutilation (FGM). According to Hamilton (2017), The consequence of child marriage is more devastating for girls. Child brides are expected to prove their fertility to become mothers even though they are still children. Their bodies are not ready to cope with pregnancy and childbirth. When 15 years old girl/women give

birth, they are five times more likely to die in labor than women in their 20s. In many cases, marriage becomes the only life that child brides know. They are almost entirely dependent on their much older husbands. It makes the girl more vulnerable to an abusive relationship, it gives them few options to leave and provide for themselves and their children. As long as it exists, child marriage will stand in the way of gender equality.

According to Chatterjee (2017), Female Genital mutilation ranks as one of the worst manifestations of Gender Inequality. FGM makes impossible for women and girls gain equal access to education, political and socio-economic power in society. It's very often for the girls, post-mutilation is an end of schooling, early marriage, and denial of sexual and reproductive health and rights. That is a sure recipe for the perpetuation of poverty, misery, and inequality in society.

13% of the global population still lacks access to modern electricity. (UN Date not given)
13% of 7.5 billion is 975 million.

According ILO (International labour Organization) (2018), there were around 3.5 billion labour in the world 2017, in which there were total 190 million unemployed people whose age were 15+. It is 5.5% of total. According to UN (Date not given) 61% of all workers were engaged in informal employment globally.
61% of (3.5-0.19) = 2.0191 billion

By add the number of people will get 3.7441 billion. For more clearity, Please see Table 2.
Table 2. Number of people living at 1st level of the SDG pyramid.

Total number of labour in the	3500	million
Total population of the world	**7500**	million
SDG	**Number (m)**	
Women and girl getting married before the age 18	750	
Population who lack electricity	975	
Unemployed Labour	190	
Worker with informal employi	2019.1	
Total number of people getting married before age 18, without electricity, unemployed labour, worker with informal employment globally	3934.1	

In the 1st level of the SDG pyramid (Just above the bottom of the SDG pyramid), I have kept only 1.5 billion. The reason for that is people who have informal employment globally, who lack electricity and don't have a concept of gender equality are the same people who have also got counted in the bottom of the SDG pyramid.

3.5 billion people live in cities today. (UN date not given) Keeping this number in mind, I have divided that number with three level. The 2nd level that contain goals such as Industry, Innovation, and Infrastructure; Sustainable cities and communities; Responsible production and consumption with a total number of 1.3 billion. The 3rd level has goals such as Climate change, Life on land, and Life in water with a total number of 1.1 billion. The 4rth level is Peace, justice and strong institution; and Partnership for the goals with total number of 0.6 billion. The reason for doing this is everyone in city don't care for climate change because they use fossil fuel, eat commercially produced food like chicken, pig, buffaloes. Not all people who care about climate change have got justice and living with peace.

What I observed is people living under the line of poverty, hunger, not having good health and wellbeing, no clean water and sanitation, and quality education don't care much about climate change, have knowledge of gender equality ,innovation and industries because these people are struggling with their day to day activity. We can also find the similar kind of concept in Maslow Hierarchy of needs. If physiological need (food, clothes, shelter, sex) of a person is not fulfilled then those person doesn't care about self-esteem.

One observation: Every nation has some people who are living in this SDG pyramid. It means, there are also people in Nepal who have got peace, justice, act responsibly towards climate change.

The reason Why I want to be an entrepreneur is this one

Figure 3. 2nd Level of SDG Pyramid

I consider myself as someone who is in this part of the SDG pyramid and I am also from South Asia. People at this level, like to do innovation, work in the industry, and want to have good infrastructure; live in a sustainable city and do responsible production and consumption. At the same we value gender equality, affordable and clean energy, have decent work and economic growth, and want to reduce inequalities. The people who are at this level of the SDG pyramid is someone who knows the struggle living at the bottom level of the SDG pyramid.

There are two reasons for it.

1.   People who live 2nd level understand people living at the bottom of a SDG pyramid.

2. People who live here are trying hard to become an innovative and open industry and infrastructure. It means it can give some work to those people and try to invest in the social progress of the country.

Now Most of the reader might be thinking why I am focusing on the poverty and issue related to that. The answer is this one "Poverty anywhere is a threat to prosperity everywhere."- Nobel Laurates, Gunnar Myrdal

The statement is from the book Asian Drama which is written by my Swedish economist and Nobel Laureates Gunnar Myrdal.

People living is a developed nation should also focus on the poverty somewhere in this world because we share the same planet. People living in the bottom really don't care about Climate change or global warming. People living in poverty might be causing climate change but everyone on this planet will have the effect of it.

Here is data CIA website of countries with the Lowest GDP. Nepal is in number 17.

225	MOZAMBIQUE	$1,200	2017 EST.
226	TOKELAU	$1,000	1993 EST.
227	CONGO, DEMOCRATIC REPUBLIC OF THE	$800	2017 EST.
228	CENTRAL AFRICAN REPUBLIC	$700	2017 EST.
229	BURUNDI	$700	2017 EST.

Figure 3. Countries with the lowest GDP

These are the poorest countries in the world. Most of the people in this country live in extreme poverty. My country Nepal is at number 197.

According to the Asian development bank (2018), there are 25% of Nepali people living below the poverty line in 2010. Nepal has scope for exploiting its potential in

hydropower, with an estimated 42000 MW of commercially feasible capacity. (CIA 2018)

It means people who live in poverty really don't have their country poor.

What could be the factor to uplift the lives of people living in Bottom of the SDG pyramid using their own resources?

The first factor is government leadership in the country. I will not go in deep on this topic because My thesis isn't about it, but I personally believe youth of a country should take active participation in the government and government activities. As Plato have said "One of the penalties for refusing to participate in politics, is that you end up being governed by your inferiors."

The second factor is entrepreneurship. Online Oxford dictionary define entrepreneur is a person who sets up a business or businesses, taking on financial risk in the hope of profit. Business dictionary says Entrepreneurial spirit is characterized by innovation and risk-taking and is an essential part of nation's ability to succeed in an ever changing and increasingly competitive global marketplace.

Management guru Peter Drucker deftly defines entreprenur as, "Someone who serches for change, responds to it and exploits opportunites. Innovation is a specific tool of an entrepreneur hence and effective entrprenur converts a source into a resource." (Branson 2014, 127) In broad way, entreprenuship is the opportunity to people for getting self-actualization. (Markku 2017, 155)

As Jean-Baptiste Say, A French economist who first coined the word entrepreneur in about 1800, said: "The entrepreneur shifts economic resources out of an area of lower and into an area of higher productivity and greater yield." (Name of the Author is not Given 2007)

A very beautiful example is Jack Ma, founder of alibaba. He was born in Hangzhou, located in southeastrn part of chine. His family didn't have much money when they were young. Ma's company has, in way, revealed the potential of small and mid-sized businesses acress the globe. (Clark and Stone 2017)

An other type of Business that can impact people living at "Bottom of the SDG pyramid" is "Social Business". The term was defined by Nobel Peace Prize laureate professor Muhammad Yunus. He defined Social Business as "a non-loss, non-dividend company," dedicated entirely to achieve a social goal. It is a selfless business whose purpose is to bring an end to a social problem. The company makes profit in this business but no one takes the profit. (Yunus 2010, xvii)

As Sir Richard Branson have said in Nordic Business Forum "Running a business is about making difference in people's lives."

1.3 Research Area

The reseach area are focused on:

1. To understand the customer demographics.

2. To understand the craftsman willingness to sell online.

3. To understand the customer motivation while buying handicraft.

4. To know the customers Attitude about handicraft

5. How to improve the customer experience while buying handicraft.

6. To know Customer preferences such as fre shipping or fast delivery.

1.4 Task and Objective of the Thesis

The objectives of the thesis is to make a successful ecommerce of handicraft that were manufacture in South Asia.

The tasks was to find the answers of these question:

1. Is it good decision to become an entrepreneur in underdeveloping country like Nepal?

2. My business model: Model where I don't hold any product (No investment in product) but sell all product available to the manufacturer. Is that model sustainable in context of Nepal and in case of Handicraft.

3. Marketing: Different kind of Marketing. Which is more effective in terms of customer visits, and customer turnover?

4. Which is the best transportation mode by comparing the different transportation mode in Nepal for shipping the product?

5. How much is the investment needed to run the business?

2   Theoretical Framework

2.1   Introduction to E-commerce and Handicraft

E-commerce stands for Electronic commerce.

The word "electronics " has come from word electron and a suffix- ics. An electron is a negative charge particle that move inside the atom. Electron plays an important role in the conduction of electricity. Any device that uses electricity is electronic. For example Computer, Mobile phone.

The word commerce came from the Latin word commercium, made from cum means Together and merx means merchandise. Cambridge dictionary defines Merchandise "goods that are traded and sold in shops" and Together means "with each other". So Commerce means trade of goods with each other in a simple way. Cambridge dictionary defines Commerce is "Activities involved in buying and selling things." E-Commerce can be defined simply as buying and selling things using electronic items like computer, phones.

According to Philip Kotler "E-commerce can be defined as a general term for buying and selling process that is supported by electronic means." Electronic commerce is the use of computer networks to improve organizational performance, in a broad sense. Electronic commerce is an emerging concept that describes the process of buying and selling or exchanging of products, services, and information via computer networks including the internet. (Mourya and Gupta 2014, 23)

Electronic Commerce (e-commerce) is increasingly discussed and written about in today's knowledge-based economies. Although there are certainly no internationally agreed-upon definitions of e-commerce, the OECD (Organization for Economic Co-Operation and Development) defines e-commerce transactions as: the sale or

purchase of goods and services, whether between businesses, households, individuals, governments, and other public or private organizations, conducted over a computer-mediated network. The goods and services are ordered over that network, but the payment and the ultimate delivery of the goods or services may be conducted on or off-line. The concept of e-commerce extends into communications, promotion, customer service, statistics, and usage patterns. However, often overlooked when examing e-commerce acceptance or failure is the social and cultural impact of conducting conventional business transactions over the internet. (Lafond, and Sinha 2005, 1)

Electronic commerce is doing business online. It is about using the power of digital information to understand the needs and preferences of each customer and each partner to customize products and services for them and then deliver the products and services as quickly as possible. (Vacca and Loshin 2002, 3) E-commerce arguably has a huge potential to add a higher value to business and consumers in developing countries than in developed countries. (Kshetri 2007, 2) E-commerce is design for users in different physical locations, and web-based e-commerce sites intend to attract users from international as well as local regions. (Kang 2010)

A lot of leading development organizations and agencies have recognized commercial applications of information and communication technology (ICT) which offer great potential to accelerate economic growth in developing nations. For example, the United Nations Development Program (UNDP) has stated: "Information and communications technology (ICT) has become an indispensable tool in the fight against world poverty" (United Nations Development Program 2000). Perhaps the greatest benefit that ICT offers to Developing nations is opportunities. As the Nobel laureates, Amartya Sen stated: "It can be argued that poverty is not a matter of low well-being, but of the inability to pursue well-being precisely because of the lack of economic means". (Wood 2003, 301)

Handicraft has made from two words: Hand + Craft. The Cambridge Dictionary defines hand as "The part of your body at the end of your arms that has a finger and a thumb". The Cambridge dictionary defines craft as "to make something using a lot of skill." The simple meaning of handicraft is something made of hand skill. The Cambridge dictionary define Handicraft "An activity that involves making things with your hands and that needs skill and artistic ability."

Handicraft has aesthetic value. it isn't necessarily required that handicrafts must be used for a physical purpose. There is no clear separation exist where artistic value and utility depart. One general problem, we face in studying the handicraft sector is the term "Handicraft" has no universally accepted definition and there is no separate product classification for handicrafts. Handicrafts refers to a wide range of items, including "gift items", houseware, home furnishings, products of craft industries, and fashion accessories. According to UNESCO/ITC (1997) "Artisanal products are those produced by artisans, either completely by hand, or with the help of hand tools or even by mechanical means, as long as the direct manual contribution of the artisan remains the most substantial component of the finished product. The special nature of the finished products derives from their distinctive features, such as utilitarian, aesthetic, creative, culturally attached, decorative functional, traditional, religiously and socially symbolic and significant." (Silver and Kundu 2013, 1)

According to Chattopadhyay (1995), When a question is asked today why Handicrafts, the answer cannot be very simple. The answer will emerge if we go down the passage of history and trace out cultural evolution to a craft-oriented society in which handicrafts still had an honoured place. The concepts of arts and crafts were interchangeable. Handicrafts are always been a very basic act of human society; for crafts are an integral part of our life. In fact, they are found to be more cohesive in a human relationship than even language and can cross such barriers as the latter may create. Particularly has this been true of an ancient society of Asia, South and Central America, Africa and older countries like Greece where certain

aspects of the hoary handed -down cultures still continue to exercise powerful influence that almost seems ageless. In the ancient books of east it is said that when the hands of a craftsman are engaged in his craft, it is always ceremonial. Tools are after all but an extension of the personality of the craftsman to reach beyond the range of human limitations. The craftsman thus combines within his being the tradition that embraces both the producer and the consumer within the social fabric.

Handicraft is an income-generating and production-oriented activity. It reflects the pleasure and skill of the person who carries the folkloric tradition and customs of the community, without the need for machine power but simple tools and hand. It is usually based on the knowledge and skill of the individual. It is a product made with purpose to decorate and benefit people to meet daily necessities. It reflects the character of the society with the creative ability of the individual and reveals the taste of national art. It is an art form that emerges from the known needs of people against external factors and is characterized by the structures, traditions, , and cultures of the society that they are gradually creating. (Sekerci 2007, 2)

2.2 About Handicraft Business

The handicraft industry has a history of several centuries and artisan were known worldwide for their skill and craftsmanship. This fact has been testified by carvings on the temples. Handicraft sector utilizes the traditional skill of artisans in various crafts such as woodenware, metalware, textile weaving and printing, marble and stone crafts, leather works, jewelry etc. Skills were handed down from generation to generation in the form of family tradition. (Shreya 2014)

The handicraft industry does not require extensive capital investment to start up a business, and therefore it gives both women and other marginalized groups an

opportunity to engage easily in the informal handicraft industry, and for them to gain an income that will sustain their livelihoods. (Benson 2014, 5)

Most of the handicraft business is done by a single person of the family. That one person handle handicraft business in a lot of roles like designs, production, marketing, and finance. Above all the will to grow, small handicraft enterprise is dependent on the personality and personal goals of the entrepreneurs themselves, meaning that the expansion of activities may not be one of the entrepreneur's goals. They are satisfied with being independent, providing for themselves and their family. These businesses products have to compete with products that are a result of mass and serial production. Purchase decisions are affected by the price-quality ratio, the nature of the handicraft and originality. (Elonen 2013, 7)

2.3 Handicraft Business in Nepal

Nepal is the mountainous country. Mountain means something has been deposited. There are many deposits of natural and precious stones in Nepal. The minds are virgin here but people have started to dig recently. The famous stones in Nepal are Ruby, Garnet, Aquamarine, Amethyst, Blue Topaz, Garnet, Tourmaline, Quartz, and Many others. People have started using those resources in the production of finished handicraft.

Craftsmanship is famous in Nepal. Nepalese arts and crafts and skills of Nepalese craftsmen and artisans were appreciated by Chinese travelers like Wanghunshe and Huan sang in 648 AD in their travelogues. Kautilya's Economics has described the exported product from Nepal in during the time of Chandra Gupta Maurya, in the fourth century. Towards the end of the nineteenth century, Nepalese arts and crafts industry suffered due to the general liberal import policy of the government. The present Industrial policy have kept cottage and small industry sector on priority. Now, garments and carpets, silk and Pashmina, Allo and Dhaka, metal craft, handmade paper, Thanka, ceramics, bamboo and stone crafts are popular in Europe, Asia, and America. There are two broad categories of Nepalese export markets: mass-market exports to Indian markets and niche exports for markets in Europe and the United States. Now Nepalese product is exporting to more than Seventies countries around the world. (Ghimire 2014)

According to the Federation of handicraft association of Nepal (FHAN), the total number of people involved in this industry in the year 2001 is 0.9 million. Total export of handicraft from Nepal in the year 2015-2016 was more than 35 million euros. The handicraft has been divided into two categories. They are

- Textile products such as: Pashmina Products, woolen goods, Felt products, Silk products cotton goods, Hemp Goods, allo Goods, Dhaka products. Textile products accounted for more than 17 million euros of exports.

- Non Textile products such as: Silver Jewellery, metal crafts, Handmade paper products, wood crats, Glass products, Bone and horn products, crystal products, ceramics products, leather goods, Incense, Plastic items, Thangka, Bead items, Stone Crafts, Bamboo products. Non-textile products accounted for more than 18 million euros.

According to the Handicraft Association of Nepal (HAN), The export of Nepalese Handicraft started from the mid 60's of the last century but systematic export started only from the early 70's. More than 20 handicraft products mainly the pashmina products, woolen goods, silver jewelry, Nepalese handmade paper and paper products, metal craft, woodcraft, cotton goods etc. are being exported to about 85 countries. The major foreign buyers are USA (account for 25% alone), Britain, India, Canada, Germany, Japan, Italy, France, Australia, Netherlands, and China.

Here is some craftsman whose products can be found on the startup South Asian Handicraft. All these artists, craftsman, carver are independent enterpreneur of their own firm. None of these entreprenur has any online presence and their product online.

Figure 5. Stone carver is carving on the statues of Namo Buddha

The craftsman shown in figure 5 is heera Bazarcharya, proprietor of the firm Heera stone carving . He has been taking this art of carving on stones for 3 generation. He makes life on stone. Those stones comes from the mountain of Nepal. He is working for 32 years in stone carving industry. His work gives him independence and freedom.

Figure 6. A wood carver is carving a statue of Sleeping Buddha

Figure 6 shows a woodcarver name Mangal Krishna Silpakar, a enthusiastic wood carver, and a 4th generation wood carver in his family. He have learned the art of wood carving from my father and grandfather. He can make anything out of wood, you need to give me a picture. He can carve face in wood by looking at picture. His wife and 2 children are dependent on him.

Figure 7. A statue carver is carving on a part of statue

Figure 7 shows statue craftsman name Sanu babu Maharjan, proprietor of Sikali handicraft. He is a statue craftsman himself for 15 years. He carves on raw copper statue.

Figure 8. A metal worker is working on copper to make bowl.

Figure 8 shows metal bowl maker who is a solo entrepreneur. He is working for 30+ years. He takes order first then give shape. He work on copper and make a pot of different sizes. It's possible for him to give shape to copper of whatever someone wants. This has been done for 3 generation in his family.

Figure 9. Gold plaited mandala carved and worked with many different Artist.

Figure 9 shows the gold plaited Mandala craved by Chakra Jyoti Shakya. It take 1 year to make from imagination to design on paper then making it with hand on metal. There are other people who do gold plaiting. After seeing this, I like to quote it as **"Skill and Will make and deliver quality Pill".**

According to Dilip Khanal, executive director of FHAN, sales of handicrafts has increased with the growing purchasing power and awareness. Handicraft of both

textile and non-textile product worth 29.5 million euros have been sold inside the country. Products such as Statues, Phurba, art pieces were low. According to the dhukuti handicraft retail manager Sanjeev Poudel, Utility goods like garments, pashmina, cushion covers, copper products, and ceramics cups were fastest selling item in Kathmandu valley and it has been selling 8000 euros a month. It has high demand, and the market is growing 25% annually. (Kathmandu Post 2014)

According to the Nepal Telecommunication Authority Management Information System (MIS), 2.25 million new users were connected to the internet last year. Which means more than 250 new users every hour. This shocking growth means 63% of Nepali population has connected to the internet. (Neupane 2018)

According to World Bank data (2016), 90.7% of Nepali people have got electricity. According to Nepali telecom (2018), 50% of the population of Nepal are using a smartphone.
This shows there is an opportunity for e-commerce in the handicraft industry focused on Product like garments, pashmina, cushion covers, copper products, and ceramics cups focusing home market. Products like statues, Phurba, art pieces, expensive handicraft have a very niche home market.

2.4 Global Market of Handicraft

The global handicraft market is highly uneven due to the presence of several small and medium vendors. Handicraft is a vibrant indutry, and its progress is sustained by factors such as economic conditions, technology, skilled workforce, and innovative use of raw materials. (Technavio 2015)

According to the press release from P&S Market Research in Consumer products (2018), The global handicraft market has been surging up due to the increasing interest of people in art and culture. A large number of micro and small enterprises have evolved in the developing countries in the past few years. Artisan from poor communities are involved in the creation of handicrafts and their artworks are also valued on humanitarian grounds. The global handicraft market is trade driven, due to low priced products. The key handicraft vendors in the global handicrafts market are Asian Handicrafts, Fakih Handicrafts, Shandong Laizhou arts, and Crafts, Ten Thousand Villages, Native Creafts and Arts, The handicrafts Gallery, Minhou Minxing weaving, NGOC Dong ha nam, ad Oriental Hadicrafts. (Press Release from P&S Market Research 2018)

According to the News provided by Research and Markets (2018), The global handicrafts market reached a value of US\$ 526.5 billion in 2017 and it will reach US\$ 984.8 billion by 2023. It has experienced a shift from ethnic designs to contemporary patterns coupled with the increasing adoption of handicfrats by the the elite society. One of the primary factors of incresing the growth of the market is a strong demand from offices, hospitals and hotels. The market is also influenced by rise in travel and tourism as tourists often collect souvenirs from the places they visit. The handicraft market is thriving across developing nations such as India, China, Afganistan due to low investment.

According to analyst of Techanvio's market research, The global handicraft market will grow at a tremendous rate of 12% during the forecast period. The growth in international and domestic tourism is expected to boost the growth of the handicraftmarket during the forecast period. For enstance, Japan's government has introduced several compaigns to increase the country's tourism which rised the number of tourists thus increase the sales of handicraft items in Japan. Woodware handicraft accounted for 34% of the market share during 2014. China and Nepal are known for their attractive achitecture made up of carved wooden struts while thiland is the key manufaturer of lacquerware, made up of wood or woven bamboo. Africa is very popular for its wood carving and sculptures and Kenya being the key revenue contributing country. The US had dominated the handicraft market during 2014 with market share of 38% and it is also the largest revenue contributor in the global market. (Technavio 2015)

The world trade in handicrafts is not basically a trade in culture but a trade in common people's need and tastes. The items which have to be produced in bulk and although, made by hand, need mechanical support for processing and finishing. These items sometimes are required to be made in shapes, colours and designs, which are not typical of traditional shapes, colours, and designs of the exporting country. (Uttar Pradesh develpment report of planning commission date not given)

Figure 10. A handicraft which was ordered from Europe to Purna carving Industries private limited.

There was a bulk order of this item from Europe. This piece was extra and got left to the showroom of Purna wood carving. This item shapes, colors, and design were completely based on the order given by importer. Purna wood carving is one of the suppliers of South Asian Handicraft.

There is an insignificant number of hand-crafted, partly hand-crafted as well as machine-crafted goods pass in the global market with a generic nomenclature of gifts and decorative. Additionally, there is a market for "cultural" crafts as well though

limited. There is an opportunity in this segment of the market to explore and exploit for larger gains at the same time there is a danger in blind pursuit of export like loss of skills, besides slow and imperceptible mechanization that may endanger the crafts and take away the unique quality of the craft. A strategy needs to be pursued to harness the culture-market, where the craft in its original beauty can still sell and fetch high prices. In the case of utilitarian craft market, innovative design can ensure the preservation of the traditional beauty of crafts. That help to retain the product uniqueness, and immunity from competition from other developing countries. The demand pattern in the international markets evolves towards quality goods in bulk quantities. (Uttar Pradesh develpment report of planning commission date not given)

2.5 Types of E-commerce

According to Pervaiz (2015), Electronic commerce can be classified into four main types on different business level. They are:

- B2C (Business-to-Consumer): The most common business model in E-commerce. In this model, online businesses sell their products or provide services to consumers. For example online shop (www.verkokauppa.fi), where business have all their products listed on their website with picture and detail information and customers can buy over web.

- B2B (Business-to-Business): Business sells or provides services to other business or multiple businesses. In term of volume B2B E-commerce is largest form of E-commerce. Common example of B2B is such as whole sellers selling to retailer and manufacture selling to distributor. For example RS Components (uk.rs-online.com)

- C2C (Consumer-to-Consumer): Transactions happen between consumer to consumer (C2C).Common examples of C2C are auction sites and classifieds. One consumer post an item for sale and another bid for purchase. Example of C2C is huuto.net and E-Bay.

- C2B (Consumer-to-Business) Consumers offer product and services to companies and companies pay them. C2B model is complete reversal of B2C model. A common example of C2B is, bloggers do reviews of some company products or services through their blog posts and get paid for the advertisement of the company.

There are other categories of E-commerce business models too like m-commerce, Government to business (G2B) and Business to employee (B2E) but in essence they are similar to above mentioned types. (12-13)

2.6 Relation between SDG, Countries, and Handicraft Industry

- According to UN (date isn't given), The poverty number comes from Southern Asia and Sub-Saharan Africa. Asia is the hungriest continent - 2/3 of the total. Southern Asia has fallen but western Asia has increased slightly.

- Southern Asia faces the greatest hunger burden. Sub Saharan have undernourishment of almost 23 percent and growing proportion of child deaths of under the age of five, more than half of children that have not enrolled in school live in sub-Saharan Africa.

- In Developing regions, maternal mortality ratio (the proportion of mothers that do not survive childbirth compared to those who do) is 14 times higher than in the developed regions.

- According to UNDP (date not given), Women living in sub-Saharan Africa spend 40 billion hours a year collecting water. This affects their employment opportunity. According to UN, 27 % of the population of LDC (Least Developed countries) had basic handwashing facilities in 2015. Water stress level is above 70% in 27 countries, mostly in Northern Africa and Western Asia; and in the Central and southern Asia region.

- In Western Asia and North Africa, the ongoing armed conflict has seen an increase in the number of children out of school.

- According to UN, (date not given) A girl risk marrying in a child has gone down by 40% since 2000 in Southern Asia. North African women hold less than one in five paid jobs in the non-agricultural sector. According to UNDP (date isn't given), building infrastructure and upgrading technology to provide clean

energy in all developing countries is an important goal for economic growth and environmental sustainability.

- According to UN, there are approximately 3 billion people who lack access to clean cooking solutions and are exposed to dangerous levels of air pollution. Most of these number is at the bottom of the SDG pyramid.

- Almost every adult has an account at a bank in high-income countries or other financial institution, compared to only 35% of adults in low-income countries. It's 65% people don't have a reach to financial institution or knowledge.

- According to UN, 20% of children in Developing countries are still up to three times more likely to die before their fifth birthday in than children in the richest quintiles. Women in rural area are three times more likely to die while giving birth than women in urban centers.

- According to UN, Basic infrastructures like roads, information, and communication technology remain scarce in many developing countries. Least developed countries have immense potential for industrialization in food and beverages and textiles and garments because barely 30% of agricultural production undergoes industrial processing which means the is good prospects for sustained employment and higher productivity.

- According to UN, 883 million people live in slums of Eastern and South-Eastern Asia. It's the same population which is in poverty, suffering for hunger and other necessity.
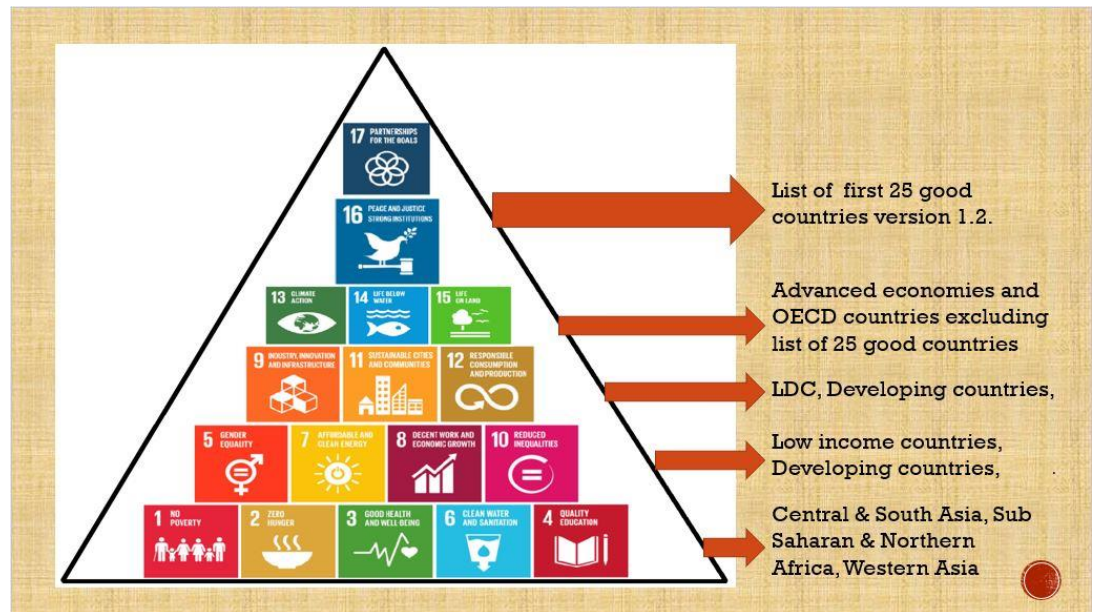
Figure 11: SDG Pyramid with Countries

Now At the top of the SDG Pyramid, I have kept list of 25 "Good countries" of version 1.2. The reason is:

According Anholt (2014), Good countries are countries which is making the world safer or better or richer or fairer. Good Country index measure how each country on earth contributes not to Its own population but to the rest of the humanity. It doesn't mean morally good. Good country index doesn't measure how they behave at home.
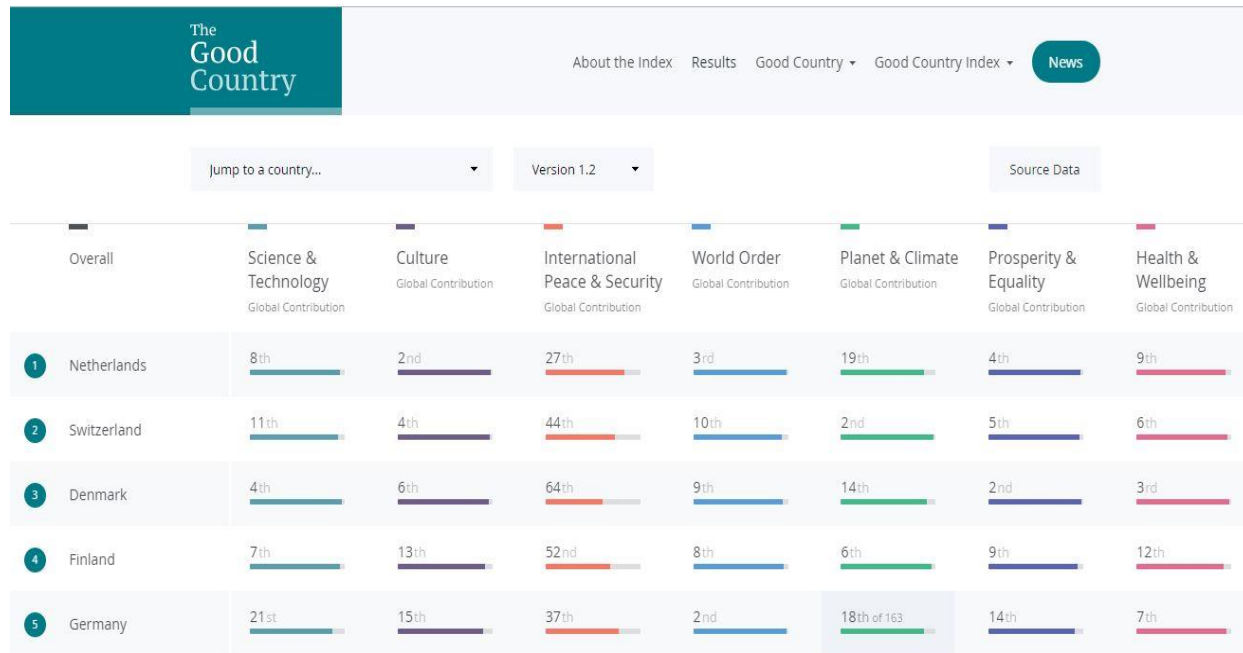
Figure 12. List of Good countries from good countries website.

2.7 Countries involved in Handicraft industry

According to USAID report (2006), The key exporting country of handicrafts are China, Vietnam, India, Indonesia, Thailand, Cambodia, and Philippines from Asia continent, Ghana, South Africa, Mozambique, Malawi, Kenya, and Tanzania from Africa Continent, and Peru, Mexico Colombia, Honduras, Guatemala, Bolivia and EI Salvador from Latin America continent. The key market for home accessory products are USA, Germany, France, the United Kingdom, Spain, the Netherlands, Japan, and Hong Kong followed by a number of additional West European Countries. (USAID 2006, 27-28)

Now If we look a little deeper, We will see the key exporting country of handicraft are the same countries who are in the bottom and 1st level of the SDG pyramid. It means an entrepreneur involved in handicraft industry can make a huge difference in many people life. Handicraft is the right industry for the entrepreneur.

3   Canvas Business Model

Write your principles in pen and business model in pencil.

-Josh Kopelman

3.1   Introduction to Business Model

A business model is defined as a model that describe the rationale of how an organization creates, delivers, and captures value. It's like a blueprint for a strategy to be implemented through organizational structures, processes, and systems. They describe business model through nine basic building blocks that show the logic of how a company intends to make money. (Osterwalder, Pigneur and clark 2010, 14)

A word canvas is used to show that we can paint our existing business mode or new business model and make it tangible. (Darus 2015)

The nine building block is shown with the model. Please see Figure 12.

Figure 12. Business Model Canvas

3.1.1 Customer Segments

The customer segments building blocks defines the different groups of people or orgaizations an enterprise aims to reach and serve. Customers comprise the heart of any business model. Without profitable customers, no company can surive for long. (Osterwalder, Pigneur and clark 2010, 20)

3.1.2 Value Proposition

The value propositions building block describes the bundle of products and services that create value for a specific customer segment through a distinct mix of elements catering to that segment needs. Values may be quantitative (e.g. price, speed of service) or qualitative (e.g. design, cusomter exerience). It can also satisfy an entirely new set of need. It is is an aggregation, or bundle, or benefits that a company offers to cusomers. It is the reason why customers turn to one company over another. It solves a cusomer problems or satisfies a customer need. (Osterwalder, Pigneur and clark 2010, 22)

3.1.3 Channels

The channel building block describes how a company deliver a value proposition to its customer segments. Communication, distribution, and sales channels comprises a company's interface with customers. Channels are customer touchpoints that play an important role in the customer experience. (Osterwalder, Pigneur and clark 2010, 26)

3.1.4 Customer Relationship

The customer relationships building block describes types of relationships a company establishes with specific segments. (Osterwalder, Pigneur and clark 2010, 28)

3.1.5 Revenue Streams

The revenue streams building block represents the cash a company generates from each customer segment. A company must ask itself, what value is each customer segment truly willing to pay for? Successfully answers allow firms to genrate one or more revenue streams from each customer segment. Each revenue stream may have different pricing mechanisms, such as fixed list prices, bargaining, auctioning, market dependent, volume dependent, or yield dependent. (Osterwalder, Pigneur and clark 2010, 30)

3.1.6 Key Resources

The key resources building block describes the most important assets required to make a business model work. Every business model requires key resources. It can be can be physical, financial, intellectual or human. These resources allow to create and offer a value proposition, reach markets, maintain relationship with customer segments and earn revenues for an enterprise. Different type of business model need different type of key resources. Itcan be owned or leased by the company or acquired from key partners. (Osterwalder, Pigneur and clark 2010, 34)

3.1.7 Key Activities

The key activities building block contain the most important things a company must do to make its business model work. Every business model cals for a number of key activities and these are the most important actions a company must take to operate successfully. Key activites are required to create and offer a value proposition, reach markets, maintain customer relationships, and earn revenues. (Osterwalder, Pigneur and clark 2010, 36)

3.1.8 Key Partnership

The key partnerships building block describes the network of suppliers and partners that make the business model work. Companies build partnerhsips

for many reasons and partnerships are becoming a cornerstone of many business models. Companies create alliances to optimize their business models, reduce risker acquire resources. (Osterwalder, Pigneur and clark 2010, 38)

3.1.9 Cost structure

The cost structure building block describes all costs incurred to operate a busines model. It is the most important costs incurred while operating under a particular busines model. Creating and delivering value, maintaining customer relationships, and generating revenues all incur costs. Such costs can be calculated relatively easily after defining key resources, key activites, and key partnerships. (Osterwalder, Pigneur and clark 2010, 40)

3.2 Components for South Asian Handicraft

The Brain storming done on Canvas Business Model from Craftsman and Buyer side are in Appedix G and Appedix H.

Customer Segment

We have two customer segment one is for maker who will keep their products on South Asian handicraft and other is buyer who will buy those items.

Maker: Artisan/ Craftsman/ painter/Decorative item maker
Buyer: Art lover/ Religious item buyer/ handicraft lover/ Souvenir buyer/ expatriate in Nepal/ Tourist who is for pilgrimage,

Value Proposition

We deliver different kind of value of each kind of customer.

We are giving a platform to makers to sell online and make their product reach all over the world. We also create content for their product. We also do the marketing to their products. Maker want to sell online but don't know the technical know-how, so we are fulfilling their want. Fair trade to our craftsman. We also give logistics service.

We deliver beauty in our product to our buyer. It makes their home, office look beautiful. Our quality handicrafts help them to practise their meditation and make their spritual journey easy. We are selling god/ goddess statues, singing bowls, decorative items having god and goddess picture carved. We also give services of getting statue blessed by very prestigious monk. Fair trade to handicrafts maker.

Channels

One channel to reach the craftsman therough FHAN (Federation of Handicraft Association of Nepal)

We reach our buyer through social media, travel company, doing research online and sending emails or by skype.

The most co-efficient are personal visit and sending email. Getting customer through Travel company work best.

Customer relationship

We reach our maker through personal visits.

The maker want personal assistance. I have already established personal relationship and give assistance to the craftsman and artisans.

Automated relationship based on website/internet/ algorithm with online customer and personal assistance for buyer through travel agent, know personally as much buyer as possible.

Revenue Streams

Maker: They give some percentage from every sell I made for through my website.

I am thinking to keep 50% of what the turnover is and pay all my cost and remaining 50% to the craftsman.

The buyer side: All the product the company sells+ All the statues that my company make blessed.

Key resources

For maker: A camera, A weighting machine, A piece cloth that can be used for background while taking photo of products, Pen, Notebook.

For buyer: Photograph or video about the products expaling all the detail about product, Fast/ user -friendly e-commerce website, Having all kind of payment gateways like PayPal, debit-credit card accepted gateway, Skill Manpower, Office in Tourist area, A Commercial Bank Account

Key Activities

For maker: Photography, Videography, Writing all the detail of the product. Making the payment to maker before getting the product,

For buyer: Getting the product from maker and delivering the products as soon as possible to logistics company. Informing the buyer about the delivering the products. Developing and maintain the website is our key activities.

Key partners

Key partners are our craftsman, artisan, painter. We also have travel company inside Kathmandu as our key partner. Our transaction company such as Paypal, e-sewa of Nepal are key partners. Monastry which will do blessing to our statues on customer demand. 3rd party logistics company is also our partner, Travel agency,

Cost structure

We have server cost, website building and maintaining cost, transaction cost, logistics cost, photo taking, video making cost, instrument cost (Camera, weighting machine, pan, notebook) and other cost such as visiting to craftsman and artist.

For more information about the number, Please have a look at my Business plan excel sheet.

3.3 Advantage and Disadvantage of this Business model

Advantage

- I don't need huge amount of capital to invest in products which I am selling.
- I don't need to anything related with inventory and it's challenges.

Disadvantage

- I don't have any control over manufacturing lead time.
- No knowledge about the availability of product at the time of delivery.

4   Marketing

People don't believe what you tell them.

They rarely believe what you show them.

They often believe what their friends tell them.

They always believe what they tell themselves.

—Seth Godin

4.1   Introduction to Marketing

According to Drummond and Ensor (2005, 2), There are so many definition of Marketing. Some are:

1. Marketing is a social and managerial process by which individuals and groups obtain what they want and need through creating and exchanging products and value with others. (Kotler et al ., 1999)

2. Marketing is the management process anticipating and satisfying customers' responsible for requirements identifying, profitably. (Chartered Institute of Marketing – CIM)

3. Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives. (American Marketing Association)

All these definition place marketing as a process which facilitates exchanges. Such exchanges must be mutually beneficial to be sustainable.
The marketing is done for an e-commerce South Asian handicraft, The marketing should be digital and on the internet.

The Internet offers new possibilities for marketing and has also many challenges. Marketers need a different kind of skills to be successful. The traditional methods of marketing are no longer seem to be sufficient when going online. However, the

internet is also a tool for marketing and it can be used in many ways. One can enhance the company in two different fields, business, and revenue. Business can be enhanced by building communications, doing market research or building a brand. Revenue can be enhanced by practicing e-commerce or building an e-organization. (Vilkas 2010, 26)

I like to use the secondary data to know the most effective digital marketing technique because the startup isn't matured enough to test all the technique and get the result.

According to Statista worldwide survey done to 859 marketers through interview, the most effective digital marketing techniques in 2018 is given below in the figure 14.
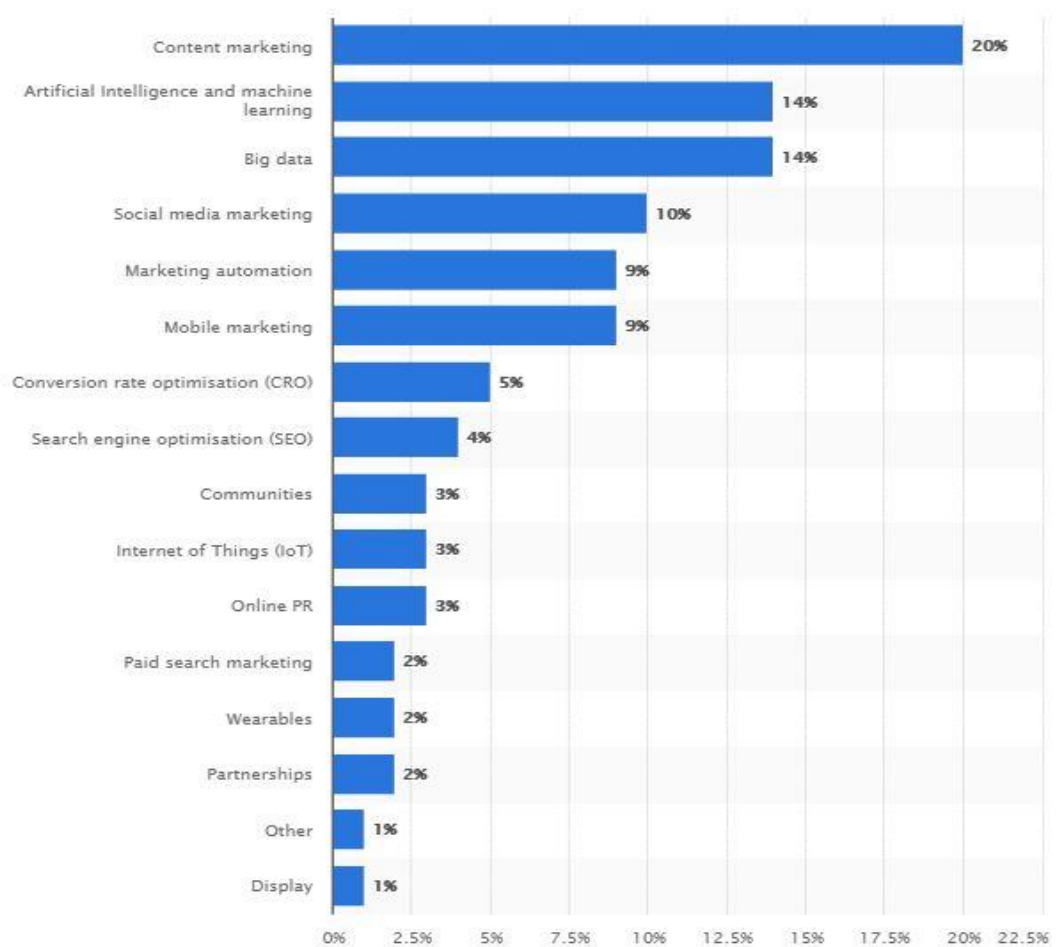
Figure 14: Most effective digital marketing techniques of 2018

From the list, the most effective is Content marketing (20%), Artificial intelligence and Machine learning (14%), Big Data (14%), Social Media Marketing (10%), marketing automation (9%), , Mobile marketing (9%). The total of all will be 76%. Now I will define all of them.

4.1.1   Content Marketing:

It is a method to attract, engage, and inspire customers during the buying cycle to a rational conclusion of purchasing and sharing through content. Content empathizes customers with different interests and behaviors. Content has stepped into the spotlight because shoppers spend more time educating themselves online about products and services before they buy. Consumers have become numb to the flood of traditional advertising. Content (like text, images, video, and audio) is the reason search engines exist, and it's also a common vehicle for social sharing. When marketers can effectively align their knowledge of search and social keyword demand with a relevant content plan, it helps connect buyers with products and services more efficiently. It gives better customer experience. There's no doubt that content is the key to more effective online marketing. (Odden 2012, 99-100)

4.1.2   Artificial intelligence and Machine learning for Marketing:

According to Boudreau (2018), Machine learning is an application of artificial intelligence that provides systems the ability to automatically learn and improve based on user experience without being explicitly programmed. AI can be defined as when the computer system can perform tasks that normally require human intelligence. AI will help to grow businesses by creating efficient, strategic marketing that targets the right consumers, at the right time, and in a way, that is meaningful to

them. Machine learning will help to pinpoint what people are searching for and, by having that content on site, the site will be more likely to be listed within the search result. This strategy will help bridge the gap between the researcher and the relevant content on site bringing not only more traffic but the right traffic. AI is helping the marketer to interpret the ever-changing world of content marketing by analyzing user data and making sense of user intent. AI can assist in content marketing strategy through methods that can: personalize website, power social media content creation, chatbots for customer support, and even enhance PPC (pay per click) advertising.

4.1.3   Big Data for Marketing:

It refers to the dynamic, large and disparate volumes of data being created by people, tools, and machines. It requires new, innovative, and scalable technology to collect, host and analytically processes the vast amount of data gathered in order to derive real-time business insights that relate to consumers, risk, profit, performance, productivity management, and enhanced shareholder value. (Tykheev 2018, 9) According to Columbus (2018) post on Forbes, Big Data is providing insights into which content is the most effective at each stage of a sales cycle, how investment in customer relationship management systems can be improved, in addition to strategies for increasing conversion rates, prospect engagement, conversion rates, revenue and customer lifetime value.

4.1.4   Social Media Marketing:

It is about using social media channels to promote the company and its products. This types of marketing should be a subset of online marketing activities, complementing traditional web-based promotional strategies like email newsletters and online advertising campaigns. It qualifies as a form of viral or word of mouth marketing. (Barefoot and Szabo 2009, 14) According to Investopedia, Social media

websites allow marketers to employ a broad range of tactics and strategies to promote content and have people engage with it. Many social networks allow users to provide detail geographical, demographic and personal information, which allows markets to tailor their messages to what is most likely to resonate with users. Social media marketing campaigns have the advantage of appealing to a broad audience at once. For example, a campaign could appeal to current and prospective customers, employees, bloggers, the media, the general public and other stakeholders (such as 3rd part reviewers or trade groups).

4.1.5   Marketing automation:

It is the process of using a single platform for tracking leads, automating personal marketing activities, and being able to produce full closed-loop reports on the effectiveness of all marketing activities. Marketing automation is a technology and it is also a new way of marketing. Marketing automation helps to solve the content problem by giving marketers an automated way to distribute their content and by opening up more time in their day to create more content instead of managing a database. It also makes the follow up very easy. (Sweezey 2014, 8-9-11) Marketing automation is a component of digital marketing. It is a software-based solution for automating marketing tasks, processes and managing leads. The software offers the business ability to manage marketing from one place and generate leads then convert them into sales. It consists of lead management, social media marketing, CRM, email marketing and reporting and analytics. Marketers require a big amount of time to execute repeated tasks manually for hundreds and thousands of leads (potential customer) and also the content sent to the customers would be very general as the marketer cannot possibly personalize content for each leads. Marketing automation makes communication with customers stronger and allows the marketers to form a one-to-one relationship with leads. By collecting data on prospects, interests, and behaviors, marketers can send personalized and more

relevant one to one targeted content to the customers using marketing automation. (Kapali 2018, 9)

4.1.6 Mobile marketing:

The Mobile Marketing Association (MMA) defines mobile marketing as a set of practices that enables organizations to communicate and engage with their audience in an interactive and relevant manner through and with any mobile device or network. These practices are a way to communicate with the customer building up a profound relationship with a generally high customer orientation. (Linden 2015, 10)

4.2 Most effective Marketing for South Asian Hanidcraft

The most effective marketing for South Asian Handicraft is content marketing to reach potential customers. It means South Asian handicraft should start writing blog having many keywords and high-quality pictures, posting videos about handicraft and craftsman. It will be a good idea to start podcast related with handicraft. Then posting all those content on Facebook, LinkedIn, Twitter, uploading those video on youtube, uploading all the pictures on Pinterest will help help to reach potential customer and eventually it will increase the turnover. It will also be a good idea to use AI and machine learning; Big data after having huge content and data of 2 years from now.

5 Logistics

The amateur discuss tactics: The professional discuss logistics
.- Nepoleon Bonaparte

5.1 Introuction to Logistics

All countries support international trade to promote their own economies. It is generally believed that each country produces what it can best, and then is able to trade some of its surpluses for goods and services that other nations have to offer. Every nation would like to export more than they import, in order to generate a positive balance of trade, which helps bolster both the country's currency and its employment. Countries also want to limit imports by assessing tariffs on them, or establishing quotas, although sometimes the purpose of these controls is to promote local producers. There are also many "hidden" tariffs barriers that discourage the importation and flow of foreign goods. Logistics should be designed to take that into account. There are several costs associated with international logistics in addition to the price of the product. If goods are either exported or imported, there are costs of transport and insurance. If these services are provided by the exporting nation's firms, then the importing nation must import the goods. (Wood, and Donald 2002, 15)

According to Mohammed (2008), Logistics is defined as a business planning framework for the management of material, service, information and capital flows. It involves integration of information, transportation, inventory, warehousing, material handling, and packaging.

According to the slide of Tover (2014), This is the table of different mode of transportation with their comparison on different scales like speed, volume, security, cost, and types of goods. Please see Figure 15.

	SPEED	VOLUME	SECURITY	COST	TYPE OF GOODS
HIGHWAY	High	Low	Media	Low	All
RAIL	Media	High	High	Media	Commonly for heavy and large loads
WATER	Low	Very High	High	Low	Commonly for heavy and large loads
AIR	Very High	Low	Very High	High	urgent, perishable goods or of high value
MULTIMODAL	High	Media	Media	Media	All

Figure 15: Different mode of transportation and their comparison on speed, volume, security, cost, and type of goods.

5.2 Logistics in South Asian Hanidcraft

Right now, South Asian Handicraft isn't using any information system (like ERP) for information integration with sellers (craftsman/artist). They only use the phone as a tool for communication. As south Asian Handicraft don't own any handicraft so there is no need for any inventory(stock) management. There is no inventory so there is no need of warehouse. All the inventory liabilities go to craftsman and artist. i.e. sellers themselves. The material handling is done when there is an order from the customers. We use 3rd party packaging material. As my research shows customer (buyers) want to have fast delivery we want to use airways because Airways is the fastest way to deliver goods to customers outside of Nepal. There will be cash on Delivery for customers inside Nepal.

South Asian Handicraft ship the product to the international customer by clearing the customs our self in Nepal but customers has to pay their own customs in their own country. The return policy is for damaged goods that can be done within 7 days. The

Return cost will be paid by customers. We will refund the money or replace the goods with new one depend on customer wish. The insurance of the goods will be covered by a logistics company, for example, Skynet, DHL.

It's south Asian Handicraft who is responsible for delivery of goods to the customer.

5.2.1 Logistics Management for International Customer

This is the figure 16. that shows our logistics operation. When there is an International order.
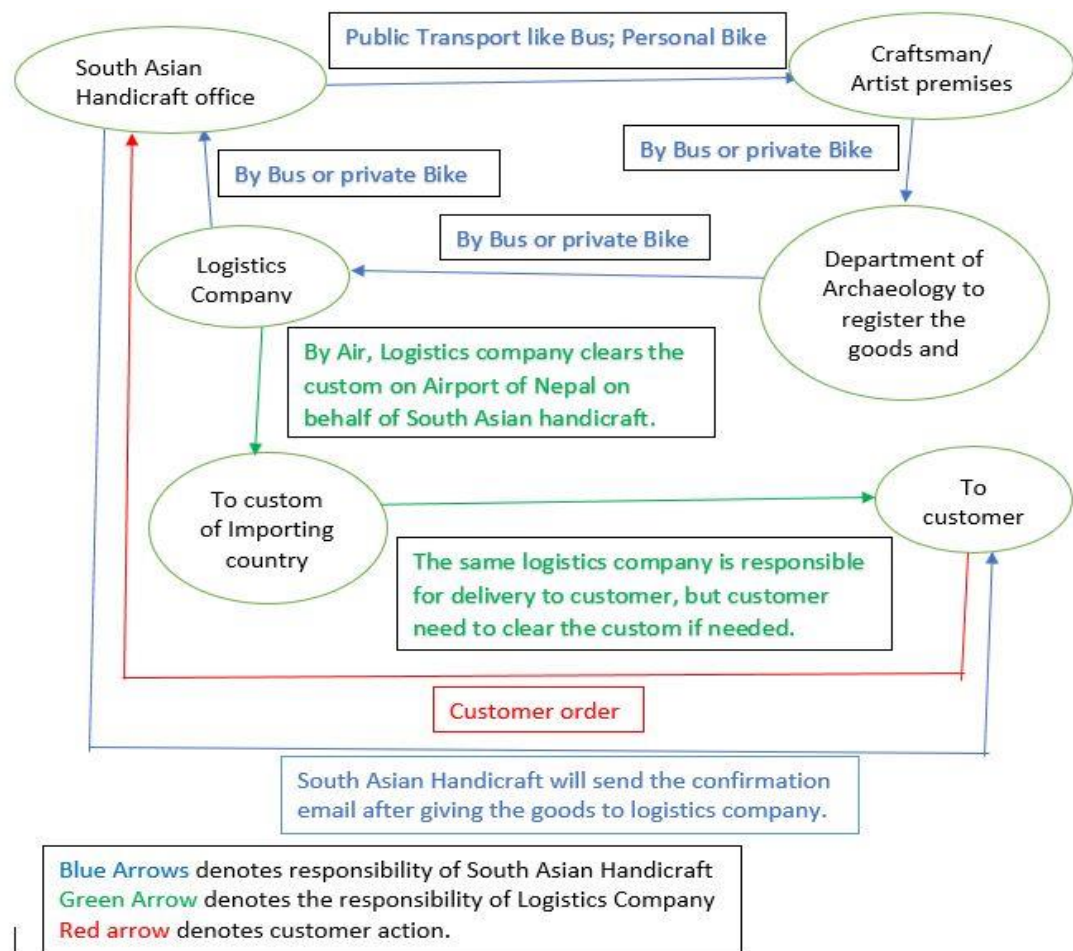
Figure 16. Logistics operations to international customer

5.2.2 Logistics Management for Domestic Customer

Figure 17 show the logistics operation When there is an order from inside the country.
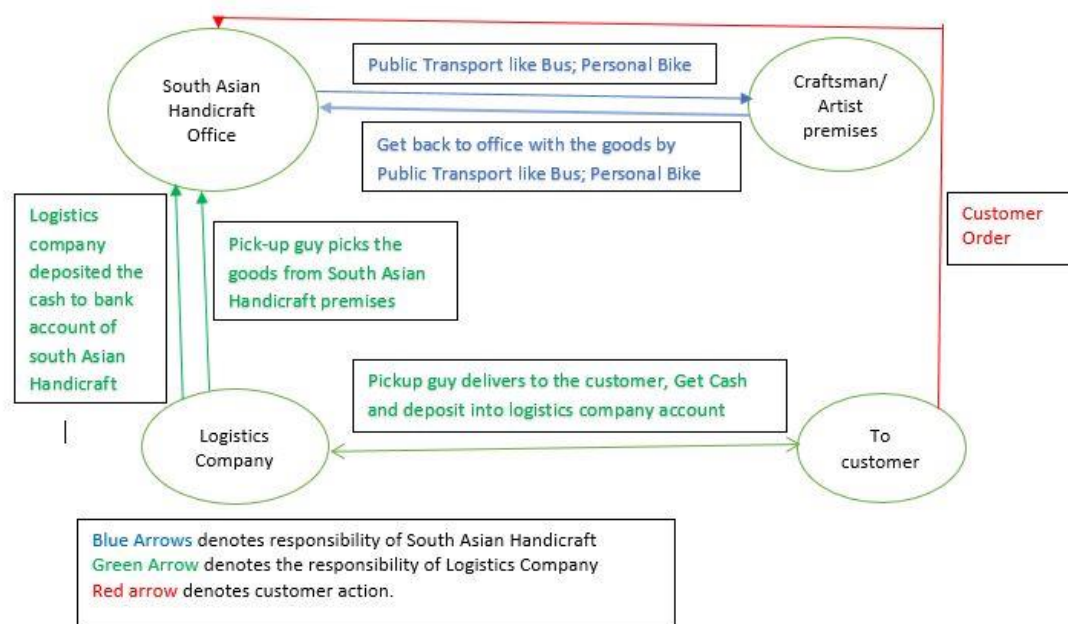
Figure 17. Logistics Operation for Domestic Customers

6   Business Plan from Accounting point

6.1 Executive Summery

Here is our Excutive summery. Please see Figure 18

Executive Summary						
Planned Turnover						
Period	1	2	3	4	5	6
In €	54,500	51,250	83,600	85,200	108,500	110,500
Prospective Staff Requirement						
Period	1	2	3	4	5	6
No. of Staff	3	3	4	4	5	5
Expected Net Profits						
Period	1	2	3	4	5	6
In €	6,449	9,137	22,055	34,675	54,426	74,014
Required Equity						
In €	5,000					

Figure 18: Excutive summery with the investment needed to start the company.

For more detail, Please have a look at my Business Plan excel file "BP-South Asian Handicraft".

6.2 Explanation of Business Plan for South Asian Handicraft

It have five section. They are:

6.2.1 Description of the Business Idea / Management Concept / Executive
Summary

Company Name: South Asian Handicraft

Objective of Business (Corporate Draft): To sell Handicraft through e-commerce website southasianhandicraft.com to western customer/ pilgrimage tourist.

Description of Product and Services: Statues and decorative items made of metal, wood, stones. Religious items for pilgrimage tourist.

Target group: Tourist from Europe, America, and Australia.

Advantage and benefits for the clients: Decoration for their home and offices delivered at their place. Delivery beaity to their office and home.

Current situation of the Competition: There are 397 industry and 529 registered commerce and 16 associates of Federation of Handicraft Association of Nepal. There are 5 e-commerce of Handicraft.

Competitive Advantage: No investment in product Development, production, and purchasing.

Corporate Strategy: Fair trade and always showing the craftsman of the handicraft.

6.2.2   Market Structure / Competitors

According to Kathmandu Post, FHAN have exported non textile handicraft of worth RS 2.74 billion (around 20.5 million euros) last fiscal year 2016-2017 comparison to previous fiscal year 2015-2016 worth Rs 2.90 billion (Around 21.8 million euros). The government has declared in year 2018-19 that they will raise the export incentive to five percent from two percent.

I am expecting the market share of 0.3% in the beginning in the first year of operation because of marketing we will do from different medium and promote fair trade.

We will do marketing like content marketing, Social Media Marketing and Google marketing.

Our Product Policy is "Product will be only bought directly from craftsman, artist, and small factory where 5-10 craftsman work together".

Our Price policy is "Fixed price because according to survey customer don't like bargaining done in handicraft brick and mortar shops."

Promotion Policy "Social Media marketing, online marketing, Email marketing, Blog".

6.2.3 Basic Investments

The basic investments are:
- Website Hosting space and domain name.
- Purchase of equipment like computer, camera, weighting machine and scale.

6.2.4 Personnel Costs / Leasing Fee / Other Expenses

I need two employees. One good in doing marketing, and another in building the website. There salary will be same as 3500 euros a year.

The other cost is rental cost (office space). According to my observation, 1500 euros for 1 year is enough to have an office for 3 employee and have common space.

According to Krishna (2017) Logistics cost in India is 13-15% of the product cost so In Nepal, it wouldn't be wrong to assume 20% because of poor infrastructure like road and it is also Land Locked country.

Transaction cost is 2.75%. According Surane and Cannon post on Bloomberg (2018), Only $97.25 goes to Merchant in purchase of $100.

Foreign Transaction cost is 3%. According Value Penguin website, A foreign transaction fee (FX fee) is a surcharge on bill that appears when a purchase is made that passes through a foreign bank or is in a currency other than the U.S. dollar (USD). The most common FX fee that credit card issuers tack onto bill is around 3%.

Goods cost is 50%. I am taking whatever turnover is expected, 50% goes to craftsman (Seller).

In the beginning, the cost of market studies for start-up will be 1000 euros.

6.2.5 Financial Planning with profit/Loss Account Plan

I am expecting venture capital give seed money of 5000 euros for 20% of the company. As an entreprenur, I am taking only 1 euros as my salary so I also don't have cash to invest.

7 Challenges and Solutions of e-commerce In Nepal

7.1 Challenges

There are so many challeges in Nepal to do e-commerce such as:

- Only 3% of mobile phone owner in Nepal used a mobile phone to send and receive money. (ICT frame 2018).

- Most of e-commerce in Nepal today rely on Cash on Delivery but it is limited by poor infrastructure and lack of street addresses. The delivery man rides scooter and has to call numerous times for directions before finally finding the house. (Rai 2018)

- Online payment by credit or debit card has never taken off in Nepal. (Rai 2018)

- Digital shopping still being limited to main cities and banks are not yet excited about extending the service. (Rai 2018)

- International online purchase by credit card is also hindered by Nepal Rastra Bank's regulations on cross border payments becaus eof maney laundering concerns, and danger of credit card fraud. (Rai 2018)

- Another challege is the requirements by international card companies like Visa for Nepalibanks to have a large asset base as collateral, as well as the absesce of an online payment culture. (Rai 2018)

7.2 Solutions

- My customer are outside of Nepal such as pilgrimage traveler, expatriates. These people have paypal account.

- Nepali can do cash on delivery and most of thehandicraft lover have home in very known places of kathamdu. So it won't be difficult for delivery guy to reach and do the delivery.

- I have Finnish bank account. I will try to have one business account through which I will receive payment from EU and USA debit and credit card.

- My handicraft customers basically live in cities.

- I will try to have Indian bank account which can accept payment from debit and credit card.

- The VAT on Handicraft in Nepal is zero. There won't be any problem in using other country bank account for receiving payment.

8 Theory of Research

"Research is an art of scientific investigation".
----- Kothari, C.R. (2004)

8.1 Introduction

RESEARCH IS A SPECIAL sort of term. It is a noun and a verb at the same time. As a noun, it represents a collection of insights and facts— a junk of the long-time known and newly learned. This "research" is a means to inform future decisions. As a verb, Research is a process of moving questions that are important enough to require answers toward those answers. At the early stage of a plan, Research can help to generate new ideas, and at later points, in a project, it can be used to assess them. (Augustin and Coleman 2011, 15)

Oxford Dictionary defines Research as "The systematic investigation into and study of material and sources in order to establish facts and reach new conclusions." The methodology of research defines the exact ways of collecting data during the research process on a particular topic. The main aim of the research is gaining measurable and verifiable data needed to answer the questions in order to expand knowledge. (Kopylova 2016, 42) The purpose of carrying out a research is to get knowledge. A research is, therefore, a procedure during which data is collected analyzed in order to provide an answer for a particular research question. Research requirements should be based on empirical data and previous researches, should be objective, valid, reliable and making generalizations possible. (Horvath, 2015)

Research alone is not all that significant. Research might get tenure at a university to someone or spark conversation at a party, but it does not acquire real power until it is integrated with conscious and unconsciously recognized knowledge. Knowledge combines professional experience, abstract knowledge,

common sense, and inspiration. Knowledge becomes intensely valuable when it can lead to an insight that inspires the resolution of an unanswered question. According to Microsoft Word's dictionary. Insight is "the ability to see clearly and intuitively into the nature of a complex person, situation or subject." (Augustin and Coleman 2011, Xi)

Research which involves people are social research. Social research, which deals with humans, their society and culture, and their organizations. "People Research" can involve an almost infinite range of activities asking people questions; listening and observing administering performances tests, evaluating resources, schemes, programmes or teaching methods; performing brain scans and monitoring physiological responses in response to various stimuli. A researcher has a wide range of roles and responsibilities in conducting social research. The main responsibilities, perhaps, are to conduct the research ethically and reflectively. (Jerry, and Szczerbinski 2007, 11-54)

8.2 Objectives of Research

Accordint to Kothari (2004, 2), The purpose of research is to discover answers to questions and find out the truth which is hidden through the application of scientific procedure. Although each research study has its own specific purpose, we can keep these research objectives in these following groupings:

a. To gain familiarity with a phenomenon or to achieve new insights into it.

b. To portray accurately the characteristics of an individual, situation or a group.

c. To determine the frequency with which something occurs or with which it is associated with something else.

d. To test a hypothesis of a causal relationship between variables (such studies are known as hypothesis-testing research studies).

8.3 Types of Reseach

According Sachdeva (2008, 61). Social research involves testing hypotheses to see if they are true. All investigation involve specific partcipants, take place in specific contexts, and involve specific activities, data collections, or manipulations. Invistigation or Research is or two types:

a. **Basic (aka Fundamental or pure) Research**: It is driven by scientist curiosity or interest in a scientific question to expand man'sknowledge, not to create or invent something. There is no obvious value to the discoveries of basic research. (Krishnakumar 2011)

b. **Applied research**: It refers to scientific study and research that seeks to solve and find solutions to everyday practical problems, cure illness, and develop innovative technologies, rather than to acquire knowledge for knowledge's sake. (Krishnakumar 2011)

According to Kothari (2008, 3-4), The basic types of research are as follows:

a. **Descriptive vs. Analytical**: Descriptive research includes surveys and fact-finding enquiries of different kinds. It describes the status quo as it exists at present. The main characteristic of this method is that the researcher has no control over the variables. He can only report what has happened or what is happening. On the other hand, in analytical research, the researcher use existing facts or information and analyse to make a critical evaluation of the material.

b. **Quantitative vs. Qualitative**: Quantitative research is based on the measurement of quantity or amount. It is applicable to

phenomena that can be expressed in terms of quantity. Qualitative research, on the other side, is concerned with qualitative phenomenon, i.e., phenomena relating to or involving quality. For instance, when we are interested in investigating the reasons for human behaviour.

c. **Conceptual vs. Empirical**: Conceptual research is related to abstract idea(s) or theory. It is generally used by philosophers and thinkers to develop new concepts or to reinterpret existing ones. On the other side, Empirical research relies on experience or observation alone, often without due regard for system and theory. It is data-based research, coming up with conclusions which are capable of being confirmed by observation or experiment.

d. **Applied vs. Fundamental**: It is already defined above.

e. **Historical research:** It is that which utilizes historical sources like documents, remains, etc. to study events or ideas of the past, including the philosophy of persons and groups at any remote point of time.

f. **Conclusion-oriented vs Decision-oriented Research**: In conclusion-oriented research, A researcher is free to pick up a problem, redesign the enquiry as he proceeds and is prepared to conceptualize. On the other hand, Decision-oriented research is always the need of a decision maker. The researcher isn't free to embark upon research according to his own inclination. Operations research is an example of decision-oriented research

because it use scientific method to provide executive departments with a quantitative basis for decisions regarding operations under their control.

g. **Some Other Types of Research**: All other types of research based on purpose, time required to accomplish research, environment in which research is done, or other similar factor. Form the time point of view, we can think of research either as one-time research or longitudinal research. Depending upon the environment in which Research is carried out can be field-setting research or laboratory research or simulation research. Research can well be understood as clinical or diagnostic research.

8.4 Research Design

According to Sontakki (2009), A research design is the master-plan for the study that guides the collection and analysis of data. It is a model to conduct a formal investigation. It is a framework within which the researcher has to work. It is a preconceived scheme or blueprint followed in completing the started research studies. The research design or plan keeps the study right on the track making it keep pace with the problem requirements. It makes the best result possible with minimum resources and procedures. It is saying that research design is structured only after defining the problem. The formation of research design is dependent on the nature of the problem identified. (56-57)

8.4.1 Types of Research Design

According to Sontakki (2009, 68), It is totally wrong to take it for granted that an only one standard research design serves the purposes of all research projects. Each research project, depending on nature, requires an independent research design. There is no one best design to apply for all

situations. In other words, research design is broadly classified into three types. They are a. Exploratory b. Descriptive and c. Experimental or casual.

a. **Descriptive Research design**: According to Shuttleworth (2013), Descriptive research Design is a scientific method which involves observing and describing the behavior of a subject without influencing it in any way. It is used in Market performance research, market potential and share study, product research, promotion research, distribution research, pricing research, and competition research. Descriptive design can be a basis for making predictions pertaining to specific marketing problems, although it does not explain the nature of the relationship involved. (Mishra 2007, 71) A descriptive research design is one that simply describes demographic features and characteristics of consumers who use products. It is concerned with determining the frequency with which something occurs or how two variables vary together. Such as: how the degree of product use varies with income, age, sex or other characteristics. This study is typically guided by an initial hypothesis.

b. **Explorative Research Design**: Exploratory research is the first step in the research process, helps to find a proper definition of the problem on hand, seeks to discover new ideas, insight, relationships based on secondary data. It is also called informal research or investigation. It is preliminary investigation having a flexible design. It is used in breaking the broad and vague problem into smaller more precise sub-problem statements in the form of a hypothesis. In other words, it helps in formulating the hypothesis for further research. The objective is to uncover the hypothesis that can be tested through descriptive or experimental research later.

c. **Experimental (Casual) Research Design**: Experimentation is a process where events occur in a setting at the will of the experimenter, and controls are

used to identify the sources of variation in the subject's response. Experimentation is the comer-stone of investigation in the natural or physical sciences and it has always been sciences of special interest to the behavioral scientist. Experiments are artificial, usually created for testing purposes. Experiments have been the basis for the advancement of knowledge in most scientific fields because it gives researchers more control over the factors they are studying. If they control factors present in a given situation, they can obtain more conclusive evidence and relationships between any two of them. It gives the ability to researchers to set up a situation for observing and recording accurately, and the effect on one factor when another is deliberately changed permits researchers to prove or disprove hypotheses. (Sontakki 2009, pp 68,71,73)

The three basic designs are not independent but are only as stages in a research process which is hardly ending. These basic types of research are closely inter-related so are the designs. Please see figure 19.
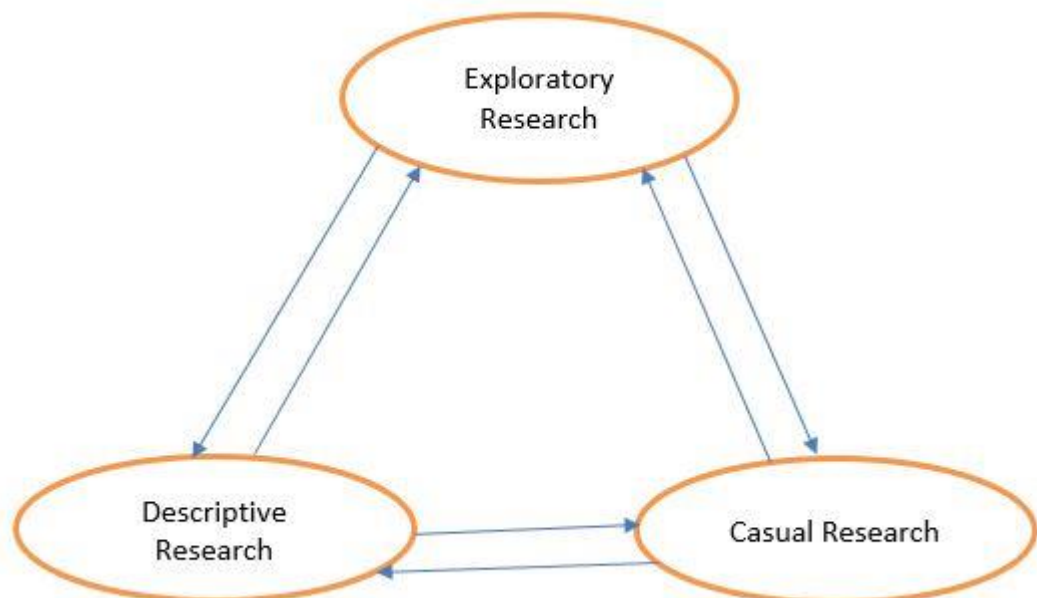
Figure 19. Interrelation between 3 different Research design

According to Kothari (2004, 39), Table 3. shows the difference between

Descriptive and Explorative research Design:

Table 3. Difference between descriptive and Explorative Research Design

Research Design	Types of Study	
	Explorative Research Design	**Descriptive Research Design**
Overall Design	Flexible Design (Design must provide opportunity for considering different aspects of the problem)	Rigid Design (Design must make enough provision for protection against bias and must maximise reliability)
Sampling Design	Non-probability sampling design	Probability sampling design
Statistical Design	No pre-planned design for analysis	Pre-planned design for analysis
Observational Design	Unstructured instrument for collection of Data	Structured or well thought out instrument for collection of data
Operational Design	No fixed decision about the operational procedures	Advanced Decision about operational procedures.

8.5 Research Startegy

According to Gabe and Park (2015), These are the summaries of Data Collection

Strategies.

1. Surveys: It inquires relationships between relatively well-defined variables or has some theoretically predicted relationships through research questions. Surveys also allow assessing the prevalence of opinions, attitudes, and behaviors among the population. Example: What are the impacts of parents' migration?

2. Experiments: Experiment designs are useful for testing theoretically predicted association between clearly defined variables. Experiments allow to manipulate the independent variables to examine whether a cause-effect relationship exists between the two variables. Experiment designs are suitable when testing causal relationships is the main goal for the project. For example: Are family sizes likely to decline when family planning services and credit on contraceptive use are provided by community-based programs?

3. Secondary data analysis: It is used when dataset collected from a large sample includes the exact variables implied in research questions and hypotheses of right now. The goals of secondary data analysis are the same as surveys. For examples: Has the two-child family ideal been persistent and universal in European countries during the last three decades? Are people without siblings more likely to choose to live nearby their elderly parents than those with siblings?

4. Historical study: It is useful when research questions concern a specific historical period or how things have changed over time then the historical study will be the research design of your choice. For such research, you will collect data from archival documents and secondary data sources. Example: What environmental factors affected family formation and family size in the Great Plains of the United States during the period of its initial Euro-American settlement?

5. Comparative study: When comparisons are done between two or more groups, regions, or countries, then that research become comparative study. It isn't a data collection strategy, but it focuses on the analysis between groups or countries. It can use original surveys to collect data or use secondary data from existing data sources. Example: How do family clinicians in four different countries perceive the impacts of information and communication technology on family life?

6. In-depth interview study: It is qualitative research designed for collecting detailed data. It is helpful when research questions require in-depth information on personal experiences, attitudes, opinions, or expert knowledge related to a topic. It takes longer research time per case than survey research so done using a relatively small sized sample. Example: How do first-generation immigrant children cope with school transitions in the host country?

7. Participant observations and ethnography: This strategy is suitable for studying a group, a community, or a group in rich depth, or the complex situations in which an event or an issue arises. It is suitable for more serious research projects such as theses and dissertations and it requires a long time during the field research. Example: In what ways do Japanese school teachers help parents accept and cope with their children's cognitive and behavioral disabilities?

8. Focus group: Focus groups allow assessing opinions, reactions, and thought processes related to topic quickly. It enables to collect information on different perspectives as well as common ideas shared among the group. Example: Urban residents' attitudes, perceptions, and justifications regarding reproductive behaviors observed in their locality.

8.6 Data Collection Technique

a. Survey: It is a useful method for collecting information by asking a set of questions and recording responses of members of some population. It is also used to identifying the average or typical response to a question, distribution of responses within the population, identifying how groups of respondents differ from one another. Investigators often conduct surveys to obtain self-reports from individuals about their own attributes such as attitudes, behavior, and experiences.

>   There are two basic types of surveys:
>   — One based on interviews
>   — Another based on questionnaires
>   (Delamater, Myers, and Collett 2018, 35-37)

b. Questionnaire: It is the main type of data-gathering instrument in descriptive research designs. It is defined in Webster's New Collegiate Dictionary as "a set of questions for obtaining statistically useful or personal information from individuals." Obviously, an effective questionnaire is much more than that. The questions should minimize the possibility that respondents will give inaccurate answers. The questions that are asked respondents are the basic essence of a research project. Inquiring by way of interrogation through specific questions forms the basic core of survey research. The reliability and validity of survey results are dependent on the way the specific questions are planned, constructed, and executed. Poor questionnaire design is a primary contributor to non-sampling errors, specifically response errors, the questionnaire should be well designed. (Robert 2005, 133-134)

a. Interview: According to Kumar (2014), Interview is the verbal conversation between two people with the objective of collecting relevant information for research purpose. The standardized survey interview is designed for

gathering data with which to measure the intentions, actions, and attitudes of large numbers of people, usually representative samples of the populations being studied. (Steenstra 2000, 2) Interviews can be unstructured, semi-structured, or structured. It depends on how flexible the questions are. An example of an unstructured interview can be asking questions like "can you tell me the story of your life?". A structured interview will have a list of prepared questions to ask all interviewees in face-to-face settings. (Wang, and Park 2015, 91)

8.7 Different Type of Data

- Primary data vs. Secondary Data: It is described as those data that have been observed and recorded by the researcher for the first time. These data are collected from the field for the specific purpose of the research. Secondary data is described as someone data which have been collected already before conducting research. They are already brought before the public in the form of published or unpublished data. (Mishra 2007, 45)

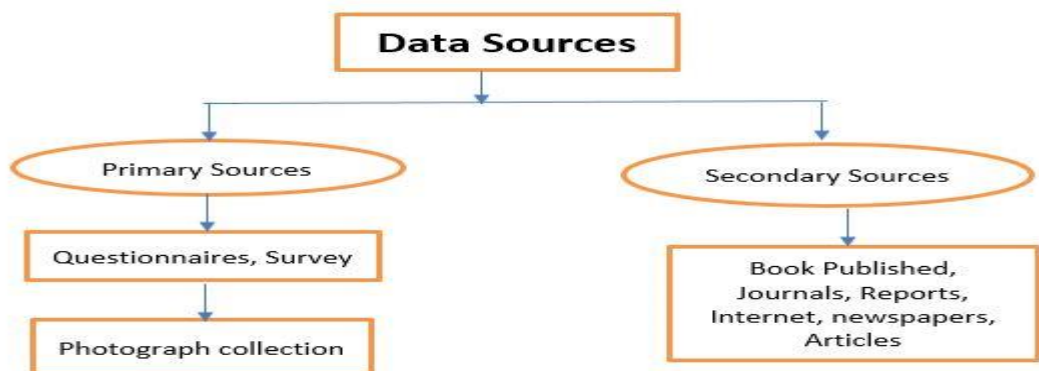## 8.8 Sources of Data Collection

There are two types of data Source.

Figure 20. Sources of data Collection

9   Research

In this thesis, Research done is "social research". My thesis is completely unrelated with I have studied in Bachelor degree in Logistics Engineering. I never study about handicraft and how the industry is working. I studied commercial product that are manufactured with machinery using automation in a factory. I did basic research for almost 5 months before starting this thesis. My Basic research was done with visiting/observing the manufacturer, exporter, retailers of Handicraft. Most of the handicraft items were religious and especially, Buddhist. I was wondering why people buy and what those statues give to them? In other words what value it adds in their life? To know the answers, I went to the monastery and studied Buddhism for 1 month and did a different kind of meditation.

While wrtting this thesis I did Applied Research.

The research questions of my thesis were:
- Is it a good decision to become an entreprenur in underdeveloping country like Nepal?
- Business model completly based on IT and knowldege, is it sustainable for Handicraft e-commerce?
- Which marketing method is more effective interms of customer visit and customer turnover?
- Which can be the best transportation mode?
- How much is the investment needed to run the Business?

To get answers of all these questions in my applied research, I use "Descriptive Research Design and explorative Research design". Some qestions were explorative to seek new ideas and insight from consumers,

whereas some where descriptive to know people attitudes towards the product I am going to sell. I did survey research.

In that survey research, I did an interview with artisans, craftsmen. I made questionaries for 2 different kinds of groups. One group was a student from Kopan Monastery, which was my classmates. Another was on Facebook. While doing research with Kopan student, I was sure they all have visited Nepal and seen all the product which I am planning to sell. All Kopan students were from the different contents of the world. On Facebook, I took the research assuming they are from different groups of people where I kept question-related with buying behavior.

The information collected through the survey is primary data. The answers are qualitative and quantitive data.

All the question I asked in survey with my friends, collegeus, craftsmans are in appendixes.

9.1 Research Result

9.1.1 Data from Kopan Student

Total Twelve students have responded to my question. I can't open their name so I have numbered them as 1,2, 3.....

All the participant have these common characteristics:

1. All beleive in Buddhism

2. All have visited Nepal at least once.

3. All know about nepalese handicraft and have bought one.

4. All are from west.

5. I know all of them.

Here is the research Result.

Figure 21 shows most people who have visited and studied religion in Kopan Monastry were between the age of 30-40. There were very few old peole between 60-70.
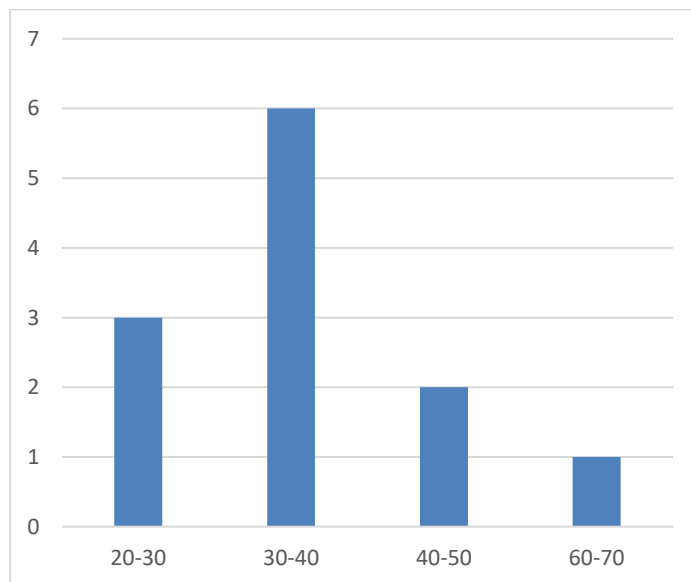
Figure 21. Count of Particpant by their age group.

I was the only one from Nepal. Most of the people were from Europe and North America. There were also some people from India and thiland, Japan. What I get from this is that the market for Buddhist handicraft is niche. The participant continent of origin is show in figure 22.
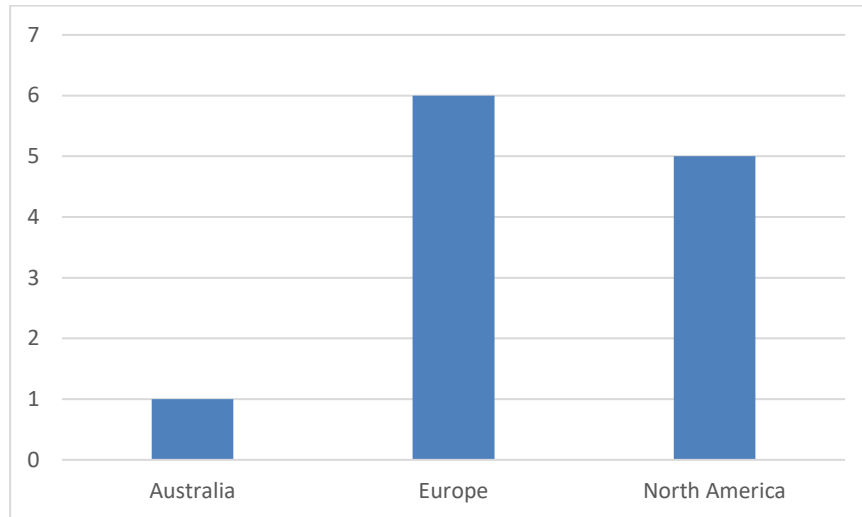
Figure 22. Count of participant by continent of their origin.

I observed it was almost 50-50 male and female during the course. Here my particpant are 60% -40%.
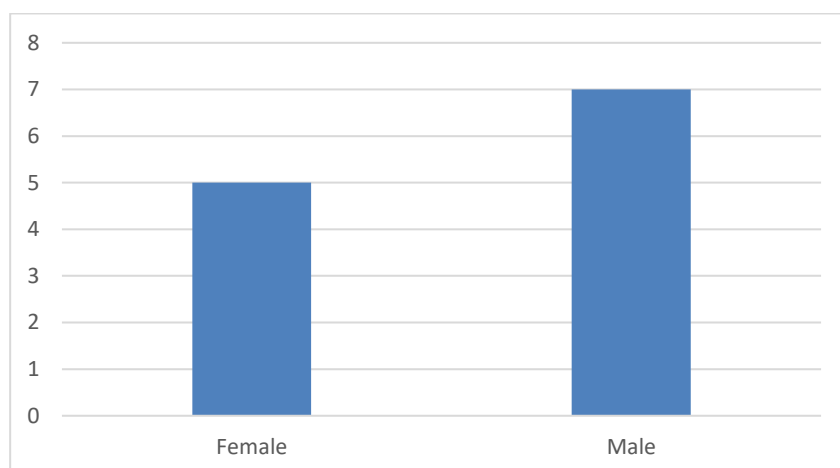
Figure 23. Count of participant by their age group

Figure 24 shows: How many of them bought souvenir/handicraft while they visit the nepal? More than 90% people have bought handicraft. From this it wouldn't be wrong to say, People who come for pilgrimage (or such people) are my potential customers.
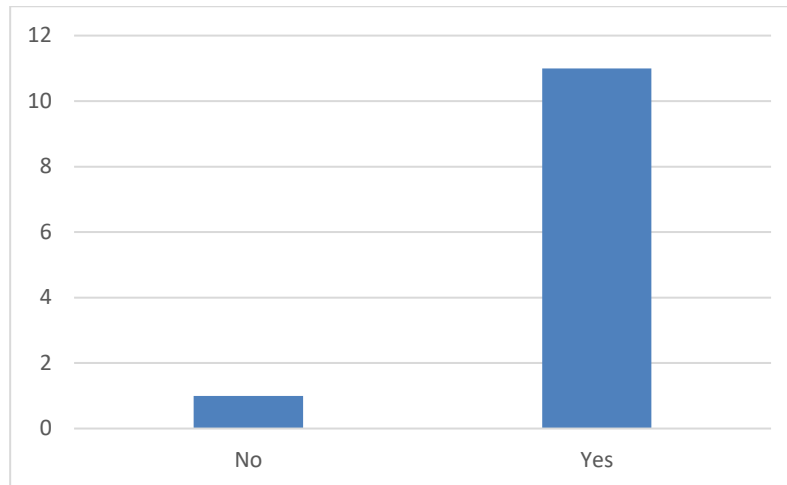
Figure 24. Count of Participant by whether they made the purchase or not.

From the figure 25, It is very correct to say 80% people who have visited Nepal like Nepali product or value "Made in Nepal".
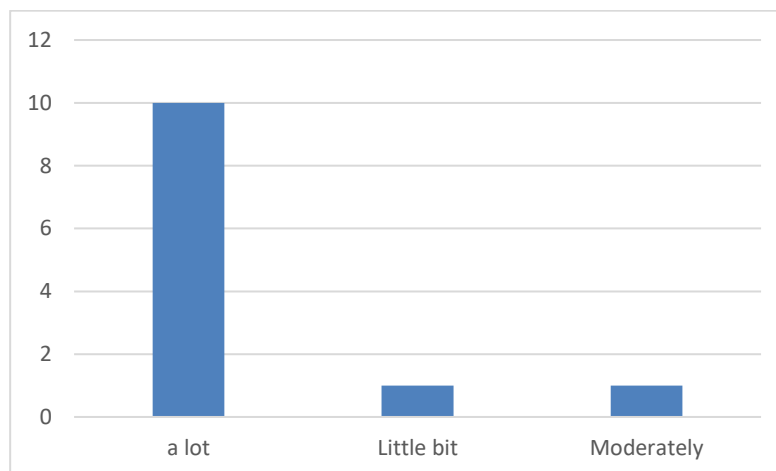
Figure 25. Count of Participate by response on "Made in Nepal" value

Figure 26 show people value craftsman and handicraft authenticity.
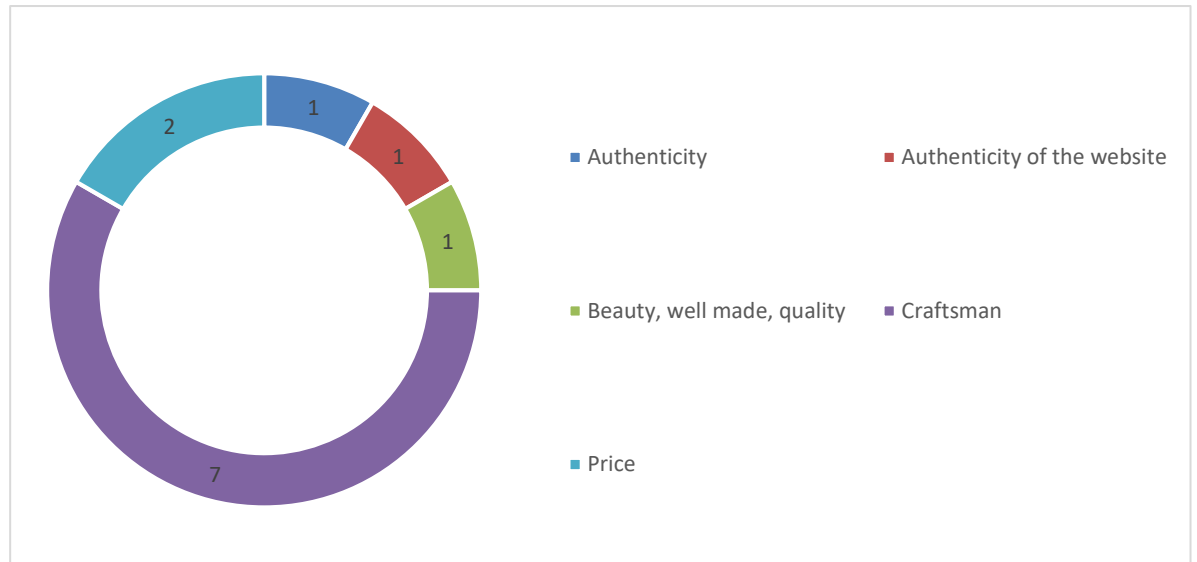
Figure 26. Count of Participate by response on What they value while buying handicraft

From figure 27, Looks of hanidcraft is very important then price. I learn the photo of handicraft on the website should look beautiful as the item is.
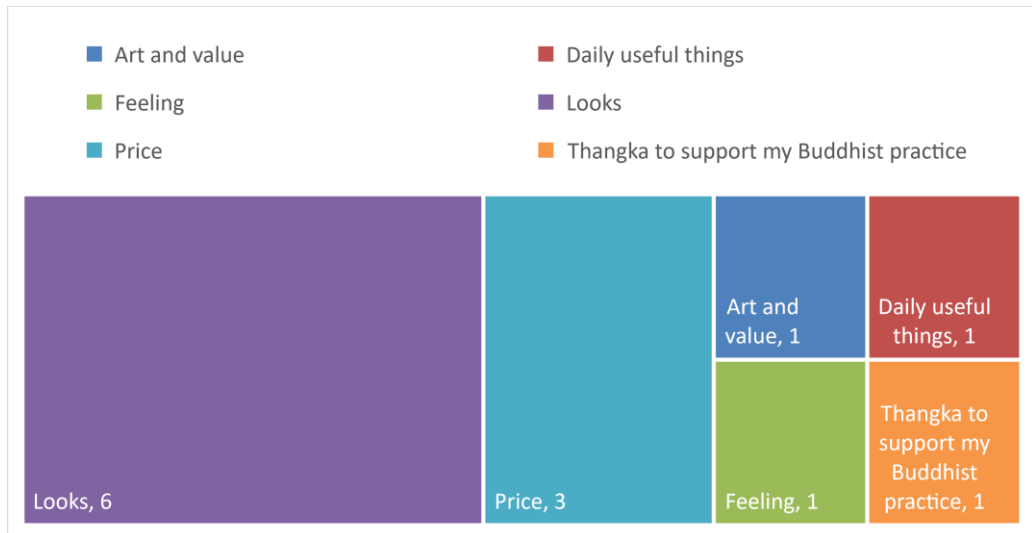
Figure 27. Count of Participate by response on What they motivate them while buying handicraft

Figure 28 shows 80% of my participant use of Paypal as their payment gateway while buying online. It means Paypal account is must from e-commerce business targeting Western customers.
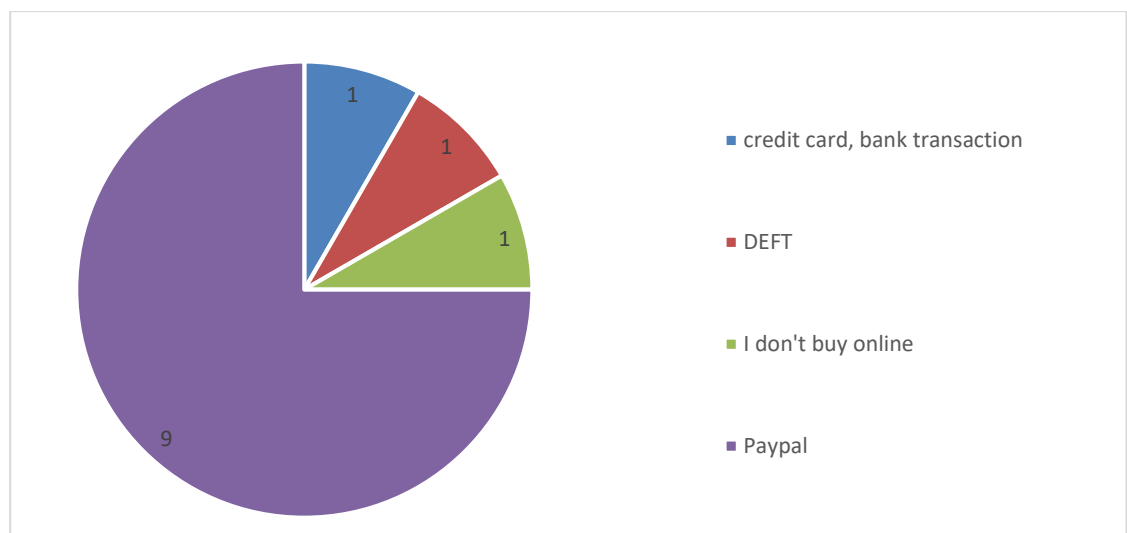
Figure 28. Count of Participate by response on which payment gateway they use while buying online.

Figure 29 shows my assumption of selling handicraft online directly from craftsman have potential. Almost 60% participant have said they likes to buy handicraft online.
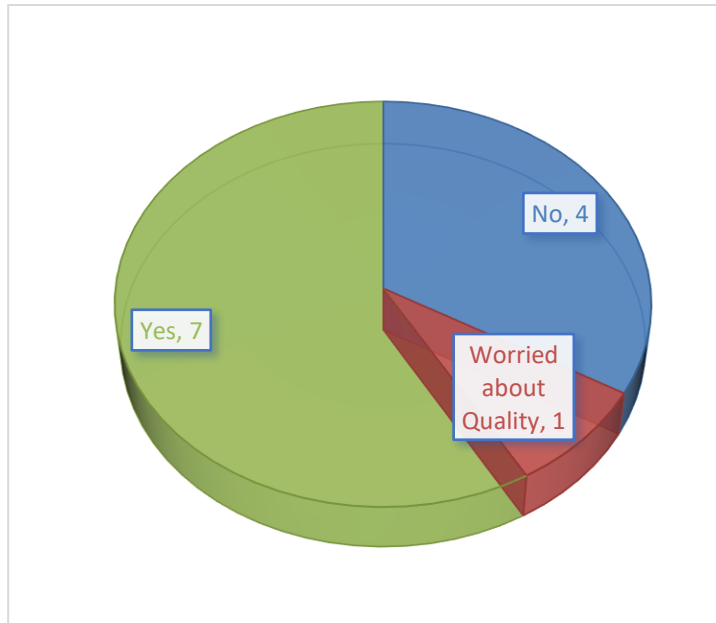
Figure 29. Count of Participate by response on whether they want to buy handicraft online or not.

Figure 30 give very good insight that shows it is important to have fair trade in business. I will do fair trade in my business. Another point is people want fast delivery compare to free shipping. It means I need to use airways as mode of delivery to customer.
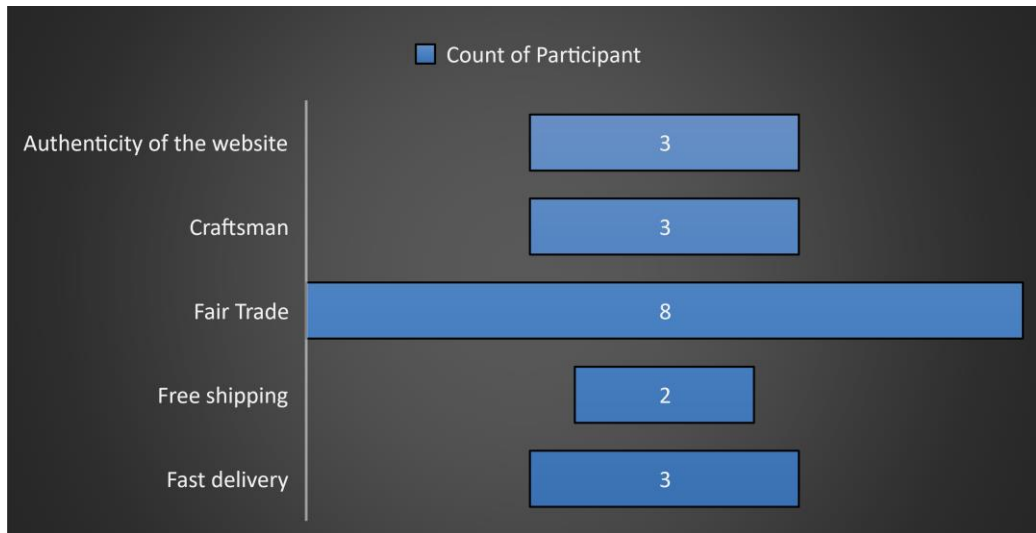
Figure 30. Count of Participate on what they care while buying online.

Figure 31 shows people will buy handicraft worth less than 100 euros. Very few people can afford expensive handicraft.
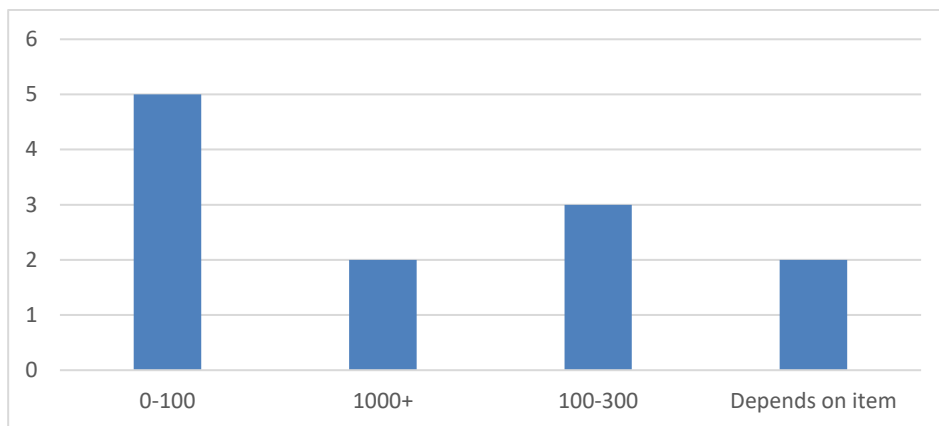
Figure 31. Count of participant on their typical budget in Euros.

Figure 32 shows that people like fixed price and shopkeeper don't know how to deal with western customer.

Figure 32. Count of particpant on what frustrates them while buying handicraft or anything in Nepal.

9.1.2   Data from Online facebook friends

There are 13 people particpated in survey done in my facebook. In which, there were 7 participant from Nepal and 6 participant from other than Nepal (3 from India, 1 from USA, 1 from Ukraine, 1 from Tanzania).

All Particpant age is between 20-40 shown in figure 33. 10 is in 20-29, and 3 is in 30-39.
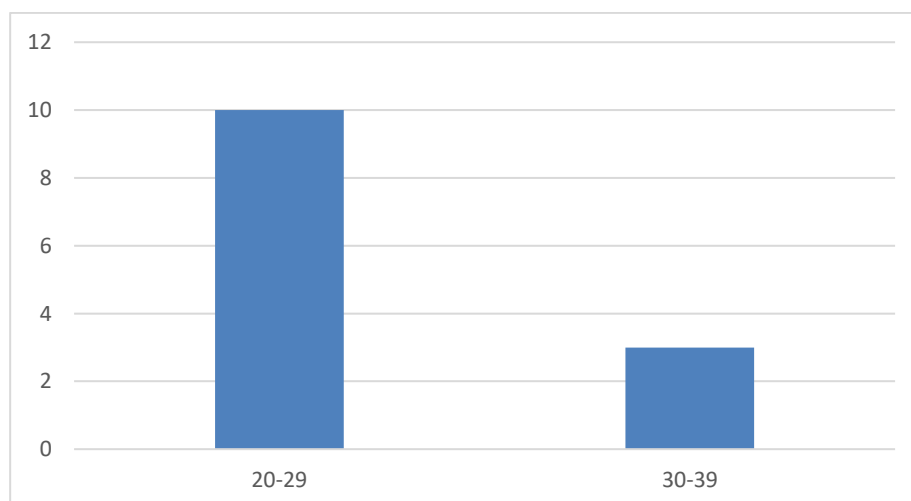
Figure 33. Facebook partipant age group.

Figure 34 shows people of Nepal prefer Cash on Delivery (COD) as a way for payment while shopping online. People from other country use Debit/Credit card and paypal as a method of payment.
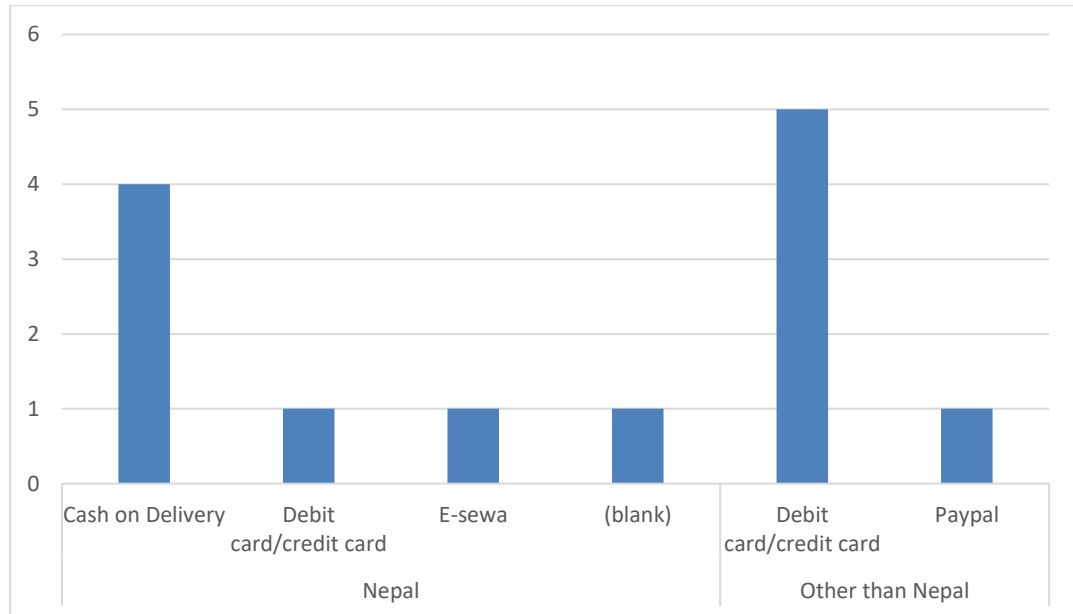
Figure 34. Participant by country they belong and their response on the payment gateway they like have

Figure 35 shows particpant from nepal haven't bought any goods online worth more than 50 euros. It gives me a good idea about the purchasing power or willingness to spend online of Nepali customers.

Figure 35. Particpant by country they belong and thow much they want to spend while buying online

Figure 36 shows about time saving and cheaper option motivates people to purchase online.
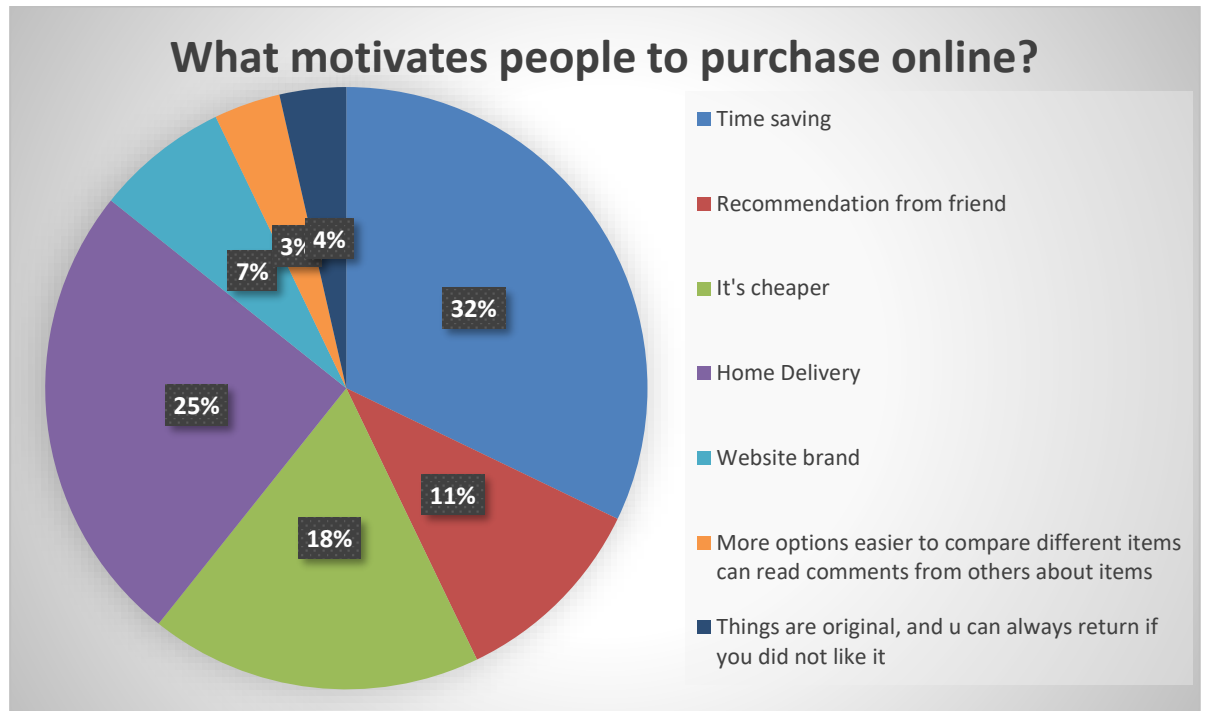
Figure 36. Particpant response on motivation for purchasing online.

Fingure 37 most of the online sellers are not doing great job. Quality isn't same as what it describes or shown on the website. Delivery time is also seems very tricky.

- Quality wasn't same as it show on website

- Delivery time

- Payment gateway

- Sometimes quality is different and when goods are broken it is tricky to return the item back to the online shop and get your money back
- Website slow Speed

- Refund in wallet not in Card

- If fake products delivered by seller

- Nothing actually
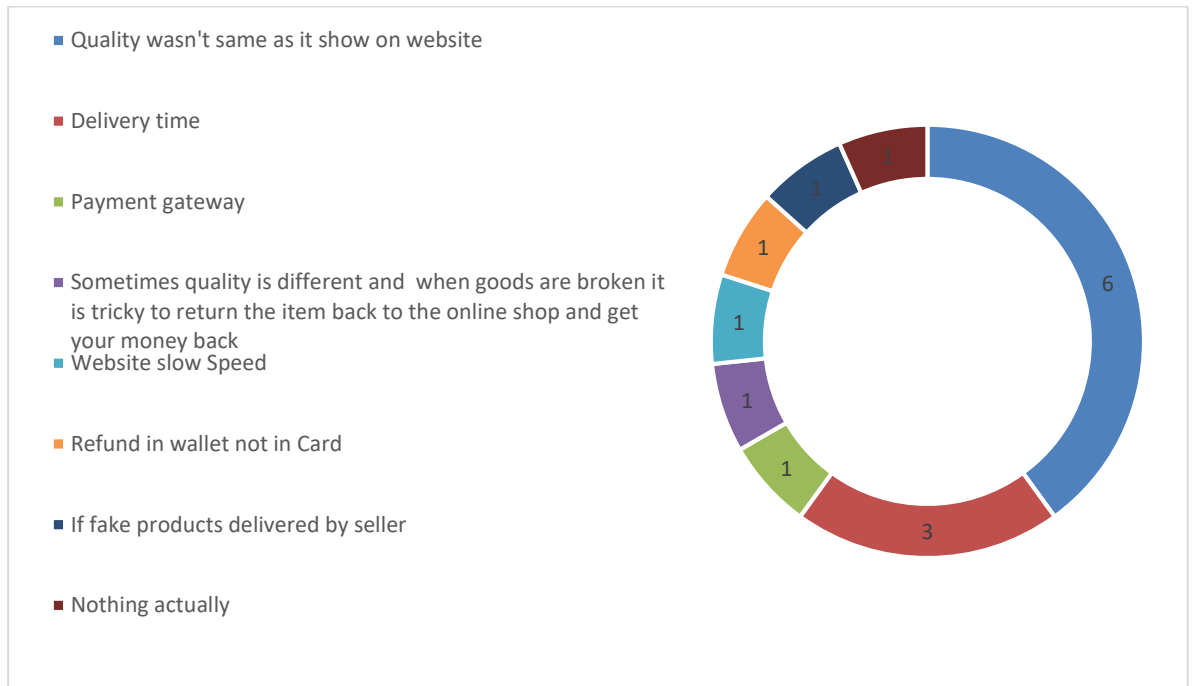
Figure 37. Particpant response about what is the factor of frustration while buying online.

Figure 38 show people value fair trade regardless of country they belong. Fast delivery is want of most of the shopper online. It's also important to have authorised website.

Figure 38. Partcipant response on what they care while buying handicraft online

Figure 39 shows people number and the medium to be in touch with their seller. Only 9 people responded to this question in which 5 people responded that whey want to be in touch by phone followed by meeting and email.
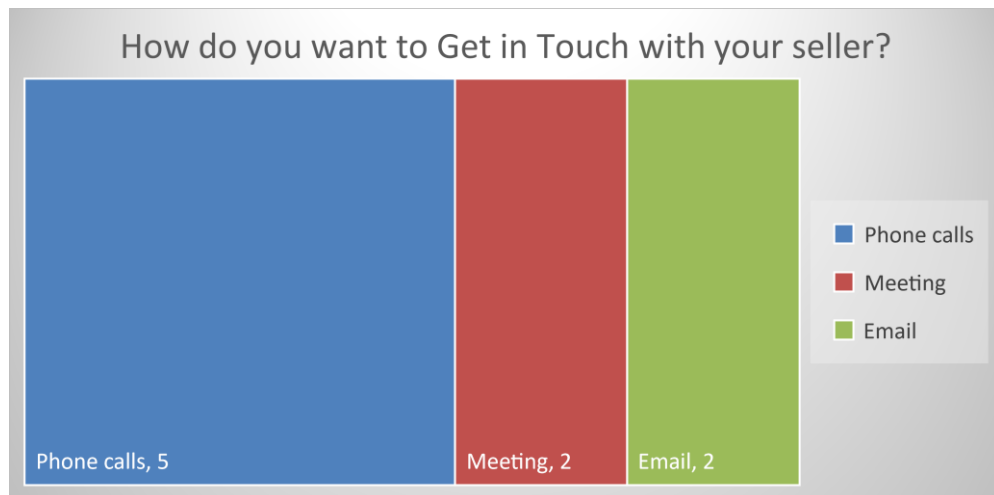
Figure 39. Particpant response on how they want to get in touch with their seller.

9.1.3   Data from Craftsman

I have collected data from 25 craftsman, artist, and factory (company where 5-20 craftsman work together) combined. I took interview with 5 face to face interview. I asked some common question with all 25. I also had conversation with all. The questions I asked with them are in appendixes.

Figure 40 shows category of craftsman and ther numbers.
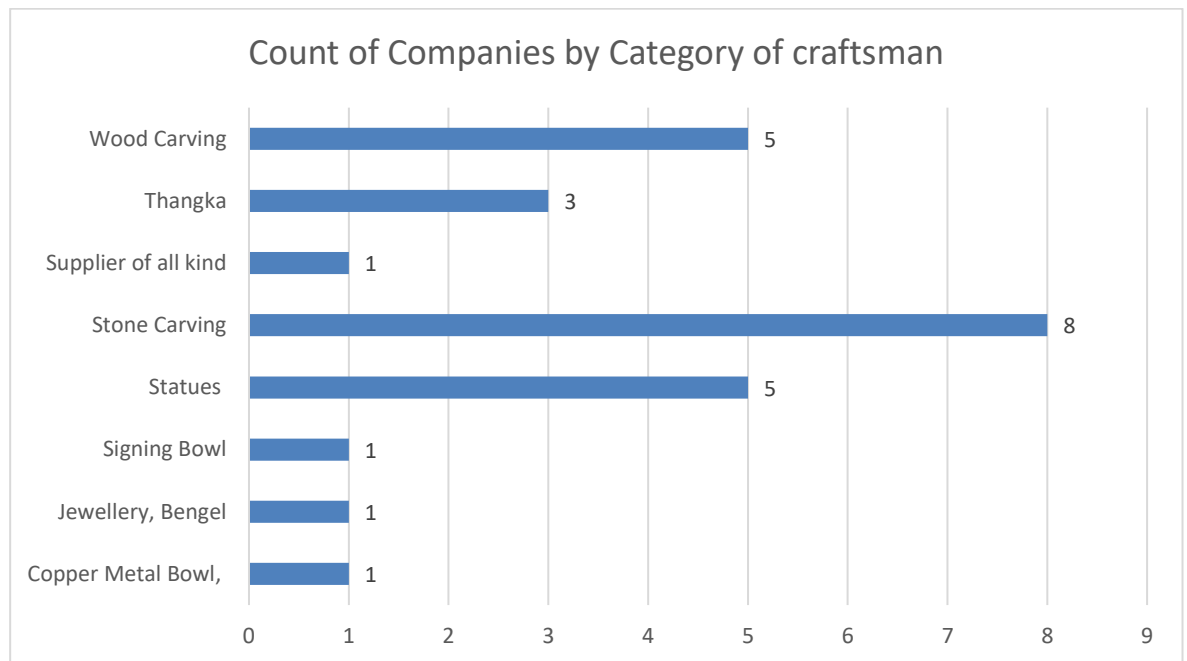
Figure 40. Category of craftsman with company count.

When I asked do they want to sell online. This is the answer I found. Here 1st tier supplier is defined as someone who have huge about of stock and bought from craftsman and factory but not doing online business." Maker" is a common word I am using for all the category of people.

Figure 41 shows, out of 25, 18 maker agreed to sell their product online through my site. Whreas 7 said no because these reasons:

1.   Some are doing it by themselves.

2. Some artist have concerned about copying their art and losing the value. I respect that.
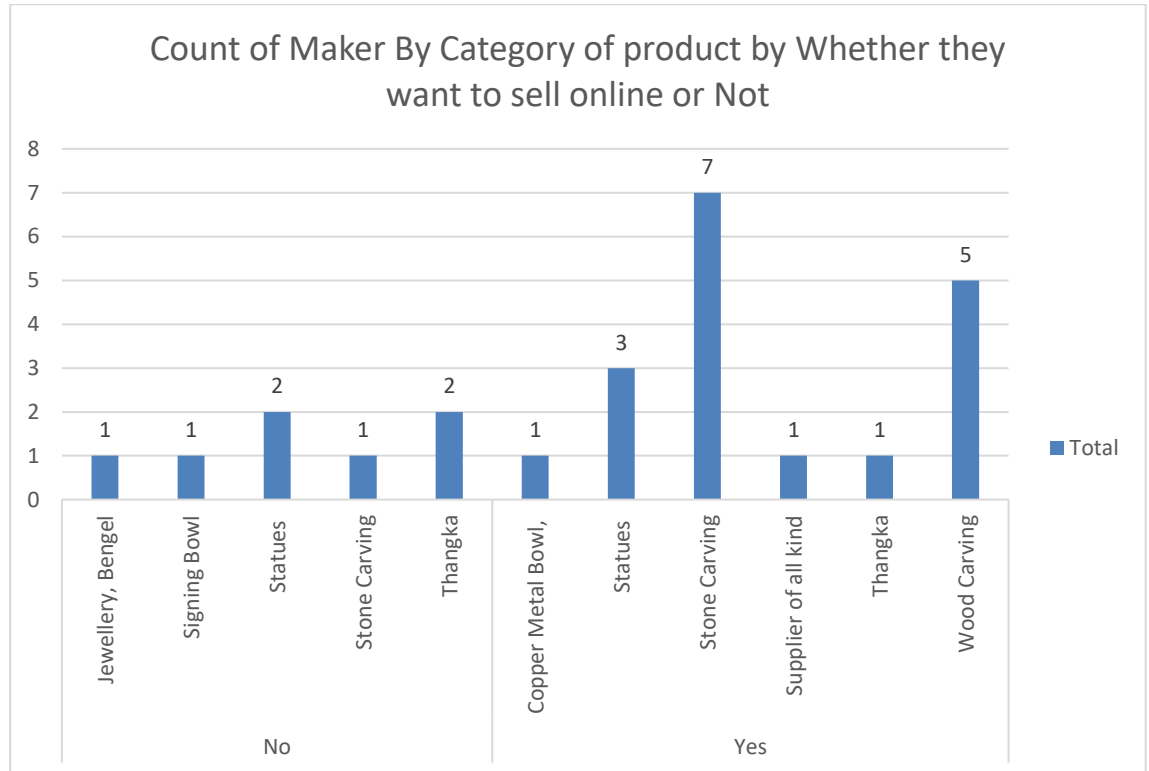
Figure 41. Count of different category of maker and whether they want to sell online or not.

Figure 42 shows In 11 are craftsman, 1 metal worker, 5 is factory and 1 is 1st tier supplier want to sell online. Here is the data.
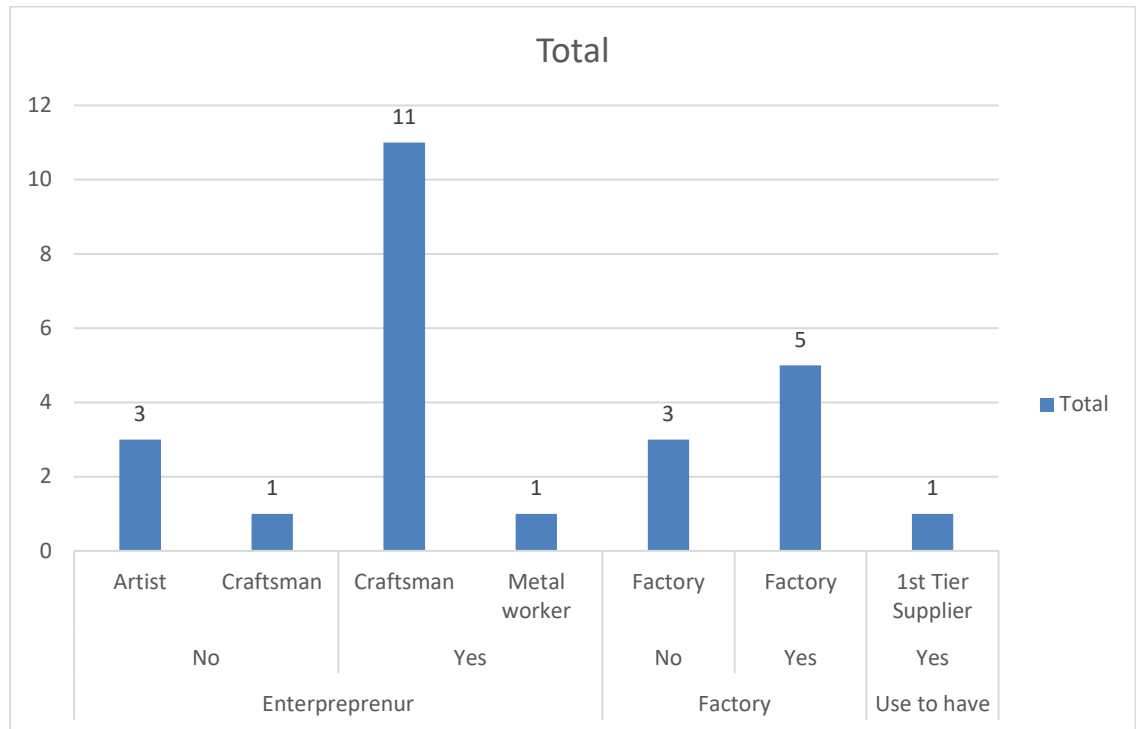
Figure 42. Count of Entreprenur and factory who want to sell online or not.

During Interview, I was able to know alot of information about handicraft industry and those are qualitative data. Some are also not relevant with the topic of Thesis.

9.2 Limitation

The research is focused on only Non-textile products such as Metal crafts which is metal statues, singing bowl, metal bowl; wood crafts such as wooden windows, wooden statues; Thangka; Stone crafts such as stone statues; Silver Jewellery like silver bangles.
The area I am conducting offline research is inside Kathmandu Valley.

Another limitation is: The problem I am solving is limited to Business to customer sells.

10 Conclusion

The thesis have given me the opportunity to test my assumptions about e-commerce, handicraft, craftsman, handicraft indutry. Here are my assumption and the answers I got through research.

1. My assumption was people care about craftsman while buying handicraft.
   The answer is yes, People care about the craftsman.

2. My assumption was people like free shipping.
   The answer is international customer value "fast delivery" more than free shipping, and Nepali customer want "Cash on Delivery".

3. I had assumption that Price motivates people to buy handicraft.
   The answer is NO. "Looks" of Handicraft that motivates people to buy more than price.

4. I had no idea about what people care while biying online.
   The answer is Fair trade. It was eye opening to me.

5. One of my hypothese was International customer might not value "Made in Nepal" Product. BUT According to the research, it shows people who have been to Nepal and using Nepali handicraft value "Made in Nepal" Product.

10.1 Answers to Research Questions

Here are the answers of the research questions.

1. *Is it good decision to become an entrepreneur in underdeveloping country like Nepal?*
   It's a great idea to become an entrepreneur in country like Nepal. It makes the world a better place to world for everyone. Although that entrepreneur can be from any part of the world, developed or least developed nation. Afterall "**The Value of land is what man makes of it.**" (Kautilya 1992, 94)

2. *My business model: Model where I don't hold any product (No investment in product) but sell all product available to the manufacturer. Is that model sustainable in context of Nepal and in case of Handicraft.*

The model is sustainable until and unless the South Asian Handicraft is sure that product is available in craftsman stock because people want fast delivery. Fast delivery mean people don't want to wait for a product to get made after placing the order. I think, The company need to do another research regarding whether customer could wait for handicraft made directly from craftsman or not. It's always good to test hypothesis.

3. *Marketing: Different kind of Marketing. Which is more effective in terms of customer visits, and customer turnover?*

The most effective marketing is Content marketing. It means South Asian Handicraft need start writing blog related with handicraft and craftsman. That blog needs to have good pictures and good amount of search keyword. Making video and podcast will be more useful in-terms of customer and customer turnover.

4. *Which is the best transportation mode by comparing the different transportation mode in Nepal for shipping the product?*

According to Research result, Fast delivery is very important for international customer so mode of transportation for delivery of product will be airways.

And

Inside Nepal, Cash on Delivery is the need of online buyer so mode of delivery is road ways.

5. *How much is the investment needed to run the business?*

The total investment needed to run the business is 5000 euros for 20% of the company.

These answers are really useful and tell how to make successful e-commerce of handicraft. According to our business plan from accounting point of view, Handicraft business looks profitable.

10.2   Reflection on the thesis work

I use to get a fever whenever I use to think I have to write a thesis of 50 to 80 pages. I very honest while saying this. I use to wonder what I am going to write in those 80 pages. But I remember one quotation from Chemistry class lecturer, Dr. Mauno Harju, is "I know Elephant is BIG but I can eat Elephant piece by piece". The quotation was very useful to me in this thesis writing process. I divide the whole thesis into single chapters. Each chapter becomes one single document. for example, the Business Model is one chapter in one document, Marketing is another chapter in another document, and so on. I start writing about one chapter at a time without thinking I have to write 50 pages. Slowly and Slowly, I was finishing one chapter at a time. When All the chapters finished I combined them in one document. Then I got my thesis more than 80 pages excluding references and appendix pages.

Things I discovered about myself:

- I can read online. I use to think I am bookish only know how to read with a physical book. Now, I am comfortable with reading book online.

- "Labor never goes in Vein." I prepared SDG pyramid almost 1 year ago. I was so thrilled with the idea that I thought to keep it my thesis as an important part of on decision of becoming an entrepreneur. The 1st ten page of my thesis was written at that time. I just keep the references now. That labor helps me right now to finish my writing process of a thesis in 1 month.

The lesson I learned while studying in JAMK make this thesis journey easy and good experience.

11 Discussion

These are the issues that need to be discussed.

- Numbers of people kept in SDG pyramid is 80% accurate because some data is from the year 2012, some from 2015, some 2016. Not all data is from the same year. There are chances of error in the data shown in the SDG pyramid.

- I haven't talked about the role of government in building a business or helping entrepreneur although I am fully aware that a stable government is very important for businesses to grow and function well. Good governance is the first thing that country need to have to get SDG.

- Sustainable Development Goals are connected and interrelated. It needs another thesis or long study to understand it.

- All Data of SDG pyramid such number of people and countries that are at the bottom can change over time. It's possible that country, for example, China and India can also come on the top of the SDG pyramid after 2 decades.

- Running or building a successful business (startup) is more than Business model, marketing, Logistics, and Investment. There are a lot of others independent variables that determine the success of the business for example: change in laws of the country, change in technology.

- The data collected is diverse and reliable but small. It is possible to get deviation in some of the result of the research, for example, People who are using debit and credit card more than using PayPal.

- The Business plan from Accounting Point of View, the cost to the company can go up if the company have to pay commision to the travel agent or

anyone who is referring a potential customer. In that case, It will be imported to pivot the Business mode especially in terms of pricing the product.

- Content marketing is the most effective marketing. It is the marketing South Asian Handicraft is going to use. It means South Asian Handicraft is going to a lot of resources, time, and manpower to build informative and unique content with a lot of keywords. That will add the cost again to the company.

- As customer want fast delivery then its important to have a craftsman and his handicraft with him so that it can be shipped the same day. South Asian Handicraft also need to have an office near craftsman so that it can reach the craftsman and get the goods within 2 hours of order.

- In some cases, the cost of logistics is more than the cost of goods. Then, In that case, there will be a minimum order quantity for that cheap product. While shipping, it's important to consolidate it.

These issues need to be taken into consideration while making the judgment of what this thesis is suggesting.

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Appendices

Appendix A: Questions given to Kopan Monastery Student

Demographic Questions

How old are you? (Short Question)

Which Continent are you from?(Multiple choice)

- Europe
- Asia
- North America
- South America
- Africa
- Australia

What is your gender? (Multiple choice)

- Male
- Female
- Prefer not to say

Psychographic Questions

What are your hobbies? (Short Question)

What do you think about Buddhist items like Thangka, Stupa, statue, Singing Bowl, Mandala, Vajra, Prayer wheel? (Open Question)

Buying Pattern Questions

Did you buy any Nepali item/souvenir during your visit to Nepal? (Multiple Choice)

- Yes
- No

What was it? (Checkbox)

1. Statues

2. Singing Bowl

3. Thangka

4. Decorative items

5. Bangles

6. Wooden items

7. Other_____

What was your typical budget? (Open Question)

How often do you purchase those items in your country? (Multiple Choice)

- Once in a year

- Twice in a year

- Biannually

- Whenever you want

What frustrates you while buying handicraft in Nepal? Or anything you bought in Nepal? (Checkboxes)

- Price Variation

- Bargaining

- Payment System

- Behaviour of Shopkeeper

How much you value "made in Nepal" products? (Checkboxes)

- A lot

- Moderately

- Little bit

- Don't value at all

What was your typical budget? (Checkboxes)

- Price
- Craftsman
- Authenticity of the website
- Other_____

Benefits Questions

What motivates you to purchase? (Checkboxes)

- Looks
- Price
- Other_____

Which payment system do you use while buying online?

- Paypal
- Other

Would you like to buy Nepalese handicraft (Jewellery, Statue) online directly from craftsman? If not, Why? (Short Question)

What do you care while buying online? (Checkboxes)

- Fast delivery
- Fair trade
- Authenticity of the website
- Craftsman
- Free Shipping
- Other _____

Appendix B: Questions given to Facebook friends

Which country are you from?

- Nepal

- India

- USA

- Canada

- Finland

- Germany

What is your gender? (Multiple choice)

- Male

- Female

- Prefer not to say

What are your hobbies? (Short Question)

Have you ever bought anything online?

- Yes

- No

Which Website have you used for buying online?

- Sasto Deal

- Daraz

- Nepbay

- Tori

- Amazon

- Ebay

- Other_____

How often do you purchase online?

- Once in a day

- Once in a week

- Once in a month

- Whenever you want

What was your typical budget? (Open Question)

What kind of value it add in your life?

- Spiritual value

- Material Value

- Social Value

- Other_____

Which payment gateway did you use?

- E-sewa

- Paypal

- Khalti

- Ipay

- Prabhu

- Cash on Delivery

- Debit card/credit card

What motivates you to purchase online?

- Good looks of the product

- Website brand

- You know the seller

- Recommendation from Friend

- Home delivery

- Time saving
- It's cheaper

What frustrates you while buying online?

- Website slow speed
- Payment gateway
- Delivery time
- Quality wasn't same as it show on website

How do you get in touch with your seller?

- Phone calls
- Email
- Meeting
- Other_____

How much you value "made in Nepal" products? (Checkboxes)

- A lot
- Moderately
- Little bit
- Don't value at all

What do you care while buying online from Nepal? (Checkboxes)

- Fast delivery
- Fair trade
- Authenticity of the website
- Craftsman
- Free Shipping
- Other _____

Have you ever bought handicraft online?

- Yes
- No

What motivates you to purchase? (Checkboxes)

- Product looks
- Price
- Maker (Craftsman, artist)
- Other_____

What frustrates you while buying handicraft in Nepal? Or anything you bought in Nepal? (Checkboxes)

- Price Variation
- Bargaining
- Payment System
- Behaviour of Shopkeeper
- Other _____

Appendix C: Question asked with Makers

1. What is your name?

2. What is your company name?

3. Would you like to sell online?

4. Are you a solo entrepreneur or do you have factory?

5. Are you a first-generation craftsman or your father have also done this work?

6. What is your experience as a craftsman?

7. What are problems do you face in this industry?

Appendix D: 6 Month Comparision Data of Handicraft Goods Exported

Fiscal Year 2071/72 and 2072/73
(2014/015 and 2015/016)

S.N.	Month: Shrawan-Poush Description	F/Y 2071/72	F/Y 2072/73	Inc /Dec %	Amount in NRS. Contribution to Total %
A	**Textile Products :**				
1	Pashmina Products	306,643,525	190,381,460	**(38)**	**8**
2	Woollen Goods	378,356,782	265,013,437	**(30)**	**12**
3	Felt Products	449,915,093	427,080,113	**(5)**	**19**
4	Silk Products	25,599,259	24,294,851	**(5)**	**1**
5	Cotton Goods	85,026,119	74,364,764	**(13)**	**3**
6	Hemp Goods	7,172,582	6,897,905	**(4)**	**0**
7	Allo Goods	1,288,894	2,612,656	**103**	**0**
8	Dhaka Products	442,719	984,795	**122**	**0**
9	Misc.Textile Products	7,915,877	10,056,653	**27**	**0**
	Sub Total :	**1,262,360,849**	**1,001,686,635**	**(21)**	**44**
B	**Non Textile Products :**				**-**
1	Silver Jewellery	81,046,344	90,335,181	**11**	**4**
2	Metal Craft	582,600,774	546,211,654	**(6)**	**24**
3	Handmade Paper Products	235,484,133	241,831,652	**3**	**11**
4	Wood Craft	59,510,668	79,505,223	**34**	**3**
5	Glass Products	88,569,706	41,934,119	**(53)**	**2**
6	Bone & Horn Products	28,139,264	35,544,175	**26**	**2**

7	Crystal Products	1,664,154	5,483,861	**230**	**0**
8	Ceramics Products	11,497,127	15,063,065	**31**	**1**
9	Leather Goods	8,964,950	14,328,777	**60**	**1**
10	Incense	15,684,250	15,464,489	**(1)**	**1**
11	Plastic Items	10,679,670	15,468,589	**45**	**1**
12	Paubha (Thanka)	10,095,511	34,377,943	**241**	**1**
13	Beads Items	67,200,127	59,948,664	**(11)**	**3**
14	Stone Craft	7,287,335	7,871,810	**8**	**0**
15	Bamboo Products	1,375,623	1,687,380	**23**	**0**
16	Miscellaneous Goods	103,879,687	86,244,107	**(17)**	**4**
	Sub Total :	**1,313,679,323**	**1,291,300,690**	**(2)**	**56**
	Grand Total	**2,576,040,172**	**2,292,987,325**	**(11)**	**100**

✳**Misc. Textile Products** include products from Rayon, Polyester, Velvet, Jute.

✳**Miscellaneous Goods** include goods/products other than classified above

✳**Contribution to Total Export** is based on share of products to total export, handicraft in 071/72
Federation of Handicraft Associations of Nepal, Thapathali Height, Tel:4244231,4245467, 4243015
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Appendix E: Yearly Comparision Data of Handicraft Goods Exported

Fiscal Year 2070/071 and 2071/072
(2013/014 and 2014/015)

Month: Shrawan-Ashad

Amount in NRS.

S.N.	Description	F/Y 2070/71	F/Y 2071-72	Inc /Dec %	Contribution to Total Export of 2014-15 %
A	**Textile Products :**				
1	Pashmina Products	793,632,764	517,757,266	(35)	11
2	Woollen Goods	619,446,798	593,017,238	(4)	12
3	Felt Products	738,566,740	916,565,389	24	19
4	Silk Products	48,870,008	49,351,465	1	1
5	Cotton Goods	230,968,293	190,767,074	(17)	4
6	Hemp Goods	30,614,742	22,230,063	(27)	0
7	Allo Goods	1,739,589	2,056,974	18	0
8	Dhaka Products	1,197,932	1,378,701	15	0
9	Misc.Textile Products	18,558,436	13,913,933	(25)	0
	Sub Total :	**2,483,595,301**	**2,307,038,103**	(7)	48
B	**Non Textile Products :**				
1	Silver Jewellery	198,498,016	164,314,900	(17)	3
2	Metal Craft	1,105,184,488	1,091,948,843	(1)	23
3	Handmade Paper Products	414,727,980	404,697,041	(2)	8
4	Wood Craft	112,110,663	111,963,523	(0)	2
5	Glass Products	201,718,293	217,936,278	8	5

6	Bone & Horn Products	85,449,484	62,385,086	(27)	1
7	Crystal Products	1,864,246	2,852,543	53	0
8	Ceramics Products	36,769,077	21,910,521	(40)	0
9	Leather Goods	12,772,024	23,122,241	81	0
10	Incense	33,389,932	33,122,472	(1)	1
11	Plastic Items	19,341,520	20,397,967	5	0
12	Paubha (Thanka)	15,357,176	19,472,930	27	0
13	Beads Items	172,833,422	114,087,190	(34)	2
14	Stone Craft	8,229,721	11,997,076	46	0
15	Bamboo Products	12,404,746	3,258,722	(74)	0
16	Miscellaneous Goods	121,711,213	174,970,864	44	4
	Sub Total :	**2,552,362,003**	**2,478,438,197**	(3)	52
	Grand Total	**5,035,957,304**	**4,785,476,300**	(5)	100

✸**Misc. Textile Products** include products from Rayon, Polyester, Velvet, Jute.

✸**Miscellaneous Goods** include goods/products other than classified above

✸**Contribution to Total Export** is based on share of products to total export, handicraft in 071/72

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Email: han@wlink.com.np, URL:www.nepalhandicraft.org.np

Appendix F: Population Involved in Handicraft

Nepal's handicraft provides empolyment t o 916,852 (details in the table) people of the country.

District	Number	Percentage	District	Number	Percentage	District	Number	%
Kathmandu	89,548	9.77	Nuwakot	12,503	1.36	Sankhuwasabha	4,624	0.50
Morang	38,981	4.25	Pyuthan	12,313	1.34	Panchthar	4,413	0.48
Rupandehi	34,620	3.78	Tanahun	12,233	1.33	Lamjung	4,377	0.48
Sarlahi	28,928	3.16	Bardiya	11,864	1.29	Arghakhanchi	3,951	0.43
Sunsari	28,585	3.12	Surkhet	11,673	1.27	Dadeldhura	3,721	0.41
Dhanusha	28,474	3.11	Gulmi	10,778	1.18	Okhaldhunga	3,714	0.41
Parsa	27,191	2.97	Syangja	10,758	1.17	Dhankuta	3,667	0.40
Dang	26,717	2.91	Bajhang	10,461	1.14	Terathum	3,578	0.39
Nawalparasi	26,300	2.87	Rolpa	10,268	1.12	Bhojpur	3,463	0.38
Jhapa	26,131	2.85	Dolkha	10,221	1.11	Myagdi	3,034	0.33
Kapilvastu	24,452	2.67	Ilam	9,470	1.03	Bajura	2,779	0.30
Lalitpur	23,416	2.55	Dhading	9,305	1.01	Khotang	2,751	0.30
Siraha	22,100	2.41	Udayapur	9,201	1.00	Taplejung	2,740	0.30
Chitwan	21,501	2.35	Baglung	8,802	0.96	Salyan	2,189	0.24
Bara	20,998	2.29	Kanchanpur	8,511	0.93	Darchula	2,147	0.23
Bhaktapur	20,570	2.24	Sindhupalchok	7,990	0.87	Jumla	1,879	0.20
Banke	19,802	2.16	Sindhuli	7,706	0.84	Jajarkot	1,639	0.18
Saptari	19,083	2.08	Gorkha	7,424	0.81	Solokhumbu	1,285	0.14
Kaski	18,767	2.05	Doti	7,099	0.77	Rasuwa	902	0.10
Kavrepalanchok	17,084	1.86	Baitadi	6,166	0.67	Mugu	772	0.08
Rautahat	15,306	1.67	Dailekh	5,937	0.65	Mustang	644	0.07
Mahottari	14,540	1.59	Rukum	5,789	0.63	Dolpa	499	0.05
Kailali	14,453	1.58	Parbat	5,402	0.59	Humla	461	0.05
Makwanpur	14,193	1.55	Ramechhap	5,047	0.55	Manang	219	0.02

Palpa	13,928	1.52	Achham	4,730	0.52	Kalikot	85	0.01

Total : 916,852

Source : Population Census 2001

11.1 Appendix G: Business Model Canvas- Craftsman Side

Business Model Canvas — Craftsman Side

Key Partners
- Website designer company
- Payment service provider (paypal, e-sewa)
- Logistics service provider
-

Key Activities
- Photography of product
- Volumetric measurement of product
- Weight measurement of product
- Creating content about the product
-

Key Resources
- Skilled Manpower
- A fast & safe website
- A paypal account

Value Proposition
- A fair trade for craftsman
- Logistics service for customer of their product
- Opportunity to sell product only all over the world

Customer Relationship
- By visiting them personally
- Face to face talk
- Meeting them once a month

Channels
- FHAN (Federation of Handicraft Association of Nepal)
-

Customer Segment
Craftsman, Artist, Thangka painter, Small (where 5-10 craftsman for a single shop)

Cost Structure
- Website designing cost
- Transaction cost
- Logistics cost

Revenue Streams
- Total sales - 50% of Revenue

11.2 Appendix H: Business Model Canvas: Buyer Side