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How to develop Afghan karakul marketing

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Abstract
This study was specifically concerned with the Afghan karakul marketing development. After carpet and fruit, Afghan karakul is one of the most important export item of Afghanistan to international market especially western market. The study attempted to investigate, explore and analyze the current marketing of Afghan karakul and the significance of its marketing development. The objective of the study was to find ways in order to develop Afghan karakul marketing

Qualitative research method was applied in this study in order to achieve in depth understanding of the karakul marketing situation, as this method is mostly analyzing and descriptive instead of numerical or statistical. A semi-structured interview with the customers was conducted as a tool for the gathering of primary data. The data was focused on the current Afghan karakul marketing and how to further develop it. Further, Nvivo as a computer assisted qualitative data analysis software or analyzing tool was used to analyze the data. Using of software for analyzing qualitative data saves time by providing organized filling system for the data. Further, less clerical work is needed to analyze the data and gives more time to think instead of printing papers

The study offered a new marketing approach for the development of Afghan karakul marketing. It presented that, by changing of marketing from stage 1.0 to stage 3.0, Afghan karakul marketing needs to be changed. The result of the study advocates that in order to increase Afghan karakul export and customer loyalty it is needed to focus on customer-oriented marketing. Moreover, Conducting of this study was significant to provide new marketing knowledge for the Afghan karakul merchants. Achieved study goal will contribute to Afghan karakul development, that results export growth.

Keywords
Afghan karakul, marketing development, export, customer loyalty, customer-oriented marketing
Appendix 1: a sample page from Karakul selling catalog.

Appendix 2: Coding in Nvivo software.

Appendix 3: Interview questions
1. INTRODUCTION

Afghan karakul which is produced traditionally by karakul breeders in the villages of Afghanistan, is one of the most important export items of that country. The trade of this product between Afghanistan and the west countries returns to 3000 years ago via Silk Road (Sagafurs, 2012). Afghan karakul is used as a raw material for manufacturing fashionable garments and accessories and the main market for the export of this product is Finland (Sahak, 2013).

Due to 3 decades of insecurity and instability in Afghanistan, the karakul industry did not develop. Thus, the lack of academic research on Afghan karakul related to its market situation, competitors, quality and market development, persuaded the author to fill this gap and initiate this study.

This study will be limited and focused on the development of karakul marketing and it is a qualitative research in its nature. The current marketing process of Afghan karakul will be analyzed and finding new ways in order to further strengthen the karakul market will be discussed. The study structure contains 6 different related parts that commence from introduction and end in conclusion. The parts are: introduction, literature review, theoretical framework, methodology, findings, and conclusion.

1.1. Research problem

The word ‘karakul’ in Persian (قره قل) is taken from two Turkish words Kara that means ‘black’ and Kul that means ‘lake’, while others believe that the word karakul has been derived from the name of a village (the name of the village is karakul) and located in Faryab province of Afghanistan. The residence of the village are breeding karakul sheep. This sheep generation has been revealed 2000 years ago in Afghanistan, Iran, China, and Soviet Union, while, the karakul trade has been developed after the 18th century (Karakul institute presidency, n.d).
New born karakul sheep’s pelts are called karakul, Swakara (southwest Africa karakul), Namikara or Nakara (Namibian karakul), astrakhan (Russian), Agnello di Persia (Italian), and krimmer (Russian) (esdaw, n.d). The new born lambs (1-3) days or even fetal are killed for their pelts. As seen in figure 1, their pelts are soft with the coil wools (Arbeid, 2008). Karakul natural colors are brown, gray and black, since they are called Sur (agouti), Shirazi (gray), kambar (brown), Arabi (black) and guligas (pink) in their native region (Vintage Fashion guild., 2010).

Karakul production is one of the most important economic activity of Afghanistan that includes several provinces especially in the north of Afghanistan. According to the latest statistic more than 100,000 pelts and hundreds of tons of wools are produced yearly in the country (Karakul institute presidency, n.d). On the other hand, due to the three decades of war, drought, decrease in grass land and smuggling of karakul to neighbors’ countries, the number of karakul sheep has decreased (Karakul institute presidency, n.d).

Figure 1: Afghan karakul. (Karakul institute presidency, n.d).

Karakul, after carpet and fruit is the most important export item from Afghanistan to international market (central statistics organization, 2014). Saga Furs annual report for 2014 highlights that, karakul pelts that are produced in Afghanistan are auctioned by Saga Furs over 20 years. The agents (exporting companies) buy
karakul from producers and after sorting and grading it is prepared to be sold by Saga Furs auctions (Saga Furs, 2014). The way of doing business is traditional, agents are present through the auctions for pricing process and this year Saga Furs auctioned 400,000 karakul pelts (Saga Furs, 2014). For better understanding of Afghan karakul business chain Figure 2 is designed. As it is shown in Figure 2, Afghan karakul produced by local karakul breeders who are nurturing karakul sheep and find its way to international marketplace.

As it is shown in figure 2, the first in the process are karakul breeders. After that they collect karakul skins during the season of karakul sheep delivery which is
from April – June, they sell them in the local market (bazaar) or directly to the exporting companies. After that, these companies are responsible for the tanning process and exporting to Finland for the auction through Saga Furs.

Saga Furs Oyj is the only public fur company in the world (Saga Furs, 2014). In addition to its head quarter in Finland, it operates through its subsidiaries in Poland, Denmark, the Netherlands and its representatives in Russia, China, the USA, the Baltics, Greece, Norway, Sweden and Spain (Saga Furs, 2014). Beside Afghan karakul, other furs which are auctioned in Saga furs are fox, mink, and chinchilla (Abried, 2008). As mentioned in figure 1, the customers are fur broker companies from different countries such as, Russia, China, Hong Kong, UK, Canada, Italy, Norway, Denmark and Germany. Saga furs company plays the role of facilitator between Afghan karakul exporters and buyers of the karakul. It provides big halls for the fur reservation and protection and marketing consultation. While, does not charge any fee, but receives 3% from selling of every skin. In the auctions the exporters are able to meet their customers and negotiate for their transaction.

Afghan karakul is used in the clothing industry as they are warm, silky, having beautiful pattern, and wavy curls (Vintage Fashion guild., 2010). No changes and development has been carried out in the production process of this product within Afghanistan for several decades, means as it was produced traditionally in past still continuing in the same way (Arbeid, 2008). The government of Afghanistan did not support the karakul production process by providing farms, giving subsidies to the farmers, providing tannery and sorting machines, in order to develop this old industry (Arbeid, 2008).

After Afghanistan, which has a big market share in karakul market, other countries in central Asia and Africa like Namibia are producing karakul. According to Itenge and Shipandini (2015), karakul sheep was introduced and imported to Namibia from Germany in 1907 which has been originated from Central Asia. Since the south of Namibia with semi-desert and little rainfall seems to be a perfect climate for karakul nurturing (Bravenboer, 2007).
The Namibian karakul industry has been organized different research and long term breeding programs to produce high quality karakul pelts with exceptional patterns and short hair (Itenge and Shipandini, 2015). In addition, in 2012 the Namibian authorities decided to change the name of karakul to Swakara due to significant differences between African and Asian karakul pelts and to distinguish it from other countries’ karakul (Itenge & Shipandini, 2015).

Schoeman (1998, p.125) states that, in 1975 more than 95% of 4.4 million in Namibia were karakul sheep and the export reached 5 million pelts to the European market.

Different from Afghan karakul, Namibian karakul is called Swakara or South-West Africa karakul which produced in Namibia and auctioned at Copenhagen Fur in Denmark (Itenge & Shipandini, 2015, p.1). According to (Itenge & Shipandini, 2015, p.2), after the 1980 collapse in karakul industry of Namibia, the number of offered Swakara to the Copenhagen fur auction was different as figure 3 indicates.

![Figure 3: Number of Swakara pelts from 1994 – 2013 offered at Copenhagen Fur auction (Itenge & Shipandini, 2015, p.4).](image)
As it is shown in figure 3, the highest number of Swakara pelts was sold in Copenhagen auction was 144,035 pelts in 2003 and the lowest sales were in 1997 and 2004 with 68552 and 68203 pelts (Itenge & Shipandini, 2015, p.4). As a result of comparing figure 3 with figure 5, one can conclude that Afghan karakul has the biggest market share in karakul market. The highest number of Afghan karakul offered for the auction was in 2008 (654,000 pelts) and the lowest number in 2009 (252,000), while the highest number of Swakara is in 2003 (144,053 pelts) and the lowest in 2004 (68203 pelts).

On the other hand, it seems that Swakara presents itself better than Afghan karakul and the buyers are much interested in Swakara (Arbeid, 2008, p.14). Among all the issues that exist in Afghan karakul industry, this study focuses only on marketing of Afghan karakul and in particular on ways how to change the Afghan karakul marketing in order to present it with the highest degree of quality, sorting, packaging, and product offer to make it survive in the intensifying competitive fur market.

1.2. Research aim

The aim of this research is to develop Afghan karakul export. This will lead to economic development and sustainability of Afghan families and farmers who are involved in this business. Furthermore, Afghan karakul is sold at a higher price in foreign markets than the domestic market, especially in European markets and the buyers are fashion and clothing companies. On the other hand, in order to increase Afghan karakul export, it is necessary to develop the market of this product.

1.3. Research Objective

The objective of this thesis is to find ways in order to develop Afghan karakul marketing. Quality and product offer can affect the market of any product, therefore the current situation of Afghan karakul in terms of quality, standardization, product offer, branding, and standard sorting will be focused.
According to California University State (n.d), a thesis is the systematic study of a problem conducted to offer a conclusion and recommendation for the researched problem. Likely, the objective of this thesis is how to find ways to develop Afghan karakul marketing. Therefore, the findings of the thesis will guide the producers to find ways in order to bring changes for the development of Afghan Karakul marketing.

1.4. Research Question

The question for this thesis is, **How to develop Afghan karakul marketing**. A larger number of Afghan karakul is sold in international market than the local market. Further the research question starts with “How” and according to Yin (2009), "how and "why" questions are more explanatory and need experiments.

2. AFGHAN KARAKUL

2.1. Afghan Karakul Production

According to Afghanistan's central statistics organization, agriculture and livestock are the two most important activities in Afghanistan economic, and have the role of backbone in Afghanistan's' economy (central statistics organization, 2014). They provide income for 49% of the households and even for 30% are the most important income resource (central statistics organization, 2014). Most of the Afghan families who are live far from the cities, nurture sheep for using their meat, dairy, wool and fur. Therefore, karakul sheep that are nurtured in northern Afghanistan such as Balkh, Jawzjan, Faryab, Samangan, Sare-pul and Kunduz provinces are the most known kinds of sheep in Afghanistan (Najafizada, 2006). Mostly, the farmers are feeding karakul sheep for their skins of their lambs that is called karakul.

The 1-3 days lambs are being killed for their pelts during the lambing season which is from March till June. According to Ewing (1943), experience shows that 90% of the best karakul is the one taken in the first day or after the birth. After that the pelts are carried out to the bazaar for selling to the local shops or karakul exporting companies (Arbeid, 2008). On the other hand, according to Arbeid
(2008), the quantity of karakul pelts can vary each year due to the weather conditions and meat price. If it is dry the farmers use karakul for pelts, while they prefer to keep the lambs for wool, skins and meat if it is rainy and grass availability.

Karakul production is a traditional industry in Afghanistan and according to the report published in the last decade, karakul production industry in Afghanistan is relatively small measured on the world scale and in the hand of a number of restricted stakeholders, although, it is argued that locally 500,000 people are benefiting from the karakul business chain (Arbeid, 2008).

A recent report entitled ‘traditional fur trade revives’ by Ibrahimi (2006) highlights that, prior to 1979 when the soviet union invaded Afghanistan, three million karakul skins were exported each year from Afghanistan. After decades of war this number declined to 200,000 pelts and during the Taliban regime karakul industry shut down after they prohibited the slaughter of new born lambs (Ibrahimi, 2006).

On the other hand, modern marketing needs an equipped and modern production system in order to convince the customers about the quality of the product. Ungan (2006) states that, in today’s competitive market there is a need for consistent qualitative product in order to satisfy customer, and this can be achieved through production standardization. Whereas, the least improvement of the karakul production industry can affect the karakul quality and markets. With production, the quality and availability is important. Kotler (2003) argues that, consumers will prefer products that are widely available and inexpensive.

Managers of production-oriented business concentrate on achieving high production efficiency, low cost and mass distribution. They assume that consumers are primarily interested in product availability and low price. This orientation makes sense in developing countries, where consumers are more interested in obtaining the product than in its features. Consumers will favor those products that offer the best quality, performance, or innovative features.

On the other hand, Afghan karakul production industry suffers from the lack of developed facilities, machineries and trained human resources in order to control
and improve the quality of the Afghan karakul (Arbeid, 2008). Bhat and Aswathapaa (2009) highlighted that, traditional strategies of business organizations have tended to emphasize cost minimization or product differentiation, while most companies today focus on quality and/or time which form the core of their business strategy.

2.2. Karakul value adding process

The new born male karakul lambs are slaughtered after the day they are born through lambing season which is February-June and the skinning takes place at the same time (Arbeid, 2008). The skins are collected, salted and kept in a cold place until bringing to the bazaar. Storing in a cold place like a house basement assists the pelts protection against high temperature (Arbeid, 2008). As the second step the karakul exporters buy raw pelts from the farmers in bazaar as it is shown in figure 2. In order to add value to these pelts it is needed to be processed. The process is called tanning.

According to Stainer and Hosterman (1950), the contrast between tanning of fur and leather is that in fur the hair is required to be kept, while for producing leather the hair is totally removed. In fur tanning it is the aim to keep the weight of fur light, while in leather it is strived to be heavy (Stainer and Hosterman, 1950). Moreover, Arbeid (2008) argues that, tanning process not only adds value, but also insures the good conservation of pelts and a processed pelt can be kept easily without being damaged.

The only karakul tannery in Afghanistan is located in Mazare-sharif which managed by Afghan Karakul Institute (AKI) and the tannery processes of all produced karakul pelts during the lambing season are processed in this tannery (Arbeid, 2008). The AKI receives a fee from the pelts owner for the tanning process. The tannery process, soaking, washing, and drying has been continued as it was in the past without bringing any changes or using new equipment or machinery for the tanning process (Arbeid, 2008). All of the activities are carried out by hands and could affect karakul quality. Stainer and Hosterman (1950) argue that, ‘inappropriate drying, unsuitable cleaning and inappropriate storage can affect fur
quality and can make the life of the fur shorter'. After drying and collecting the pelts they are directed to the sorting process that will be discussed under karakul sorting.

2.3. Karakul Sorting

Sorting can be defined as a process of grouping goods that have the same type and quality (Cambridge dictionaries online, n.d). Afghan karakul pelts are sorted by the AKI sorter/ grader, while sometimes the owner is involved in this process (Arbeid, 2008). The grades are distinguished by some criteria such as color, size, and patterns of curl and size of the patterns as showed in figure 4 (Karakul institute presidency, n.d).

Figure 4: Afghan karakul sorting process (Karakul institute presidency, n.d)

According to figure 4, the first step in karakul sorting after the drying process is to separate the pelts according to their color. During the second step, the factor of differentiation among the pelts with the same color is the type of their pattern and size (Karakul institute presidency, n.d). After completing step 1 and 2, two pairs of the same size, color and pattern are tied together (flatted and hair to hair) as a package and these packages are collected together to make a lot. The lots con-
contains 40 – 100 skins with the same characteristics (Karakul institute presidency, n.d).

Arbeid (2008) states that, there is lack of one accepted standard in lot processing to be followed by all exporting companies, therefore, each company has its own standard. All Karakul sorting process is carried out with lack of modern technology to assist and standardize the sorting process (Arbeid, 2008). As a result, Afghan karakul pelts are auctioned in a different way than the Namibian pelts called “Swakara”, meaning that both are sold in lots which can be viewed by buyers before the auction, while the Namibian lots are quality lots whereas Afghan lots are owner lots (Arbeid, 2008).

To describe further, in a quality lot the skins are selected according to their characteristics, quality, color, size, even though originated from different suppliers. In contrast, owner lot is designed by the owner that sometimes have different characteristic and quality (Arbeid, 2008). Owner lot is different from one owner to another owner. Therefore, the customer needs to inspect carefully the lots from different owners that takes too much time. Moreover, it is declared that standard sorting raises the chance of selling in the first auction (Arbeid, 2008).

It has recently been argued that, Lot Processing is used to track groups of items having the same Stock Keeping Unit (SKU) but may vary slightly in content or quality; perhaps because of individual manufacturing runs. Another use of Lot Processing is for groups of different component SKUs that are collectively used to manufacture a finished good (JD Edward, n.d).

2.4. Afghan karakul institute (AKI)

The only sectoral organization in Afghan karakul industry is Afghan karakul institute which was created 40 years ago (Arbeid, 2008). AKI which is also called (karakul institute presidency) is a non-profit organization that operating in the field of karakul tanning, karakul market research, standard sorting, packaging, and karakul market development in international market, local market development, and karakul export development (Karakul institute presidency, n.d). The AKI board of
directors consists of representatives from ministry of agriculture and livestock, ministry of Commerce, Export development bank, National bank and karakul traders (Karakul institute presidency, n.d).

After the end of lambing season the pelts are ready for the process of tanning in order to change the raw material to the final product (Arbeid, 2008). The tannery process is carried by Afghan Karakul Institute (AKI) which is the only industrial tannery for karakul in Afghanistan (Karakul institute presidency, n.d). AKI has the task of consultation instead of operative role, it assists the pelt owners, but does not interfere in the process of karakul production for better production quality and finding market (Arbeid, 2008). Meanwhile, AKI's role needs to be developed and standardized in order to play its role inside the country for karakul development and internationally in finding networks and markets for Afghan Karakul across the borders (Arbeid, 2008).

2.5. Karakul characteristic

To begin with, product characteristics have a direct impact on product positioning and sales process. It includes some important features such as product design, style, quality, size, color, shape and weight (Openbravo, 2014). Similarly, there are some factors that determine the characteristic of karakul such as color, size, softness, shinning, and coil and these features determine karakul's quality. Primary Afghan karakul comes in different colors such as black, brown, and grey while, sometimes the color is being changed by garment manufacturing companies for the purpose they are using.

Ewing (1943, p.103) divides the pelts in three commercial groups known as broadtail, Persian lambs and Caracul. Broadtail, which is flat, lightweight with a water-waved pattern and beautiful is the most valuable because it is produced from by lambs prematurely born (Ewing, 1943, p.103). The Persian lamb is the type of skin that contains closed curls usually taken from the 1 – 3 days old, due to the fact that, after the fifth day the curls open rapidly and the quality decreases (Ewing, 1943, p.103). On the other hand, Caracul which contains wavy patterns
and is free from close curls is usually light and removed under age of two weeks (Ewing, 1943). He adds that, all three classes are the best choices for making ladies’ coats.

The size of the skin is important as it determines the number of skin used for making garments and small skins increase the labor cost during manufacturing (Ewing, 1943). For example, a skin with 250 square inches is worth more than twice in the market than a skin with 125 square inches (Ewing, 1943, p.103). Beside other factors, pattern and curl are the important factors in skins’ quality, as pattern should be uniform through the entire skin from head to legs (Ewing, 1943, p.106). Further, the leather thickness can affect karakul’s quality. According to Ewing (1943, p. 107), the skins that are much thicker are heavier, therefore they cannot be accepted in dressing as most of the skins are produced to make woman coats and the customers do not like heavy coats.

Consequently, quality is a factor which directly affects the karakul sales in international market. Scholars have defined the quality in several forms. Ray (2005) states that ‘quality is the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs’. Moreover, a high quality product is often expensive because more time and efforts go into manufacturing such a product with its close tolerance and fewer defects. Moreover, total quality management is being used as a strategic weapon and companies want to produce products of high quality at cost lower than the competitors. (Albaum, et al., 2002).

Quality is what customer wants, it means that quality is the perception of the customer about the product’s degree, which meets the customer’s expectation (Basin and Srivastava, 2009). At the same time, quality is much more than obtaining ISO9000/BS5750 for the operational area of a business though this is important as well (Griffith, 1993). Ewing (1943) Claims that, the quality of karakul is influenced by some factors such as climate, handling, feeding and breeding of the
animals. He agrees that, market has a higher demand for the karakul which has big size, thin leather and small curl. Further, product quality is seen as a principal means of capturing market share in global competition (Bhat and Aswathapa, 2009).

As a result, this is quality of a product which provides customer loyalty and sales growth. In order to succeed in the international marketplace, particularly in the European Union market, it is becoming necessary that companies adopt minimum standards set by the International Standard Organization, known as ISO 9000 (Albaum, et al., 2002). Moreover, Bo (2003) argues that, in order to be competitive in the international marketplace it is necessary to be able to meet the demand from the local market in relation to technology and product quality.

Quality based strategies focus on satisfying the customer by integrating quality into all phases of the organization and this includes not only the final product or service provided to the customer but also the related processes such as product or service design, production and after-sales-service (Bo, 2003).

2.6. Karakul branding

Afghan karakul besides containing a long history of production and export, has not been branded by any company or even government. Even though, it has the biggest market share in the karakul international market, and the name of Afghan karakul is familiar to the most of the garment manufacturing companies in international marketplace. Beside these strong features, it is believed that a branded product is being evaluated better by the customers. Martin et al. (2011) argues that, introducing brand can be a tool of better market positioning and differentiating tools with the products from the competitors.

Brand is defined from a different perspective such as customer perspective, owner’s perspective, characteristic perspective or purposes (wood, 2000). The American Marketing Association defined brand from owner’s-oriented approach
as follows: “A Brand is a name, symbol, terms or features which distinguish one sellers' goods from other sellers’.”

Ambler (1992) suggests a definition for brand from the consumer approach: a brand is attributes that are received by a customer and result satisfaction. Furthermore, Wood (2000) has drawn together all these definitions and explains brand as the mechanism of achieving competitive advantage by differentiation. Further, he continues that brand management is a strategic and long term activity and the marketing mix should support the brand.

2.7. Karakul Labeling

Afghan karakul is exported to the international market without having label in order to provide sufficient information that customers need regarding the quality, country of origin, exporting company, or any other characteristic about the product. However, scholars have different ideas about the feature of labeling in a product. Dimara and Skuras (2005) argue that, labeling can work as quality signal that affects purchase decision by providing information for the customers.

Likely, the label conveys information that is important for the consumers' purchase decision-making process (Wright, 1997). On the other hand, a design or brand from a company, which contains certain information about where the product is produced, quality or other characteristic regarding the product and intends to inform the customer about the product features, is called a collective label (Leonidou, 1996).

Further Norberg et al. (2011) state that, getting a good marketing positioning and distinguishing the product from the competitors, can be achieved through introducing label and brand. Therefore label can be used as an informative tool about the place of origin, quality and other characteristics and features of the product and indirectly can influence purchase intentions (Norberg et al., 2011).
In this intention, the carriage of information to customers is a necessity due the customer knowledge requirements about the product to make purchase decisions and this could be done through product labeling (Wright, 1997).

On the other hand, mostly customers in developed countries emphasize fair trade certification of the products and this could be communicated by labels on products and inform the customers that their product was made ethically (Jones & Williams, 2012). Most consumers expect manufacturers to communicate what fair trade items are available to them and this can be achieved through labeling (Mortimer, 2010). Therefore, labeling should be done in a consistent and transparent manner, since ethical labels are a promise to consumers who must be able to trust companies that utilize those (Castaldo et al., 2009).

Emphasizing the importance of labeling for a product, Afghan karakul exporting companies need to design label for the product in order to increase customer knowledge about the product.

On the other hand, COO (country of origin) proves an image for the customer in terms of quality. Tseng and Balabanis (2011) state that, discussion about CCO issues commenced some decades ago and became one of the important fields in marketing research. The COO remain a strong marketing tool; beside that it is a legal requirement (Tseng and Balabanis, 2011). “The country of origin affects the customer evaluation, due to the fact that the customer evaluates the product on the basis of available information” (Kaynak and Kara, 2002).

2.8. Afghan karakul from domestic to international market

Afghanistan, due to the lack of manufacturing industry in producing karakul garments, is not able to consume all of the produced karakul pelts and all activities are limited to a number of craftsmen who have learned from their fathers (Arbeid, 2008). They are using karakul pelts for making hats. As a result, the only product which is produced from karakul in the domestic market is a Karakul cap. One karakul pelt is needed for one traditional cap.
According to Arbeid (2008), due to the small size of local market for the karakul, a large number of this product is exported to Finland in order to be sold in auction as shown in figure 6. Geetanjali (2010) states that, exporting is one of the traditional and well-known form of market entry in international market and includes carrying of goods to the foreign country for sale. The exporting is carried out by an export merchant which is one of the indirect exporting practice.

An export merchant is a trading company that buys the goods locally and resells them profitably abroad (Geetanjali, 2010). Most of these companies are located in Afghanistan and their representatives come to Finland in order to take part in auction of their karakul pelts. The advantage of indirect export is that the exporters are not worried about some aspects such as distribution in foreign market, market entry barriers, and saves a lot of money in short and medium term, in contrast, they do not have control on the business in international market (Geetanjali, 2010).

The New York Times (2015) published an article that states, most of the western countries have not imported from Afghanistan but carpet. Afghan Karakul imports changed this situation and last year half-million of karakul pelts were imported to Finland.

Afghan karakul production and export relate to some factors such as market demand, weather condition, drought, less feeding, and diseases (Arbeid, 2008).
Figure 5 shows the export of Afghan karakul within 10 years. From 2003 to 2008 there is an increase in the number of Karakul exports from 411000 skin to 654000 skins which is the highest number during 10 years. Whereas, in 2009 the number of exported goods declined by half and shows the number of 252000 skins. Moreover, the above figure shows an average number of 502700 skin per year.

Further, Helsingin Sanomat (2015) published an article which describes the karakul trade between Afghanistan and Finland. The article highlights that, sheep nurturing is one of the important industry in Afghanistan, and only in 2013 Finland imported karakul products worth of EUR 13.7 million.

Figure 6 highlights the export of Afghan karakul to 4 different countries in 2014. According to the Afghanistan central statistics organization (CSO, 2014) showed in figure 6, the largest number of karakul which is 279518 pelts (93%) are exported to Finland. This places Finland as the largest market for the Afghan karakul. Likewise, Uzbekistan with the number of 16966 pelts takes the second place
in Afghan karakul international market, followed by Kazakhstan and Germany in third and fourth place in 2014.

![Karakul export in 2014](image)

Figure 6: Afghan karakul export in 2014 (central statistics organization, 2014).

2.9. Afghan Karakul market

The karakul market is directly related to fashion garments and clothing market (Arbeid, 2008). Karakul fur is used for making jackets, coats, hats, trims, dresses and all types of garments (the truth about karakul lamb fur, n.d). A coat made of karakul fur costs between $5,000 and $12,000 and the designers that use karakul are Prada, Valentino, Gucci, Karl Lagerfeld, Carolina Herrera, Michael Kors, Ralph Lauren, Christian Dior, and Dolce & Gabbana, (the truth about karakul lamb fur., n.d). On the other hand, the demand for karakul can vary according to the season during the year. During the winter the demand for karakul increases, especially in December (Arbeid, 2008). The quantity of karakul that is produced today, is 100% absorbed by both domestic and international market. While, still much effort is needed on how to establish standard marketing strategies in order to better satisfy the karakul customers (Arbeid, 2008).
Proctor (2000) describes that, marketing is about satisfying customer wants and needs and in the course of doing so facilitating the achievement of an organization’s objective. Meanwhile, the American Marketing Association now defines marketing as follows: delivering values to the customer is marketing. Thus, marketing revolves around the needs and wants of a customer. On the other hand, Kotler and Armstrong (2008) see marketing from a social perspective and state that, marketing is a social and managerial process by which customers and companies obtain their needs and wants by creating an exchange value with each other.

On the other hand, the difference between the local market in Afghanistan and international market is higher according to the customer needs and wants. Kotler (2003) argues that the marketing concepts hold that the key to achieving its organizational goals consists of the company being more effective than competitors in creating, delivering, and communicating superior customer value to its chosen target markets.

Further, Albaum et al. (2002) argue that, the process of international marketing, however, is typically much more complex, and interesting, than the domestic marketing. The international marketer must deal with a number of key differences in foreign environments as compared to domestic environment and these may include differences in consumer tastes and needs, economic level, market structure, way of doing business, laws and regulations and many other factors (Albaum et al., 2002).

2.10. Afghan Karakul sales process

To begin with, selling seeks profit through pushing the product and revolve around the seller benefits, whereas marketing revolve around the customer needs and wants and provide revenue not through pushing the product. Celements (2014) defines sales as “a technical transaction”. According to Mathur (2012), sales is the exchange of product in term of money. Sales as a process can be managed by the sales team in a company.
Mehta (2008) argues that, sales management is the use of techniques in order to create revenue and sales management assure a company the direction to be followed and analyses your success in sales performance. Karakul sales process in international market place continues through 4 auctions during 4 seasons each year. After exporting, karakul pelts are ready for presenting themselves in the international auction that is arranged by saga Fur in Finland. Ewing (1943) strongly believes that, selling by auctions has many advantages particularly when large lots are offered and sold. The offered products are not displayed during the auction days, but some days in advance that the buyer could inspect all the offered products (Ewing, 1943).

Finnish Fur Sales, now Saga Furs Oyj founded in 1938 in Finland by Finnish Fur Breeders Association, is one of the biggest fur auction house in the world (Sagafurs, 2012). Before 1992, Afghan karakul has been auctioned in New York, London, Germany and Copenhagen, while in the last 20 years Afghan karakul exclusively was sold by Saga Furs auctions (Saga Furs, 2014). The auction takes place 4 times during the year (December, March, June and September). December auction is the biggest auction for karakul, because due to the production process of karakul new pelts arrive in December for the auction. Beside that, the demand increases due to the weather condition. The remaining karakul from December is sold in March, June, and September auctions.

Figure 7 shows the auction process (selling) of Afghan karakul. During the auctions the Saga Furs staff displays each lot one by one with its price per skin. Further, interested buyers have the karakul catalog with them from inspection period and follow the auction to reach to their selected lot number and its price. If there is a competition between the buyers for buying a lot, in this case the auctioneer sells the lot for the buyer who pays the highest price among others. Moreover, Saga Fur does not charge any storage fee for Afghan Karakul, though, it receives 3% commission from each pelt sold (Arbeid, 2008).
Figure 7: Afghan karakul selling process (auction) in Saga Furs Oyj.

Figure 8 displays the collection lots of Afghan karakul in Saga Furs warehouse. In this house the customers are inspecting the karakul for buying. The inspection is carried out by a sales’ catalog (see appendix 1) prepared by Saga Furs that is the list of all available lots with their quantity. Each lot contains a lot number. The customer inspects the lots and then chooses the one that s/he buys according to its lot number. The inspection period is 6 days before the auction commencement.
Figure 8: Afghan karakul inspection process and warehouse in Saga Furs Oyj.

Figure 9 shows Afghan karakul sales in 5 years related to quantity of auctioned skins, selling percentage and the average price in Euros. The highest quantity of auctioned pelts was in 2011 with the number of 480000 skins, whereas it decreased in 2012 and 2013. On the other hand, the highest selling occurred in 2012 and 2012 with 93 percent. In these four years the average sold price was different from 24 to 32€/pelt.

Figure 9: karakul sales in 4 years (Saga Furs Oyj).

2.11. Marketing

Before describing what is the marketing concept, how to develop marketing, and marketing tools, it is beneficial to remind different stages of marketing. According to Kotler et al. (2010), marketing has continued its journey through 3 stages which are marketing 1.0, 2.0 and 3.0, while the marketers are practicing 1.0 and 2.0 and a few are transforming to marketing 3.0. For better understanding of the subject table1 has been developed to summarize the comparison of marketing stages (Kotler et al., 2010).

Table 1: comparison of marketing 1.0, 2.0 and 3.0. (Kotler et al., 2010).
Comparison of marketing 1.0, 2.0 and 3.0

<table>
<thead>
<tr>
<th></th>
<th>Marketing 1.0: Product-centric marketing</th>
<th>Marketing 2.0: Consumer-oriented marketing</th>
<th>Marketing 3.0: Values-driving marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective</td>
<td>Sell products</td>
<td>Satisfy and retain the consumer</td>
<td>Make the world a better place</td>
</tr>
<tr>
<td>Enabling of forces</td>
<td>Industrial revolution</td>
<td>Information technology</td>
<td>New wave technology</td>
</tr>
<tr>
<td>How companies see the market</td>
<td>Mass buyers with physical needs</td>
<td>Smarter consumers with mind and heart</td>
<td>Whole human with mind, heart and spirit</td>
</tr>
<tr>
<td>Key marketing concept</td>
<td>Product development</td>
<td>Differentiation</td>
<td>Values</td>
</tr>
<tr>
<td>Company marketing guidelines</td>
<td>Product specification</td>
<td>Corporate and product positioning</td>
<td>Corporate mission, vision and value</td>
</tr>
<tr>
<td>Value proposition</td>
<td>functional</td>
<td>Functional and emotional</td>
<td>Functional, emotional and spiritual</td>
</tr>
<tr>
<td>Interaction with consumers</td>
<td>One-to-many transaction</td>
<td>One-to-one relationship</td>
<td>Many-to-many collaboration</td>
</tr>
</tbody>
</table>

Based on table 1, marketing 1.0 was initiated during the industrial revolution by the development of production technology and the goal was selling the company’s product to all who buy, while the product was basic and fairly designed (Kotler et al., 2010). In contrast, marketing 2.0 has been influenced by information technology and the role of the customer became as a king and the value was defined by the customer (Kotler et al., 2010). In marketing 3.0 or values-driven era the role of the customer was promoted from an individual to whole human beings, while, like consumer-oriented marketing 2.0 the goal remained the same and that is to satisfy the consumer (Kotler et al., 2010).

According to Drucker (1974), the approach of marketing was first introduced in Europe by Marks and Spencer in 1920. He argues that, marketing is the basic and central dimension in a business that could not be considered as a separate function and from the customer point of view it is the whole business (Drucker, 1974). Furthermore, the traditional definition of marketing states that, marketing
is business activities or processes which ensure the flow of goods from producer to the buyer (Ramachandra et al., 2010). The definition focuses on the physical flow of goods and distribution channel while, there is no attention to the importance of the customer (Ramachandra et al., 2010).

In contrast, the modern definition of marketing emphasizes the importance of the customers satisfaction. According to Hundekar et al. (2010), marketing is a customer-oriented process that starts with the customer and ends with the customer. The purpose of marketing is to understand the customers’ needs and wants in order to generate customer values more effectively through quality and satisfaction (Hundekar et al., 2010). They argue that, the customer is the king in marketing and understanding their needs is the central factor in marketing concept. In 2013, the American Marketing Association defined marketing as set of activities, process and institutions that result in creating, communicating and delivering of values to the customer.

On the other hand, Richardson and Gosnay (2008) have a different view on the marketing concept and intimate that, “customer is the most important asset in organization and put the customer at the heart of all planning and decision makings”. Moreover, Leventhal (2005) states that, a true market orientation can be achieved when putting the customer in the epicenter of the business. He argues that, a competitive advantage can be achieved by focusing on your customers, it means understanding your customer wants and needs to provide a necessary product in order to enhance values (Leventhal, 2005). For better understanding of whether a business organization is marketing-oriented or not, Richardson and Gosnay (2008) highlighted some other orientations which are summarized in table 2.

Table 2: Attributes of different orientations (Richardson and Gosnay, 2008)

<table>
<thead>
<tr>
<th>Attributes</th>
<th>Production</th>
<th>Product</th>
<th>Sales</th>
<th>Marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nature</td>
<td>Stack ‘em high sell ‘em cheap – high</td>
<td>Add to existing idea. Some tailoring of</td>
<td>“We sell what we produce”. Not necessary the first</td>
<td>“We sell what our customers want”. Often end up market leaders. Seek to</td>
</tr>
</tbody>
</table>
volume, low margin, risk, R&D and innovation. product offer. Medium volume, occasionally high margins. nor the best. Can take large market share. innovate with products.

<table>
<thead>
<tr>
<th>Motivation to change</th>
<th>Internal: Take share by cost leadership.</th>
<th>Internal: Look to improve on internal or external rivals.</th>
<th>Internal: Look to take share from competitors by having higher awareness. Single transactions.</th>
<th>External: Seek to identify customer needs that aren’t satisfied by rivals and provide solutions. Look to develop relationships.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing Activities</td>
<td>Yes. Often target late majority and laggards.</td>
<td>Yes. Target early adopters and niche markets.</td>
<td>Yes. Heavy reliance on promotion – some use of mass media, other through sales teams. Strong branding</td>
<td>Yes. Heavy reliance on market research. Promote Loyalty schemes. Seek to sell benefits and add value for customers</td>
</tr>
<tr>
<td>Marketing oriented</td>
<td>NO</td>
<td>NO</td>
<td>NO</td>
<td>YES</td>
</tr>
</tbody>
</table>

As table 2 shows in a production orientation the focus is not on customer, but on the production techniques and how to decrease costs (Richardson and Gosnay, 2008). On the other hand, in a product orientation the company focuses on product’s quality, features, cost and brands in order to improve the existing product on competitor’s product (Richardson and Gosnay, 2008).

The approach of sales orientation was defined in 1950s and the company sales whatever it produces while establishing new sales techniques (Richardson and Gosnay, 2008). In contrast, a market-oriented approach focuses on the customer needs, wants and satisfaction and sells what the customer wants, which results increasing in market share and turn over (Richardson and Gosnay, 2008). They continue that, satisfied customers not only repeat purchase again and again, they also urge their friends, families and colleagues.

Consequently, Brain (2014) suggests four approaches for a successful marketing. First, it is to create utility and usefulness and by satisfying the needs of your customer achieve specified result. The second one is changing your price in to the price range of your customers. The third step is to adopt to the customer’s
reality both economic and social. In the fourth step, it is necessary work closely with your customer in order to bring true values. On the other hand, for the development of the marketing it is needed to adapt a marketing development tool. For this reason, in this study the traditional and accepted 4P marketing or marketing mix is used.

2.12. Marketing Mix

Ronger (2012) states that, the marketing mix model contains a group of different strategic tools that a company uses to achieve its marketing objectives. He continues that, the variables are called as 4Ps (product, price, promotion and place) used to satisfy the market. After the publishing of Neil H. Borden in 1964, the importance of the marketing mix increased (Ronger, 2012). According to Geo (2009), marketing mix is a conceptual framework instead of a scientific theory which identifies principle decision making related to the offering to suit the customer’s needs. Al-Debi and Al-waely (2015) state that, marketing mix is one of the most important tools in marketing that could measure customers satisfaction.

A research that was conducted by Nuseir and Madanat in 2015, reflects the customer loyalty and customer perceived value related to marketing mix as showed in figure 10.

![Marketing Mix Model](image)

Figure 10: Research model and hypothesis of Nuseir and Madanat (Nuseir and Madanat, 2015).
In figure 10, the variables are divided in two groups. One, which influences customer satisfaction, contains brand, quality and distribution channel and the second which influences customer loyalty includes pricing strategy, advertising and communication (Nuseir and Madanat, 2015). As a result of the research, they found that, marketing mix variables positively affect customers’ satisfaction and loyalty and create organization’s reputation. They argue that, 4Ps (product, price, place and promotion) are significant to be managed well. Marketing mix results in customers’ satisfaction that can be turned to customer loyalty (Nuseir and Madanat, 2015).

On the other hand, strong competitive positioning and attracting more customers can be achieved through product quality, and affordable price increases the number of the customers and reputation of the organization in the marketplace (Nuseir and Madanat, 2015). Using brand name secures current customers, though inspirational impacts bring new customers (Nuseir and Madanat, 2015). As a consequence, companies can decrease any gap that exists such as behavioral gap, service gap, and perception and improve business productivity (Nuseir and Madanat, 2015).

2.13. Standardization vs. Adaptation

According to Reddy et al. (2010), formation of standard for products is standardization and standard may contain some specification such as size, color, shape, strength, appearance which claim a uniformity for the product. When standardized products are divided in classes they refer as graded (Reddy, et al., 2010). They argue that, in marketing the term standard is the most important which has been followed by grading and called standardization. Grading, refers to dividing of goods according to their size, quality and other features into lots following certain standard (Reddy, et al. 2010).

Moreover, standardization also refers as a strategy for entering international market as some scholars define the term:
Standardization strategies involve entering international market with the same package and presentation as already exist in the domestic market Valdez (n.d). Therefore, in standardization strategy the company has less investment on its product in a new market. Further, global product standardization involves the development of high quality, low-cost Products that require little or no customization to be sold in foreign markets (Buzzell, 1968; Cavusgil, et al., 1993; Quelch and Hoff, 1986 cited in Powers and Loyka, 2007; 2). Standardization of a procedure is defined as the degree to which work rules, policies, and operating procedures are formalized and followed (Jang and Lee, 1998).

On the other hand, for entering international markets we have the product adaptation strategy. It suggests developing of new changes in order to fit the international market. As Valdez (n.d) argues that, adaptation is the changing of price, product features and even sometimes product itself and the cost of this changing is related to the similarities and differences between these two domestic and international market.

Furthermore, a study that has been done by Duman and Putorak (2014) in marketing mix and its relationship with export performance in Bosnia and Herzegovina highlights that, companies which follow a higher level of standardization in product and a higher level of adaptation in export channel, price, and promotion guides them to improve export, sales, profit and will result in objective performance and satisfaction performance.

Indeed, perusing an adaptation or standardization strategy is affected by some dimensions. Verontis et al. (2009) argues that, adaptation and standardization depends on the degree of involvement, not a proposition. They continue that the huge cost in adaptation and the desire of the companies to get benefits of the standardization do not allow such adaptation to be used effectively.
Likewise, differences among firms, countries, micro and macro environmental factors and needs for customer satisfaction do not allow standardization to be practiced appropriately and companies should integrate both approaches according to the situation of the target market (Verontis et al., 2009). Jain (1989) argues that, foreign products in many cultures are seen as high quality products and in this case standardization is desirable. On the contrary, if the country has a week image in production in this case it is needed to adapt a product that could be developed in a different form rather than its typical for exist in the country (Jain, 1989). He concludes that, standardization is more suitable for high technology and industrial products than consumer products and it is more secure when the strategy in the home market is meaningful related to the host market (Jain, 1989).

3. THEORETICAL FRAMEWORK

![Theoretical framework for the study.](image)

Figure 11: Theoretical framework for the study.

Figure 11 highlights the theoretical framework for this study. As shown in figure 11 marketing placed in the center is surrounded with other four inter-related topics. Marketing is a customer-oriented process that starts with the customer and ends with the customer (Hundekar et al., 2010). The purpose of marketing is to
understand customers’ needs and wants in order to generate customer values more effectively through quality and satisfaction (Hundekar et al., 2010). American Marketing Association defined marketing as set of activity, process and institutions that result creating, communicating and delivering of values to the customer. Customer is the most important asset in an organization and the customer is put at the heart of all planning and decision makings (Richardson and Gosnay, 2008).

In fact, a true market orientation can be achieved when putting the customer in the epicenter of the business (Leventhal, 2005). Marketing mix can be used as a tool for marketing development. Marketing mix model contains a group of different strategic tools that a company uses to achieve its marketing objectives (Ronger, 2012).

Marketing mix is a conceptual framework instead of a scientific theory which identifies principle decision making related to the offering to suit the customer’s needs (Geo, 2009). Marketing mix is one of the most important tools in marketing that could measure customer’ satisfaction (Al-Debi and Al-waely, 2015). Marketing mix variables positively affect customers’ satisfaction and loyalty and create organization’s reputation (Nuseir and Madanat, 2015). Through a marketing mix tool, companies can decrease any gap that exists such as behavioral gap, service gap, and perception and result business productivity (Nuseir and Madanat, 2015).

Further, this is the quality of a product and product offer that affect its marketing. ‘Quality is the totality of features and characteristic of a product or service that bear on its ability to satisfy stated or implied needs’ (Ray, 2005). Quality is what customer wants, meaning that quality is the perception of the customer about the product’s degree, which meets the customer’s expectation (Basin and Srivastava, 2009).
On the other hand, formation of standard for products is standardization and standard may contain some specification such as size, color, shape, strength, appearance which claim a uniformity for the product (Reddy et al., 2010). When standardized products are divided in classes they refer as graded (Reddy et al., 2010). Grading, refers to dividing of goods according to their size, quality and other features into lots following certain standard (Reddy et al. 2010).

Besides, standardization can be used as a strategy for entering a new market. Product standardization involves development of high quality, low-cost Products that require little or no customization to be sold in foreign markets (Buzzell, 1968; Cavusgil et al., 1993; Quelch and Hoff, 1986 cited in Powers and Loyka, 2007; 2). The companies which follow a higher level of standardization in product and a higher level of adaptation in export channel, price, and promotion guide them to improve export, sales, profit and will result in objective performance and satisfaction performance (Duman and Putorak, 2014).

Foreign products in many cultures are seen as high quality products and in this case standardization is desirable (Jain, 1989). On the contrary, if the country has a week image in production in this case it is needed to adapt a product that could be developed in different form rather than its typical for exist in the country (Jain, 1989). On the other hand, a product label can be a powerful quality signal that informs the customers about the quality, features, geographical place and contains certain information to distinguish from the competitors’ product (Leonidou, 1996; Wright, 1997; Dimara and Skuras, 2005; Norberg et al., 2011; Jones & Williams, 2012). Meanwhile, the country of origin (COO) remain a strong marketing tool beside that it is a legal requirement (Tseng and Balabanis, 2011). “The country of origin affects the customer evaluation, due to the fact that the customer evaluates the product on the basis of available information” (Kaynak and Kara, 2002).
4. METHODOLOGY

4.1. Research Method

Both quantitative and qualitative methods are familiarized, legitimate and useful for the researchers, while after the World War 2 quantitative method dominated as a research method and the role of qualitative method reduced (Walle, 1997, p. 524). Since scholars such as Lewis, Chambers and Chacko limited the purposes of the qualitative method to provide information for developing quantitative research (Walle, 1997, p. 524). In contrast, today scholars are using different techniques and statistical tools as a supplement to more qualitative methods in order to deal with a vital problem facing marketing and tourism (Walle, 1997). Consequently, in the past 20 years, qualitative method has found its place in marketing and tourism research (Walle, 1997).

On the other hand, it is usual for the researchers to use both qualitative and quantitative data acquisition and analysis method (e.g. survey and interview and action research) as a mixed research approach (Greener and Martulli, 2015, p. 44). Often this is used for triangulation and to enrich the picture collected from a situation (Greener and Martulli, 2015, p. 44). Triangulation means, collecting data from multiple resources, projects and research methodology (Alam, 2005, p. 9).

This study is conducted as a qualitative research and answering the question How to develop Afghan karakul market. ‘A qualitative research provides response to the questions how or why things are as they are’ (Hamersveld and Debent, 2008, p.66). According to Carsen et al. (2006), “qualitative research is suitable when the research emphasis is on in-depth understanding of how, why and in what context certain phenomena occur and what impacts influence these phenomena”. Meanwhile, Quinlen (2011) states that, “qualitative research is conducted within a constructionist paradigm framework, while the quantitative research is related to positivism”. To explain this, behind positivism one singular reality object exists, while constructionism contains different realities (Quinlen, 2011). Meanwhile, Alam (2005) argues that, a qualitative method can be appropriate for conducting research in marketing fields, in addition the result can be re-
liable and valid. Thus, qualitative research is an accepted method in business and social science as it differentiates itself from a scientific paradigm (Greener and Martelli, 2015, p. 101).

The aim of the qualitative research is to gain in depth understanding of the situation, and is based on studying and gathering data which provide the description of events and situation and interactions" (Carsen et al., 2006). Moreover, in qualitative research it is important to assure the trustworthiness, reality and the subjective of the research. Therefore, for qualitative findings Carson et al. (2006) suggest some factors such as credibility, dependability, and comfort ability. Meanwhile, Martyn (2009) states that, the researchers are worried that data collection is not a picture of reality and truth, but reality plus the impact of the research method is the picture of the truth. For this reason he adds that, the researcher feels confident that the method should not impact his/her findings and this could be achieved through neutrality and consistency.

An inductive approach has been used for this research. According to Saunders et al. (2009), inductive approach allows a close understanding of the context and a flexible structure in order to bring changes as research progresses. In contrast, deductive approach is highly structured with relationship between variables and always moving from theory to data.

On the other hand, the interactive nature of the process is an important fact. Therefore, Saunders et al. (2009) state that, the interrelation and interactive of data collection and data analysis allow to highlight themes, patterns and relationship. All this means that, you can re-categorize your data to see these themes, patterns and relationship.

4.2. Data Acquisition Method

To complete the research successfully the primary data was needed to be collected. Hamersveld and Debent (2008, p.66) describe that, primary data is gathered for a distinct investigation, though secondary data is already in presence. They are adding that, the value of primary data is related to its freshness that
was not already available. As opposed to secondary data, primary data can be collected from customers, general public and those who are in business (Hammersveld and Debent, 2008, p.66). Quinlen (2011) argues that, in order to collect primary data, different data collection methods can be used such as Questionnaires, observation, interviews and focus groups.

Questionnaires is one of the most widely used primary data collection techniques that some people reserve as the person answering the question and record his/her answers, while others use it generally that contains interview which is administered over the telephone or face to face (Saunders et al., 2009, p.360). On the other hand, the design of the questionnaire can vary according to how it is administered and the amount of the respondents, therefore, they can be in the form of self-administered questionnaire and interviewer-administered questionnaire (Saunders et al., 2009, p.363). A self-administered questionnaire can be in the form of internet and intranet-mediated questionnaire, postal questionnaire, delivery and collection questionnaire, while an interview-administered questionnaire is designed in the form of telephone or structured interview (Saunders et al., 2009).

Moreover, there is a number of significant issues in implementing questionnaire such as in a telephone interview we can suppose the risk of reducing validity, interviewees are less willing to engage in a discussion or can even refuse, absence of a non-verbal of behavior of the participants, or they can appear also ethical issues (Saunders et al., 2009, p.348). Meanwhile, sending questionnaire via internet or email is time consuming and may need many weeks (Morgan and Symon, 2004).

On the other hand, Greener and Martelli (2015, p.115) state that, in a focus group interview there will be several participants and the researcher has the role of a facilitator and a video recording is organized instead of audio recording. Focus groups are full of challenges, conflict and not easy to run, further, the researcher needs to manage the standard flow of communications and respect and
not to stop conflict since it is a resource of creativity (Greener and Martelli, 2015, p.115).

In this study, the primary data was gathered through a semi-structured face to face interview with customers. Greener and Martelli (2015) argue that, semi-structured interview is based on a question guide and since it is not fully structured, the interviewee can divert the question to other things that interest them, since the focus of a qualitative interview is interviewee not interviewer it is fine. The primary data were related to the marketing in today’s international and competitive market.

In consequence, for having strong marketing behavior it is needed to understand what the customer needs, how to read the customer mind and how to take action to satisfy them. The interview possibility were with the different target groups such as karakul exporting companies and karakul’s customers. For the interviewing exporting companies it was needed to arrange a travel to Afghanistan as the companies are in Afghanistan and due to time allocation it was impossible.

Afghan karakul customers (fur brokers) were selected as a target group for the interview. During June auction, after contacting customers, 10 customers from different countries who were participating in the auction agreed for being interviewed. They were the customers who have been envolved in karakul business 3-50 years as shown in figure 14. They could reflect all the necessary data related to karakul from a customer-oriented point of view that the researcher is seeking. Each interview lasted 30 minutes and it took 2 days to complete all interviews. The interviewer was writing short notes under every printed question. After completing each interview, the interviewer had 15 to 20 minutes to focus on the interview and write further under each answers in order to avoid losing data.
Figure 12 describes that, totally 10 customers from different countries have been interviewed. 3 customers which make 30% of the whole interviewed participants are from the U.K, while the remain are from different countries. Figure 12 shows that 8 customers out of ten are buying Afghan karakul more than 5 years even some of them are affiliated in karakul for 40 to 50 years. In contrast, two customers out of ten that makes 20% are from Hong Kong and Turkey who commenced buying Afghan karakul 2-3 years ago.

The purposes of the interview was to know what the customer wants and what are the customers’ expectation from Afghan karakul in order to assist in market development. The questions were related to marketing, product offer and quality, product assortment, Branding and comparison with other competitor’s products existing in the market as shown in appendix 3. Though, in semi-structured interview the researcher has the list of questions or themes to be covered, and questions may vary from one interview to another (Saunders et al., 2009). On the other hand the question order may vary related to the flow of the conversation (Saunders et al., 2009). In explanatory study semi-structured interview is used in
order to understand the relation between variables (Saunders et al., 2009). While for unleashing inductive approach, some elements may combined from deductive approach in order to develop a theoretical position (Saunders et al., 2009).

More importantly, in semi-structured method, asking the right question is necessary for a researcher. Martyn (2009), describes that it includes providing new information and knowledge not the one that already exist and adding of appropriate indicatore to reflect the concept of the research. Finally, it is believed that, interview or quistionnair is the widely used way of collecting qualitative data.

4.3. Data analysis Method

Data analysis is carried out after all the necessary data collected. Merriam (2009) states that, the process of getting sense out of the data is called data analyzing. Getting of sense or creating meanings could be done through interpreting of what people said and what researcher saw or read, and theses insight and meaning make the findings of a study (Merriam, 2009). As this study contains qualitative or primary data, Saunders et al. (2009) argue that, qualitative data can be a non-quantified and non-numeric data that can start from a list of response through more complex data. Quantitative data is based on meaning from numbers, however, qualitative data meanings expressed by words (Saunders et al., 2009, p. 482).

Further, qualitative data are non-standardized data that need categorizing and conceptualization in order to analyze them (Saunders et al., 2009, p. 482). Further, for analyzing qualitative data, Greener and Martelli (2015, p. 104) suggest different approaches such as Analytic induction, Narrative analysis, Template analysis and cognitive mapping. In analytic induction the aim is to build categories or sub categories from a systematic analysis of text, while in cognitive mapping diagrams and charts are used as a visual or spatial means in order to draw relationship between different concepts (Greener and Martelli, 2015, p.104).

Narrative analysis is a method of analyzing data without fragmenting the data with a story or narrator style relate to time, place and consequence of the data.
(Greener and Martelli, 2015, p.104). In data analysis it is important to index, label, edit and organize the data. Therefore, the data could be organized according to the use of the data, which could be for comparative analysis or theory building purposes (Carsen et al., 2006). On the other hand, Saunders et al. (2009) suggest three groups for qualitative data analysis process:

- Summarizing (condensation of meanings)
- Categorizing (grouping of meanings).
- Structuring (ordering of meanings using narrative).

In summarizing, the large amount of text is shown in some words or some phrases which is the important themes that emerged from the interview or observation that further need to explore or find relationship between them (Saunders et al., 2009). Categorizing can be done through developing and categories and connecting to meaningful pieces of data. In contrast to categorizing that results in fragmentation of the data, structuring focuses on the remaining of the data integrity and the primary method for collecting data for narrative analysis can be an in-depth interview (Saunders et al., 2009).

Furthermore, for organizing and categorizing of the data some “assisted tools” or computer assisted qualitative data analysis software “CAQDAS” has been developed (Merriam, 2009, p. 193). Greener and Martelli (2015) state that, the main use of CAQDAS is for the qualitative data analysis that are received from interview or narrative transcripts and includes organizing and providing access to all entered data at the same time.

In this study categorization has been used as a method for analyzing data. For the coding and categorizing of the data the author used CAQDAS as analyzing tool. As Merriam (2009) states that, there is a number of advantages in using CAQDAS such as they provide organized filling system for the data; data sorted in categories, saves time and demands less clerical work, and gives more time to think instead of printing papers. On the other hand, Kelle (2004) states that, choosing the right CAQDAS needs time due to the high number of software
packages in the market. For better understanding of data analysis in this study figure 13 has been designed.

![Data analyzing process diagram](image)

Figure 13: Data analyzing process.

As it is shown in figure 15, after collecting data the author transcribes the data. In transcribing qualitative research data it is important not only what the interview said, but also in which tone it was said (participant’s non-verbal communications (Saunders et al., 2009). Each interview contained 3 pages of text. For each interview a file has been designed in MS Word to facilitate the exporting, coding and categorizing of the data by CAQDAS. The author used Nvivo as a data analyzing software. According to Bazeley and Jackson (2013), Nvivo has the efficiency to manage data correctly and focus on their meanings. They argue that, Nvivo has the ability to manage data, manage ideas, query data, visualize data, and report data (Bazeley and Jackson, 2013).

After entering each interview in Nvivo, the coding was done as shown in appendix 2. Greener and Martelli (2015, p. 194) describe that, coding means labeling of the part of the text according to meanings and content. After coding of all the data, categorization took place. Saunders, et al. (2009) state that, categories can be originated from both your theories or your data and are in labels, codes, that
let you group your data. On the other hand, three main sources can be used to name or label the categories such as terms that emerge from data, actual terms used by the participants and terms from the existing literature and theory (Saunders, et al., 2009). After coding the author divided the data in 3 categories named (product quality, product offer and customer needs and wants) that each contains sub categories. The categories are as follows:

- **Product quality (1st category)**
  - Ideal karakul
  - Good quality karakul
  - Poor quality karakul
  - Afghan karakul quality
  - Comparison
- **Product offer (2nd category)**
  - Afghan karakul sorting
  - Afghan karakul lots
  - Certification needed
  - Customers’ preferred lot
- **Customer needs and wants (3rd category)**
  - Customer expectation
  - Suggestions and changes

For better discussion and analyzing of the categories, they have been visualized as figures in the next chapter “Findings”.

5. FINDINGS

After analyzing data the author has found the whole picture of how karakul is marketed and what marketing karakul customers expect. Collected data and its analysis paved the way for further reflecting and describing of the results. Originated from data analysis part, the findings are categorized in three groups. The first category that is called product quality is the first group of reflected customer’s evaluation of Afghan karakul as shown in figure 14. The category is divided
in 5 sub categories: 1. An Ideal karakul, 2. Good quality karakul, 3. Poor quality karakul, 4. Afghan karakul quality, 5. Comparison with Swakara. The sub categories are related to each other and highlight the important themes in the data. According to the Afghan karakul customers, an ideal karakul is the most light, thin, good quality, flat and silkiness with a good size.

Further figure 14 divides karakul according to their quality into two sub categories which are good quality and poor quality. A good quality karakul contains some characteristics such as having a big size, light weight, silky and shining, in contrast a poor quality karakul are mostly heavy, thin, hair loss and containing long hairs.

According to the customers’ point of view, Afghan karakul has the biggest positive point in fur market which are produced in bigger size and mostly in grey color. The customers prefer the grey color than the black due to possibility of chang-
ing grey into other preferred colors. Meanwhile, 60% of the interviewed customers used the word of “unique” and 40% the word of “better” related to Afghan karakul quality. From the customer point of view, the differences between Afghan karakul and Swakara are some factors such as: quality, quantity, price, product offer, size and color. They gave the highest point to Swakara related to good quality and product offer, while they believe that according to quantity, size, color and cheaper price factors, Afghan karakul can answer their demands.

Above mentioned factors confirm Ewing's (1943) statement about the size and quality of karakul that declares, “the size of the skin is important as it determines the number of skin used for making garments and small skins increase the labor cost during manufacturing; also the skins that are much thicker are heavier, therefore they cannot be accepted in dressing as most of the skins are used to make woman coats and the customers do not like heavy coats”. Further, research findings highlight that, karakul quality is a factor that affects customers' perception and expectations and such demands can be supported by Basin and Srivastava (2009) that explain, quality is what customer wants, means that quality is the perception of the customer about the product’s degree, which meets the customer’s expectation.

Moreover, research findings related to quality can also be affirmed by Ray's (2005) statement that highlights, quality is the totality of features and characteristic of a product or service that bear on its ability to satisfy stated or implied needs. Now It is clear that karakul quality is what customer wants and this can be approved by Nuseir and Madanat (2015) that state, strong competitive positioning and attracting more customers can be achieved through product quality and affordable price increases the number of customers and reputation of the organization in the marketplace.

Even though, based on the theories about the quality of a product that affects marketing, karakul quality is related to some more complex factors such as climate, handling, feeding and breeding which also have been affirmed by Ewings
(1943). Therefore, based on the above mentioned factors, karakul quality improvement needs long term plan and quality improvement strategy.

The second category has been labeled as product offer. As shown in figure 15, it contains four inter-related sub categories of Afghan karakul sorting process sub-category, lots sub-category, certification sub-category and customer preferred lots sub-category.

![Diagram of product offer category.](image)

According to the interview with the participants, the product offer for Afghan karakul not only did not improve, but also has some issues to be solved. The sorting process of Afghan karakul is not standardized and needs to be changed and one standard should be developed for all providers. Afghan karakul lots can be directly affected by sorting process. 10 out of 10 of the participants claimed that, Afghan karakul does not sort standard. Lack of inter-sorting and not following one standard sorting process causes the lots to be more mixed and this is what the customers do not want to be.
The customers define their preferred lots as to be inter-sorted, uniform, and containing 120 to 200 skins per lot instead of 8, 10 or sometimes 12 skins. Besides, they believe that too much time is needed to inspect hundreds of lots, instead it is better to decrease the number of lots offered in the auction by inter-sorting and standardizing of lots. Findings highlight that Afghan karakul due to lack of one standard is not sorted and graded properly, while based on Reddy et al. (2010) grading refers to the dividing of goods according to their size, quality and other features into lots following some certain standard.

According to the interview with the participants, it is needed to make the karakul more standard and uniform as Reddy et al. (2010) state that, formation of standard for products is standardization and standard may contain some specification such as size, color, shape, strength, appearance which claim a uniformity for the product.

Furthermore, figure 15 highlights that 50% of the customers prefer to have certification while buying karakul, such as animal welfare certificate, label and country of origin. 30% said that it is not important and 20% stated that it is good in the future. While, the importance of certification such as label, brand and country of origin (COO) has been reflected by different scholars. COO remains a strong marketing tool beside that it is a legal requirement (Tseng and Balabanis, 2011). “The country of origin affects the customer evaluation, due to the fact that the customer evaluates the product on the basis of available information” (Kaynak and Kara, 2002).

Moreover, label can be an important factor in products’ marketing as scholars state that, label can be a powerful quality signal that informs the customers about the quality, features, geographical place and contains certain information to distinguish from the competitors’ product (Leonidou, 1996; Wright, 1997; Dimara and Skuras, 2005; Norberg et al., 2011; Jones & Williams, 2012). In a consequence, Norberg et al., (2011) argue that the function of the label is to inform the customer about the level of quality, place of origin and other characteristics ap-
plied by a company and produce information about the product features, however, it has an indirect influence on purchase intentions”.

On other hand, according to the interview customers need to know about the fair trade policies and ethically made product. This argument has been reflected by Jones & Williams (2012) that state, mostly the customers in developed countries emphasize fair trade certification of the products and this could be communicated by labels on products and inform the customers that their products were made ethically

The third or (last) category which has been labeled customer needs and wants category is the most important customer-focused category as described in figure 16. It contained two inter-related sub-categories of customer expectations and what changes they suggest for better marketing.

![Diagram](image)

Figure 16: Customers’ needs and wants category.

As we observe in figure 16, Afghan karakul customers have their own perception of Afghan karakul marketing process. Besides, improving products’ quality and design they emphasize on changing the way of presenting Afghan karakul on the
international market. As a result of interviews the author found that all of the interviewed customers are not satisfied with the current sorting process of Afghan karakul and suggest some changes in order to buy more inter-sorted, uniform, and good quality karakul. Besides, they highlighted the difficulty and length of catalog as an issue during Afghan karakul auction. Understanding of what are the customers’ needs and wants is the most important knowledge in today’s’ customer-oriented marketing.

Understanding of the product characteristics, how to offer the product and what are the customers’ needs and wants, assists to develop afghan karakul marketing. For this reason we revise Richardson and Gosnay (2008) statements which have been reflected on page (23) of this research paper. Based on empirical findings and Richardson and Gosnay (2008) statements, one can find that, Afghan karakul is marketed through a sales-oriented marketing approach or marketing 1.0. It means that one sells what one produces. While, in a product-oriented approach the company focuses on product’s quality, feature, cost and brands in order to improve the existing product on competitor’s product. In contrast, a market-oriented approach focuses on the customer needs, wants and satisfaction, and selling what the customer wants, and the advantage of it is increase in market share and turn over.

As a result, for better development of Afghan karakul market, it is needed to change the way of its marketing from a sales-orientation to product/market orientation. It means that, besides promoting product quality, the companies should focus on their customers and the customer should be put at the top of the value chain. This can be supported by today’s’ marketing definition from different scholars. Marketing is a customer-oriented process that is based on understanding of customers’ needs and wants in order to generate customer values through quality and satisfaction (Leventhal, 2005; Richardson and Gosnay, 2008; Hundekar et al. 2010; Kotler et al. 2010; Brain, 2014).

Further, improving of karakuls’ offering in international marketplace, can be supported by product adaptation strategy reflected by Jain (1989) that argues: for-
eign products in many cultures are seen as high quality products and in this case standardization is desirable, on the contrary, if the country has a week image in production in this case it is needed to adapt a product that could be developed in a different form rather than its typical form in the country.

6. CONCLUSION

The study was set out in order to find ways for Afghan karakul marketing development. Due to several decades of war in Afghanistan, Afghans were unable to focus on how to develop Afghan karakul marketing. The marketing of this unique product was not only investigated, but also remained undeveloped for several decades. Afghan karakul marketing development assists the competitive positioning of this unique product in international marketplace. This results to increase its export and contribute to the economy of the karakul breeders’ families through providing continuous income from the nurturing and feeding of karakul sheep in Afghanistan.

Further, Afghan karakul as a unique product with a long history in international fur markets, needs to develop its positioning in today's' competitive market. Moreover, by rapid development of competition in karakul fur market and more focus on customers-oriented marketing, the gap in Afghan karakul marketing increased. Its marketing continued the same as it was during industrial era or marketing 1.0 stage. Therefore, the gap between marketing 1.0 stage and today's' customer-oriented marketing needed to be filled by exploration of karakul research studies.

The research question that has been developed for this study is “How to develop Afghan karakul marketing”. The developed question revolves around the Afghan karakul current market positioning and how to change it for better development. Besides, the study commenced by developing a key objective for the whole research process. The objective of the study was to find ways in order to develop afghan karakul marketing.
The main empirical findings have been discussed and summarized within the empirical chapter (finding). This section produces empirical findings to the research question How to find ways to develop Afghan karakul marketing. Therefore, addressing of marketing one should come up with three focused lines which are product, product offer and customer expectation. Afghan karakul as a unique product, for now has the required features and quality to answer the karakul demand in the fur market, while for a long term it is worthwhile to work on strategies to further develop the total quality of Afghan karakul. In contrast, it is necessary to change the way of its sorting, grading, and packaging. For this reason, it is needed to develop a standard sorting system.

AKI as an operational organization in karakul industry can develop this standardization system with the support of Saga Furs as an experienced and international fur auction house. Regarding today’s’ marketing situation and an increasing role of customer in marketing, Afghan karakul providers need to define their customer role in karakul business. The primary customers’ needs and wants should be placed at top of their marketing activities in order to increase customers’ satisfaction that causes loyalty. For better presence of Afghan karakul in international marketplace and its survival in the future, this is the opportunity to move from sale-focused marketing to customer-focused marketing behavior.

The theoretical cases for marketing needs to be revisited in order to understand how to develop Afghan karakul market. The marketing mix framework suggests that, this is the product quality and certifications that produce customer satisfaction and lead to loyalty (Nuseir and Madanat, 2015). Further evidence from several studies including Leventhal (2005); Richardson and Gosnay (2008); Hunde-kar et al. (2010); Kotler et al. (2010), and Brain (2014) show that, it is needed to place the customers’ needs and wants at the top of the marketing process. In a like manner, derived from this study the focus should be more on customer’s needs and wants in order to create customer values. Therefore, this study has used empirical findings to argue that, for Afghan marketing development the cur-
rent marketing process needs to be changed to a deeper customer-oriented market-
ning process.

Afghan karakul institute (AKI) as a responsible organization for promoting Afghan karakul market in international marketplace, needs to become more operational instead of a consulting role. This means that, with the support and coordination of international fur organizations they should develop a standard sorting guideline for all exporters to follow. The guideline should be developed according to the reality and needs of fur market. Standard sorting will assist to increase the quality image of Afghan karakul in fur market. Moreover, Afghan karakul institute needs to organize seminars, workshops and training courses with the international fur organizations in order to develop its human resource knowledge related to karakul marketing. Meanwhile, for better sorting process of karakul, AKI could invest on using modern technology. This will assist to have more standardised grading system that results in accepted standard lots.

Afghan karakul merchants need to focus on their customers’ needs and wants in order to promote their marketing and exports. For this reason, they could coordinate their actions in order to develop an inter-sorting system for their product offer. As a result, karakul lots become more standard and uniform, though the skins are from different provider. Furthermore, they need to develop label for their product in order to provide information about the product especially for the new customers. They should work closely with their customers and open useful communication channel in order to strengthen their marketing.

Saga furs, as an international fur auction house that exclusively sales Afghan karakul, needs to work closely with Afghan karakul institute in order to increase karakul sales. For this reason, it can provide training sessions for Afghan karakul graders and marketers in Finland or Afghanistan. This will contribute to developing standard sorting that results increase in sales.

During this research project, it was found how Afghan karakul industry contribute to the economy of Afghan people especially who are breeding karakul sheep for several years. The promotion of Afghan karakul export directly increases its pro-
duction that impacts families economically inside Afghanistan. Besides, it brings a good image for Afghanistan in terms of fur production in international level. I have found that, how important it is to change the way of its marketing to compete better in international market. The study gave me a realistic picture of how to market Afghan karakul. The ideas of marketing used within the study, assist me to develop my own knowledge in the marketing field. The study was broad that included not only marketing but also export as an operation mode. Even though I have tried to further narrow it. As the author of this study I feel satisfied with the result I got at the end of the study. The result has been reflected clearly and understandable for the reader.

The scale of this study is comprehensive at the local and international marketing level. The study has been offered a customer-oriented marketing approach for the development of Afghan karakul marketing. While, In order to create achievable marketing positioning, and a developed karakul industry, it is needed to carry out more case studies on Afghan karakul. For the future studies, the changing of Afghan karakul production from a traditional path to a modernized process or modernization that affects its marketing, needs to be studied in details. Furthermore, how to involve modern technology in the Afghan karakul industry in order to produce the best quality karakul is the question that can be raised in the mind and needs more studies.

In spite of the current and big shares of Afghan karakul in the market, the marketing development of this unique product can assist its long survival and positioning in the market. Afghan karakul marketing process needs to be changed and replaced with the modern marketing approaches.

7. REFERENCES


Brian, Tracy., *2014. Marketing*. USA: American marketing association


FIGURES

Figure 1: Afghan karakul. Image Source: (Karakul institute presidency, n.d).

Figure 2: Afghan karakul business chain. Source: own elaboration based on studies

Figure 3: The number of Swakara pelts from 1994 – 2013 offered at Copenhagen Fur auction. Image Source: (Itenge & Shipandini, 2015, p.4).

Figure 4: Afghan karakul sorting process. Source: (Karakul institute presidency, n.d).

Figure 5: Afghan Karakul export from 2003-2012. Source: (Karakul institute presidency, n.d).

Figure 6: Afghan karakul export in 2014 sources: central statistics organization, 2014.

Figures 7: Afghan karakul selling process (auction) in Saga Furs Oyj.

Figures 8: Afghan karakul inspection process and warehouse in Saga Furs Oyj.

Figure 9: karakul sales in 4 years. Source: Saga Furs Oyj.

Figure 10: Research model and hypothesis of Nuseir and Madanat. Image Source: (Nuseir and Madanat, 2015)

Figure 11: theoretical framework for the study. Source: own elaboration based on studies.

Figure 12: Number of interviewd customer and their country.

Figure 13: Data analyzing process. Source: own elaboration based on studies

Figure 14: product quality category. Source: own elaboration based on studies

Figure 15: product offer category. Source: own elaboration based on studies

Figure 16: Customers’ needs and wants category. Source: own elaboration based on studies.
A sample page from Karakul selling catalog.

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* 770016 432
Coding in Nvivo software.

Appendix 2
Interview questions.

Question Form

Interviewee Personal information: Date (                     )
Name ( ) Company ( )
Country ( )

Q1. How long have you been buying Afghan Karakul?
☐ 0-1 year ☐ 2-3 years ☐ 4-5 years ☐ more than 5 years

Q2. Usually, where do you buy Afghan karakul from?

Q3. What purposes are you using Afghan Karakul for?

Q4. Why do you prefer to buy Afghan karakul? And what color-why?

Q4. How do you evaluate the Afghan Karakul Quality?

Q5. Can you highlight 3 strongest point about Afghan Karakul in term of quality?
1…………………………………….
2…………………………………….
3…………………………………….

Q6. Please highlight 3 weakest point about Afghan Karakul in term of quality?
1…………………………………….
2…………………………………….
3…………………………………….

Q7. How do you explain an ideal karakul?

Q8. How do you assess Afghan karakul Lots (collections)? Why?

Q9. How do you assess Afghan karakul sorting? And why?

Q10. Can you provide information about your preferred lot collection?
Q11. How do you compare Afghan karakul with other karakul?

Q12. What documents you preferred to be included with Afghan karakul while you buying? Why?

Q13. What is your expectation from Afghan karakul as a customer?

Q14. What do you think, what is needed to be done in order to make easier the inspection and buying process for you? What changes are you suggesting?

Q16. What is your suggestion in order to improve Afghan karakul market?