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M-VECTOR GLOBAL

RESEARCH ON THE WAY TO NEW MARKETS

CENTRAL ASIA

Countries:

Kazakhstan

Uzbekistan

Kyrgyzstan

Turkmenistan

Tajikistan

Population – **76+ million**   GDP (nom) - **$446 billion**   Area – **4 007 000 km^2**
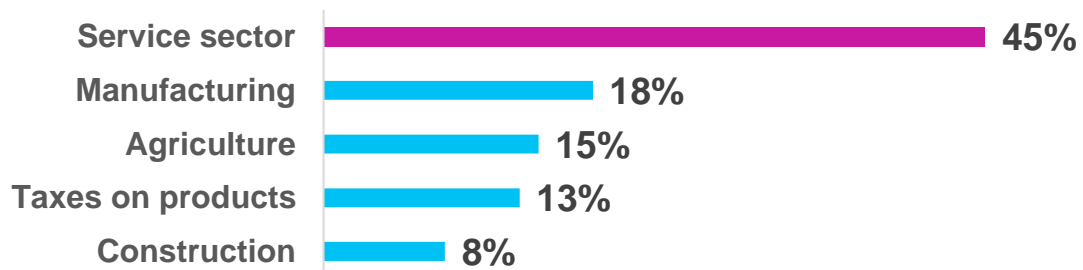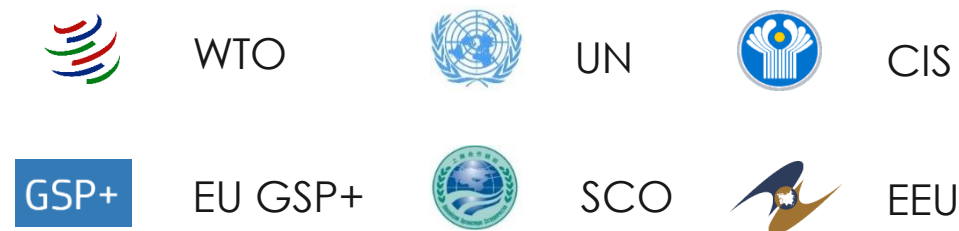
KYRGYZSTAN

Capital **Bishkek**   7 regions

- Area – **199 900 km²**
- Population – **7,16 million**
- Economically active population – **2,7 million**
- Currency – Som **(1$ = 89 som)**
- Unemployment rate – **2,3%**
- Inflation - **5,2%**

- GDP – **$ 16,55 billion**
- GDP per capita - **$ 1 900**
- Doing Business – **81st place**
- Export - **$2,8 billion**
- Import - **$12,3 billion**
- Taxes (VAT) – **12%**
- Profit tax – **10%**

GDP structure

Sector	%
Service sector	**45%**
Manufacturing	**18%**
Agriculture	**15%**
Taxes on products	**13%**
Construction	**8%**

Kyrgyzstan in associations:

WTO   UN   CIS

GSP+ EU GSP+   SCO   EEU

- Main **Export partner-countries:** China, Russia, Kazakhstan, Turkey, Uzbekistan, USA, Germany, Republic of Korea, UAE, India;
- Main **Export products**: Gold, mercury, cotton, electricity, wool, meat, tobacco, uranium, antimony, clothing and clothing accessories;
- Main **Import partner-countries**: China, Russia, Kazakhstan, Turkey, Uzbeksitan;
- Main **Import products:** Petroleum and petroleum products, plastics and plastic products, machinery and equipment, pharmaceutical products, chemicals and food, clothing and footwear;
- **GSP+ 96 products.**

UZBEKISTAN

Capital **Tashkent**   13 regions

Presidential form of government

- Area – **448 900 km²**
- Population – **37+ million**
- Economically active population – **20,7 million**
- Currency – Sum
- Unemployment rate – **6,8%**
- Inflation - **8,77%**

- GDP – **$ 90,9 billion**
- GDP per capita - **$ 2 520**
- Doing Business – **69th place**
- Export - **$24,42 billion**
- Import - **$38,14 billion**
- Taxes (VAT) – **15%**
- Profit tax – **15 - 20%**

GDP structure

Manufacturing	**57%**
Service sector	**36%**
Taxes on products	**7%**

- Main **Export partner-countries:** Russia, China, Kazakhstan, Turkey, Afghanistan, Kyrgyzstan;
- Main **Export products**: services, gold, energy and petroleum products, textile products, ferrous and non-ferrous metals, food products, chemical products;
- Main **Import partner-countries**: China 29.5%, Russia 17.2%, Kazakhstan 7.9%, Republic of Korea 6.0%, Turkey 4.9%, Germany 2.6%, Japan 3.5%;
- Main **Import products:** machinery and equipment, chemical products, ferrous and non-ferrous metals;
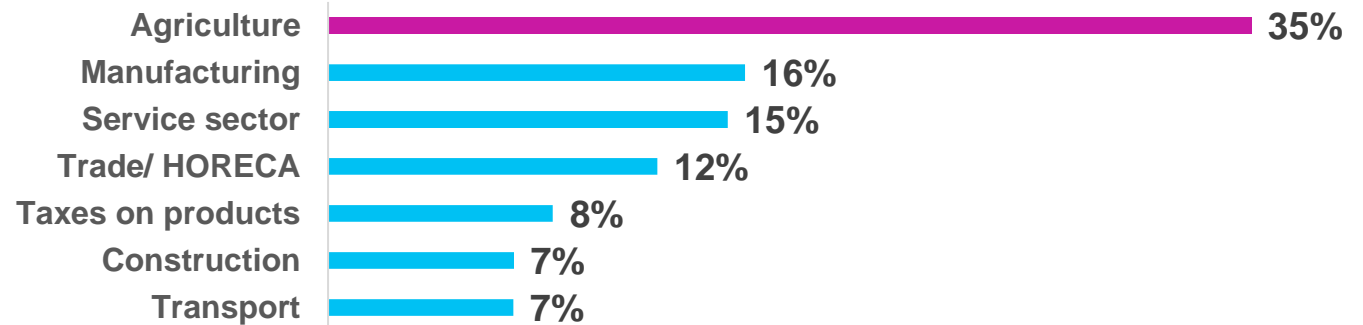- **GSP+ 3000 products.**

TAJIKISTAN
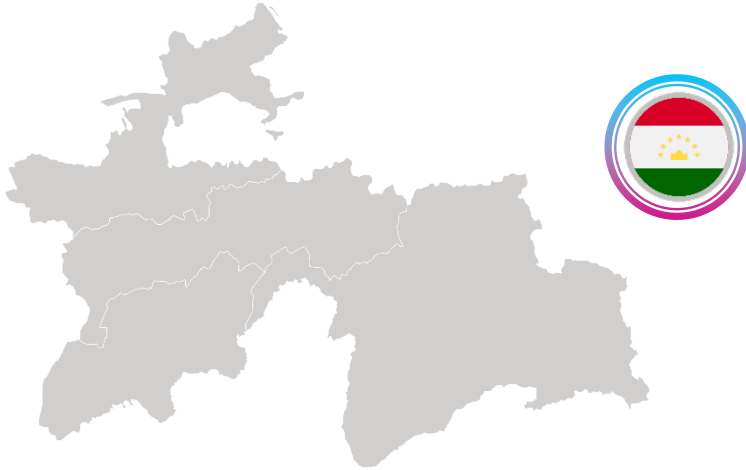
- Area – **143 100 km²**
- Population – **10,1 million**
- Economically active population – **2,6 million**
- Currency – Somoni
- Unemployment rate – **7,8%**
- Inflation **3,8 %**

- GDP – **$ 12,1 billion**
- GDP per capita - **$ 1189**
- Doing Business – **106th place**
- Export - **$18,5 billion**
- Import - **$5,88 billion**
- Taxes (VAT) – **14%**
- Profit tax– **14%-20%**

Capital **Dushanbe**   4 regions

GDP structure

Agriculture	35%
Manufacturing	16%
Service sector	15%
Trade/ HORECA	12%
Taxes on products	8%
Construction	7%
Transport	7%

- Main **Export partner-countries:** Russia, Kazakhstan, China, Turkey, Uzbekistan, Switzerland, Germany, Japan, Iran, Pakistan, Afghanistan, Kyrgyzstan, Italy, Turkmenistan, USA;
- Main **Export products**: mineral products, textile materials and articles, non-precious metals and goods thereof;
- Main **Import partner-countries**: Russia, Kazakhstan, China, Uzbekistan, Turkey;
- Main **Import products:** mineral products, machinery and equipment, chemical industrial products, transportation vehicles.

KAZAKHSTAN

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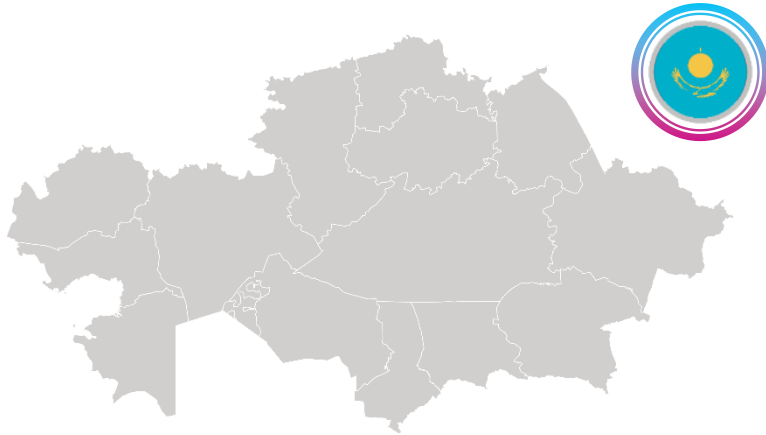
- Area – **2 724 900 km²**
- Population – **20 million**
- Economically active population – **9,4 million**
- Currency – Tenge
- Unemployment rate – **4,8%**
- Inflation - **9,1%**

- GDP – **$ 296,7 billion**
- GDP per capita - **$ 14 778**
- Doing Business – **25th place**
- Export - **$78,7 billion**
- Import - **$38,08 billion**
- Taxes (VAT) – **12%**
- Profit tax– **15%**

Capital **Astana**   17 regions

GDP structure

Sector	Value
Service sector	53,5%
Manufacturing	40,1%
Taxes on products	6,4%

- Main **Export partner-countries:** China; Italy; Russia; Netherlands; Uzbekistan; Turkey; India; France;
- Main **Export products**: crude oil, copper and copper cathodes, ferroalloys, natural gas, copper ores and concentrates, uranium, wheat, hard coal, sulfur except freeze-dried, precipitated or colloidal sulfur;
- Main **Import partner-countries**: Russia; China; Germany; USA;
- Main **Import products:** passenger cars, telephones, medicines, computing machines, car bodies, parts and accessories for cars and tractors, petroleum products.

TURKMENISTAN

Capital **Ashgabat**   5 regions

- Area – **491 200 km²**
- Population – **7,57 million**
- Economically active population– **2,6 million**
- Currency – Manat
- GDP – **$ 82,6 billion**
- **GDP per capita – $ 12 934**
- Export - **$15,6 billion**
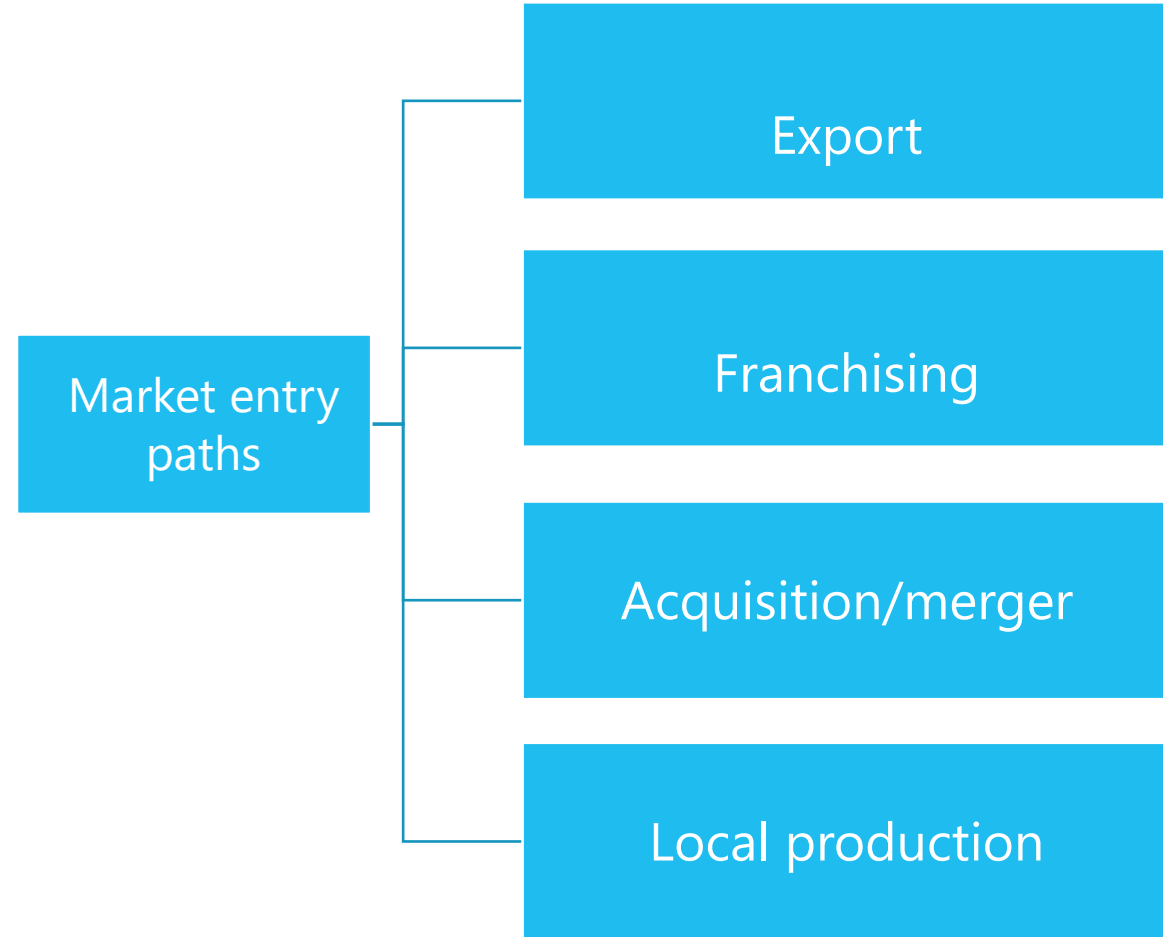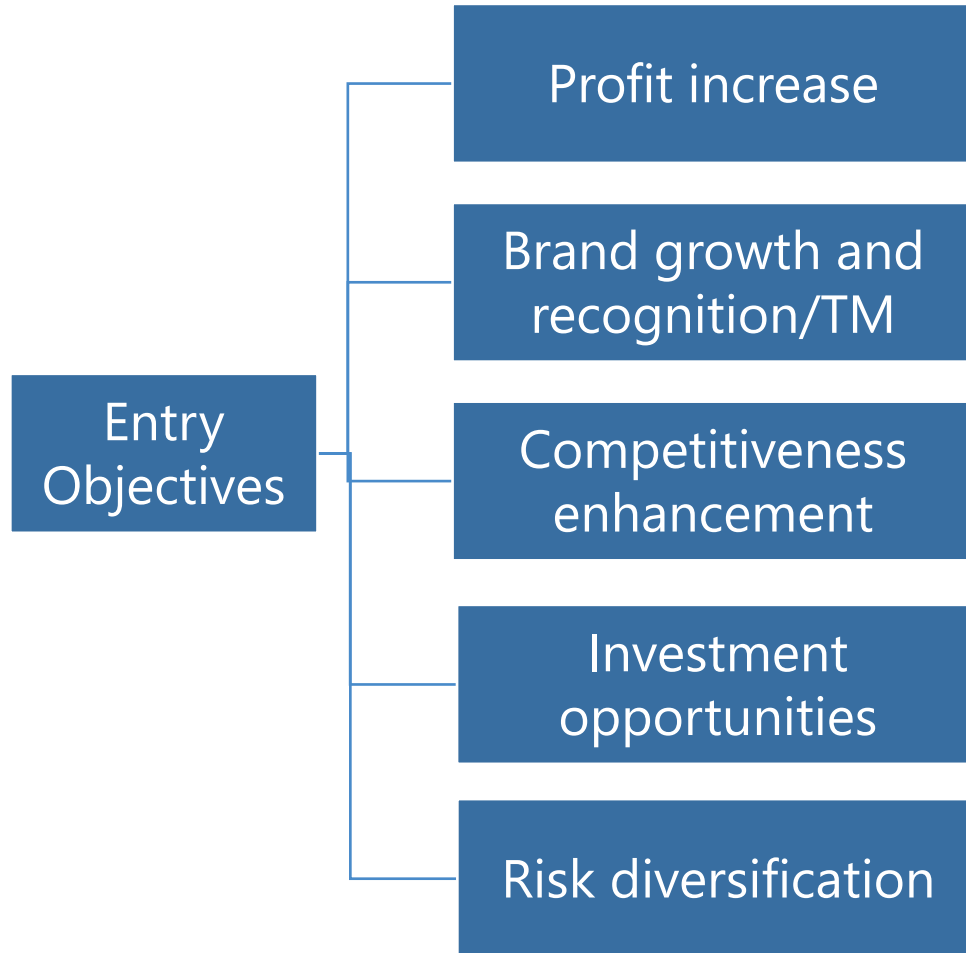- Import - **$9 billion**

- Main **Export partner-countries**: : China, Russia, Turkey, Uzbekistan;
- Main **Export products**: Mineral fuels, oil, gas; ships; fertilizers; cotton; plastics;
- The main **Import partner-countries**:Turkey; Russia; China; Germany; UAE; Iran; Japan;
- Main **Import products** : machinery, iron or steel products; equipment; vehicles; iron and steel; pharmaceutical products.

COMPARISON OF CENTRAL ASIAN COUNTRIES

	Kyrgyzstan	Kazakhstan	Uzbekistan	Tajikistan	Turkmenistan
Cost of 1 kWh, USD	0,011	0.05	0,03	0.18	0.0118
Average salary, USD (at the exchange rate as of 10.06.22)	376,28	898,28	299,7	175	332
Cost of 1_{M}^{3} of water, USD	0,12	0,19	0,11	0,24	0,11 (2017)
Population literacy, %	99,64	99,8	96,9	99,80	99,70
Share of Russian population, %	4,97	15,54	2,1	0,5	2,3
Discount rate, %	11	14,75	14	9,5	5
Import, in billion USD (2023)	12,3	38,08	38,14	5,88	9
Exports, in billion USD (2023)	2,8	78,7	24,42	18,5	15,6
Income tax, %	10%	15%	15-20%	20%	20%

FOREIGN MARKET ENTRY OBJECTIVES

Entry Objectives
- Profit increase
- Brand growth and recognition/TM
- Competitiveness enhancement
- Investment opportunities
- Risk diversification

Market entry paths
- Export
- Franchising
- Acquisition/merger
- Local production

RESEARCH SUBJECTS

MVECTOR
ИССЛЕДОВАНИЯ И КОНСАЛТИНГ

LEGISLATION

State Institutions
- State Tax Service
- Ministry of Internal Affairs
- State Customs Service
- Social Fund
- Ministry of Health
- Ministry of Justice
- Ministry of Economics

MARKET

Market analysis
- Structure, demand, supply, elasticity, market modeling.
- Determination of market prices and sales volumes.

COMPETITORS

- Study of the major players in the market
- Their products/services
- Pricing policy
- Marketing strategies

STATISTICS

Statistical data on the research subject

PRODUCTS/SERVICES

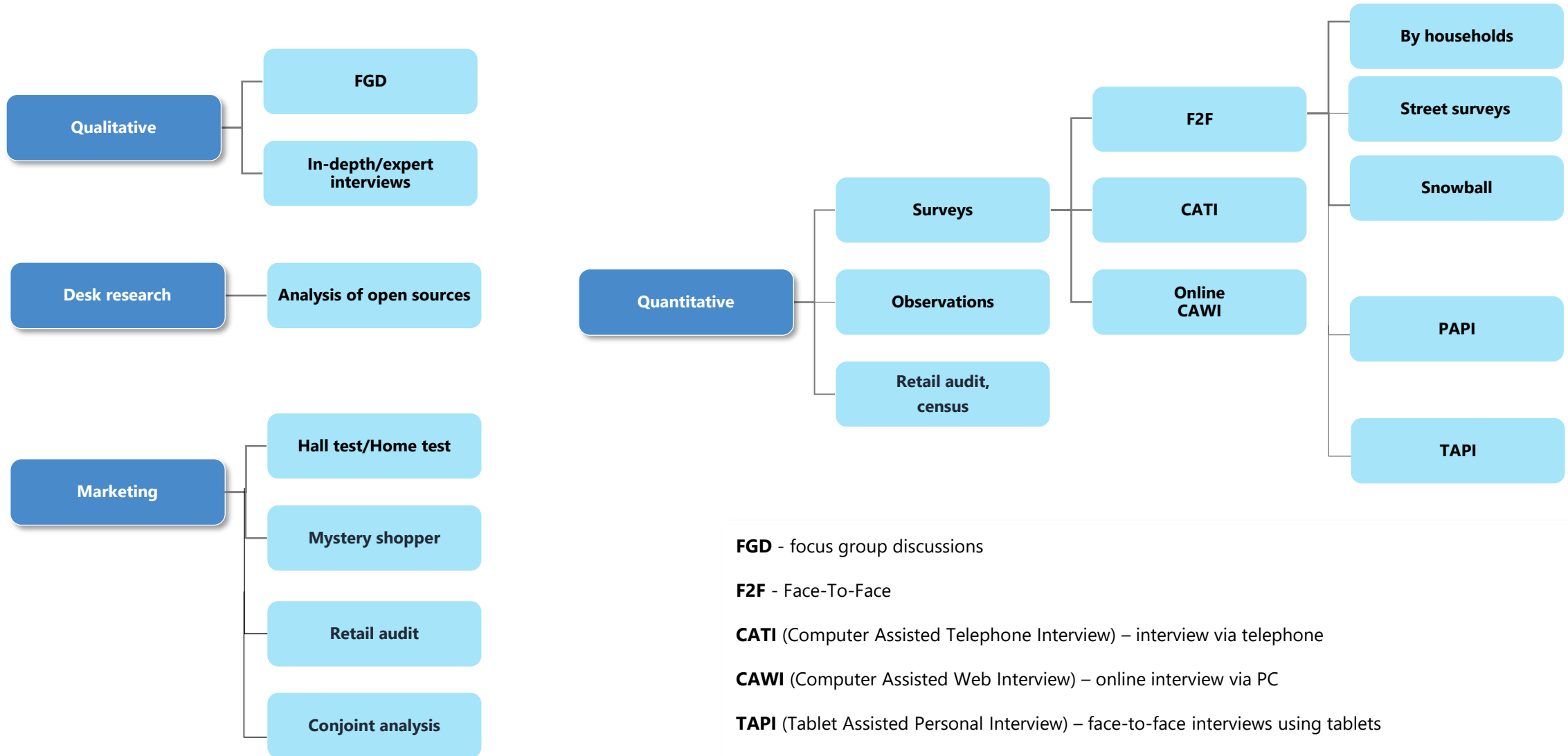- Brand health and reputation
- Consumer satisfaction

CONSUMERS

- Audience needs
- Behavioral characteristics
- Purchasing power
- Satisfaction and loyalty
- Cultural and ethnical characteristics

TYPES OF RESEARCH

Qualitative
- FGD
- In-depth/expert interviews

Desk research
- Analysis of open sources

Marketing
- Hall test/Home test
- Mystery shopper
- Retail audit
- Conjoint analysis

Quantitative
- Surveys
  - F2F
    - By households
    - Street surveys
    - Snowball
    - PAPI
    - TAPI
  - CATI
  - Online CAWI
- Observations
- Retail audit, census

FGD - focus group discussions

F2F - Face-To-Face

CATI (Computer Assisted Telephone Interview) – interview via telephone

CAWI (Computer Assisted Web Interview) – online interview via PC

TAPI (Tablet Assisted Personal Interview) – face-to-face interviews using tablets

PAPI (Paper Assisted Personal Interview) - face-to-face interviews using paper questionnaires

TYPES OF RESEARCH IN RELATION TO SUBJECTS

DESK RESEARCH

- Conditions on legislation, taxation, licensing
- Conditions of export and import, logistics
- Demand for the product/service in other countries
- Social, economic, political trends and risks
- Determining the most effective location to open an office/production facility
- Personnel – salary level, working conditions, availability of specialists on the market
- What raw materials and equipment are required, where to purchase them, choosing the most suitable suppliers
- Competitors in the market, their profiles, prices, geographic coverage, sales and promotion channels
- Identification of possible locations, channels and sales geography

QUANTITATIVE

Consumers and products
- Brand knowledge and user-experience
- Consumer behavior characteristics
- Analysis of needs and expectations
- Drivers and barriers to use a product/service
- Factors influencing the choice of company/product/service
- Consumer profile
- Search for consumer insights
- Measuring the level of satisfaction with the products/services of the company and competitors
- Loyalty level measurement
- Assessing the risk of potential customer churn

TYPES OF RESEARCH IN RELATION TO SUBJECTS

QUALITATIVE

- Dynamics of industry development and prospects for its development, external factors, risks
- Market structure and main players, suppliers, distributorsMarket needs, uncovered demand
- Main barriers and opportunities for entry into the market
- What a new company must take into account when entering the market
- Portrait of consumers, expert assessment of market volumes
- Pricing policy, price elasticity, industry profitability

SPECIFIC MARKETING

- Visualization of the customer's path to purchasing a product
- Identifying pain points "company/brand – buyer"
- TAM-SAM-SOM method
- Retail Audit
- Census of retail outlets (Census)
- Mystery shopper
- Hall test/Home test
- Testing of products, packaging, advertising materials
- Benchmarking
- Monitoring the work of dealers and franchise companies

STAGES OF RESEARCH

Step 1: Problem definition
Formulation of the problem

Step 2: Approach development
Determining the sampling structure, method of data collection, target population, geographic coverage

Step 3: Toolkit development
Determining the number of tools, developing questionnaires, guides, checklists

Step 6: Decision making based on the data obtained

Step 5: Data preparation and analysis

Step 4: Data collection and control

CASE 1 OOO "Cosmetics and Perfumery Sales Company"

About the Company

- The leader of the perfume and cosmetics industry
- **1000 stores**
- Wide assortment, exclusive brands
- More than **25 years** on the perfume market

Project Objective

Overview of Kyrgyzstan and Tajikistan markets to make a decision on possible expansion of the company's operations geography.

Methodology

As part of the project implementation, were conducted:

- Analysis of macroeconomic indicators;
- Analysis of cultural specifics of perfume and cosmetic products consumption;
- Analyzing retail, wholesale and online shopping for perfume and cosmetics;
- Identification of trends and tendencies of the perfume and cosmetics market;
- Analysis of legal and regulatory aspects of opening and doing business in the target countries;
- Analysis of the financial sector.

CASE 2 "Logistics Center"

- Trade and Logistics Center **will be opened in the summer of 2024** in one of the districts of Jalal-Abad region in Kyrgyzstan.

- The territory is **50 hectares.**

- The center **will serve as a multifunctional hub** and will develop the export potential of Uzbekistan and Kyrgyzstan, as well as provide a transportation corridor and transit of cargo traffic through Kyrgyzstan to CIS countries and China.

Project Objectives

Data collection to develop a market entry strategy for a new Trade and Logistics center

As part of the research, it was necessary to identify the target audience and segments, understand their pains and needs, including obtaining the following data:

- General information about locations;

- Number of vendors;

- Estimated daily visitor traffic;

- Generalized range of locations by category;

- Unique features of the locations.

Methodology

Timeline: August-September 2023

Geography:

- **Kyrgyzstan:** Jalal-Abad region

- **Uzbekistan:** Andijan and Namangan regions

Methodology:

- 100 face-to-face surveys of retail customers in the markets of 2 countries using the TAPI method

- 32 in-depth interviews with different target groups in the markets of 2 countries.

METHODS OF CONDUCTING RESEARCH

	By yourself	Research company
Advantages	✓ Saving the budget ✓ Deep understanding of the subject ✓ Flexibility and control ✓ Maintaining confidentiality	✓ Professional performance ✓ Availability of technical capabilities ✓ Subject matter experts with research experience ✓ Objectivity and independence ✓ Expert analysis and interpretation of data ✓ Saving time and resources of the Customer
Disadvantages	✓ Limited resources ✓ Lack of technical capabilities ✓ Lack of research experience ✓ Subjectivity ✓ Lack of access to resources ✓ Risks of errors ✓ Time costs and human resources	✓ Budget ✓ Control ✓ Risks with timing and confidentiality

26 years

(Since 1997)

5 countries

(Offices in Canada, Kyrgyzstan,
Tajikistan, Uzbekistan, Kazakhstan)

1800+

implemented projects

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GEOGRAPHICAL COVERAGE

MVECTOR
ИССЛЕДОВАНИЯ И КОНСАЛТИНГ

Offices and branches of the company:

Canada:
- Toronto

Kyrgyzstan:
- Bishkek
- Osh

Uzbekistan:
- Tashkent

Tajikistan:
- Dushanbe
- Khujand

Kazakhstan
- Almaty

Канада
Европа
Россия
Азия
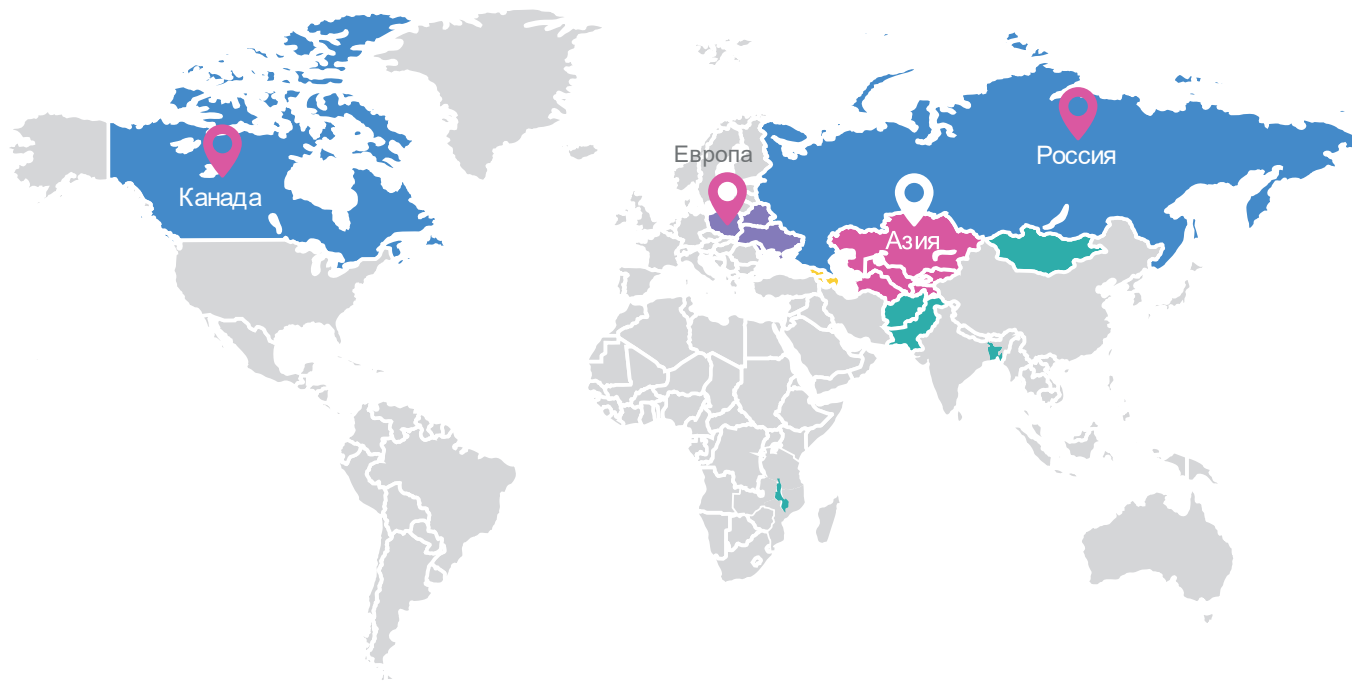
Countries of research:

Kyrgyzstan	Russia	Azerbaijan	Pakistan
Tajikistan	Ukraine	Armenia	Afghanistan
Kazakhstan	Belarus	Georgia	Bangladesh
Uzbekistan	Moldova	Canada	Malawi
Turkmenistan	Poland	Mongolia	

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