

# [Mongolian cashmere and wool marketing essay](https://assignbuster.com/mongolian-cashmere-and-wool-marketing-essay/)

Mongolia is located in the East and Central Asia, which is a landlocked country and bordered with the Russia and China. The capital city of Mongolia is Ulaanbaatar also called as Ulan-Bator for internationally. The political system of Mongolia is parliamentary republic and the population is around three millions and the territorial size of Mongolia is 1, 564, 115. 75 km2 which makes Mongolia the 6th largest country in Asia and the 19th biggest country in the world. Almost 50% of the population lives in the capital city Ulaanbaatar and the rest of the population scattered all over Mongolia. There are four seasons in Mongolia, during the summer tourists from all around the world come to Mongolia to explore the beautiful nature of Mongolia because there are many places in Mongolia which have not been touched or ruined by human. In summer the temperature rises to +30C to +35C and in winter it is -20C to -28C which is very cold.

There are 21 provinces in Mongolia and every province has its central town. Mongolians are best known to the world as a Ghengis Khan and nation that lives as nomadic life style. People who live in country side they move around the countryside for the four seasons, in winter they move to the place which would be warmer and in summer the place that have a more nutritious grass for their cows, horses, sheep and goats.

Mongolia is a developing country, in last few years the mining sector has been successful. There were many mining field discovered, minerals such as gold, copper and coal. Mongolia has the biggest copper mine in Asia; it is Erdenet’s open copper mine. Also, there are Chinese, Russian and Canadian firms opening their firms and starting their mining business in Mongolia. Mining sector is a very big and rapidly growing in Mongolia. Around 80% of Mongolian export is minerals (gold, copper, coal, tin, tungsten and molybdenum) and the rests are leather goods, animal origin products, and wool and cashmere products. Main exports partners are China, Russia and Canada. Mining is around 21% of the total GDP and the agriculture is around 16%. GDP (Gross Domestic Profit) is $8. 56 Billion US dollars at current prices and GDP growth was 17. 5% (World Bank, 2011). Mongolian currency is Tugrug and US$1 is equals to 1430 tugrug.

The 86% of the population are Khalkha and the rest 14% are consists of Kazakh, Buryat and Oirat etc. In Mongolia there is more young generation than old generation, almost 59% of the total population is under 35 years old, which is quite well balanced. The average population growth rate is 1. 469 % (IndexMundi, 2012). Official language in Mongolia is Mongolian language and 95% of the population speaks Mongolian language and there is variety of dialects of Oirat, Buryat and Khazakh. Mongolians today using Cyrillic alphabet, however, in old days we used to use traditional Mongolian Script. Today, traditional Mongolian Script is being teaching in secondary and high schools, because we do not want to forget our culture. The most common speaking foreign language is Russian language and since 2006 English language is taught in every secondary school across the Mongolia. Mongolian people very fond to their culture, we learn it from the young age and follow it even though we are developing to Western culture. Mongolians are very proud of the culture, because it inherited to us from our ancestors. Most of the Mongolian people are Buddhists and the rest of them are Shamanism, Christians and Muslims and other religions.

## Mongolian Cashmere and wool

As a nomadic nation, Mongolian’s life style was herding the animals such as cow, sheep, goat, horse and camels. Almost every household in country side has their own cows and sheep and goats. They breed these animals, the main reason of country side people move to different places in different weather. Herding is very beneficial to the families; they drink the milk and use the milk to make dairy products, eat the meat, in warm weather they shear the wool from sheep, goat and camels. They can use them and they can sell to other people, as for the wool and skin they mostly sell to the companies that make woolen or leather products. Mongolian cashmere products have very good quality and well known to the world. Due to the geographic location and severe weather, Mongolian woolen and cashmere products are used very common. Cashmere and woolen products are more suitable to wear during the cold and wet weather condition. Mongolian cashmere is known to be the softest, warmest and finest cashmere in the world. Cashmere products are very comfortable to wear and it is not like other fibers, it is very unique and pure natural product and it is made from Kashmir goat’s hair. In old days, cashmere and woolen products mostly used by older people and were not that common; the designs were very limited and mostly used as blankets, hat, scarf and gloves only. Today, in last few years, cashmere and woolen products are becoming more common. Companies started making clothes in many different designs, colors and many more products and today cashmere products are considered as elegant and fashionable and used in high fashion. Due to the demographic changes such as consumers are becoming more familiar with cashmere and woolen products today growing demand on customer’s preference companies are trying to improve their technologies to make more fashionable and still warm and comfortable products. Other very unique products are camel and yak wool products. Bactrian camel is very unique and gentle creature and lives in the Gobi desert, Mongolia. This beautiful animal produces one of the warmest wool in the world. The yak wool is also very warm, soft and it is very light. There is no need of wearing so many layers of clothes when wearing cashmere or woolen clothes. Wearing many layers of clothes are very heavy yet sometimes not warm enough, however, wearing only one piece of cashmere or woolen clothes is not heavy at all even lighter and warm.

As mentioned earlier, cashmere and woolen products are becoming used by more and more people. Today, almost every generation is wearing cashmere or woolen products, from young children to old people. Yet the growing demand and the developing technologies and designs and colors, cashmere and woolen products are quite expensive today but still worth the price. For example: cashmere cardigan will cost around US$200-US$250 dollars and a warm legging is about US$70 dollar. Which is quite expensive, and the woolen products are little bit cheaper than the cashmere products. Cashmere and woolen products became luxury garments today.

During the winter and spring cashmere and woolen products are more demanding than the summer and autumn. Cashmere is the one of the big exports after minerals, and annually, Mongolia produces about 6700 tons of raw cashmere and about 28% of the total world supply. Today, Mongolia exports more than half of the raw cashmere to China. It is becoming difficult for the domestic companies to get raw cashmere from herders, the reason is Chinese companies are coming directly to the herders and offers more price for the raw cashmere.

There are few leading companies making cashmere and woolen products in Mongolia. Goyo Co. Ltd is the one of the first and biggest cashmere and wool companies in Mongolia. They use advanced technologies to produce best quality cashmere and woolen products. Goyo Co Ltd produces 350. 000 pieces of good quality products annually. Another leading company is Altai Cashmere LLC; they are the first cashmere company that obtained a certificate for assembling international quality standard ISO 9001-2001 and ISO 9001-2008. These two are the main leading companies in cashmere and wool industry.

In recent years, following the development of the country, society is changing. People are becoming more educated and civilized, exploring different things outside of the Mongolia those leads to people changing preferences on different things. One of these changes would be people’s preference on fashion apparels. Changing preferences on cashmere and woolen product is one example among Mongolian people, before cashmere or woolen products were not so familiar to the customer. Nowadays, people know the value of the cashmere and woolen products and that raises the demand of these products and it leading to cashmere and wool industry to develop in Mongolia. There is more cashmere and woolen products for women than a man, fashion industry have been like this always that is because women wear much different kind of clothes than a man. Currently, cashmere and wool industry is developing very fast and successful in Mongolia and even in other developed country cashmere is luxury good. After mining cashmere industry is Mongolia’s most important income earner. Tourists who are visiting Mongolia, they love to shop and buy cashmere and woolen products and the prices are reasonable or if some products are bit expensive it is worth the price. Also, Mongolian people like to bring as a gift to their friends in other countries. Cashmere and woolen products are very delicate and needs to be cared very gently; otherwise it will lose its shape or will be spoiled. It is not easy to make any clothes in any color by cashmere or wool. As mentioned earlier, cashmere is not like other fibers, it is very unique, that makes difficult for manufacturers to design and produce any type of clothes, they need very high technologies in order to achieve that. Due to the rising of demand and rising of production, some of the cashmere and woolen product qualities have became low. Insufficient domestic spinning capacity, leads some companies to send raw cashmere to China for refining and to import the yarn back to the Mongolia for manufacturing

## Recommendations and suggestions

Since the cashmere and woolen industry, especially the cashmere industry is one of the biggest income earners to Mongolia, we need to encourage and contribute to the industry by buying our own country’s cashmere and woolen products than other countries. Cashmere and wool companies should improve the technologies and the quality of their products in order to meet the consumers need and wants. Due to exporting tons of raw cashmere and wool to China, the supply to the domestic companies had decreased. According to the Mongol Cashmere Association, if the country had the capacity to refine all the cashmere before exporting, the profits could rise.

Government of Mongolia should pay more attention to the cashmere and wool industry by providing and building more herding environment. Also, give more help to the herders in countryside, such as hay and bran etc., for the animals. Moreover, government should try to find a way to help the companies to raise the capacity to refine the raw cashmeres so that domestic companies do not need to send raw cashmeres to China therefore, will keep all the profits to the country. As for the companies besides improving the quality and technology, they need to work with the talented designers who can invent more modern and fashionable clothes. This is because fashion industry is growing fast and even though cashmere and woolen products are classic, but still need to keep up with the modern fashion. in my view, if we could achieve all these, then Mongolian cashmere and wool companies can work with the worlds famous fashion designers and become the global brand. It will definitely increase the country’s GDP in future.