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CULTURAL HERITAGE BASED GIFT PRODUCTS FOR THE TOURISM MARKET

Tbilisi 2022







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Authors: Tamar Kiknadze, Economic and Social Geographer; Leila Chichinadze, Art Historian;

Country cases:

Georgia: Tamar Kiknadze, Economic and Social Geographer, GACC Programmes development manager

Bulgaria: **Krasen Sabev**, Cultural tourism expert and Manager of NPO EICT EUREKA
Ukraine: **Kyrylo Horbenko, Yevhen Karlashevych, Valerii Tkachov, Oleksandr Dudiuk** Tourism Experts of the Foundation for the Development of the City of Mykolaiv

Translation: Lia Lomidze

Design and typesetting: Gega Paksashvili

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INTRODUCTION

Attitude to cultural heritage and particularly, intangible cultural heritage has significantly changed recently. Formation and introduction of the concept of cultural industries contributed to increasing recognition of heritage as one of the significant resources of economic development

This publication aims to demonstrate the means of creating unique but at the same time, diverse and innovative gift products on the basis of cultural heritage, the main stages and components of this process. The guide reviews development of these products in line with tourism industry and describes the specific requirements of the latter.

The guide reviews types of intangible cultural heritage, typology of products created based on it, sources of inspiration and diversification, pricing principles, opportnities and means of communication with the tourism sector, as well as threats and positive aspects related to commercialization of heritage in terms of development of medium and small entrepreneurship, maintaining and popularization of traditions.

It is intended for beginner entrepreneurs in the field of cultural heritage and students of respective areas of specialization, as well as representatives of other areas willing to create competitive gift products based on local traditions.

The guide was created within the framework of the project "Tourism, Heritage and Creativity" funded under the European Union Joint Operational Programme Black Sea Basin 2014- 2020. The leading partner of the Project is Georgian Arts and Culture Center (Georgia), the partners are the European Institute for Cultural Tourism (Bulgaria) and Mykolaiv Development Agency (Ukraine).

ESSENCE OF CULTURAL HERITAGE AND HERITAGE-BASED GIFT PRODUCTS Cultural heritage and its role in the regional development

Cultural heritage is the asset created by the humankind throughout its history. Its recognition, appreciation and protection began many centuries ago. As early as in the 2nd century BC, the Greek historian Polybios criticized Romans for plundering Greek chapels in Sicily¹. International treaties regarding this issue originated from the late 19th century, but it should be mentioned, that only historic monuments and pieces of art were considered to be cultural heritage for a long time. Therefore, only tangible cultural heritage had been governed by international legal acts until recently.

Intangible cultural heritage became the subject of interest of the international community from 1970s. Comprehensive nature of culture, the role and importance of the traditional knowledge began to be discussed in that period. This term was first introduced in the international law by UNESCO Convention in 2003.

Also, perception of cultural heritage, as the resource of economic development, was developed gradually. Tangible heritage gained recognition in this regard even earlier. Together with development of cultural tourism, it became clear that architectural or archaeological monuments, temples, pieces of art, museum collections etc. represent one of the most important motivations for travel and attracts large flows of tourists.



Development of the concept of cultural industries

and creative economy enhanced perception of cultural heritage as the economic resource. Moreover, today, it represents innovative and desirable means of economic development. Though cultural industries cover many domains, according to the "Culture Economy Scheme" created on the basis of UNESCO's "Culture Statistics Framework", intangible cultural heritage creates their common basis.

Cultural heritage has been gradually occupying a rightful place in the field of sustainable development too. In 2015, the role of heritage and creativity was first mentioned in the UN's 2030 Sustainable Development Program, and UNESCO announced 2021 as the year of "Creative Economy for Sustainable Development".

At a glance, this global recognition may be very far from specific individuals acting in this field, but these processes create international tendencies, contribute to enhancement of interest towards the

Fig. 1 UNESCO: Cultural Economy (Based on UNESCO's Framework for Cultural Statistics)²

Cultural Domains			Related domains				
a. Cultural and natural heritage - Museums (also virtual) - Archaeological and historic places - Cultural landscapes Natural heritage	b. Performance and Celebration - Performing arts - Music - Festivals, Fairs and Feasts	c. Visual arts and Crafts - Visual arts - Photography - Crafts	d. Books and Press - Books - Newspaper and magazine - Other printed matter - Library (also virtual) - Book fairs	e. Audio-visual and interactive media Film and video TV ad radio-(also as internet live streaming) Internet podcasting Video games (also online)	f. Design and Creative Services - Fashion design - Graphic design - Interior design - Landscape design - Architectural services - Advertising services	g. Tourism - Charter travel and tourist services - Hospitability and accommodation	h, Sports and Recreation - Sports - Physical fitness and well being - Amusement and theme parks - Gambling
	(Oral traditio	Intangible Cul		ial practices)		Intangible Cultur	ral Heritage
(Oral traditions and expressions, rituals, languages, social practices) Education and Training Archiving and Preserving Equipment and Supporting materials		Education and Training Archiving and Preserving Equipment and Supporting materials					

field, increase demand on certain type of products. Therefore, their understanding and integration into one's own business allows better use of new opportunities.

The role of cultural heritage is significant in the regional development too, as unlike other material resources, monetization of cultural heritage is more linked to the place of its origin, the cultural context. At the same time, cultural heritage is the wealth, which is not concentrated in any specific area, like, for example, fossils. It is actually everywhere where people live. Therefore, this resource is available for everybody and in case of correct use, it can play an important role in regional development of the countries.

Types of cultural heritage

Cultural heritage is divided into two main groups: tangible and intangible heritage.

Tangible Cultural Heritage

As mentioned above, tangible cultural heritage has been the subject of interest of international and local society, including tourists for many centuries. It is a part of heritage, which exists physically, is touchable and visually perceptible. As it often happens, the concept of tangible heritage has developed and changed over time. "While initially it implies only monuments of historic and artistic value, in the 20th century, the concept of heritage went beyond the beautiful and encompassed

Tangible heritage is divided into movable and immovable monuments. Movable monuments are museum exhibits, archive materials, library collections, and manuscripts.

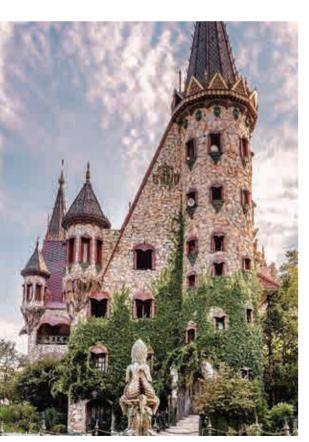
treatment, its protection is to maintain its authenticity..."

everything which may reflect a certain stage of development of a human, society, country. Now not only aestheticism, but also authenticity represent its main characteristics. The main criterion for its

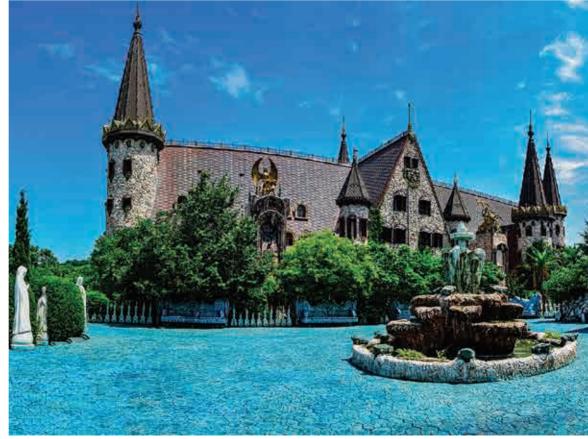
Immovable monuments include architectural structures, complexes, architectural monuments, shelters cut in the cave, cultural landscapes, historical parks and gardens, industrial monuments.

Ravadinovo Castle Bulgaria

Legend has it that the Italian Count Amedeo VI di Savoia, called the Green Count because of the green armor and clothes he wore, began building a fairytale castle near Sozopol, not far from the Black Sea coast, after 1366. Its traces have been lost over the centuries, but young and old have been fascinated by this legend. When he grew up, a boy wished to rebuild this castle, became a famous athlete, world champion in wrestling and with the gold medals he managed to restore the



Pic. 1-2. Ravaldinovo Castle



mythical castle, calling it "In love with the wind". This is the only newly built private castle in Eastern Europe, owned by Georgi Tumpalov, used as a tourist attraction, located 2 km west of the ancient town of Sozopol to the village of Ravadinovo. The castle has a chapel, a unique winery, art gallery, games room, stable and zoo, as well as a park with fountains, waterfalls, a lake with swans, bridges, arches, columns and statues.

Vardzia Georgia

Vardzia is a cave monastery complex of 12th-13th centuries.. Its construction began in 1156 by King George the 3rd and was completed by his daughter, Queen Tamar, in 1203. Vardzia was originally considered as a fortress, but Queen Tamar changed the purpose of the monument and turned it into a monastery complex. The rock-cut town unites in 13 tiers, at a height of 100 meters with 600 caves, including 15 churches, 25 cellars, 185 pitchers, pantries, storerooms, etc. Complex is also significant due to the wall paintings preserved in the Church of the Dormition depicting George the 3rd, Queen Tamar and nobles. The fresco of Queen Tamar is considered as the earliest surviving portraits (approximately 1185) of her.





Pic. 3-4. Vardzia. Cave Monastery



Research Institute Mykolaiv Astronomical Observatory Ukraine, city of Mykolaiv

The observatory building is an architectural monument of national importance. The astronomical observatory represents an architectural complex with the reserved territory of about 7 hectares. The key attraction is the main building, established in the period from 1821 to 1829 by the project of architect F.I.Wunsh. The park area of the observatory is a kind of ecosystem of flora and fauna of the steppe zone of the Northern Black Sea coast. Restoration has not been carried out during the existence of the observatory. Authentic architecture, functional orientation and location of the observatory are preserved. The authenticity of various elements is confirmed by state archival documents

Domains of Intangible Cultural Heritage

According to UNESCO Convention (2003), the "intangible cultural heritage" means the practices, representations, expressions, knowledge, skills – as well as the instruments, objects, artefacts and cultural spaces associated therewith – that communities, groups and, in some cases, individuals recognize as part of their cultural heritage⁴.

Intangible cultural heritage is very diverse and covers all aspects of human life. The Convention identifies 5 main domains, however, these are only the main directions divided into many subcategories different by countries.



Pic. 7 Portrait of Georgian poet Vazha-Pshavela a) Oral traditions and expressions, which include legends, myths, proverbs, poems, mocking verse etc. These traditions are used for conveying knowledge, social values and collective memory. They play a particular role in maintaining viability of culture. Though language defines intangible heritage of many communities, protection of language falls beyond the scope of 2003 Convention, however it is included in Article 2 as the means of transmitting intangible cultural heritage⁵.

International Folk Costume Festival Bulgaria

The village of Zheravna is a world architectural monument. Nearly 200 houses of cultural monuments aged 150 to 300 years have been preserved. The International Folk Costume Festival has been held on the beautiful mountain meadows of the village since 2008. The festival lasts for three days at the end of August. All artists and the audience are dressed in traditional costumes. The program includes folk wisdom, songs and folk rhythms performed by professional and amateur ensembles, and the audience is involved in temperamental dances.

Pshavian poetic tradition – Pshavian improvised verse Georgia

This is a tradition when rivals compete with each other impromptu. It is widespread in Pshavi, Mtiulet-Gudamakari and Khevsureti and mainly takes place at the festival of Khatoba, weddings, shepherding, during travel etc. It is assigned the status of the monument of cultural heritage of Georgia.

Poetry collection Ukraine

Oleksandr Machula, poet, translator, educator (Ukraine, Mykolaiv city). Author of nine poetry collections: "Autumn Debut" (2016), "Machul's Jokes" (2016), "Silver Strings of the Soul" (2017), "Falcon's Song" (2017), "On the Razor's Edge" (2018), "The air compressed to poetry"(2019)" - for adults and "Magic Rainbow" (2018), "Well Crane" (2020), "Sea Vacation" (2020) - for children. Several composers - Tatiana Yarova, Olexander Sychev, Iryna Kovalyuk, Volodymyr Horbenko, Anna Oleinykova, Oleksii Chernov, Vladyslav Korshunov and others - wrote more than three dozen songs on poems by Olexander Machula.

(b) Performing arts is a diverse domain and includes songs, dance, chant, various types of performance, pantomime etc. "it unites many cultural expressions, which reflect human creativity and which are found in other domains of intangible cultural heritage to a certain extent"⁶.

Folklore festival Songs and dances from sunny Dobrudja Bulgaria

In the village of Debrene, not far from Dobrich, among the wildlife, an annual cultural festival Songs and Dances of Sunny Dobrudja is held, in which about 2000 people participate - folklore groups and individual performers. The idea of the fair is for more and more young people to study Bulgarian folklore - music, songs and dances, and at the end of June to show what they have learned on the open stages. The fair has a competitive nature with many awards for the best performers.

Traditional Georgian Pholophony Georgia

The traditional Georgian polyphony is a musical tradition which expresses the world vision and aspirations of the nation, is an inseparable part of the everyday life and is related to its separate elements. Various forms of polyphony are seen in various parts of the country. Three main forms are identified: complex, burdonic and







contrast. In addition to folkloric songs, the traditional Georgian polyphony is reflected in canticles too, which represent a significant expression of the polyphonic musical tradition. In 2008, the traditional Georgian polyphony was included in UNESCO Representative List of Intangible Cultural Heritage.



Chervonianochka Folk Choir (Ukraine, Mykolaiv city, leader Kostiantyn Ferraru)

Authentic wedding folk songs that are part of the traditional wedding ceremony of the cossacks in Southern Ukraine

(c) Social practices, rituals and festive events include everyday traditions, community lifestyle, traditional laws of the community, forms of greeting and farewell, religious traditions, rituals: birth, death, feast to celebrate a childbirth,

initiation, marriage etc. The same category implies carnivals, games, traditional sports, birthday, festival; gastronomy, natural costumes and tradition of using it, textile processing technology, hairstyle, decorations, forms of traditional land use, spiritualistic places etc.⁷

Christmas ritual "Koleduvane" Bulgaria

Koleduvane (comes from the Bulgarian Koleda, which means Christmas) is a festive ritual that is performed in the night on Christmas Eve, before Christmas. Then the whole family gathers in the home of the oldest member of the family. Odd number of lean meals are arranged on the table. The ritual is performed by young boys called koledari. They visit the homes of people from the village or neighborhood, their clothes are festively decorated. Along the way, in front of the door and in the house, special ritual songs are sung with wishes for health and happiness in the family, prosperity and well-being. For this they receive Christmas presents - a special bread, food and wine.





Pic. 12-13. Christmas ritual "Koleduvane"

Georgian Wrestling

Georgia

The Georgian wrestling is the ancient martial art widespread in all regions of Georgia. It is a comprehensive phenomenon and represents a unity of wrestling elements, music, dance and special attire. After the middle centuries, it gradually turned into a spectator sport played on an open ground before a large audience, to the accompaniment of "zurna" and drum8.



Ukraine. Bulgarian Cultural and Educational Center "Ternivka", Mykolaiv city

The holiday of the Bulgarian Surva is an unofficial, but the most favorite holiday of all Bulgarians. On this day, people celebrate the "old" New Year, sing songs, wish health, luck, money and happiness, and children with surva-stiks sing carols, and beat these stiks. According to folk traditions, the richer the table, the more prosperous the new year will be.





(d) Knowledge and practices concerning nature and the universe include knowledge, practices and expressions developed by the community in the course of interaction with the nature, in particular, traditional ecologic wisdom, knowledge of flora and fauna, traditional medicine, cosmology etc.



Midsummer's Day Celebration Bulgaria

Midsummer's Day is celebrated annually in Old Dobrich, Bulgaria on the day of the summer solstice. It is one of the most beautiful, sunny and generous holidays in the traditional Bulgarian folk calendar from ancient and pagan times. It is believed that "living" water flows from all water sources and herbs have great magical power on this day. According to the tradition young and old, healers and herbalists to gather herbs and weave them into Enyovski venets.





Wheat Culture in Georgia Georgia

Wheat cultivation has the ancient traditions on the territory of Georgia. 14 out of 27 species spread all over the world are found here and 5 of them are endemic species. Therefore, "wheat and bread were the most significant part of the Georgian farming culture and the object of worship of our ancestors. So, bread and wheat are one of the main elements of Georgian sacral and festive rituals". "In addition to diversity of wheat types and species, traditions and tools of care and cultivation of wheat were also multiple". The Georgian wheat culture (endemic species and local species) are recognized as the national monument of intangible cultural heritage of Georgia.

Christmas tradition in Kryve Ozero Ukraine, Mykolaiv oblast

Ritual action "Vertep" (the Nativity Celebration), dedicated to the folk traditions of celebrating the Nativity of Christ.



(e) Traditional craftsmanship is the most perceptible and materialized domain of intangible heritage. However, its intangible part – traditional knowledge and experience – is particularly important for UNESCO Convention. This domain covers diverse traditions related to production of objects of different function, such as working tools, decorations, traditional attire, horse harness, ritualistic items etc. These items are often used in other expressions of intangible cultural heritage.

The architectural and ethnographic complex Genger in Aytos Bulgaria

The architectural and ethnographic complex Genger is an open-air museum in the town of Aytos near the Black Sea. It is an alley of old local crafts with workshops built in the Revival style. Here local and foreign tourists can learn the intricacies of pottery with a skilled master potter. According to legend, the skills of local potters were famous in the markets of the Mediterranean, and the elegance of pottery Aytos was compared to ancient Troy. As an attraction, guests can also create their own souvenir work at the coppersmith. Or in the studio for applied arts to make handmade souvenirs with different techniques on clay, wood or fabric, to get acquainted with the weave and to embroider fabrics.



Pic. 21. Blue tablecloth



Blue Tablecloth Georgia

Traditional technology and culture of Blue Tablecloth production. The traditional Blue Tablecloth became particularly widespread in the 19th century and remains popular until present. Traditionally, it "was made using cold vat dyeing method and was used by people of all social classes to celebrate special occasions: weddings, feasts after hunting, religious holidays, etc. Since ancient times, they used to depict floral and zoomorphic ornaments, table attributes – knives and forks, Oriental patterns etc, as well as

symbols of ritual significance, which suggests

that apart from their aesthetic value, the cloths used to have an important ritual function and held a special place in Georgian lifestyle for centuries"10.

Traditional art of metal Processing Ukraine, Mikolaiv city

"Steeldrakon" metal studio, private entrepreneur Tarasov

Development of the traditional art of metal processing and production of various items for permanent use.



However, borders between these categories are not strict. Separate traditions may unite elements of different categories, while separate elements may belong to several domains simultaneously. The purpose of the Convention is not to establish the strictly defined categorization, as this is actually impossible, but rather to develop a general framework for identification of intangible cultural heritage, which allows each community to define belonging to the tradition and the scale on its own. There are already examples of various countries where different domains are outlined as well as other titles or sub-categories are used.

Fig 2. ICH Domains in Korea and Thailand¹¹

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Thus, bearers of traditional knowledge are not limited only to the expressions listed in the system adopted by UNESCO or the country. New forms and elements do not contradict the Convention, but rather enrich it.

Cultural heritage and its commercialization

As a result of globalization, standardization of industrial products is observed on the present world market. Due to this, customers are becoming more and more interested in unique, different products. Cultural heritage is the resource based on which it is possible to satisfy this demand and create innovative products interesting customers.

Another important tendency is growth of popularity of handmade products, increasing their perception and recognizability and therefore, increasing the demand on them which is directly related to traditional craftsmanship and creates a good precondition for its economic sustainability.

However, commercialization of cultural heritage is a subtle issue. There are many cases of negative change of products and decontextualization of the tradition as a result of the increased demand.

For example, development of cultural tourism resulted in increase of the number of visitors to cultural heritage sites, which in addition to the positive economic result caused problems related to their protection and salvation.

Commercialization of intangible cultural heritage is even more problematic, as the principles of its protection absolutely differ from tangible heritage. Here, bearers of the tradition are assigned the main role in the identification, development and preservation of this heritage. Therefore, it is up to them to decide to what extent they want to transform this or that tradition into an economic activity. It is possible that commercialization of ICH element will



not be in line to the spiritual or social life of the community, for example, rituals which have a particular sacral importance for local population who find participation of strangers in these rituals unacceptable. Another example can be a personal social practices, such as actions related to death, birthgiving etc.

However, there are a number of domains of cultural heritage for which commercialization was common practice from the beginning, for example, theatrical performances, crafts, traditional medicine. In these cases, two types of commercialization may be identified: receiving economic income a) in return for conveying knowledge which may also be a subject of restriction due to prohibition or undesirability of sharing secret knowledge to others and b) by exercising the right to sell tangible items created using traditional knowledge or attending a show which had been common in these areas since ancient times.

Intangible cultural heritage as the living tradition is characterized by constant development and change. So, it is natural that attitude to their commercialization may change over time.

Over centuries, in various cultures, including Georgia, women did not participate in technological processes of wine-making. It is assumed that development of wine tourism, visiting wine cellars, pressing grapes with participation of women would not have been possible in that period. However, today the tradition has changed and women are engaged in wine-making not only as tourists, but also as professionals.

There are cases when loss of commercial importance or devaluation of specific crafts causes belittling the importance of intangible cultural heritage in the eyes of the new generation, which may result in termination of conveyance of traditional knowledge and posing threat to heritage preservation.

Cradles of Maradidi Georgia

Village Maradidi is located in the western part of Georgia, in Adjara at the Black Sea Coast. Making cradles used to be an ancient tradition in this beautiful village. Almost all men in the family were engaged in this activity. But from the second half of the 20th century traditional cradles began to be replaced by modern cribs. One can hardly see a baby lying in the cradle today. Therefore, demand on cradles has actually disappeared and the rural population is gradually giving up on this activity.



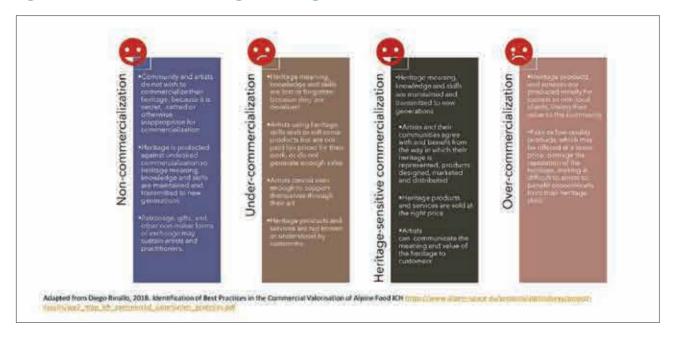
However, growth of income does not always represent the guarantee of sustainability of intangible cultural heritage. Increased demand from the part of uninformed customer may negatively affect the products, which will be expressed in deterioration of their quality, replacement of traditional technologies, weakening the links to the local culture and context. As a result, over time, the products will become less attractive and less sellable, on the one hand and threat is posed to the tradition and traditional knowledge, on the other hand.

In the manual developed within the framework of HIPAM project which studied intellectual property tailored to heritage and marketing strategies, 4 steps of readiness for commercialization are identified and positive and negative aspects of each step are analyzed¹²:

- Rejection of commercialization the community and experienced persons do not want their heritage to be commercialized, as this knowledge is secret, sacral or otherwise incompatible with commercialization. Result: Heritage is protected from undesirable commercialization and therefore, its importance, skills are preserved and will be transferred to the next generations. Sustainability: Patronage, assistance and other forms of mutual exchange may ensure sustainability of experts and bearers.
- 2. Low commercialization importance of heritage, knowledge and skills are lost or forgotten because they were devalued. Result: Experienced persons are willing to sell their products but they do not receive adequate compensation or cannot sell sufficient quantity. Sustainability: Experienced persons cannot receive enough income from their activities, products created based on heritage is unknown or unclear for customers.

- 3. Commercialization tailored to heritage masters/artists and their community accepts the means and methods of their heritage presentation, product making, marketing and distribution and receives adequate profit. Result: Content of heritage, knowledge and skills are preserved and transferred to the next generation. Sustainability: Product and services are sold at the adequate price. Masters/artists transmit information about importance and value of their heritage to customers.
- 4. Excessive commercialization heritage-based product and services are produced mostly for tourists and non-local clients. They do not have any value for the local community. Result: Product of false or low quality which is sold at a lower price, damages the reputation of the heritage, makes receipt of economic profit by local craftsmen based on their skills complicated.





Selection of a correct approach of commercialization of intangible property is very important for achievement of its sustainability, as well as sustainability of economic income received based on it. To assess the effect of commercialization one of the strategic planning technique – SWOT analysis – which allows analyzing of strengths and weaknesses, opportunities and threats - may be used. A hypothetical example of traditional sweets is provided in the Table below. In response to each threat of belittling the tradition, may be found the proper volume of production which will prevent us from its devaluation. It should be mentioned that introducing changes and innovations to intangible cultural heritage does not always contain threat. On the contrary, changes tailored to the local tradition, experience of the local community, the cultural context enrich and maintain viability of this heritage.

Fig 4. Example of SWOT analysis of traditional sweets

Strengths	Weaknesses
The product is different Its connection with traditions is clearly seen It is handmade Traditional technology is used Local natural products are used It is created in the local community etc.	Less known to foreign customers Labour consuming etc.
Opportunities	Treats of belittling traditions
Customer segment expansion Introduction of traditions to a wider public Promotion of a health-improving effect of traditional food Creation of packaging for transportation Product diversification etc.	Replacement of natural product due to increased demand Making a significant technological change for the purpose of tailoring to transportation Replacement of traditional method for commercial profit, which will pose a threat to heritage etc.

Cultural heritage based gift products and tourism industry

Cultural heritage-based gift products are closely linked to tourism industry. Bringing a gift or a memorable object is one of the significant parts of travel. A tourist needs to preserve the gained experience as "sacral, existing beyond time and location" and souvenirs help him to achieve this. Souvenirs also help to materialize experience not only for a tourist, but also for those who might not even have visited the specific location.¹³

Studies show that 33-56% of tourist expenses are related to shopping¹⁴. Therefore, tourism industry plays an important role in development of the market of gift products, including cultural products.

Georgia is not an exception. The table below shows that the visitors arriving to Georgia spend 21% on shopping, which is the third largest category of expenses and represents one of the significant categories.

Fig. 5 Allocation of average monthly expenses incurred by non-resident visitors aged 15 or older during their visit in Georgia by categories of expenses, million GEL¹⁵

Data for the year 2018

Type of expenses	Average expenses per visit (GEL)	%
Accommodation	248.5	22.95
Entertainment, cultural and sport events	194.8	17.99
Shopping	228.2	21.08
Local transport	77.4	7.15
Food and beverages	307.6	28.41
Other	26.2	2.42
Total expenses	1,082.7	100%

It should be mentioned that gift products are not interesting only for foreign tourists. According to the data of the National Statistics Office of Georgia, shopping ranks the first among expenses incurred by local visitors.

Fig. 6 Structure of expenses of a local tourist¹⁶

Structure of expenses (GEL)	2019		
Structure or expenses (OLL)	Amount	Share, %	
Accommodation	82,797,116	4.5%	
Local transport	335,886,495	18.2%	
Entertainment, cultural and sport events	29,636,177	1.6%	
Shopping	609,815,974	33.1%	
Food and beverages	451,137,126	24.5%	
Other expenses	333,244,444	18.1%	
Total expenses	1,842,517,333	100.0%	

Of course, shopping is a very broad concept and it does not imply only the products created on the basis of cultural heritage, but on the other hand, it is assumed that, in case of Georgia, large portion of money spent on food and beverages is spent on traditional cuisine and wine. Therefore, it can be said that products created on the basis of intangible cultural heritage make a significant share of revenues received from tourism industry.

Therefore, tourism industry creates a important sales market for producers of gift products created on the basis of cultural heritage. Finding ways of correct intersection with this market, selection and presentation of relevant products provide broad opportunities for growth of income and development of business. It is important to note that cooperation between two sectors is a significant source of income not only for heritage but also for tourism industry. It is a significant resource for creating unique and attractive touristic offers for customers and at the same time, it is the source of supply of the material chronicler of touristic experience – gift products created based on cultural heritage.

It is important to remember that not only foreign tourists are consumers of cultural heritage-based products, such items are interesting for local customers too. In some cases, their main buyers are locals as they are better acquainted with traditions, are accustomed to using them etc. Negative impact of focusing only on foreigners was revealed by the pandemic spread in 2020 when inflow of tourists to the country practically stopped due to travel restrictions. According to the Internet survey conducted by Georgian Arts and Culture Center, income of 86% of producers of heritage crafts products oriented at foreign tourists (share of foreign tourists in customers – more than 60%) was reduced by more than 70%, while only 34% of producers oriented at local clients (share of foreign tourists – less than 60%) faced such drastic reduction of sales. Therefore, for achievement of economic sustainability it is desirable that producers diversify their customers and markets, in addition to close connection with tourism industry.

Typology of heritage-based gift products

When talking about heritage based gift products, the goods created based on traditional knowledge first come to our mind, in particular, heritage crafts, traditional food etc. However, from a broader perspective, intangible heritage may become the source of inspiration of products of absolutely different typology.

In the sources related to tourism, such gift products are mainly referred to as souvenirs. A widespread model of their classification was developed by B. Gordon¹⁷, who identified 5 categories of souvenirs:

- 1) Pictorial image souvenirs, such as picture postcards, booklets etc.;
- 2) Peace-of-the-rock souvenirs, i.e. items gathered from nature, for example, minerals, animal tusk etc.;
- 3) Symbolic shorthand souvenirs, such as a miniature Eiffel Tower etc;

- 4) Markers souvenirs with inscriptions that locate them to a certain place, for example, I Love Dobrych, Tbilisi, Mikolaiv etc.;
- 5) Local product souvenirs heritage crafts.

However, souvenir is defined as "a usually small and relatively inexpensive article given, kept, or purchased as a reminder of a place visited, an occasion" So, this term strongly narrows the understanding of heritage-based gift products and does not reflect diversity at all. It fades the products intended for the touristic market and places them in the narrow framework of prices and functions, which does not meet requirements of modern tourists. That's why we are using the term "heritage-based gift products" which is much broader and unites articles of absolutely different values, traditions, designation. Such gift products may be classified on various grounds.

Generally, man-made and nature-made objects can be identified. According to Gordon, nature-made gift products are materials gathered from nature, which are transformed into gift products without human interference or with a minor interference and which provide information about minerals, endemic plants, animal species common for the specific geographic location and traditional knowledge of interaction with the nature. For example, for Volyn (northwestern Ukraine), it may be a piece of unprocessed amber that has been mined in the region for centuries.

Examples of other types of classification may be as follows: 1. based on production methods: handmade, hand finished, industrial products; 2. based on production volume: mass production, limited production, unique items; 3. based on function: decoration, accessory, furniture, souvenir etc.; 4. based on the essence and traditionality of the material: metal, ceramics, paper etc. or traditional and non-traditional materials; 5. based on price: low, average and high price; 6. Based on design: modern, transitional, traditional etc.

In fact, such classifications are common for all types of gift products, however, items created on the basis of cultural heritage should fall under the category of traditionality in at least one of these classifications.



Thus, gift products created on the basis of cultural heritage are not limited to any specific material, function, price category etc. It may be created in absolutely different environments and by various methods. Its distinctive mark is its strong connection to heritage, which grants additional value and attraction to it. At the same time, the stronger this connection is, the more it is associated with the local culture and the higher its degree of traditionality is, the more different, attractive and interesting the product is for customers.

The table below provides several examples of how traditional knowledge or practice may be reflected for creation of products of absolutely different designation in a different medium.

Fig. 7 Products created on the topic of traditional embroidery by type, essence and designation.

Product type	Product	Designation
Handmade product	Earring with a traditional embroidery	Decoration
Mass product	Traditional embroidery learning set	Education, learning handicraft
Typographic product	Collection of ornaments	Catalogue
Multimedia product	Computer game - design of embroidered clothes	Entertainment
Audio/video product	Embroidery video classes	Self-education

In the development of new products a variety of creative techniques, such as – SCAMPER can be used. This techniqu in the form of a checklist, often used to develop new products. The process is to consistently answer the question of modification of the problem under consideration. Thus, various aspects of it are studietd, including those that are currently underused and have the potential for development or improvement.

SCAMPER:

- [S] ubstitute Replace something, such as components, materials, people
- [C] ombine Combine, for example, with other functions, devices
- [A] dapt Add something, such as new items, functions
- [M] odify Modify, for example, change the size, shape, color or other attribute
- [P] ut Apply for something else, in another field
- [E] liminate Remove parts, simplify to the main
- [R] everse Swap, turn over, apply in something opposite

It should be mentioned that the threats of commercialization discussed above should be considered when planning production of any type of products.

CHARACTERISTICS OF HERITAGE-BASED PRODUCTS, THEIR DEVELOPMENT AND PRESENTATION

Product idea and sources of inspiration

As already mentioned, intangible cultural heritage is rather diverse and includes various domains. Some of them, such as heritage crafts, traditional food etc. are more reflected in material objects, while others seem to have only a momentary nature, for example, festival, oral tradition. However, in case of all practices, the ways of their interpretation, transformation into a physical object may be found.

Creation of any new product starts with an idea and inspiration. The idea is "really new" very rarely. The main thing is to attach a different perspective, aesthetics, content etc. to a well-known idea. According to Mark Twain: "There is no such thing as a new idea. It is impossible. We simply take a lot of old ideas and put them into a sort of mental kaleidoscope. We give them a turn and they make new and curious combinations". 19

Source of inspiration plays a big role in presenting an idea in a new manner. Though inspiration is very individual and each person finds the origins of creativity in different things based on their emotionality, sensitivity, peculiarities of vision, some resources, which will help us to create a unique image of heritage products an be identified.

Historically, nature is one of the significant factors not only for formation of the human lifestyle and traditions, but also for formation of artistic values and aesthetics. At the same time, it provides a boundless diversity of forms and colors, which often becomes a driving force of not only art and design but also of high-technology directions. Inspiration received from nature due to peculiarities of environmental conditions of each place accentuates the local character of products, which is very important when creating cultural heritage-based products.

Living story-tellers are the main bearers of intangible cultural heritage. They possess knowledge which is so valuable and whose conveyance in heritage-based gift products attaches particular value to them. Each person keeps many stories related to tangible or intangible heritage of the local community in his memory. The stories narrated by them often create vivid images of the local originality.

Cultural heritage monuments and museum collections are inexhaustible source for creation of heritage-based gift products. In all parts of Georgia, there are many temples decorated with rich stone ornaments, wall paintings, which represent valuable examples of combination of traditional ornaments, attire (images of donators) and colors. Also, diverse materials are saved in the museum of regional studies, archaeological museum etc.

Photo archives - old photos are another interesting objects of study which provide interesting information for creation of products related to a comparatively near past, because often they depict not only people and their clothing but also jewelry, the interior decoration, urban transport etc.

Documentary and feature films create a visual image of traditions and can significantly assist in forming an idea about them. If documentary shots provide a real picture of life at a specific time point, in feature films the epoch is depicted based on the author's imagination, however, often, particularly in case of the historic past, this imagination represents the only source of its visualization.

Fiction and documentary literature and newspaper articles create the image of the epoch and share many interesting and less known facts, which provide broad opportunities of use in gift products. Fiction, which may represent cultural heritage, is another interesting source of creating gift products related to a specific historic period.

Internet is the inexhaustible source, which provides broad opportunities for introduction of new ideas and modern tendencies. Well-known online shops, Amazonm, Etsy.com, Novica.com, as well as social networks, such as Pinterest.com etc. provide a wide choice of various categories of gift products and an opportunity to assess the demand on the international market, the taste of foreign customers.

Example

A woman fighting for women's rights - Princess Barbare Eristavi-Jorjadze and her book "The complete cuisine" which was first published in 1874 became the source of inspiration for creation of one of the outstanding restaurants in Tbilisi – "Barbarestan". As a result, a seemingly common, widespread idea of the Georgian dishes and the Georgian cuisine was demonstrated in an absolutely different manner, acquired a new meaning and a different appeal.

Heritage and Innovation

Close connection to traditions does not exclude use of innovative approaches when creating gift products based on cultural heritage. On the contrary, it is necessary for the products to develop permanently, be in harmony with the contemporary period and remain interesting for customers. Innovation is most often associated with technological novelties, however, it is a broad concept and may be demonstrated in various components of creation of products, in particular, in the function, design, packaging, modification of sales channels etc. In case of a correct approach, innovation at the same time maintains the basic value of the product derived from its connection with heritage and adds value to them.

Like in case of commercialization, innovative approaches for cultural heritage-based products should be understood well and tailored to a specific type of particular products.

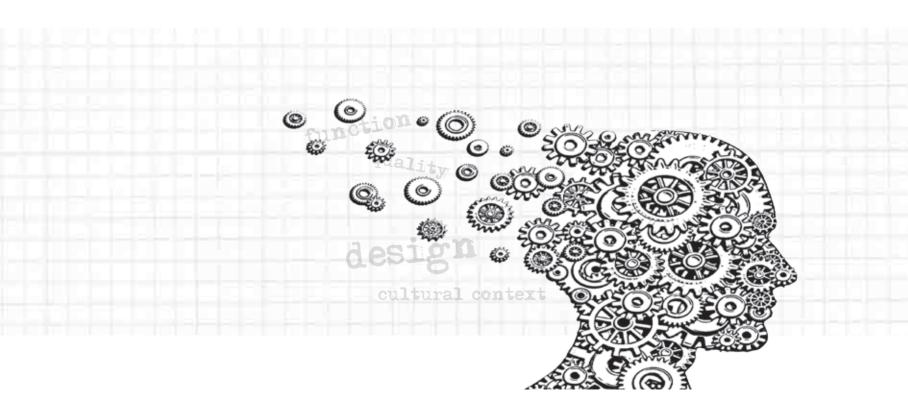
Technological novelties are more often encountered during production of mass products, where their value and connection with heritage are not defined by peculiarities of the production process, for example, like it happens during production of cultural-heritage based digital or polygraphic

products. However, traditional technologies do not exclude innovative elements. For example, new equipment and technologies are being actively integrated in heritage crafts. They allow for reducing time expenditures on products or using materials in a new manner, but do not replace manual work and the author's mastership.

A good example of approach to innovation is the American whiskey company "Jack Daniels" which is steadily using a specific spring water from Tennessee for whiskey distillation and handmade wooden barrels of own production for aging. The company considers that this tradition defines the brand products and represents its main value. Therefore, the company does not introduce new technological approaches in the above components, but introduces innovation in other components, for example, in the digital presence of the brand. ²⁰

An opposite but interesting example is cooperation between a Japanese design company and a well-known Japanese artist Masayasu Mitsuke, creator of a unique style of painting Kutani ware (porcelain style). This collaboration resulted in a ceramic speaker, which represents a combination of Mitsuke red-glaze design with the modern digital technology²¹.

Use of traditional technologies for creation of modern functional things may serve as a simpler example of innovation, for example, woven laptop bags, wooden glasses and watches, which have already appeared on the gift market. Such approaches allow for preserving traditional crafts, on the one hand and tailoring the products to modern customers, on the other hand.



Cultural product characteristics

(design, function, quality, cultural context)

What is a heritage based product and what defines its essence? According to one definition, "Product is complex of tangible and intangible attributes, including packaging, color, price, prestige, and services that satisfy needs and wants of people". This definition reflects the comprehensiveness and diversity of product characteristics well, which is particularly true for gift products created based on cultural heritage, however it does not include any connection with traditions. Therefore, cultural product can be defined as "a complex of tangible and intangible attributes closely related to local traditions and culture, including packaging, color, price, prestige, and services that satisfy needs and wants of people".

Analysis of the above attributes/characteristics allows for evaluating competitiveness of products on the market, demand on the products, their estimated cost etc. They determine commercial success of products and may be both tangible and intangible.

Tangible attributes can be physically felt. Let's review some of them.

Appearance is what catches the eye of the customer first. It unites the product size, form, color etc. The purpose of the product design is to attract the customer's attention, make it distinguished from similar competitive products. Use of traditional ornaments, forms, colors in cultural heritage-based product design provides broad opportunities for creating its different, interesting identity.

Designation is a significant attribute, which largely defines demand on the product. Therefore, when planning cultural heritage-based products is important to correctly understand compliance of its function with the present reality.

Quality is a comprehensive characteristic and includes quality of material, production and finishing. All of these components jointly affect the product appearance and its price.

Price is one of the crucial factors in making a decision to make a purchase. It should correspond to other characteristics of the product – function, design, quality, on the one hand and the buyer's expectation, on the other hand.

Storytelling is a story with a selling power. An element that is very important for the formation of the attractiveness of the product, through the emotional connection of the product with a potential consumer. Storytelling is an effective technology in marketing, advertising, PR, product or idea promotion. A story with a selling power, obviously, has an impact on pricing

Tangible attributes are weight, size, packaging etc.

Intangible attributes are mainly related to the customer's experience. These may be comfort, therapeutic properties, durability etc. as well as the additional value or service, which is, sold together with the product, for example, warranty service, prestige etc. When creating a product, it is important to consider and define its intangible attributes, as they add value to the product.

The most significant intangible characteristic for cultural heritage-based gift products is its connection to traditions. The stronger the connection is and the clearer it is reflected in the product appearance, the higher is its identity and therefore, the interest from the buyer's part.

Product diversification, sets and collections

Existence of a choice is one of the significant factors in the process of making a purchase. In order to offer a choice to the buyer, it is necessary to diversify the gift products. In case of cultural heritagebased gift products, particularly, at the initial stage, diversification should not be understood as production of products of absolutely different types, prices, technologies. In this case, the purpose of diversification is to make several offers of items of the most relevant function, value, and design to our target customers in the specific moment.

Functional diversification

Diversification of products is possible through functional variation of the existing products. At the first stage of diversification it is always useful to produce products of a similar designation, which allows for using experience gathered about customers, competition, prices etc.

For ceramics workshop producing glasses, such products may be utensils of other type: dishes, bowls etc. A good example of functional diversification is the project implemented in village Reha, Gujarat Province in India which "is aimed towards reviving the Metal Knife Craft of Reha of Kachchh region through documentation and design intervention for developing a lifestyle product range, which can



Set of kitchen knives from village Reha 24.

be promoted to the Hospitality & domestic retail market of India, which caters the rebuilding of self-sustained eco-system around this craft". The local tradition and the existing resources were studied, opportunities for product diversification and tailoring to the modern market were identified within the framework of the project. As a result, a 6-piece set of kitchen knives was created on the basis of knives used by local masters in practice which meets all requirements of chefs de cuisine. ²³

Another source of functional diversification is new needs, which we face constantly. For example, invention of mobile phones gave rise to creation of cases for mobile phone, dissemination of laptops gave rise to creation of laptop bags etc. Quick response to such modern needs and diversification of the existing products are one of the keys to success.

Diversification of materials

Change of material or raw material is another means of product diversification. It allows for tailoring to any price range and any taste. However, it is important that the change of material does not lead to transfer of the product to an absolutely different price category which may change the target customer. Use of various tree species in case of wooden products, adding gilding or silver plating when producing jewelry may serve as good examples of diversification of materials etc.

If the main connection of gift products with traditions is traditionalism of materials, it is important that diversification of materials is based on this principle. However, due to the fact that traditions undergo permanent changes and development, it is possible that new type of raw materials or materials will be used next to traditional ones. The Georgian cuisine knows similar examples. Before corn was imported from the America, one of the Georgian dishes - Ghomi was made from a plant foxtail millet (Setaria italica (L.) P. Beauv), but today Ghomi made from coarse ground flour is considered to be a traditional dish. Similar processes may happen presently too. Dissemination of kiwi in Georgia from 1980s and use of its juice in a traditional product, such as Tklapi may be considered as a modern example.



A striking example of diversification is polymer clay (used in Mykolaiv oblast by Natalia Akulenko). It began to replace ordinary clay in some products, mainly in jewelry. The advantages are ease of processing, thinner body decoration, a wider palette of colors, and most importantly - reduction of the temperature of heat processing.

Diversification of design

Like in case of functional diversification, diversification of design is not limited to its drastic change only. Such change for heritage-based products may be less available, especially if the connection with local culture is achieved using traditional forms, ornaments etc. In this case, change of product size, colors, relocation of the ornament may give a desirable result.

Collections and sets

Diversification of products is the first stage of creating collections and sets. As defined in Wikipedia, collection (Latin collectio - "gathering, collection") is "a systemized collection of homogenous or thematically united items, which have a historic meaning, as a rule". In case of heritage-based gift products, collection may be items having the same theme, function, design or other characteristics. Creation of collections have several positive results. First of all, they strongly attract attention of customers which is a necessary precondition for sales. At the same time, products presented as a collection allows buyer to study its components, think about the desirable function and therefore, focus on its separate components for a longer time. Collections also offer a certain price range to customers and therefore, provides a better opportunity for selection of an acceptable combination of item and price.

Sets are products with common characteristics, but unlike a collection they are sold together. A set is actually several items selected from own collection which are placed in a common package and are presented as one product. The basis for making a part of collection may be sellability of separate components - uniting a well saleable product with a less saleable product; functional designation - when the designation of pieces of the set complement each other. We can find sets of identical products or products with different colors. The buyer's main motivation to purchase a set is a profitable price, as the cost of a set is always lower than the total price of separate elements included in the set. On the other hand, sets often represent more desirable gifts.

Both a collection and a set may be created for any type of products: food, typographical products, handmade items etc

Interpretation and branding of heritage-based gift products Interpretation and information tags

As already mentioned, particular appeal of heritage-based gift products is its connection with the local culture. Unfortunately, buyers, especially foreign tourists are not sufficiently informed about traditions and have no sufficient knowledge to recognize the cultural value upon which this or that product is based. Therefore, for marketing purposes of such product, listening to a story is very important for a customer. In case of direct sales by a producer, such communication may be maintained as a result of private conversation which is particularly attractive and convincing especially when it happens in a distinguished environment – in a wine-cellar, workshop, historic building of a factory etc. However, when talking about the tourism market, a gift is often intended for a third person who can not listen to the story of the item or becomes familiarized with it only by narration of the intermediary. This problem is more important when placing products in the shop or other trading spots, as they are far from the author. Therefore, in case of heritage-based products, particularly importance is information tag, which actually create the intangible component of this product, such as tradition, history, cultural context etc.

Information tags may be of various sizes, formats and volumes depending on the product size, packaging, financial capacities or other circumstances. A small entrepreneur does not always have an opportunity to create highly-artistic, good polygraphic products, but even a very simple tag created by one's own efforts can demonstrate distinction of the product and make a buyer interested. On the other hand, web-pages, social networks which provide an opportunity of placing more information, are good platforms for placement of full information.

As all items and products are different and their connection with local traditions and culture may be expressed in an absolutely different manner, it is difficult to list all issues which should be contained in the tag, but let's review the main issues.

Product name – a customer should understand the function and essence of the product from the beginning. Sometimes, the designation of traditional food, utensils etc. may be unclear not only for foreign but also for local tourists. For example, the name "churchkhela" does not provide any information to a person arriving to Georgia for the first time, but "traditional Georgian sweets - churchkhela" makes the essence of this product much clearer. Generally, it is very efficient to use the words in the name of heritage-based gift products, which accentuate their connection with the local culture. Such words may be "traditional", "hand-made", or indicating a specific location, for example, "Megrelian", "Georgian", "Bulgarian", "Ukrainian" etc.

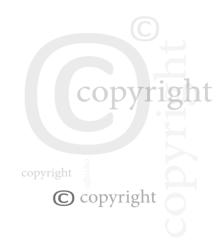
Tradition and cultural context – the fact that an item is traditional or made using a traditional technology does say much to the buyer. In order that the customer fully feels distinction of the product, it is important to provide more information about the specific tradition, the period of its existence and what makes it different. Inclusion in the National List of Intangible or Tangible Cultural Heritage or UNESCO Representative List is also interesting for customers as this serves as a proof of recognition of this heritage and its cultural value. In case of presence of symbols, ornaments, their interpretation and definition are important. Tables of such symbols, which allow for "deciphering" the products always capture the interest of customers.

Territorial connection - The more specified is the item's connection with the territory, the clearer idea the buyer will have about its place of origin, residents, the item itself and its special properties. This connection makes the gift a memory of a specific location, on the one hand and contributes to increasing recognisability of the region, on the other hand. It is not a coincidence that the region or the micro-zone and sometimes the riverbank where the grapes were grown are indicated on windows labels.

Producer - Becoming familiarized with the author, the company's history allows for seeing people beyond the product. This information may be divided into two parts - professional and personal. Professional information tells us about acquiring the crafts/technology etc. by the author /producer, his vision and concept. This makes it easier for the customer to see and share the author's attitudes reflected in the product. Personal stories are always interesting. They allow for seeing real humans beyond the product and establish a stronger contact between the entrepreneur, the product and the buyer.

Materials - Customers are always interested in the material used for making the product, especially if this material is traditional. In such case, mentioning the origin of the material, its importance for the local community, history of its production etc. makes the product particularly attractive. Traditional materials often have additional values, such as ecologic purity, curative properties etc. Interpretation of these properties allows for demonstrating intangible characteristics of the product.

It is not necessary that all of the above components are tailored to a specific product. They should be modified and highlighted in case of separate specific products. At the same time, depending



on the product peculiarities, other information may be added to them. It is important that the information card gives a clear idea about connection of the product to heritage, content and context of this heritage, as well as its distinguished, unique marks.

Branding

Cambridge Dictionary defines branding as "the act of giving a company a particular design or symbol in order to advertise its products and services." However, today it is a more comprehensive action, which encompasses various types of measures. "Branding is the perpetual process of identifying, creating, and managing the cumulative assets and actions that shape the perception of a brand in stakeholders' minds" - Brandingmag journal²⁵.

Though it is difficult to create a universally known brand which will be recognizable to visitors of the country, but it is important to take care about the firm style in this case too. The company name, trademark, motto – are the basic attributes which can be created by all entrepreneurs. Thus, branded gift products become more trustworthy, on the one hand and allows for recognizing and identifying other of your products, on the other hand.

Name. Brand name is desirable to be short, easy to remember. It may be different from the enterprise or the workshop name, however, in case of small enterprises their matching is desirable. Contextual connection of the name with the produced products and traditions makes it easier to remember and more perceptible.

Trademark "represents a sign or combination of signs that can be represented graphically and is capable of distinguishing the goods and/or services of one undertaking from the goods and/or services of another undertaking. At the same time, the Georgian legislation envisages so-called collective marks. Holder of a collective mark is not an enterprise, but rather an association, guild of entrepreneurs whose members use it so that the customer can equate their products with products of the level of quality and other features established by the association, including equalize of certain geographic origin". ²⁶ Trademark is registered in the respective body. In case of Georgia, this is Sakpatenti.

Motto is concisely expressed values and aspirations. It gives a customer a clear idea of what your brand serves and what its goals are.

In case of cultural heritage-based gift products which are designed for tourism market, it is desirable that the brand identity is related to heritage, traditions. This may be reflect in all three of any of the above components.

It is important that all components of branding are consistently used and reflected on the packaging, business cards, information brochures, websites or social network pages.

Art Group "Istoriali"

Art Group "Istoriali" is a social enterprise which creates gift products based on archaeological materials. "The idea of producing gift products based on cultural heritage, namely on the rich materials discovered during archaeological excavations, came up naturally. But it was very difficult to think about brand name. We were seeking advice from colleagues, friends, familiar writers and artists. We have tried many variations of the words "history" and arrived at the name "Istoriali".

The logotype of "Istoriali" is also connected to heritage and is stylization of a deer figurine depicted on 2^{nd} c. BC ceramics found in Tsitsamury, Georgia. Motto of the enterprise is "Explore Ancient History of Georgian in Modern Design", which points to the nature of its products.





www.istoriali.ge

HERITAGE-BASED GIFT PRODUCT PRICING PRINCIPLES

Price is one of the significant characteristics of products and its correct identification is the key to success of gift products. Beginner entrepreneurs, especially from the creative space, often do not pay adequate attention to calculation of the product prime cost and determine their price on the basis of general calculation, which may lead to financial losses, on the one hand and incorrect evaluation of the product success, on the other hand.

The price is identified in two stages:

- 1. Identification of the product prime cost
- 2. Identification of margin and sales price

Both stages are equally important, however, the starting point for identification of sales is the prime cost of the item and therefore, the mistake made here will affect the final result more.

Prime cost

Direct and indirect costs

Prime cost of products is the sum of all costs incurred on their creation and sale. These costs may be divided into two groups: direct and indirect costs.

Direct costs are costs incurred on production of products. As a rule, they change depending on the quantity of produced products.

Examples of direct costs include:

- Materials/raw material;
- Production labor:
- Packaging;
- Information card:
- Other

Indirect costs are auxiliary costs, which are not incurred on creation of products, but are necessary for conducting business.

Such costs include:

- Rental of production premises or workshop;
- Utility bills which are not included in direct costs;
- Accounting, security and similar service costs
- Stationery, minor tools:
- Accountant, driver and other staff salaries;
- Transportation costs;
- Advertising costs;
- Professional association membership;
- Property tax and other.

There are a number of mistakes often encountered when identifying direct and indirect costs. The first mistake is failure by the entrepreneur to include his/her own salary in the prime cost. Labor costs are one of the significant components of prime cost and must be necessarily reflected in it. The amount of salary should correspond to the estimated remuneration of the person hired on the similar position. Another common mistake is ignoring the cost of materials in cases when materials obtained free of charge are used for the product creation. Supplies of such materials are not unlimited and if their market price is not included in the prime cost, the product prime cost will be significantly changed after their exhaustion, while drastic change of price negatively affects the product "sellability".

Direct and indirect costs may be constant or variable. Most of direct costs are variable as they depend on the amount of produced products, but there are exceptions too. For example, fixed salary of the staff engaged in the production process represents direct but variable costs.

On the other hand, indirect costs are mostly constant, for example, accountant's salary, security payment etc., but payments of gas or power costs, advertising costs etc. change by months and therefore, represent indirect but variable costs.

While direct variable costs are defined for the product unit, indirect and direct constant costs need to be distributed per each produced product. In case of similar type or practically identical products, it is enough to simply divide these costs by the produced amount of products. For example, if the sock workshop produces 50 pairs of socks per month, the prime cost of each pair of socks will be the quotient of indirect costs and produced products added to the direct costs of 40,7 conditional units (c. u.), which equals to 110/50=2,2 c.u. Thus, the prime cost of socks will be 42,9 c.u. (Table #1)

Fig. 8 Knit sock workshop costs (conditional units)

Knitted socks	Quantity	Unit cost	Total
Direct costs			
Wool	100 g.	0.1	10
Knitter's salary	1 sock	30	30
Packaging	1	0.2	0.2
Information card	1	0.5	0.5
Total			40.7
Indirect costs			
Electricity	1 month (average)	50	50
Heating	2 months (average)	20	20
Communication (phone, Internet)	1	20	20
Transportation	1	20	20
			110

At the same time, it is important that the more is the quantity of the produced products, the less is the amount of indirect and constant costs incurred per unit of products and therefore, the unit cost. This is one of the reasons why entrepreneurs try to increase the volume of production.

But as a rule, products produced by enterprises and workshops are not homogenous and strongly differ by labor, materials spent on them and other factors which is expressed by significant difference in direct costs. Therefore, equal distribution of indirect costs among the products will make cheap products much more expensive and will negatively affect their sellability. In Table 2, if indirect costs of the workshop in the amount of 320 c.u. are equally distributed among the produced products, 320 c.u/15 = 21,33 c.u. will be added to each unit. In such case, prime cost of socks will increase by more than 50% and will become 61,33 c.u., while prime cost of dress will increase by a relatively less amount and will be equal to 221,33 c.u.

Fig. 9 Knit product workshop costs by products

	Direct costs	Production time	Production time	Total time
Direct costs of knit socks	40	10 hours	10	100
Direct costs of knit dress	200	70 hours	5	350

Indirect costs of the workshop = 320 c.u.

So, a more correct approach is to distribute these costs prorate the time spent on these products. In case of the reviewed example, 320 c.u./450 hours = 0.71 c.u. are spent per hour. Therefore, the price of socks will increase by 0,71 * 10 hours = 7,1 c.u. and will become 47,1 c.u., while the price of dress will be 0,71 c.u. *70 hours = 49,7 c.u. and 247,1 c.u. Indirect and constant costs may also be distributed prorate direct costs and by any other principle.

Prime cost adjustment methods

It is desirable to evaluate the product prime cost at its planning stage, as prime cost and the product profitability will be established as a result of detailed analysis of costs. As a result, it may become necessary to fully re-develop the idea or make minor changes to it for the purpose of reduction of prime cost.

Such modification may include:

- 1. Reduction of material costs search of new suppliers of materials, cooperation with other entrepreneurs for cheap, bulk purchase of materials.
- 2. Change of design for reduction of material costs
- 3. Reduction of labor expenses, by means of design simplification or conveyor principle.
- 4. Reduction of indirect costs by saving money on administrative employees, transportation and other expenses.

On the other hand, improvement of products and assigning a more expensive category to them may also be a solution. The actions carried out in this direction may include the following:

- 1. Change of design;
- 2. Use of materials more attractive to customers: in case of jewelry, replacement of brass with silver:
- 3. Improvement of the product packaging, presentation etc.

Selling price

Selling price is established after identification of prime cost. The most standardized method of identifying the price is use of the established profit margin. Standard interest rate of margin does not exist, it often ranges between 10% and 20%, but it may significantly vary depending on the product. In case of standard cultural heritage-based, more mass products, selling price is established mostly considering market prices of such products. However, it is often impossible to find such analogues for products for which creativity and/or excellence of handicraft are significant components due to subjectivity of their evaluation. Therefore, determination of selling price has a more subjective nature.

It should be mentioned that the best selling price of products is not a price lower or higher than the price of competitors. This is the price, which allows receiving the highest profit. In case of a low price, sales may be high, but total profit may be not high due to the low margin, while increase of price may bring more profit despite of sales reduction and vice versalt should be considered that prime cost of products increases when sales are reduced, as indirect costs should be covered by reduced sales. Therefore, determination of selling price should be considered in line with the dynamics of change of expected sales and prime cost.

When determining the selling price it is also important to consider its discounts. As a rule, discounts should consist of several steps. For retail sales, discounts should be relatively smaller, and for bulk orders they should be more substantial.

When using indirect sales channels it is important to consider the circumstance that the products will reach the customer with the increased cost, as the intermediary's interest will be added to the price set by the entrepreneur. This interest of gift shops in Georgia usually ranges between 50-100%, but may be even higher.



TOURISTS AS TARGET CUSTOMERS OF HERITAGE-BASED GIFT PRODUCTS Local and international tourists

As it was mentioned during review of typology of cultural heritage-based products, the range of such products is very wide. It unites items of many functions created using various technologies. Therefore, their potential customers are also diverse. However, it is important to specify target customers at the first stage of the product creation, as the better this group is defined and the better we know it, the better this product will be tailored to the buyer's needs and the higher will be the chances of its success.

"Tourism shopping, as a leisure activity and part of the tourism experience, is influenced by many factors that cannot be planned in advance. Tourism shopping activities are exposed to opportunities and impulses during travel, which may include various factors such as unique store environment, social interactions with sales associates, tour guide, and other tourists, as well as others' purchase behaviour in the store. Therefore, to some extent, tourists' shopping behaviours can be irrational, spontaneous, and emotional".²⁷

Despite this, tourists differ from each other by taste, interests and purchasing power. Therefore, many sub-categories of buyers can be identified.

Sex. Behavior of women and men, the areas of their interest and care are different and accordingly, the types of products purchased by them are also different. First of all, this concerns the product function. Black Friday sales analysis conducted by TurnTo²⁸ showed that most women - 76% buy clothing, 58% of women by beauty and skincare items and 52% of women buy housewares and

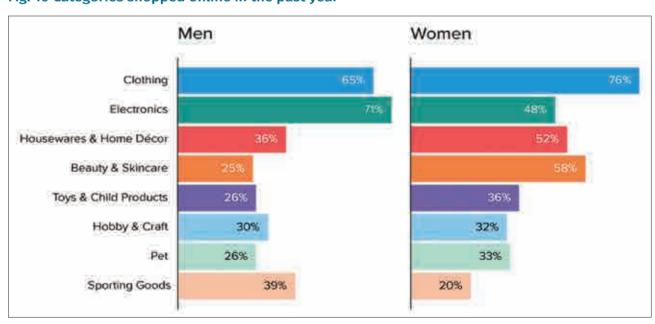


Fig. 10 Categories shopped online in the past year

home décor. In case of men, the first three categories are as follows: electronics (71%), clothing (65%) and sporting goods (39%).

Age. Not only taste, but also behaviors change with age. Young customers mainly have less demand on quality. They find accessories, decorations, souvenirs more attractive. They are more interested in new items with modern functions.

Together with aging, demand on design is changing, attention is paid to quality; demand is increased on product groups such as housewares, children's toys etc.

Children are another significant category and as a rule, their taste is absolutely different. They are more attracted to glittering, bright colors, items associated with popular literary or movie characters. They have no knowledge about quality, connection with traditions etc. but at the same time, it should be considered that the final decision about making a purchase is made by their parents instead of them and therefore, quality and safety of materials of products intended for children acquire particular importance.

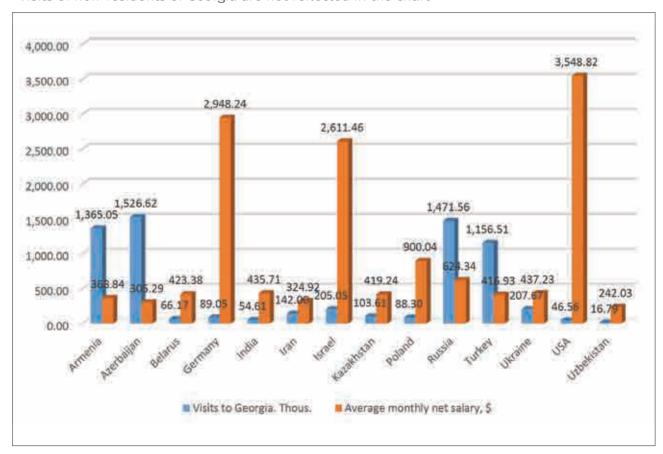
Fig. 11 Visits made by international visitors to Georgia by sex and age			
Cat	tegory	2019	%
Age	15-30	1,984,120	25.7
	31-50	3,695,443	47.8
	51-70	1,901,353	24.6
	71+	144,858	1.9
Sex	Men	5,002,270	64.7
	Women	2,723,504	35.3

Citizenship. Despite the fact that taste is very individual and all people are attracted to different forms, styles etc. there is a general framework of taste for population of various countries. For example, the online platform Spoonflower (www.spoonflower.com) conducted a survey on attitude of Americans to colors. Majority of the interviewed named blue as their favorite color, it was followed by # 2 - black and # 3 - gray²⁹. In some countries, attitude to colors is a part of their culture and traditions. For example, in the Chinese culture, colors are associated with the five elements – Fire, Earth, Wood, Gold and Water and each of them have a certain meaning. For example, red color expresses the element of fire and denotes fortune and happiness; yellow has symbolized the color of emperor dynasties during many centuries and therefore, denoted power and authority; white expresses mourning, grief and sorrow etc.³⁰

Solvency. Countries differ from each other by standards of living and average income. Therefore, solvency of tourists arriving from various countries is different. The chart below shows the number of visitors arriving to Georgia from various countries³¹ and average net salary in these countries³². The neighbor countries are top visitors. Number of visits from the countries having high and relatively high income – Israel, Germany, Poland and the USA – equals to only 6.6%. Analysis of similar statistical data allows for determining the purchasing power of potential customers of products intended for the tourism market, identifying the country of origin and therefore, determining general characteristics of the target audience, which is important for correct selection of products and their prices.

Fig. 12 Number of visits from top 14 countries to Georgia by international visits and average net salary of the countries





When developing products, it will also be beneficial to analyze visit goals, touristic activities, regions visited throughout the country and other available statistic data.

Needs of local and international tourists and their demands to gift products

Tourists as target customers differ from local clients. As already mentioned, they have a different motivation, taste etc., but apart from these subjective characteristics, demands of tourists are predetermined by the objective reality of their travel, which is defined by the length of the visit, means of arrival to the country and transportation within the country, amount of baggage etc.

Therefore, certain circumstances arising out of needs of tourists as buyers should be considered in the gift product created for the tourism market.

Certain product characteristics are identified which gain particular importance in case of products intended for tourism market. Graburn (1976) reports preferred product attributes for travelers include: easily portable, relatively inexpensive, understandable, cleanable, and usable on returning home. Pysarchik (1989) reveals size, fragility, and manageability are important product attributes to air travellers. Turner and Reisinger (2001) indicate three product attributes desired by tourists: value (range, quality), product display characteristics (color, display, packaging, size), and uniqueness (memory of the trip)".33

Fig. 13 The needs of local and foreign tourists are provided in the Table below by topics.

Foreign tourists	Local tourists
 Design/content More demand on peculear products Strong connection with local traditions More information about the product identity Functionality 	 Design/content More innovation in local products More demand on quality due to higher awareness Functionality
Transportation Dimentions Ease of transportation Non-perishable	Transportation • Less demanding in terms of density and transportability
Packaging • Gift • For transportation	Packaging Gift For transportation
Compliance with international standards Safe materialsSizes	Compliance with local standards Traditional materials Local sizes

HERITAGE-BASED GIFT PRODUCT SALES CHANNELS AND CONNECTIONS WITH TOURISM INDUSTRY

Heritage-based gift product sales channels may be both direct and indirect.

When using direct sales channels an entrepreneur directly sells his own products and these products are particularly attractive for tourists as they become closer acquainted with the environment where the products were created, learn about their history, traditions directly from the author. Interacting with clients is beneficial for the entrepreneur too, as he becomes acquainted with his customers personally, learns about their taste, demands first hand, has an opportunity to observe their behavior and take this information into consideration when planning and diversifying the products.

Direct sales channels are sale from the workshop/enterprise, open fairs, festivals and exhibitions/ sales, direct orders. They do not require distribution of products, control of stocks available at various facilities etc., but they require active engagement in the sales process, good skills of exhibiting and presenting products and communication. On the other hand, such channels significantly limit the number of points of sale where such products are sold and therefore, it better tailored to handmade products, which are produced in small quantities, as a rule.

For successful sales from the workshop/enterprise it is important to ensure flow of tourists. In this case, cooperation with travel agencies and guides, introduction of the offers and opportunities of enterprises or workshops to them acquire particular importance. In this regard, establishment of business relations with network type organizations may be particularly useful. Associations operating in the tourism sector in Georgia include "Georgian Tourism Association", "Georgian Incoming Tour Operators Association", "Georgian Ecotourism Association", "Elkana Rural Tourism Network in Georgia", "Georgian Agrotourism Regional Association", "Georgian Association of Guides" etc.

Digital technologies created new opportunities in the 21st century. First of all, Google maps should be mentioned where a customer can locate an object, learn about the opportunities on the specific territory and find them easily. In addition, there are marketing platforms of online tours, experience offers, gift products in all countries and their use positively influences increase of recognition of the specific location and its offers among local and foreign tourists.

Festivals and Fairs are another opportunity of direct sales. These events provide interesting opportunities both to local and foreign tourists for becoming familiarized with local traditions. For proper use of these resources it is useful to cooperate with culture and tourism divisions of local self-governing bodies and DMOs which often organize such events in regions, as well as with national gift fairs and festivals.

When using indirect sales channels, products are sold through various types of shops or an intermediary. For products designed for tourism industry it is important to select channels correctly and tailor products to them.



Souvenir shop – is the most widespread places where gift products designed for tourism industry are sold. As a rule, a wide range of gift products are presented in such shops – simple souvenirs, like book marks, pencils, fridge magnets and decorations, accessories etc. The products placed there have low and average prices.

Gallery/saloons offer products of relatively high price category to customers. Such places are often dedicated to a specific topic, for example, enamel gallery, carpet saloon etc.

Museum shops are part of a known practice of sale of cultural heritage-based products. Customers of museum shop products have a relatively high expectation of quality and price. In this case, connection of products with the museum collection is a significant advantage. Inspiration and themes of gift products may equally become archaeological or ethnographic materials, collection of paintings, creations of an artist (in case of house-museums) etc.

In the shops located in the vicinity of a cultural or natural monument, gifts created specifically based on this heritage are particularly interesting for tourists. This may be use of church stone ornaments or wall painting details in the design or materialization of themes and stories, which the tourists become familiarized with during the visit. For example, in case of Sataplia Nature Reserve, local honey or collection created on the dinosaur theme, in case of Vashlovani Protected Areas – extension of the leopard theme etc.



Hotel shops are another significant places for sale of gift products designed for tourists. When selecting products in these shops correctly, the target audience of the hotel, their demands and purchasing potential should be considered.

Other tourist facilities. In all regions there are facilities which offer various services to the tourism industry. These may include wine cellars offering wine tasting, hotel or restaurant with traditional cuisine masterclasses, equestrian complexes etc. Creation and offering respective thematic collections are important for cooperating with them.

It is desirable that the gift products presented in the regional shop are specifically related to its traditions, cultural heritage sites etc. A tourist's interest in visiting various parts of the country is based on their difference. When planning a tour, focus is made on diversity of nature, culinary art, and cultural heritage sites. However, the feeling of traditions, values and customs, which may be well reflected in gift products is also interesting for tourists. Geographic diversity of gift products is useful both in terms of increase of their sales and branding of the regions. Champagne, Kashmir, Assam etc. became universally known as a result of heritage-based products produced by them.

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Address: 7, Niko Nikoladze Str. 0108 - Tbilisi, Georgia Phone: +995 32 2931335 E-mail: gacc@gaccgeorgia.org www.gaccgeorgia.org

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