



Window of Opportunities and Challenge Transformation of Jana Kazakhstan

Leading experts in the field of sociological and marketing research of Kazakhstan at the business conference of the 31st Central Asia Fashion International Fashion Exhibition discussed the impact of global turbulence in recent years on the mood and consumer behaviour of Kazakhstanis during the current hyperinflation. In addition, the experts noted the peculiarities of the mentality of Kazakhstanis, discussed the crisis behaviour of compatriots, competition, e-commerce, opportunities for development of the Kazakhstani market in a changing reality, and told what Kazakhstanis began to save even more on. Experts of the panel discussion of the business conference agreed that, despite the crisis situation at the international level, Kazakhstan has already crossed the threshold of opening prospects and is rapidly gaining weight as a leading country in the Central Asian region having favourable conditions for business.



Panel discussion at the Central Asia Fashion Spring-2023 business conference

Impact of global turbulence on the mood of Kazakhstanis

Leonid Gurevich, the speaker at the business conference, the president of the BISAM Central Asia business information, sociological and marketing research centre, presented the results of a research reflecting the impact of the global situation on the mood and consumer behaviour of Kazakhstanis during the current hyperinflation. As the expert notes, analysts are faced with a unique situation in the social and psychological mood of people in different countries: *“Today, external factors influence consumer consciousness and behaviour just as much if not more than*

internal factors. The unprecedented world turbulence, which our generation has had to observe, is feverish not only in the world economy and politics, but also everyday people's psychology," Leonid Gurevich, the CAF speaker, shares. In particular, data from the BISAM Central Asia research showed that the global crisis has overshadowed internal disturbances in the minds of Kazakhstanis. Answering the questions "How did the following events impact your own life", respondents perceive what is happening in different ways. Thus, the January events of 2022 in Kazakhstan, referred to as "Black January" – "very strongly impacted" 20% of respondents, "noticeably impacted" 24% of respondents, "slightly impacted" 34% of respondents, "did not impact at all" 22% of respondents.

Каким образом следующие события повлияли в целом на вашу собственную жизнь?

BISAM
CENTRAL ASIA



Slide from Leonid Gurevich's presentation. Impact of world events on Kazakhstanis

At the same time, the imposition of sanctions against Russia and the global economic and geopolitical crisis caused by the conflict between Russia and Ukraine have worried the citizens of Kazakhstan much more. "The global crisis has generated two contradictory phenomena in the consumer behaviour of Kazakhstanis. Firstly, rising prices have fundamentally changed the trend of consumer behaviour; it is now driven by the desire to save as much as possible. Secondly, the rise in prices turned out to be so great that any savings help people. Kazakhstanis are forced to increase spending on food, goods and services. Extreme saving regimes have emerged in families, Leonid Gurevich, the speaker at the CAF business conference, talks about the results of the research.

Как изменилось покупательское поведение Вашей семьи по сравнению с тем, что было в начале 2022 года?

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На жесткий режим экономии перешли около 40% процентов опрошенных и чуть меньше - на умеренный режим. Лишь пятая часть обходится без усиленной экономии.



Slide from Leonid Gurevich's presentation. How purchasing behaviour of Kazakhstanis has changed

We have classified approaches to savings. People responded to a question about changing their purchasing behaviour. 40% of respondents switched to an enhanced saving mode, and slightly fewer respondents switched to a moderate mode. Only a fifth of Kazakhstanis now do without enhanced savings. Even the highest income group, no more than 10%, allowed themselves not to save and spend more. No matter how people try to save money, they are forced to increase the cost of food, household goods, medicines and utility bills. At the same time, people continue spending on visiting cafes, restaurants, places of recreation, cinemas, leisure, and thus we conclude that if the standard of living has declined, people strive to maintain at least the quality of life," Leonid Gurevich notes.

At the same time, the expert of the CAF business conference presented the hope and happiness indices of the people of Kazakhstan, which are measured in 60 countries of the world, and then calculated by BISAM Central Asia for the territory of Kazakhstan. "This year for the world, that is, for the countries surveyed, the hope index turned out to be negative, which is extremely rare. If we pay attention to the list of optimists, then these are mainly countries with a low standard of living, except for Kazakhstan, which is a medium developed country. Although it is precisely in Kazakhstan that the index of hope in the past year is the lowest over the past 5 years.

Динамика индекса надежды в Казахстане

В 2022 году Казахстан показал самый низкий Индекс надежды на новый год за последние 5 лет.



Slide from Leonid Gurevich's presentation, dynamics of the hope index in Kazakhstan

Why are people mostly optimists in such countries? The answer is simple: social aspirations are not high, and people with low social aspirations are more cheerful, more optimistic about the future. The top pessimistic countries basically include almost all developed, fairly rich countries.

ТОП-5 ОПТИМИСТОВ (по значению Индекса надежды)	ТОП-5 ПЕССИМИСТОВ (по значению Индекса надежды)
НИГЕРИЯ: +66	ПОЛЬША: -58
ПАКИСТАН: +40	ЧЕШСКАЯ РЕСПУБЛИКА: -50
КАЗАХСТАН: +36	СЕРБИЯ: -48
ФИЛЛИПИНЫ: +34	ФРАНЦИЯ: -44
ИНДИЯ: +32	ИТАЛИЯ: -34

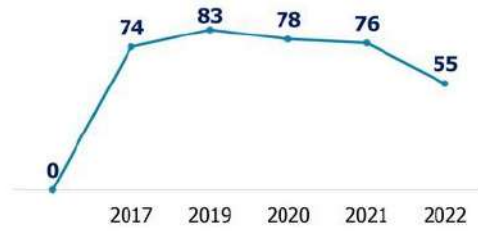
Slide from Leonid Gurevich's presentation, hope index by country

Leonid Gurevich, the expert, also clearly presented to the audience of the business conference information about how the top 5 happiest countries of the world look like: "In the first place in this list of the "happiest countries" are the poorest Philippines, then the moderately developed Mexico, and the already quite developed Malaysia and the highly developed Japan. Here, in the list of the happiest countries, we see our native Kazakhstan! By the way, our Kazakhstan is a fairly frequent guest in the happiness indices.

Seemingly prosperous countries were surprisingly included in the list of the top 5 unhappy countries: Hong Kong, Turkey. (editor's note: the measurements were taken before the tragedy in Turkey). At the same time, Armenia and Kenya lead the top 5 unhappy countries. What conclusions can we draw? These data tell us that the national mentality is much more important in the happiness index.

According to our data, the Happiness Index in Kazakhstan is also the lowest in the last five years. However, in the whole world, there are 54% of people who consider themselves happy, and only 13% of those who believe that there is no happiness in life. Therefore, those who are engaged in business, entrepreneurship, trade, marketing, when we calculate the risks, when we clearly see that the number of people dissatisfied with the quality of goods and services is growing, we must always keep in mind that, in the depths of their mentality, the vast majority of people in the world consider themselves happy", Leonid Gurevich, the expert of the CAF business conference, the president of BISAM Central Asia, summed up.

Динамика индекса счастья по Казахстану



Slide from Leonid Gurevich's presentation. Dynamics of the happiness index

Meanwhile, **Aleksandr Ruzanov**, the participant in the panel discussion and speaker at the CAF business conference, academician of the Academy of Sociology of Kazakhstan, CEO of the research company BRIF Research Group, in his speech noted the results of the research involving young people throughout Kazakhstan.

“It turned out that the happiest young people live in Shymkent and Kyzylorda. At the same time, the regions are among the poorest in terms of living standards per capita. So the conclusion is that level of happiness doesn’t depend on level of prosperity of people. It depends on other values, on other connections. Family ties, family relationships, circle of friends are very important for people. Here the main conclusion is that Kazakhstan has different regions with different levels of happiness.”

How buyer behaviour is changing under the pressure of hyperinflation

Rashida Fatikhova, CEO of the IPSOS International Research Company in Kazakhstan, the expert at the CAF business conference, spoke about changes in consumer behaviour under the pressure of hyperinflation: *“We have been monitoring the change in consumer behaviour in the socio-economic situation of a constantly changing country for the second year and learn about the current financial situation of people and its changes over the past year. The vast majority indicate that revenues have not changed, while last year they fell sharply. At the same time, the hope of our people does not fade away. Kazakhstanis hope and expect that the financial situation will improve in the next six months. Also, Kazakhstanis began to save significantly more on clothes, shoes and accessories. They try to spend less on such large purchases as a car, a house, large household appliances, and furniture. Only 20% of the population can afford them. At the same time, the savings of Kazakhstanis this year increased by 10% compared to last year.*

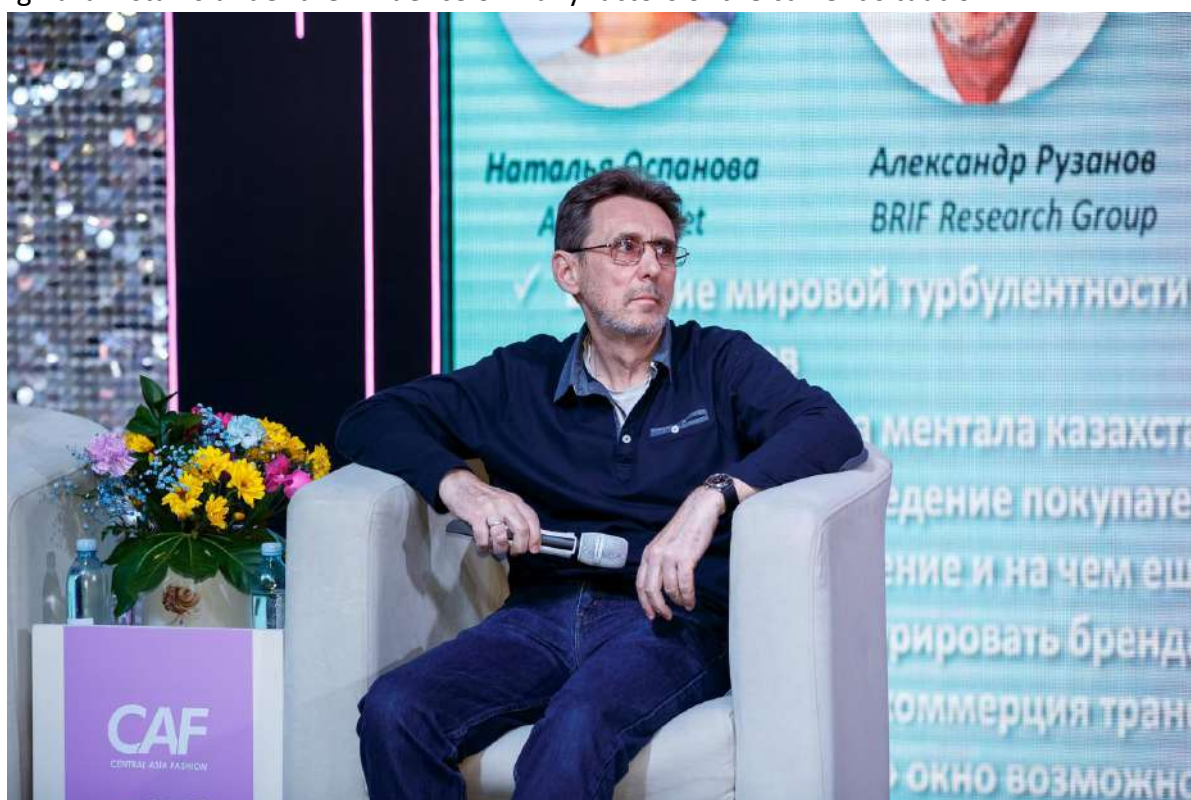


Speakers at the CAF business conference: Rashida Fatikhova, CEO of the IPSOS International Research Company in Kazakhstan, and Natalia Ospanova, the Director of the Alvin Market Research Companies Group

According to our data, 28% of Kazakhstanis are in a tight savings mode this year compared to 18% last year. This is due to reducing spending, switching to cheaper brands, and also by choosing cheaper marketplaces with profitable or promotional offers. Most people buy clothes and shoes in the markets and shopping and entertainment centres. Purchases in special stores, branded stores, online stores make up a very small share – about 20%. In the coming year, people will save money, they expect prices to rise,” **Rashida Fatikhova** shared.

The trend of public anxiety was also confirmed by **Leonid Gurevich**, the speaker at the CAF business conference: “Why do people save, but the savings rate is declining. Here, firstly, the following situation: we see growing instability and at the same time trust is declining. We recently participated in a large conference where we discussed the “Level of Public Trust”. Not only in Kazakhstan, but all over the world, trust in the government, in all its institutions, is now very sharply reduced. At the same time, confidence in banks is declining. Finally, the strong anxiety of the mass consciousness about digital fraud is a new phenomenon that calls into question global processes. As sociologists, we feel this very strongly. Now people simply do not want to talk, to be afraid. The overall bounce rate is up to 90%, although it was 30% not so long ago.”

Meanwhile, **Aleksandr Ruzanov**, the expert of the CAF business conference, notes that a crisis mentality is being formed among Kazakhstanis under the influence of many factors of the current situation.



Aleksandr Ruzanov, the speaker of the panel discussion at the CAF business conference, CEO of the BRIF Research Group Research Company

“According to our research and systematic measurements, since about 2012, people in Kazakhstan have been steadily developing a crisis mentality. If crises before that were cyclical: for example, in 2008 a severe crisis began, in 2009 it began to decline, by 2010 people were already living normally. It turns out that during this time people entered the savings mode, and then quickly adapted to a new level. However, since 2012 the situation has changed - the crisis does not stop. Conditions systematically and gradually only worsen. I’m not talking about the last few years. The so-called crisis thinking is being formed. Over the years, it “hardens” and becomes a permanent stereotype of behaviour. As a result, Kazakhstanis began to buy more goods in second-hand shops, more often to repair them in workshops. If earlier the same clothes and shoes were easily changed, now they turn to used clothes more often and repair them more often.”

At the same time, **Milena Ershova**, the moderator of the business conference, the general producer of Central Asia Fashion, did not support this point of view of the speaker. The specialist is sure that Kazakhstanis are gradually captivated by the global trend of “sustainable and environmentally friendly fashion”. Thus, people follow the global trend and choose the path of sustainable fashion, thinking more and more about the renewability of resources and broadcasting environmental friendliness.

Crisis behaviour and what else do Kazakhstanis save more on?

Continuing the theme of savings and crisis changes, **Aleksandr Ruzanov**, the speaker of the panel discussion at the CAF business conference, presented data on the development of marketplaces to the audience: “Current changes are happening so fast that neither people nor markets have time to adapt. These changes include the rapid development of marketplaces and electronic trading platforms. Pricewaterhouse research shows the rapid growth of online commerce: in 2014 from 7%, growth will jump to 22% by 2024. Particular attention should be paid to the role of marketplaces: it is expected that in 2024 their share will grow to 72 per cent against 43% in 2014. This means that marketplaces in the new reality are constantly growing at a rapid pace and will continue to grow. It is important that the role of fashion sites plays a leading role here. In first place in the “top 150 marketplaces in the world” in terms of the number of purchases are general sites like Kaspi, where they sell all goods. There are only 89 of them and their visit rate is approximately 14 billion visitors per month. As for the overall share of fashion, such marketplaces are in second place and by a wide margin from the following competitors. There are now 30 such sites, they are visited by approximately 700 million people a month. The same is happening in Kazakhstan: clothes, shoes, sporting goods are leading as a category among online purchases. 64% of people buy online clothes, shoes, sporting goods and food (48%) is in second place by a wide margin.

Одежда и мода – на первых позициях по посещениям и продажам через маркетплейсы



#	Product Category	Marketplaces (1)	Visits/month
1	General	89	13.95B
2	Fashion	30	710.31M
3	Arts, Crafts & Gifts	3	408.6M

#	Категория товаров	Популярность
1	Одежда, обувь, спорттовары	63,6 %
2	Продукты питания	48,4 %
3	Лекарственные препараты	30,4 %



(данные АСПиР РК, 2021 года).

Slide from the Aleksandr Ruzanov's presentation, the speaker at the CAF business conference.
Rating of product categories on marketplaces by visits and sales

I will not surprise anyone that Kaspi in Kazakhstan is the number one marketplace. From our own research, where owners of various shops who actively place their goods on almost the marketplaces available in Kazakhstan were interviewed, there is a business case when an entrepreneur, being present at all sites, highlights only Kaspi. According to the businessman, it is the popular site that consistently brings 120-130 orders per month, and all other sites give almost zero.”

According to **Aleksandr Ruzanov**, the expert, international research on consumer behaviour proves that one should not go to extremes in business. It is absolutely necessary to keep the combination of online and offline in trading. The expert researcher claims that 54% of buyers first go and study a product on the Internet, and then they still come to a traditional offline store for a purchase. On the contrary, 53%, first come to a real store, look for a product, try it on, and then purchase it via the Internet. When it comes to finding the right product, 55% of people search for the right product online and then check to see if it's available in local stores. At the same time, 50% of buyers like to use the product reservation in the store, and then go to an offline store and buy this product. It is interesting that another 60-70% of buyers purchase an additional product along the way.

“If we talk about Kazakhstani realities, I interviewed one of the owners and director of a large Internet platform in Kazakhstan, which helps businesses create online stores and provides them with electronic services, and then links them to sites. The specialist confirms that Kaspi is the leader in Kazakhstan, since 80% of stores ask to link them to Kaspi. At the same time, Kazakhstanis have two stable trends: the first one is that even unknown stores begin to earn money on Kaspi. This means that Kaspi, by the strength of its brand, gives entrepreneurs certain credibility. The second trend is that there is a risk that such a store begins to become dependent on the marketplace, which dictates its own rules, increases commissions, etc. That is why stores need to develop alternative sales channels,” Aleksandr Ruzanov, the speaker, said.

НАИБОЛЕЕ ВЛИЯТЕЛЬНЫЕ МАРКЕТПЛЕЙСЫ КАЗАХСТАНА



Маркетплейс	Выручка	Посетителей в месяц
Kaspi.kz	\$1690 млн	5,8 млн
Wildberries.kz	\$158,1 млн	10 млн
Halykmarket.kz	\$44,6 млн	1 млн
Lamoda.kz	\$32,6 млн	0,5 млн
Forte Market	\$22,3 млн	0,5 млн
Jmart.kz	\$17,5 млн	0,5 млн
Ozon.ru	\$4,7 млн	нет данных
Satu.kz	\$3,6 млн	5,5 млн

Азат, владелец онлайн-магазина

«Маркетплейс номер 1 в Казахстане это, конечно, Kaspi.kz. У меня были заказы за 1 месяц:

1. Kaspi.kz - 120-130 заказов
2. Jusan - 1-2 заказа
3. Halyk - 0 заказов
4. Forte - 0 заказов

Начинаем тестировать другие площадки, но пока безрезультатно (satu, olx, market, alfa)»



https://forbes.kz/leader/40_krupneyshih_torgovyih_internet-ploschadok_-_jurnal_sentyabr_2022_1663610805

(по версии Forbes.kz)
Данные 2021 года

Slide from the Aleksandr Ruzanov's presentation, the speaker at the CAF business conference

An ideal, working scheme for business according to the expert is to link stores to large sites, for example, Kaspi, Ozon, Wildberries, and after these sites help boost sales, transfer or return customers to real stores.

“According to a survey of stores selling clothing, they report that 60-70% of buyers come to them directly. 30-40% get customers on marketplaces. Thus, marketplaces serve as a platform for increasing sales, - Aleksander Ruzanov, the speaker of the CAF business conference, shares the data of the research, - In general, I believe that a certain e-commerce revolution is underway, so those brands that are only offline are threatened with death and they urgently need to go online, although this requires big changes and restructuring of logistics and marketing.”

How not to oversleep the window of opportunity of a global business hub

Meanwhile, the experts of the panel discussion of the CAF business conference are unanimous in their opinion and believe that Kazakhstan today is the most promising platform for business development. Thus, **Leonid Gurevich** noted the key advantages of the country for the development of a business hub across the region.

“Firstly, Kazakhstan has an advantage in the form of a stable country, which staggered a little after the January events, but nevertheless, everything remained in the world consciousness. At the same time, in the current situation, with the current world conflicts, with the strengthening of world confrontation, propensity towards conflict, Kazakhstan manages to maintain a deeply neutral position. We have pretty good conditions compared to other countries for doing business. The Kazakhstani mentality is also very important. Foreigners find here a comfortable environment, better than in any of the CIS countries. In addition to this, xenophobia is not developed in Kazakhstan. We do not have aggressive sentiments against any country, and this is confirmed by the real figures of many of our studies. On the other hand, Kazakhstan now has a good economic level, a well-developed Internet compared to other Central Asian countries. All these clear advantages confidently allow Kazakhstan to play the role of a business hub.”



Expert of the panel discussion of the CAF business conference, Leonid Gurevich, the President of the BISAM Central Asia Centre for Business Information, Sociological and Marketing Research, and Milena Ershova, the General Producer of the CAF Business Conference

Aleksandr Ruzanov, the expert, fully supports his colleague in this matter: *“Our mentality implies tolerance, respect for different points of view, for ethnicity, respect for faith. Recently, our company held focus groups on such “hot topics”, and I was surprised to see that young people speak very correctly. They choose their words, trying not to offend and in no way hurt the feelings of those around them. For the culture of Kazakhstan, such an attitude is typical in general, historically. When radicalisation intensifies around the world, the question remains - will the people of Kazakhstan manage to maintain this exceptional mentality and psychological balance? I am sure that we have good conditions for business: the banking structure works well, it is possible to register a business fairly quickly, and practice confirms this. In addition to this, in Kazakhstan, we have a good e-government. When you get to other countries, you really understand this when you can’t get some elementary certificate there.”*

At the same time, **Natalia Ospanova**, the Director of the Alvin Market Research Companies Group and the President of the Kazakhstan Association of the Professional Researchers of Public Opinion and Market (KAPIOR), noted that international brands are highly interested in Kazakhstan.



Experts of the panel discussion of the CAF business conference (from left to right):
Rashida Fatikhova, Natalia Ospanova, Aleksandr Ruzanov

“Researchers are usually the first to know when a brand wants to enter our market, since we are asked to conduct various studies in order to “probe”, understand the potential of opportunities, Natalia Ospanova, the expert of the business conference CAF, noted.

Recently, we have seen a large stream of research requests from new brands that want to evaluate Kazakhstan and Central Asia as a whole as a potential platform for work and business development. Businessmen look at the Kazakhstani market, and the CIS market in general, and then, as a rule, single out the countries of Central Asia. Here, first of all, we see requests specifically for Kazakhstan, as one of the first countries for the entry of a new brand, and Uzbekistan, Kyrgyzstan, and Tajikistan are added later. At the same time, we notice that the level of trust in brands is changing. Our company has been conducting tracking research for many years to measure the MPS indicator, which determines what proportion of consumers are ready to recommend or not recommend one or another brand. We do this research in completely different areas: Telecom, finance, FMCG and many others. At the same time, everywhere we see a downward trend in the level of MPS. People in general are less and less willing to recommend a particular brand, and claims are on the rise. This means that people have become more pretentious, somewhat spoiled,” Natalia Ospanova, the expert at the CAF business conference, summed up.

Discussing the issue of the possibilities of a global business hub, **Rashida Fatikhova**, the expert of panel discussion of the business conference, believes that becoming a hub for business at the current speed can greatly change the social life of Kazakhstanis:

“Of course, these are great prospects and a good position in the future of Kazakhstan in the world market. On the other hand, the rapid development of a hub affects various social factors, including growing competition in the labour market. Now we notice this in our research: people are increasingly concerned about the issue of losing their jobs. They are worried that they are not keeping up with what is happening in the market now, and the issue of vocational training becomes acute. Based on real figures, we observe a great desire for self-development, professional growth and self-improvement among the residents of Kazakhstan.”

Natalia Ospanova, the expert analyst, supports colleague’s fears about risks against the background of emerging opportunities: *“We see great interest in our market from foreign consultants. They want to quickly “stake out” their place here, get their market share. As a result, we see that there is a certain threat to us as professionals. At the same time, I note that we have certain competitive advantages. For certain, each industry can identify advantages for itself and protect our Kazakhstani business from the influence of external players that may come to the country. We are strong in that we know the specifics of our market, we know the mentality of the buyer, we speak the same language with the buyer and feel the buyer’s needs more. Based on this, I believe that we need to use our strengths and take into account the fact that competition from foreign companies will only increase, which means that all specialists from different industries need to actively develop their professional skills and meet high international standards.”*



Participants of the panel discussion at the CAF business conference (from left to right): Rashida Fatikhova, Natalia Ospanova, Leonid Gurevich, Milena Ershova, Aleksandr Ruzanov

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