

EU MARKET SURVEY 2004

Jewellery



Centre for the Promotion of
Imports from developing countries

EU MARKET SURVEY 2004

JEWELLERY

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REPORT SUMMARY

This survey profiles the EU market for precious jewellery, costume (or fashion) jewellery and hair accessories. It emphasises those items, which are relevant to exporters from developing countries, and highlights six selected EU markets and looks at the ten Accession Countries. In **Part A**, up-to-date market information is given on consumption, production, imports/exports, trade structure, prices and the major EU market access requirements. As an exporter, you need this basic information to draw up your Market Entry Strategy (MES) and Export Marketing Plan (EMP) in order to penetrate these jewellery markets successfully.

To assist you here, CBI has developed **Part B**, where Export Marketing Guidelines provide background and a methodology for an external, internal and SWOT analysis. These analyses are needed for your decision - whether to export or not -. Furthermore, essential guidelines are given on using your marketing tools effectively to build up this export venture. The appendices at the end of the survey include contact details of trade associations, trade press and other relevant organisations.

The survey excludes jewellery repairs and second-hand (antique) jewellery and the major focus will be on jewellery for personal use, worn on the body or on clothes, which are sub-divided as follows:

Jewellery	Material content	Type of products
Precious jewellery →	Precious metals: gold, platinum, silver (with hallmark). Base metal clad with precious metals. Jewellery with precious stones (diamonds, sapphires). Jewellery with pearls and semi-precious stones .	- Earrings - Neckwear - Rings - Bracelets or wristwear - Brooches, pendants
Costume jewellery →	Base metals (plated with silver and/or gold). A variety of other materials ranging from brass, copper, stainless steel, titanium, plastic, wood, plastic, leather, horn, shells, imitation pearls, crystal, recycled material and all sorts of beads.	- Anklets, belly chains - Piercings - Cuff-links and studs - Others e.g. badges etc.
Hair accessories →	Plastic, rubber, horn, wood and other materials.	- Hair clips, pins etc.

Consumption

The EU is the world's second largest jewellery market, after the USA. Total jewellery retail sales in the 15 EU member countries were estimated at €21,324 million in 2003, 85 percent of which was generated in the six selected countries. Italy is the largest EU market, accounting for 27 percent of total EU jewellery sales, followed by the United Kingdom (19%), France (15%), Germany, Spain and the Netherlands.

Between 1999 and 2003, jewellery retail sales in the selected EU countries rose by 8 percent, from €16,853 to €18,190 million. Major EU economies registered low or zero increases in 2003 as recession continued to affect most of Europe. The **precious jewellery market** was worth €15,438 million and accounted for 85 percent of jewellery sales in the selected EU markets. It has been traditionally linked to special family occasions. Women for themselves made the majority of purchases. White metals, platinum, precious stones, diamonds and pearls are popular, and yellow gold is popular again. However, consumers have been cautious in their spending on precious jewellery.

The **costume jewellery market** represented 15 percent, or €2,752 million, of total EU jewellery retail sales in 2003. However this segment accounted around half of jewellery sold in the EU in volume terms, with shares being particularly high in France (65%) and Spain (58%). The costume jewellery market has expanded significantly in recent years with a greater variety of types introduced, ranging from neckwear to toe-rings, hair accessories to piercings. Costume jewellery is an impulse purchase, particularly for the teenage market. This is due to the lower prices of costume jewellery in comparison to precious jewellery. Demand for all types of jewellery is becoming more fragmented and the future market will be driven by:

- Older women being fashion aware over a longer period of time.
- More branding and the integration of jewellery into all areas of fashion
- New users (children, teenagers, men) and the increased importance of celebrity endorsement.
- More design features in jewellery using less expensive precious metals and coloured stones.
- More personalised, less formal jewellery.

The development of fashion in jewellery follows that of the clothing sector very closely. Both precious and costume jewellery now include a far greater fashion element in styling than was the case a decade ago.

Some important key trends are:

- ***Retro chic*** borrows from elegance and nostalgia, expressed in jewellery by long beaded necklaces, dog collars with pendants, cabochon rings with small disks, and rhinestone brooches
- ***Funky colour*** reflects a funky, sexy theme, expressed in jewellery by waist chains with charms, long dripping chain and pendant earrings, badges and giant rings, cuff bracelets
- ***Specific trends*** which are more product specific include *dramatic yet tailored designs, not daring but eye-catching; yellow gold is back featuring glamorous designs with warm-coloured gems; bold rings with hefty coloured gemstones; textures, satin finishes, meshy flexible constructions, diamond-intensive brooches; platinum – with and without diamonds; the return of coral and turquoise, sometimes with pearls; new necklace shapes; colour in all forms; longer and more dramatic earrings; more versatility including stackability, reversibility and convertible designs*
- ***Longer-term trends*** essentially relate to the post 2001 era. Terrorism, slumping stock markets, unemployment, disease outbreaks like SARS create a particular mood which feeds into the jewellery trends of tomorrow. Consumers will want items that are personally relevant, that invoke safety, security and stability, offering real value rather than an image.

Production

In 2002, the turnover of the 17,012 companies in the selected EU countries was estimated at €14,452 million. Most manufacturers are small business employing up to 10 people and turning over less than €500,000. They tend to specialise in one particular jewellery type and produce original designs. Italy is the world's largest manufacturer of *gold jewellery* and accounted for around 68 percent of the EU output (330 tonnes in 2003), mainly produced by the small specialised factories in the Vicenza area. *Silver jewellery* production is also dominated by Italy (45.5 million oz in 2003) and by Germany. France is the largest maker of costume jewellery, while UK and Spain are other sizeable EU producers. Intense competition from Asia, in particular from China and India, has led to a fall in the production of jewellery in Europe, particularly in Italy. EU companies now concentrate on top quality design and fashion brands or specialise in a jewellery type or produce original designs, as consumers are increasingly asking for individual pieces.

Imports

The EU is among the leading importers of jewellery in the world and, in 2002, accounted for 47,882 tonnes with a value of €5,572 million. The United Kingdom is the largest importer, representing more than one third of EU total, with imports in 2002 valued at €2,104 million (9,040 tonnes). The United Kingdom is followed by France (17%, at €969 million) and Germany (16%, at €881 million). Between 2000 and 2002, all EU countries increased their imports of jewellery - except Germany, the Netherlands, Portugal and Greece.

Product groups

Precious jewellery accounted for 79 percent of the value of EU imports in 2002, being €4,421 million, a 14 percent increase over €3,874 million in 2000. The share of *costume jewellery* and *hair accessories* in the total value of EU imports averaged around 17 percent and 4 percent respectively. However, in terms of volume, costume jewellery formed the greater part in 2002, i.e. 21,900 tonnes and thereby represented 46 percent of the total volume of EU jewellery imports, followed by hair accessories at 16,861 tonnes (35%) and precious jewellery at 9,121 tonnes (19%). Between 2000 and 2002, EU imports of costume jewellery increased by 21 percent in volume, whereas EU imports of hair accessories increased in volume by 3 percent, but declined in value by 12 percent, from €225 to 199 million. In the period under review, there was particularly a higher EU demand for: jewellery of other precious metals, silver jewellery, jewellery clad with precious metal, costume jewellery of metal, of other material and for cuff links and studs.

Main supplying countries

Intra-EU supplying countries: In 2002, around 36 percent of EU imports came from other EU countries with Italy (€948 million), representing 47 percent of Intra-EU jewellery supplies followed by France and Germany.

Extra-EU supplying countries: The greater part, or 64 percent, of EU imports came from non-EU sources with Switzerland (€736 million), USA and Hong Kong as main suppliers of precious jewellery. Switzerland and the USA virtually doubled their supplies of precious jewellery to the EU between 2000 and 2002, because, besides being in vogue, precious jewellery items were also regarded as a safe investment.

Developing countries

Between 2000 and 2002, the volume of imports from developing countries rose by 20 percent from 22,288 to 26,755 tonnes, valued at €1,798 million in 2002, now representing 32 percent of EU imports. China increased its supplies by 23 percent and is by value the third largest EU jewellery supplier (€717 million), after Italy and Switzerland. However by volume, China is the absolute largest supplier to the EU: 20,376 tonnes in 2002 - compared to 4,682 tonnes by Italy. China, Thailand (€481 million) and India (€281 million) dominate the supply of jewellery from developing countries. In 2002, they together accounted for 82 percent of jewellery supplies (by value) to the EU from developing countries.

Although the role of other developing countries is currently still small, some countries increased their jewellery exports to the EU considerably between 2000 and 2002. For example, Turkey (+81%, from €67 to 110 million), Mauritius (+64%, from €30 to 49 million), Vietnam (+26%, from €29 to 37 million), Philippines, Pakistan, Tunisia, Morocco, and Brazil. However, Malaysia, Indonesia, Lebanon, Oman and Mexico exported less jewellery to the EU.

Distribution

For *precious jewellery*, specialised jewellery retailers dominate in most selected EU markets, with a growing number of chain stores and non-specialist outlets. Some large retailers have become important jewellery outlets, such as *Signet* and *Argos* in the UK and *Magic Moment* and *Gold Market* in Italy. On-line shopping in the jewellery sector is on the increase, but items are lower priced, as few people would buy an expensive piece of jewellery on the Internet.

For *costume and silver jewellery*, trade channels in the selected EU markets have become more diverse. For example, the UK has a fragmented distribution system, with non-specialists such as department stores, catalogue showrooms and home direct sales dominating the market. On the other hand, distribution in France is centralised with its focus on Paris. Here, jewellery is sold through a variety of small stores and through franchised stores. In Germany and the Netherlands, buying groups, chain stores and drug stores are dominant. The Italian and Spanish markets have a more fragmented distribution chain than in northern EU countries. Here, most retail sales are via small jewellery shops, gift shops and clothing shops.

Opportunities for exporters

The economic recession in Europe is starting to recede, which should provide a renewed impetus for the jewellery market. *New uses* e.g. jewellery on different parts of the body, or different types of jewellery and *new users* (teenagers, men), as well as *increased self-purchase* particularly by women, have contributed to broadening the base of consumption. Today's jewellery still looks stylish, glamorous and is decorated with colourful stones. For developing country exporters, unique and well-designed items in the lower-medium price ranges offer good opportunities.

In order to distinguish themselves, exporters should try to specialise in terms of:

- ***Skills*** : specially made jewellery, created by unique metalworking, finishing or material combinations.
- ***Country*** : jewellery which is distinctive to its country of origin.
- ***Material*** : the use of unique (natural) materials or the use of a unique combination of materials.
- ***Design*** : become a specialist in jewellery of unique or specific ethnic design from your own culture.

Co-operating with a local designer would be useful to give the collection a 'local touch'. Another option for exporters could be to develop a *strategic alliance* with buyers in order to be sure that the right design and quality level is being reached. Foreign nationals living in the various EU member states form another interesting market opportunity for exporters. This group is strongly increasing in each of the selected EU countries.

Threats and difficulties for exporters:

- Innovations in jewellery are frequently required in maintaining interest of demanding consumers.
- As fashions can be very short-lived, it is difficult to start a long-term investment.
- Production capacity, good communication, keen pricing and fast delivery are needed.
- For precious jewellery making, state-of-the-art technical skills and equipment are often needed.

Further market research

This EU Market Survey serves as a basis for further market research: after you have read the survey it is important to further research your target markets, sales channels and potential customers in order to do your external analysis properly, and know how to keep control over your marketing tools.

Market research depends on *secondary data* (data that has already been compiled and published) and *primary data* (information that you collect yourself). An example of secondary data is this EU Market Survey. Primary data is needed when secondary data is not sufficient for your needs when, for example, you are researching which type of consumer will be interested in your jewellery item or collection. Sources of information include (statistical) databanks, newspapers and magazines, market reports, (annual) reports from trade associations, along with shops in target countries, products or catalogues from your competitors, and conversations with suppliers, specialists, colleagues and even competitors. After you have collected your information you should analyse it. In order to assess the attractiveness of a market, you should use a Research Action Plan and develop a classification or score system. Detailed information on market research can be found in CBI's manual '*Your guide to Market Research*'.

INTRODUCTION

This CBI survey consists of two parts: EU Market Information and EU Market Access Requirements (Part A), and Export Marketing Guidelines (Part B), in which the EU (15) and the other Accession Countries (10) are covered.

Market Survey	
Part A EU Market Information and Market Access Requirements	
EU Market Information (<i>Chapters 1-8</i>) Product characteristics Introduction to the EU market Consumption and production Imports and exports Trade structure Prices	EU Market Access Requirements (<i>Chapter 9</i>) Quality and grading standards Environmental, social and health & safety issues Packaging, marking and labelling Tariffs and quotas
Part B Export Marketing Guidelines: Analysis and Strategy	
External Analysis (market audit) <i>(Chapter 10)</i> Opportunities & Threats	Internal Analysis (company audit) <i>(Chapter 11)</i> Strengths & Weaknesses
Decision Making <i>(Chapter 12)</i> SWOT and situation analysis: Target markets and segments Positioning and improving competitiveness Suitable trade channels and business partners Critical conditions and success factors (others than mentioned) Strategic options & objectives	
Export Marketing <i>(Chapter 13)</i> Matching products and product range Building up a trade relationship Drawing up an offer Handling the contract Sales promotion	

Part A – Chapters 1 to 8 - profiles the EU market for Jewellery. The survey concentrates on those products that are of importance to exporters from developing countries. The major national markets within the EU for those products are highlighted. The survey includes contact details of trade associations and other relevant organisations. Furthermore statistical market information on consumption, production and trade, and information on trade structure and opportunities for exporters is provided.

Chapter 9 subsequently describes the requirements that have to be fulfilled in order to gain access to

the jewellery market. It is furthermore of vital importance that exporters comply with the requirements of the EU market in terms of product quality, packaging, labelling and social, health & safety and environmental standards.

After having read Part A, it is important for an exporter to analyse target markets, sales channels and potential customers in order to formulate export marketing and product strategies.

Part B therefore aims to assist (potential) exporters from developing countries with their export-decision making process. After having assessed the external (Chapter 10) and internal environment (Chapter 11), the (potential) exporter should be able to determine whether there are interesting export markets for his company. In fact, by matching external opportunities and internal capabilities, the exporter should be able to identify suitable target countries, market segments and target product(s) within these countries, as well as possible trade channels to export the selected products (Chapter 12).

Chapter 13 subsequently describes the export marketing tools that can be of assistance in successfully achieving the identified export objectives.

The survey is interesting for both first-time exporters as well as exporters already engaged in exporting (to the EU market). Part B is of particular interest to more experienced exporters starting to export to the EU and exporters looking for new EU markets, sales channels or customers.

First-time exporters are advised to read this publication together with the CBI's *'Export planner'*, a guide that shows systematically how to set up export activities and the interactive tool on the CBI website *'Export marketing plan'*.

Part A

EU Market Information

1 PRODUCT CHARACTERISTICS

1.1 Product groups

The products covered in this survey are (hallmarked) precious jewellery, costume (or fashion) jewellery and hair accessories, all of which are sold within the jewellery sector. Jewellery repairs and second-hand (antique) jewellery are excluded and the major focus will be on jewellery for personal use, worn on the body or on clothes. This implies that other luxury goods, such as gold and silversmith's ware (tableware, toilet ware, smokers requisites etc.), watches, sunglasses, scarves, belts, hats/caps or gloves, are not covered here.

Distinctions between precious jewellery and costume jewellery

Precious jewellery can be distinguished from costume jewellery by its material content. While in costume jewellery a variety of material is being used; precious jewellery is marked by its exclusive use of precious metal and stones.

Jewellery	Material content
Precious jewellery →	Precious metals such as: gold (pure gold and gold alloys), platinum, silver (with or without hallmark) and sterling silver (alloy of 92.5% silver and copper). Base metal clad with precious metals and jewellery with precious stones (e.g. diamonds, sapphires, emeralds and rubies), pearls (natural and cultured) and semi-precious stones (e.g. quartz, opal, topaz, amethyst, coral etc.).
Costume jewellery →	Base metals (plated with silver and/or gold) and a variety of other materials such as: brass, copper, stainless steel, titanium, soft metals (tin and lead), aluminium, alpaca (alloy of copper, brass and zinc), ceramics, glass, plastic, resin, wood, rubber, leather, nylon, terracotta, horn, raffia, coconut, shells, amber, imitation pearls, crystal, natural/semi-precious stones, recycled material (bones, egg shells) and all sorts of beads (e.g. made of glass, metal, resin, terracotta).
Hair accessories →	Plastic, rubber, horn, wood, leather, nylon, cotton, tin, copper and silver.

Precious jewellery also differs from costume jewellery in terms of where it is sold. Precious jewellery is normally sold in traditional jewellery shops or department stores, tax-free shops and high-class gift outlets. Costume jewellery, however, can usually be found in specialised accessory shops, department stores, fashion stores and in a variety of other outlets, such as clothing stores, pharmacies, and mail order or catalogue showrooms, super or hypermarkets, shoe shops, market stalls, petrol stations etc.

Jewellery: type of products and styles

The term jewellery in this survey covers all objects of personal adornment associated with a particular style of clothing, haircut, life style or mood. Costume jewellery collections in particular change quickly to accommodate the latest fashion trends. The main type products and styles are shown below:

Main type of products	Styles in jewellery - fashion
<ul style="list-style-type: none"> • Earrings • Neckwear • Rings • Bracelets or wrist wear • Brooches, pendants • Anklets, belly chains • Piercings • Cuff-links, studs, tie-clips • Hair accessories (hair slides, pins, grips, tiaras) • Others: badges and body wear, including tattoos 	<ul style="list-style-type: none"> • Classic style • City style • Sporty style • Romantic style • Natural style • Colourful / Ethnic style • Dance and club style

Costume jewellery is sometimes also referred to as fashion jewellery, imitation jewellery or bijoux. The terms 'fashion' and 'costume' are often used interchangeably by consumers, whereas the trade

uses the terms 'costume' or 'bijoux'. In this survey, the term '*costume jewellery*' will be used.

The statistics for *hair accessories* include combs and hair slides, which are more functional rather than ornamental. This sub group accounts for two-thirds of the total value of EU imports of hair accessories. In this survey, the focus will be, as much as possible, on decorative hair accessories such as hair slides, pins, grips etc., for which few statistics are available.

1.2 Customs/statistical product classification

The classification system used for both Customs and statistical purposes in EU member countries is the Harmonised Commodity Description and Coding System (HS), which is used worldwide. The HS classification given here differs from the product groups and products mentioned in 1.1. This puts limitations to in-depth interpretation of trade figures and of possible relationships between import and export figures on the one hand, and production and consumption figures on the other hand.

Table 1.1 gives a list of the main HS codes for jewellery, most of which can be found in Chapter 71 of the Harmonised System. Distinctions are made here according to material content. The relevant HS

code groups for precious, costume (imitation) jewellery and hair accessories covered in this survey are:

Table 1.1 HS code classification of jewellery

HS Code	Product group
Precious jewellery	
7113 1100	Jewellery of silver , whether or not plated/clad with other precious metal.
7113 1900	Jewellery of other precious metal (e.g. gold, platinum) , whether or not plated/clad with other precious metal.
7113 2000	Jewellery of base metal , whether or not plated/clad with precious metal.
7116 2011	Necklaces and bracelets of stones (precious and semi-precious).
7116 1000	Articles of pearls (natural and cultured).
7116 2019/2090	Other articles of pearls and stones (precious and semi-precious).
Costume jewellery	
7117 1910	Imitation jewellery of base metal, whether or not it is clad/plated with silver, gold or platinum, with parts of glass (excl. cuff links and studs). Shortened as: ' <u>Costume - metal, clad with glass</u> '
7117 1991	Imitation jewellery of base metal, whether or not it is clad/plated with silver, gold or platinum (excl. jewellery with parts of glass, cuff links and studs). Shortened as: ' <u>Costume - metal, clad</u> '
7117 1999	Imitation jewellery of base metal , (excl. jewellery clad/plated with silver, gold or platinum, or with parts of glass, cuff links and studs). Shortened as: ' <u>Costume - metal</u> '
7117 9000	Imitation jewellery (excl. imitation jewellery of base metal, whether or not clad/plated with silver, gold or platinum). Shortened as: ' <u>Costume - other material</u> ' *
7117 1100	Cuff-links and studs of base metal, whether or not clad/plated with silver, gold or platinum
9615	Combs and hair accessories

* This includes all natural materials (e.g. leather, wood, horn, bone, resin, terracotta etc.), beads and glass.

Source: Eurostat (2003)

In Chapter 5 and 6, the product groups correspond to the above HS codes, whereas in Chapters 3 and 4 the major product groups are:

- Gold jewellery
- Platinum jewellery
- Silver jewellery
- Jewellery with precious stones (including diamonds and pearls)
- Costume jewellery (including hair accessories).

2 INTRODUCTION TO THE EU MARKET

European Union

The European Union (EU) is the current name for the former European Community. Since January 1, 1995 the EU has consisted of 15 member states. In May 2004, 10 new countries joined the European Union. In this survey, these *Accession Countries* are subdivided into the following clusters:

- **Eastern European countries** – *Poland, Hungary, Czech Republic, Slovakia and Slovenia.*
- **Baltic states** – *Estonia, Latvia and Lithuania.*
- **Malta and Cyprus**

Negotiations are in progress with a number of other candidate member states.

Population and economy

In 2003, the EU population totalled 378.1 million, which is around 3 times the Japanese and 1.4 times the US population. The population of the selected EU markets in this survey represents 316.5 million people consisting of 129 million households. The densely populated areas in the EU are located in the Netherlands, Belgium, the Northwest of Germany, the Southwest of England and in northern Italy.

OVERVIEW 15 EU COUNTRIES, 2003	
Population	379.6 million
Area	31,443,000 km ²
Density	83 people per km ²
Languages	15 (excl. dialects)
GDP/capita	€26,360
Currencies	€, UK£, DKr., SKr.
Exchange	€1 = US\$ 1.19 (2004)

POPULATION AND GDP OF SELECTED EU COUNTRIES, 2003			
Countries/category	Population	Age 15-64	GDP (€billion)
Germany	81.8 million	68%	2,108
France	59.5 million	66%	1,528
United Kingdom	59.7 million	65%	1,492
Italy	59.8 million	68%	1,263
Spain	39.6 million	68%	709
The Netherlands	16.1 million	67%	442

Source: Mintel, Euromonitor (2004)

Within the **Accession Countries**, Poland (population – 38.7 million; GDP - €200 billion), Czech Republic (10.2 million; €74 billion), Hungary (10.1 million; €70 billion) and Slovakia (5.4 million;

€25 billion) are sizeable countries. Slovenia (population 1.9 million), the Baltic States (combined population 7.6 million, GDP - €31 billion), Cyprus (0.8 million) and Malta (0.4 million) are small countries.

In 2003, the average GDP per capita of the 15 EU member states amounted to €26,360. Within Western Europe – covering 15 EU member countries, Iceland, Liechtenstein, Norway and Switzerland – more than 20 million enterprises are active. These are dominated by small and medium-sized enterprises (SMEs). In 2003, the average turnover per enterprise of SMEs and large enterprises amounted to €585,000 and €248 million respectively.

EU harmonisation

The most important aspect of the process of unification (of the former EC countries), which affects trade, is the harmonisation of rules in the EU countries. As unification allows free movement of capital, goods, services and people, internal borders have been removed. Goods produced or imported into one member state can be moved around between the other member states without restrictions. A precondition for this free movement is uniformity in the rules and regulations concerning locally produced or imported products. Although the European Union already exists, not all the regulations have as yet been harmonised. Work is progressing in the fields of environmental pollution, health, safety, quality and education. For more information about harmonisation of the regulations visit AccessGuide, CBI's database on non-tariff trade barriers at <http://www.cbi.nl/accessguide>.

Monetary unit: Euro

On January 1, 1999, the Euro (€) became the legal currency within twelve EU member states: Austria, Belgium, Finland, France, Germany, Greece, Italy, Ireland, Luxembourg, the Netherlands, Spain, and Portugal. In 2002, circulation of euro coins and banknotes replaced national currency in these countries. Denmark, the United Kingdom and Sweden have decided not to participate in the Euro at the moment.

The most recent Eurostat trade statistics quoted in this survey are from the year 2000 onwards. In this market survey, the € is the basic currency unit used to indicate value.

Trade statistics

Trade figures quoted in this survey must be interpreted and used with extreme caution. The collection of data regarding trade flows has become more difficult since the establishment of the single market on January 1, 1993. Until that date, trade was registered by means of compulsory customs procedures at border crossings, but since the removal of the intra-EU borders, this is no longer the case.

Statistical bodies such as Eurostat cannot now depend on the automatic generation of trade figures. In the case of intra-EU trade, statistical reporting is only compulsory for exporting and importing firms whose trade exceeds a certain annual value. The threshold varies considerably from country to country, but it is typically about €100,000. As a consequence, although figures for trade between the EU and the rest of the world are accurately represented, trade within the EU is generally underestimated.

Even if most statistics are from single sources (e.g. Eurostat or Euromonitor), information used in this market survey is obtained from different sources, e.g. national jewellery trade associations or trade press, using different definitions. Therefore, extreme care must be taken in the use and interpretation of all quantitative data both in the summary and throughout the text, when making comparisons between EU countries with regard to market approach, distribution structure, etc.

For more general information on the EU market, please refer to the CBI's manual *'Exporting to the European Union'*.

The selected markets

This survey profiles the EU market for "Jewellery" in which six selected markets within the EU are highlighted. The countries selected for this survey are Italy, the United Kingdom, France, Germany, Spain, the largest consumers of jewellery in the EU, and the Netherlands that is a large consumer for costume jewellery.

In 2003, these countries accounted for 85 percent of total EU purchases of jewellery, with Italy taking the largest share. Italy is the largest consumer of precious jewellery and, along with France, sets worldwide trends in fashion. The other countries, particularly the United Kingdom and Germany also have an influence on fashion trends. Developing countries supplied 32 percent of total jewellery imports (in value terms) to these six countries.

All six selected countries within the EU have a large number of career women, who have money to spend and who dress fashionably, keeping up with the latest fashions. These countries also have a large multi-cultural population. Since 1996, the jewellery market has grown in most selected EU countries as changes in lifestyle, fashion and travel experiences influence customer choice.

However, since 2000, the period of ongoing growth has been constrained due to falling marriage rates and the economic recession, which in most countries has resulted in less spending on luxury goods, such as jewellery. Besides the six selected countries, attention is given to the main developments in the Accession Countries.

3 CONSUMPTION

3.1 Market size

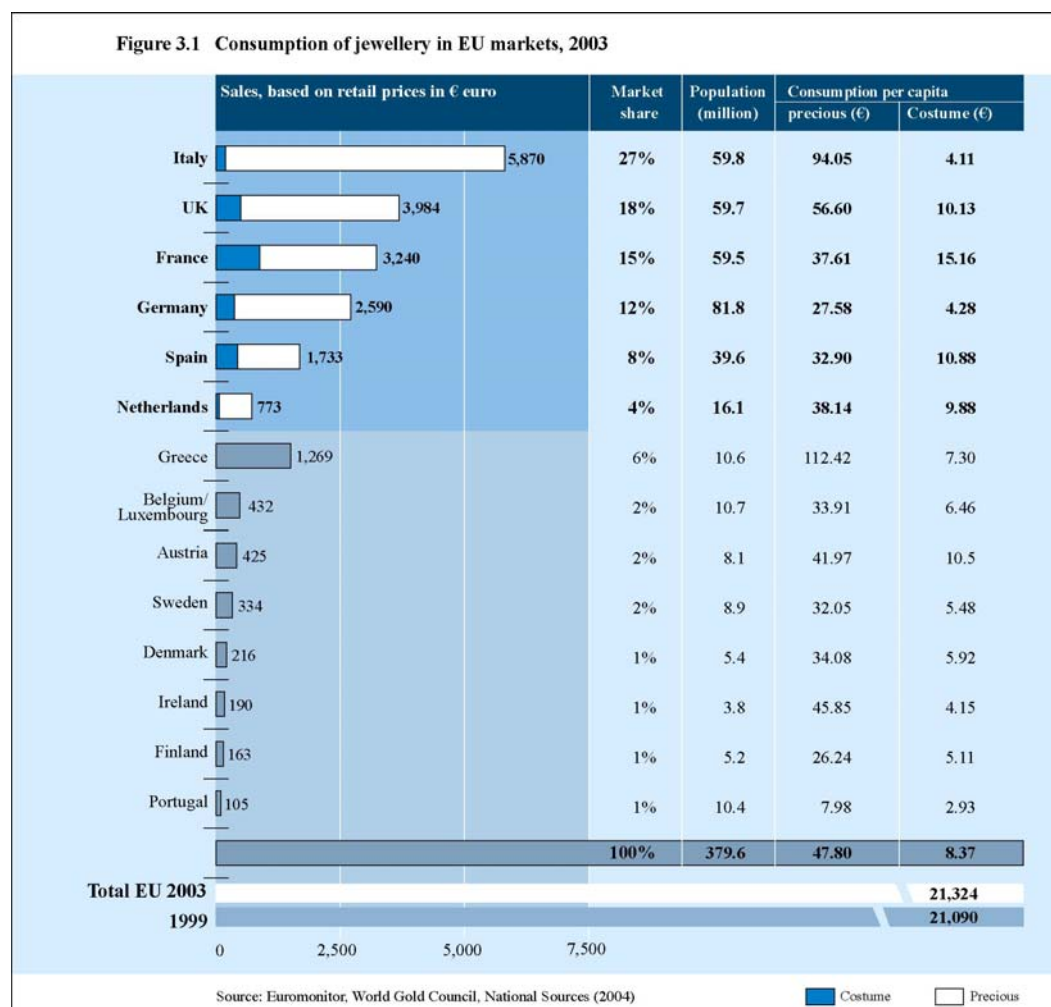
European Union

The EU is the world's second largest jewellery market, after the USA. Total jewellery retail sales in the EU member countries were estimated at €21,324 million in 2003, 85 percent of which was generated in the six selected countries. As shown in figure 3.1, Italy is the largest EU market, accounting for 27 percent of total EU jewellery sales, followed by the United Kingdom and France. The average EU per capita consumption of precious jewellery was €47.80, the highest being in Greece and Italy, each country consuming twice the European average. Although costume jewellery still accounts for the majority of EU jewellery sales in volume terms, the EU per capita consumption averaged just €8.37, illustrating the significant price differential between precious and costume jewellery. France has the highest per capita consumption of costume jewellery (see figure 3.1).

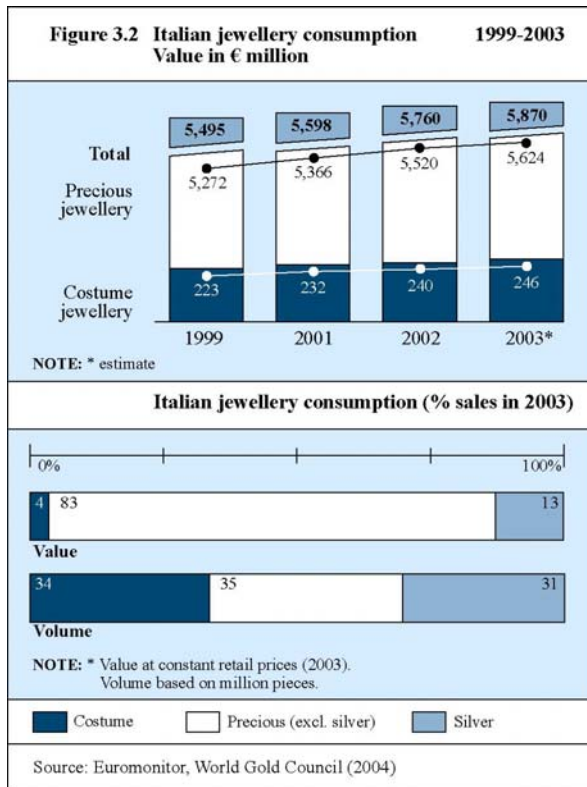
Between 1999 and 2003, jewellery retail sales in the selected EU countries rose by 8 percent, from €16,853 to €18,190 million. However, many of the major economies, particularly Germany, have seen very little or no growth in the last couple of years, so increases in the last year have been slight.

The **precious jewellery market** accounted for 85 percent of jewellery sales, valued at €15,458 million, and has been traditionally linked to special family occasions. The majority of purchases were made by women for themselves. White metals, platinum, precious stones, diamonds and pearls are popular, and yellow gold is popular again. Consumers have been generally cautious in their spending but indications are that confidence is slowly returning to EU consumers and the outlook may improve in 2004.

The **costume jewellery market** has expanded significantly in recent years with a greater variety of types of costume and (sterling) silver jewellery introduced, ranging from neckwear to toe-rings, hair accessories to piercings. In 2003, costume jewellery represented 15 percent, or €2,752 million, of total jewellery retail sales in the selected EU countries. Costume jewellery is an impulse purchase but is increasingly driven by fashion and innovation, particularly for the teenage market. This is primarily due to the lower prices of costume jewellery in comparison to precious jewellery. There are no statistics on the value of **hair accessories** market. Estimates from trade sources indicate total EU retail sales in 2003 of around €300 million. Demand for all types of jewellery is now more fragmented.



Italy



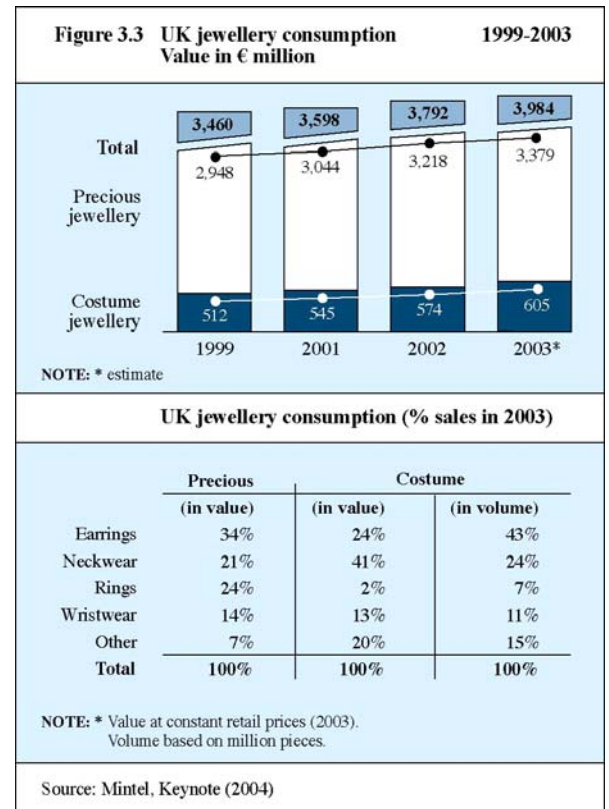
Italy accounts for over a quarter of the EU jewellery market. It is both the largest market, with retail sales estimated at €5,870m in 2003 and the market where consumers spend most per capita on jewellery. This is despite a 40 percent drop in consumption in the last ten years. Italy is also the acknowledged international trendsetter when it comes to jewellery design.

Actual consumption levels have fallen, due to changing spending patterns, particularly in the north of the country. This can be explained by a move away from plain gold to value-added and stone-set pieces, and also by transferring spending to other leisure items. Consumption in the south of the country is more traditional, but even here the trend towards competing materials amongst younger, more fashion-oriented buyers – also apparent in other European markets – is likely to further undermine gold jewellery sales.

Silver jewellery has increased in popularity, but the new threat is from non-traditional materials such as titanium, stainless steel, glass, crystal, silicone or rubber. Costume jewellery accounts for about 5 percent of all Italian jewellery sales by value, although this represents over a third of sales by volume.

Thanks to new manufacturing techniques, platinum has become more affordable and is used in light (hoop) earrings, simple necklaces and heart pendants.

United Kingdom

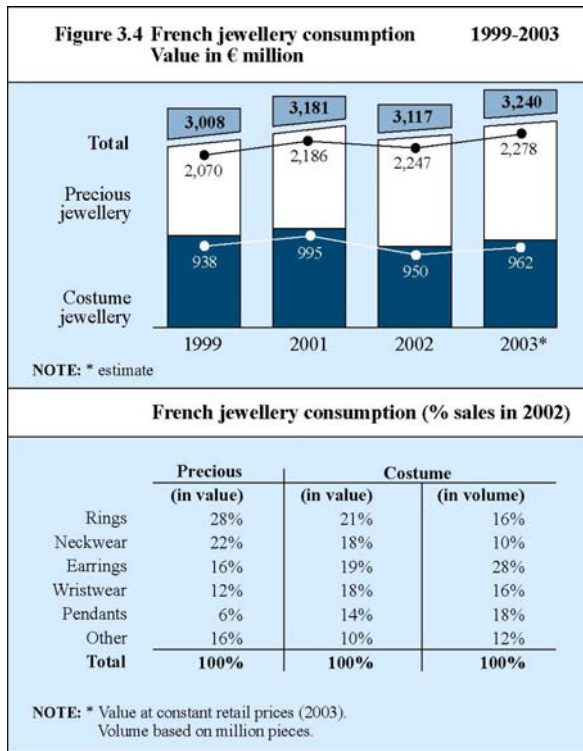


The *United Kingdom* is the second largest EU market for jewellery. Worth almost €4,000 million in 2003, the UK market has enjoyed growth rates well above the other selected EU countries.

Costume jewellery accounts for over 15 percent of the value of retail jewellery sales. This is an increase of 9 percent since 1999, the same increase registered by precious jewellery sales over the same period.

Sales have been on an upward trend since the mid-1990s as consumer spending in the economy has continued to rise. However, the increasing level of competition in the luxury goods sector has meant that growth has been steady rather than spectacular. The market is seeing the impact of stronger demand for platinum, diamonds and other gemset jewellery. Sales of men's jewellery have risen sharply as many more enter the market and also buy into higher value pieces including diamond-set jewellery. A rise in the self-purchase of items, particularly amongst women, has been among the most important developments. As is shown in figure 3.3, earrings are the main type sold, followed by neckwear. Trading up in quality and design and the growing role of fashion in the market, and innovation in product design will also sustain the growth in sales. The jewellery market is likely to see a continuation of the upward sales trend in the medium term.

France



The **French** jewellery market was worth €3,240 million in 2003, making it the third largest in Europe. Over a quarter of this was costume jewellery. Not only does this represent the highest proportion of total jewellery sales of any European market, it is also the largest market for costume jewellery in absolute terms – see figure 3.4.

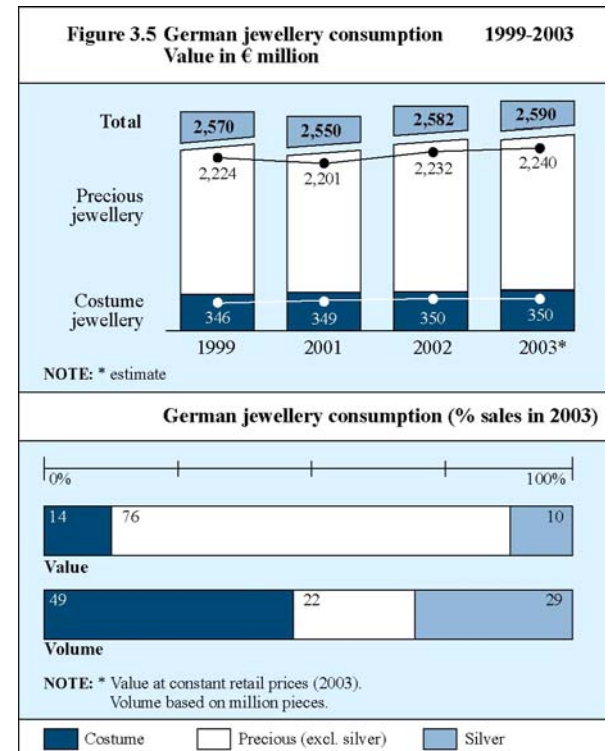
Gold jewellery sales have been flat in recent years. Domestic market growth over the last decade has been driven by sales through hypermarkets, which earn lower mark-ups than traditional outlets.

Over one third of all jewellery in France is a self-purchase. A further 25 percent is a joint purchase, while a further 35 percent is made for another family member or godchild. Only 5 percent is purchased for friends or others.

Almost 20 million jewellery items were sold in 2003. Of this volume 65 percent was costume jewellery, whereas in terms of value 70 percent was precious jewellery. Brand names from the world of fashion are a new and rapidly growing phenomenon of the last few years.

1

Germany



German jewellery sales were worth some €2590 million in 2003, which, bearing in mind Germany has the largest population in the EU, represents one of the lowest markets on a per capita basis. The German market in 2003 was characterised by continued economic uncertainty.

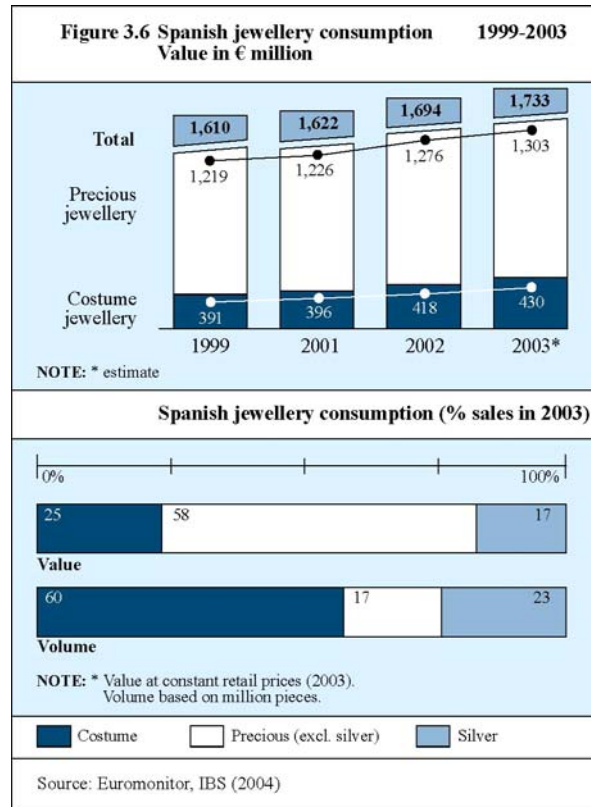
Gold and platinum jewellery accounted for 76 percent of turnover in 2003, compared with 10 percent for silver jewellery. Costume jewellery rose slightly to 14 percent.

Because of the recession women chose for cheaper (Sterling) silver and costume jewellery, combined with crystals (*Swarovski*), glass, artificial pearls and semi-precious stones. As is shown in figure 3.5, costume and silver jewellery together formed by volume the greater part of German sales in 2003.

Designer jewellery, especially jewellery made of innovative new materials is popular. Young people purchase jewellery for every day use, not as a value item

Men's jewellery has also seen a revival in Germany, especially in signet rings and cuff links.

Spain



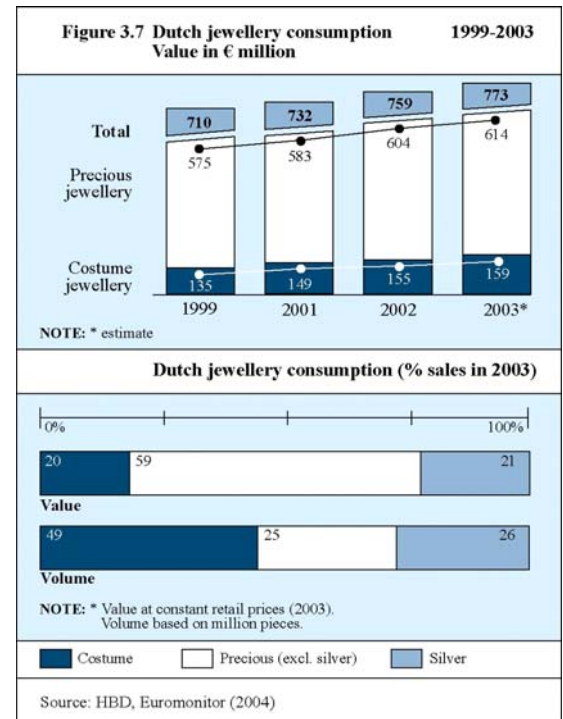
Spanish jewellery sales amounted to €1733 million in 2002, representing 8 percent of the total EU market. Sales of costume jewellery are close to the European average on a per capita basis, while precious jewellery sales are well below the European average. Nevertheless, the jewellery sector plays a significant role in the economy, especially in places such as Cordoba.

Around 85 percent of items sold are made in gold jewellery. For a number of years now, there has been a rising demand for silver, branded and designer jewellery in particular.

Gold and silver dominate the market. Around 12 million items were made in gold in 2003. Silver appeals especially to females, aged 18-40 years who like silver for its ability to be both casual and formal when fashioned accordingly, as well as its relative cheapness compared to gold. Most Spanish men and women enjoy gold, particularly 18 carat. Diamonds have a very high perceived value by Spanish consumers. The Spanish market is also more receptive than most to accepting less familiar gems.

Personalized jewellery is popular, particularly for necklaces and bracelets.

The Netherlands



Dutch jewellery sales are worth €773 million in 2003. Good growth during the 1990s has stalled in recent years, partly due to the economic slowdown that has affected most EU countries. Costume jewellery sales in the Netherlands now represent over 20 percent of the market by value, and it is forecast that volume sales will soon account for half of the total market. As a proportion of the market, sales in the Netherlands are second highest, after France.

Younger people – both men and women - like to show off the jewellery they wear to others. Designs in gem-set jewellery are more fashionable, often combined with diamonds, mainly imported from nearby suppliers in Antwerp.

Costume jewellery forms the largest part (49%) of all Dutch jewellery sales by volume. Beaded costume jewellery is now upgraded to clear and fresh designs such as those of *Otazu*, where silver is combined with colourful semi-precious stones and crystal.

Value sales of jewellery will start to rise soon as the economy starts to pick up. Consumers are more discerning and looking for more innovative and distinctive designs.

Accession Countries

The 10 Accession Countries will be adding approximately €629 million to an EU market of over €21,000 million. Broadly speaking, increasing the EU by almost approximately 20%, from 380 to 460 million inhabitants will increase the market value by approximately 3 percent. Hence, consumption levels in the Accession Countries are significantly lower than consumption levels in the existing EU countries. An exception exists for Cyprus and Malta, who are closer culturally and geographically to some of the higher spending markets such as Greece and Italy. However, the Czech Republic, which has the largest consumption on a per capita basis, is still lower than all other existing EU markets. Poland and the Baltic States lag further behind, but Hungary and Slovakia cannot be compared at all with current EU consumption levels. Growth in consumption levels can be expected over the next few years in some of these Eastern Countries and Baltic States but much of this growth will come from tourism.

Table 3.1 Jewellery consumption by Accession Countries, 2002

	Consumption €million	Precious Jewellery	Costume Jewellery	Market share	Population (million)	Consumption per capita
<i>Eastern EU countries</i>	469	325	144	74%	69.9	6.71
Poland	305	258	47	49%	42.2	7.20
Hungary	21	16	5	3%	10.2	2.06
Czech Rep.	107	29	78	17%	10.2	10.49
Slovakia	24	13	11	3%	5.4	4.44
Slovenia	12	9	3	2%	1.9	6.32
<i>Other Countries</i>	160	136	24	26%	7.1	22.54
Latvia	15	10	5	2%	2.3	6.52
Estonia	8	5	3	1%	1.3	6.15
Lithuania	25	16	9	4%	3.5	7.14
Cyprus	80	75	5	13%	0.8	100.00
Malta	32	30	2	5%	0.4	80.00
Total	629	461	168	100%	78.2	8.04

Source: Euromonitor, Mintel, Trade estimates (2004)

Poland

With an increasing population and an economy that was also affected by the economic recession, the Polish GDP still grew by 1.4 percent in 2002 (€200 billion at constant prices). Since 2000, the high inflation decreased steadily, and fell further from 10 to 1.9 percent in 2002.

The Polish jewellery market was worth €305 million in 2002 and people's attitude towards jewellery is still quite conservative. Most Polish people prefer traditional designs, materials and patterns and do not see the necessity to replace items. The most popular jewellery items are made of silver. Coloured stones, particularly amber, are popular.

However, thanks to the economic climate and consumer confidence in the EU, demand for jewellery is on the increase. Younger people with a higher income are more receptive to western fashion trends.

Czech Republic

With a relatively high population and its geographical position the Czech Republic has been favourable to foreign investors. It was the first Eastern European country which abolished central planning and implemented rapid privatisation of factories and companies. The rapid growth of foreign chains e.g. Tesco, Metro, Carrefour, Ahold, stimulated retail sales with most hypermarkets also selling non-food items. Since 2000, the GDP grew by around 3 percent (at constant prices) and slowed down by 1.8 percent to €74 billion in 2002.

Czech jewellery consumption was worth €107 million in 2002, and represented 17 percent of total jewellery consumption by the Accession Countries. Czech per capita consumption of jewellery was € 10.49, the highest of the Eastern European countries (see table 3.1). Like Poland, the more affluent Czech people in the urban areas have become more interested in western fashion trends.

Hungary

After a tough period of recession and high inflation during the 1990s, the GDP started to grow after 1999 by around 4 percent (at constant prices), up to €70 billion 2002. Along with the Czech Republic, Hungary also created an open climate for foreign investment and attracted shopping mall developers and large foreign chains before any of its neighbours. In 2002, jewellery consumption was worth €21 million, 3 percent of the total of the new accession countries (see table 3.1), the lowest in per capita terms.

Slovakia

Being one of the smaller Eastern EU countries, Slovakia has been slower in its privatisation. However, in the past five years the number of foreign retailers has grown rapidly. In 2000, the GDP slightly decreased (by -0.3%) but showed an upward trend in 2001 (+3.3%) reaching €25 billion in 2002. Slovakia has a jewellery market worth €24 million, one of the lowest in per capita terms.

Slovenia

This is the most westernised country because of its close contact with its neighbours - Austria and Italy – and because it never has been completely subject to state control. With a GDP of €13 billion and a small sized population of 1.9 million people, Slovenia is an affluent market. The average incomes are high and Slovenia has greater economic stability compared to the other Eastern EU countries. Next to a large number of domestic companies, there are some sizeable foreign operators, mainly from Austria. In 2002, the jewellery market was just €12 million, and despite its small population, it would appear that significant opportunities exist for developing this market.

Lithuania

Being the largest of the Baltic States, the country began a large economic reform programme since their independence from the Soviet Union in 1990. In the past few years, the economy has grown fast with a GDP growth by 6.5 percent in 2001 and by 6.7 percent in 2002, reaching a value of €15 billion. The country is very rapidly being exposed to western European consumption habits as it is a popular tourist destination, and jewellery consumption valued €25 million in 2002.

Latvia

After its independence from the Soviet Union in 1991, Latvia's economy was in free-fall with annual GDP decreases of 15 percent up to 30 percent. An ambitious but short-lived reform policy stimulated the economy. Since 2000, the Latvian GDP has started to grow, partly driven by investment, especially from the neighbouring Scandinavian countries. Jewellery consumption was estimated at €15 million in 2002.

Estonia

Because of its rapid privatisation, many foreign investors (from Finland) and an easy market to enter in terms of legislation and infrastructure, Estonia is considered to be one of the more successful Eastern EU markets. In 2002, jewellery consumption valued €8 million and is expected to grow further.

Cyprus and Malta

Both islands are open economies heavily relying on the service sector (e.g. trading, tourism), which have been suffering from recession in EU countries. Most industrial sectors are being modernized and trade has been liberalised in order to be competitive in the international business environment. Both countries have significant jewellery industries, especially compared to the other Accession Countries. In 2002, jewellery consumption in Cyprus was worth €80 million and in Malta €32 million, bearing very favourable comparisons with per capita consumption levels in the highest jewellery-spending parts of the EU.

3.2 Market segmentation

Segmentation by product group

Gold jewellery

Consumption of gold jewellery in the EU was down by 2 percent in 2003, compared with the previous year, at 232 tonnes. This should be seen in the context of the value of gold jewellery increasing slightly. Even in the UK, the healthiest jewellery market of the selected countries in 2003, the number of gold items hallmarked fell below 25 million. Underlying this was an increase in demand for 18 carat gold and a fall in the numbers of high-grade articles (990 and 999). An obvious reason for this is the high gold price that reached the US\$ 400 per ounce mark. There is resilience about gold jewellery at the top end of the market that also encourages some purchasing as an investment. Consumption fell the most in Italy in 2003. The outlook looks somewhat better for 2004.

Plain gold and gold jewellery with gems together form around 70 percent of the total EU jewellery market by value. With regards to caratage, *18 and 14 carat* are most popular in Europe, compared with 14 carat in the USA, while in much of the Middle East, India and South East Asia, the weight of jewellery is more important, i.e. 22 carat (sometimes even 23 carat). In China, Hong Kong and some other parts of Asia, "*chuk kam*" or gold jewellery of 990 fineness - almost 24 carat - is popular.

Table 3.1 Caratage of gold	<i>Caratage</i>	<i>Fineness</i>	<i>% Gold</i>
Pure Gold	24	1000	100
Gold alloys	22	916.6	91.66
	20	833.33	83.33
	19.2	800	80
	18 *	750	75
	15	625	62.5
	14 *	585	58.5
	10	416.7	41.67
	9 *	375	37.5
	8	333.33	33.33

*Note: * most common in the EU*

Source: World Gold Council, British Hallmarking Council (2004)

Yellow gold still dominates but has suffered from the popularity of white metals and diamonds in wedding rings, many of which were silver, platinum or increasingly *white gold*. For example, in the UK gold is preferred by 59 percent of consumers, compared with 28 percent for silver and 6 percent for platinum. Nowadays, gold jewellery is also found in *bi-colour* combinations with white metals. Gold also comes in different alloys with white metals (including titanium), resulting in variations such as 'champagne' gold. Combinations with dark metals result in *grey gold*, or *reddish or rose gold*. Gold jewellery is often brightened up with small diamonds, precious stones or crystals.

Platinum jewellery

Demand for platinum in jewellery was reduced by 9 percent in 2003, while the use of palladium in jewellery rose by 8 percent. China accounts for 55 percent of the use of platinum in jewellery, followed by Japan with 22 percent. The popularity of platinum in the European market continues. Consumption continues to increase. Hence high stocks in the trade have accounted for the reduction in demand this year. With the price of platinum reaching over US\$ 800/oz, the highest it has been for over 20 years, jewellers have struggled to hold price points and while purchases were healthy, margins have come under severe pressure. Bridal demand was expected to hold firm or even rise this year.

The German platinum wedding ring market is steady. High familiarity and positive acceptance of platinum, also within the younger age group, contributed to this success. Platinum has retained its significance, and there are increasing signs that consumers are seeking out special, extraordinary pieces of jewellery.



1. Platinum necklaces and rings – with precious stones



2. Pearl Jewellery – necklace and rings



3. Diamond Ring – combined with other materials



4. Neckwear – in gold and silver



5. Silver necklace – with diamonds and ruby



6. Ring – bi-colour with meshed diamonds



7. Platinum neck wire – with precious stone



8. Gemstones – variety of types and colours



9. Bracelets – wide, in gold or bi-colour



10. Gold Rings – with stones, pave set



11. Variety of rings, bracelets and brooches



12. Earrings and pendants - classical and informal



13. Bracelet and ring – men's silver



14. Cloth ring – flower-shaped

Interest in platinum jewellery continues to grow in Europe. Retail sales are up over 80 percent in the UK between 2001 and 2003. The recovery of the Japanese and US platinum jewellery markets has also supported this development. For some time an aura of chilliness surrounded platinum, which is now being replaced in favour of softer shapes. This year, as in the past, the bridal market is expected to continue to generate the majority of platinum sales. Platinum holds an estimated 40 percent share of the bridal ring market. Other popular platinum products are affordable-priced items such as heart pendants. At the top end of the market, platinum-coated mobile phones are being promoted as a jewellery accessory.

Platinum jewellery is allergy-free and appeals to both women and men because of its subtle beauty and understated elegance. They recognise that platinum's rarity and purity adds both physical and emotional values to their jewellery and they remain motivated and willing to buy. Modern platinum jewellery designs are sleek, simple, and sometimes decorated with 18-carat gold, creating a sophisticated and fashionable look. Consumers prefer this classic style for platinum: simple, clean and meant to last for many years. Future growth will come from lightweight jewellery, including necklaces, pendants and bracelets, in order to compete with the ongoing popularity of other white metals.

Silver jewellery

Silver has broken through the US\$ 7/oz in early 2004. However, it is not subject to the same degree of price speculation. 30 percent of all silver is used in jewellery and silverware. The current trend towards silver jewellery has kept sales fairly robust in the jewellery industry. Demand for silver jewellery and silverware increased by 4 percent in 2003, a reversal of the previous year. This represented 277m oz, up from 266m oz in 2002. This was due to strong growth in China and Thailand. India at 78m oz is the largest consumer of silver, holding firm and showing little reaction to higher prices. This was due to buoyant consumption and share gains from European producers because of lower labour costs. The health of silver jewellery consumption is partly due to the swing in fashion in favour of silver, particularly amongst young people. Silver has a young image and fits well into many fashion styles (e.g. sporty, ethnic, bohemian) but also covers the widest range of jewellery types. Silver jewellery ranges from simple rings and all sorts of jewellery in the lower price bracket, to fashionable pieces combined with rhodium or exclusive jewellery combined with stones. The other factor in favour of silver is its move upmarket. This is shown in stronger sales by designers and design manufacturers, plus more gemset silver pieces. There is a parallel trend of more outlets for fashion silver jewellery. This trend appears strongest in Italy. Perhaps this is also a symptom of the problems in the gold jewellery market. Silver is second only to gold in terms of units sold, especially in Italy, the United Kingdom, Germany and the Netherlands. According to the Silver Institute, EU silver jewellery demand (including silverware) represents a third of total world demand. In terms of value, EU silver jewellery retail sales in 2002 was estimated at €3,300 million of which Italy accounted for 20 percent, followed by Germany (18%), United Kingdom (15%), France (11%), Spain (10%) and the Netherlands (6%). Consumption in France rose a fraction last year, while even the hard-pressed German market remained steady. 10.7 million silver items were hallmarked in the UK in 2003, an increase of 2 million over the previous year. Its relative lower price means that silver jewellery is often sold alongside costume jewellery in a variety of stores. In addition, higher quality designer silver jewellery of the Britannia standard (95.8%) has gained popularity as part of the trend towards white jewellery in the late 1990s. More affluent young Italians and Spaniards have also recognised the beauty of silver jewellery with strong design elements.

Other reasons for the popularity of silver jewellery were:

- Its wider availability in a broader range of outlet types.
- The popularity of body piercing has stimulated demand for new types of silver jewellery such as tiny micro sized rings, studs, clips and chains on different parts of the body.
- The increased popularity of Far Eastern mysticism and spirituality where items with silver, such as silver amulets, charms are used.
- Silver jewellery has been more favoured by boys and young men than gold jewellery.
- It is an increasing purchase as a gift item.

Young consumers are not prepared to accept quality deficiencies. More people are becoming aware of brands and regard style and good design more importantly than price. Hence, more precious silver jewellery, ranging from high quality modern pieces to ethnic or traditional pieces have been introduced in recent years. Bracelets and neckwear in particular have increased significantly in popularity.

Jewellery with precious stones

Although the precious jewellery sector is still led by plain gold pieces (e.g. necklaces, earrings and bracelets), precious stones are becoming more widely used in wedding rings and necklaces. Coloured stones in powerful shades, with crosses, names, animal or flower motifs are ideal when the consumer is seeking glamour. More than half of jewellery with precious stones is set with diamonds, while other pieces are set with sapphires, rubies, emeralds, amethysts, topaz or rhodolites. Their value is in 'warming-up' the coldness of the white gold or silver or 'freshening-up' yellow gold. New stones are being discovered, fuelled by the demand for more unusual or innovative items. They represent an opportunity to add limitless variety to a plain piece of jewellery.

▪ ***Diamond jewellery***

Worldwide diamond jewellery retail sales totalled €60 billion in 2003, containing a diamond value (at polished wholesale prices) of €15 billion. This is approximately 5 percent higher than 2002 and represented almost 70 million pieces. The impact of SARS and the Iraq war in the first half lowered consumer confidence with resulting flat sales, but there was recovery in the third and fourth quarters as the world economy and consumer confidence rebounded.

The diamond industry depends on the intrinsic value of natural diamonds and once again, faces threats from synthetically produced gem diamonds and treated diamonds. (Those which have had their colour altered by being exposed to very high temperatures and pressure.) These stones are legal, but the consumer must be informed if a stone is not entirely natural. The industry invests heavily to maintain consumer confidence in natural diamonds by developing technology to detect synthetic and treated stones. The Diamond Trade Council has supplied the leading gem grading laboratories with detection instruments. Prices of rough diamonds rose strongly during 2003 in response to the strength of demand.

In 2003, EU diamond jewellery retail sales were estimated to account for 10 percent of the world market, with Italy being the largest market, followed by the United Kingdom and Germany. With the exception of the UK, where retail diamond sales grew by 8 percent, Europe was generally flat. In Italy, Germany and France, sales of diamond jewellery were slightly down from last year. Compared to other world markets (e.g. USA and Asia-Pacific countries), Europe lagged behind, made worse by the effect of a strong euro currency.

The tie up between De Beers and LVMH, the world's largest luxury goods company is expected to become a catalyst for brand competition in the sale of diamond jewellery. Tiffany and Cartier hold about 30 percent of the market for high-end diamonds, with Bulgari on 4 percent. High-end diamonds represent 10 percent of the whole diamond jewellery market. De Beers "supplier of choice" strategy has its critics, but they believe that creating a multiplicity of diamond brands and spending money to promote those brands will result in a 50 percent increase in the demand for diamond jewellery over the next 10 years.

Celebrities are wearing a whole range of different diamond jewellery items. The popular footballer David Beckham wears a diamond earring. Diamond companies increasingly loan - or sometimes sell - diamonds to opinion leaders, for example: Elizabeth Hurley recently wore a heart-shaped diamond worth €1.4 million, loaned to her by jewellers Chopard.

In women's jewellery, diamond rings, neckwear and three-stone diamond jewellery have been key growth trends, while for men diamonds are found on rings and increasingly on cuff-links, lapel and neck-tie pins. A new trade organization, the Natural Color Diamond Association (NCDIA), has been created to promote natural colour diamonds, as well as all natural diamonds. One reason behind the new organization was a successful consumer campaign in Japan featuring natural brown diamonds, launched by the retailer Kashikey, in collaboration with diamond supplier Rosy Blue. The positive response to the campaign caused its creators to plan an extension of the promotion around the world.

The new association will promote brown diamonds as well as other natural colours. Brown diamonds of every shade continue to be important among fashion houses. According to designers, this is because brown diamonds sparkle more than black diamonds; the contrast with white diamonds is dramatic. Brown diamond prices are moderate, allowing a big, all-diamond look for a lower price tag than with all white. Coloured diamonds are also becoming popular

▪ *Pearl jewellery*

Pearls are a symbol of eternal love and also have a long tradition as a gift. The colour is also significant. Cream coloured pearls stand for success, white for wisdom, gold for wealth and rose for health. Pearls are experiencing a global renaissance thanks to new design ideas. The current popularity of pearls has been noted in the UK, and is especially pronounced in coloured grey, blue and pink varieties, sometimes with a pendant.

Cultured pearls continue to be an essential part of today's jewellery design. Current favourites include unusual colours and shapes in South Sea and Chinese freshwater cultured pearls, as well as a return to classic Japanese Akoya looks. Pearls with a personal touch combine a vast choice of different cultures, tastes and opportunities. Black pearl pendants and rings set in platinum and diamonds are popular. With their rare appeal to gracious living, black pearls are imbued with assured, confident elegance. They are yet another important status symbol after diamonds. Pearl strands can go with just about anything. A simple strand worn with a turtleneck vest gives an air of refined elegance. Casual cotton T-shirts look special with a pearl waist chain.

Unusual colours are in demand and the most popular sizes are 10-14mm. Customers are also asking for big-sized black Tahitian pearls. Sales have been helped by prices coming down in all South Sea pearls. Smaller sizes in uniform strands are also bringing the prices down. White, black and coloured pearls combined with yellow or white metals (except with platinum) continue to remain popular. Other combinations include gold rings, bracelets and cuffs with mixed-colour Tahitian pearl clusters, as well as hairpieces and handbags with a strand of pearls that doubles as a strap or necklace. A more urban feel has been brought to classic pearl by setting Tahitian pearls with silver.

▪ *Jewellery with precious coloured gem stones*

There has been an explosion of colour in the gemset sector. The move to colour is now widespread at most price points in the market, for precious metal and costume jewellery alike. Blue and pink are probably the most commonly seen colours using gemstones such as aquamarine, blue topaz, blue and pink sapphire and pink tourmaline; but others include amethyst, quartz in its many shades, peridot, lapis, iolite, labradorite, turquoise and coral. is much in demand. There used to be a big disparity between sapphire and ruby prices, but now they are much closer. Ruby sales are up thanks to new supplies from Madagascar. Emerald sales are also improving, with new products from Pakistan, as well as Colombia. Supply of tanzanite is strong and prices are at their lowest levels for some time. Blue zircon realised strong sales in 2003 and wholesalers expect this to continue. People like its beautiful bright blue colour and affordability. Garnet offers lots of colourful and affordable gem options as well.

The use of precious stones in jewellery pieces is increasing. The idea of transforming old-fashioned jewellery into modern and often provocative creations is being used by designers.

Coral is becoming more popular, and turquoise is now fashionable in Italy. On account of its bright colour the stone has always been said to go well with a tan. But it has been seen recently matched with classic winter brown - and experts are convinced its popularity will continue. Hence, the boom of jewellery with turquoises - designers are proposing them in necklaces and bracelets made up of rough, uncut nuggets or polished and accompanied by brilliants and sometimes mounted in yellow or rose gold.

Tashmarine is one of the newest discoveries of the 21st century and a perfect compliment for today's fashions. Its unique colour, bluish-green to a slight yellowish-green is natural, untreated and exactly as it is found in the earth. Tashmarine was discovered in late 2001 in the high mountains of central Asia with hardness similar to tanzanite. Tashmarine is being cut in both calibrated and free size gemstones with shapes from oval to cushion with both standard and checkerboard tops. While this part of the market is very fashion-driven, it is very difficult to predict how these trends evolve, it would seem that the potential for coloured stones is strong. They can be used in conjunction with traditional gold jewellery. They have unbounded possibilities in combining them with other types of gemstones, or also in combinations of gemstones with other non-precious metals.

Costume jewellery

Costume jewellery represents 15 percent by value of total EU jewellery retail sales. However by volume, this segment accounts around half of jewellery sales in the EU. In France, costume jewellery volume represents 65 percent of sales; in Spain this was 58 percent, whereas in other countries the volume of costume jewellery sold was around 45 percent of all jewellery sales. Between 1999 and 2003, the EU costume jewellery market rose by 11 percent, from €3,142 to 3,177 million with increases in all selected EU markets. Part of the increase is due to consumers trading up to higher-priced items, but a large proportion of the market still comprises budget-priced product.

Over the past few years, fashion trends have favoured jewellery wearing. Jewellery and other accessories have assumed a far higher profile in fashion shows and in magazines to promote sales. More generally, consumers are becoming more appreciative of good design in all aspects of their lives and, indeed, good design is becoming more accessible. This latter trend has contributed in particular to the rise in the average price paid for jewellery, both costume and precious metal.

Although a degree of substitution occurs between precious and costume jewellery, the two sectors are complementary rather than competitive. Trends often affect both sectors. Demand for costume jewellery will continue to grow strongly, particularly in the UK. It is becoming less subject to the rapid changes in fashions that have benefited sales recently. Such a development is bringing the UK market more into line with others such as France, Spain or the USA where expenditure on costume jewellery is at considerably higher levels.

Major reasons for the growth in costume jewellery were:

- Costume jewellery has taken advantage of the trend to more casual dress styles.
- Young women and teenagers are particularly fashion-conscious stimulating demand for low-to-medium priced costume jewellery. Sophistication is also fuelling demand for higher quality items
- Fashion styles involving the wearing of multiple jewellery items are driving the costume jewellery market, including adornments on more parts of the body.
- Retailers are attracted to stocking costume jewellery as it generates higher than average returns. Availability in a wider range of outlets, together with imaginative displays has encouraged impulse purchasing in larger quantities.
- Ranges targeted specifically at young girls reach the more affluent children. Teenagers are now making their own jewellery by purchasing individual parts and putting them together in the way that they choose

The EU costume jewellery market is dominated by imports. It is highly fragmented and has been strongly influenced by fashion and short term crazes. Oversupply of low priced costume jewellery together with intense price competition has led to an increased demand for designer jewellery. Although production costs for much costume jewellery is low, retailers need to take care not to undervalue their products.

It seems that there will always be a market for high-fashion disposable product from younger consumers, and that consumer discrimination is also likely to grow. This suggests the market will become increasingly polarised, with the middle of the road product (in terms of price and design) being squeezed at both ends.

In terms of product, there is a continuing shift towards bracelets and neckwear. 40 percent of volume purchases take place leading up to Christmas, hence the purchasing of costume jewellery as a gift is a significant purchase driver. Along with changes in fashion, materials like wood, cork, mesh, patchwork, granite, plastic, rubber, rhinestone or glass stones are now often combined with semi-precious jewels and metals. Stainless steel rings set with semi-precious stones are also popular.

Hair accessories

The retail market for hair accessories includes decorative hair fashion accessories, such as hair clips, barrettes, pony-tailers, headbands, hair gems, hair springs and hair picks. Women, teenagers and children, who tend to use hair accessories at a younger age, purchase in both segments. A wider range of hairstyles has become more acceptable at work and socially. Women prefer to be able to create a particular look that they can do themselves, so they are willing to invest in hair accessories that help them to achieve the result they want quickly.

Frequent changes in hair fashion have created demand for more fashionable hair accessories, with hair clips, barrettes, beaded hair strings and hair extensions being the most popular. New designs in unusual colours can be found on display in supermarkets or pharmacies. This has significantly increased sales of these items.

Trade statistics in Chapter 5 and Appendix 1, give an idea of imports of hair accessories in the selected EU countries.

Segmentation by type of product

Segments by type of product are hard to quantify for all selected EU markets, except for the United Kingdom and France where a breakdown of retail sales by type of product was given in section 3.1 (see figures 3.3 and 3.4). A rough indication of the relative importance (in value terms) of each segment within the EU market is given below.

Rank	Precious jewellery	Costume jewellery
1	Rings	Neckwear
2	Earrings	Earrings
3	Neckwear	Bracelets/wrist wear
4	Bracelets/wrist wear	Hair accessories
5	Pendants	Rings
6	Brooches	Piecing
7	Other	Brooches
8		Other

Earrings comprise the major product segment within jewellery, accounting for around 40 percent of total EU volume sales of jewellery. Silver earrings are most popular, and are available in many variations, ranging from classic to ethnic or bohemian styles. Dangling, “drop” and long earrings are popular. Thanks to celebrities like J.Lo and Nicole Kidman, chandelier earrings are the season’s must-have accessories. From long and slim to wide and gemstone-encrusted, there are endless earring options including pagodas, tassels, triangle shaped, and shoulder dusters made from chains. Earrings are less expensive than other items on a like-for-like basis and this makes them equally suitable for gift and self-purchase.

Gold earrings were traditionally most popular but custom-made pieces are beginning to replace them, featuring coral, lilac, emerald, turquoise and fire red. A wide range of wire earrings is available in the costume jewellery sector. An increase in ear and body piercing, particularly by teenagers, has resulted in reported increases in infections and skin damage. Whether this will have repercussions on sales of these products remains to be seen. Since most women have pierced earlobes, demand for ear-clips is relatively low.

Texture and movement are two other important trends. Using a blend of sculptured link, lasered, diamond-cut and hand-etched designs, goldsmiths are creating textured jewellery that perfectly enhances the latest clothing. To interpret movement, designers are looking to draped, layered or woven gold; earrings and necklaces with dangling, moving parts or openwork; and curving and wave-like forms that wrap around the body.

Neckwear, because of its relatively higher price per piece, was the second important segment by value, in total EU jewellery sales. Necklaces have become much more popular because of good design which has kept abreast of clothing styles. They can be found in a range of lengths and can be worn with most items of clothing. Rope-shaped neck chains for men, boys and children are often made of heavy oxidised silver, bi-colour or metal. Pendants with leather cords, laces or wire with a cross, beads, wood or shells are popular with both women and men. Increasingly now the neckwear of choice is a pendant featuring a heart (often diamond-set), while coloured gemstones such as aquamarine or blue topaz are very evident in pendants and necklaces.

Rings, bracelets/wrist wear and brooches are sizeable product segments but precise market valuations are difficult to calculate. Other styles include the ‘Planet’ collection, orbital rings in swirls of cool and hot colours, created with rounded-bombé spheres, covered in a sheer pavé of graduated colours. Silver bracelets can make a bold fashion statement and can be worn alone or accented with pearls. Charm bracelets, pearl bracelets and sterling silver bracelets can be worn alone with no other jewellery or can accent a multitude of other pieces of fashion jewellery. The current style is cuffs or bangles stacked high on bare tanned arms. Rings have consolidated their growth particularly in gemset wedding and dress rings, or eternity-style rings. Men’s wedding rings are also becoming more popular.

Segmentation by user (age and sex)

In all the selected markets, teenagers and (working) women buy the most jewellery. They want to keep up with the latest fashion trends. Jewellery is regarded as an important part of this. The following table describes the user segments for jewellery.

Group	Main characteristics
Children (3-7 years)	→ Girls now wear more fashionable <i>costume jewellery</i> at a younger age than previously. Glitter and bright colours are the dominant theme for such products, and although the child may choose what to buy, their mother normally buys it. This sector is increasingly targeted, particularly as it shapes future jewellery purchasing.
Tweenies (8-12 years)	→ This group has emerged in recent years. They are fashion conscious but emulate brands rather than aspire to them. They are very influenced by trends.
Teenagers (13-19 years)	→ Conforming to latest fashions is very important for this group, who also spend more money if they have part-time jobs outside school hours. They are highly influenced by the media, especially soap series and TV celebrities. They prefer <i>costume jewellery</i> , especially neckwear of imitation gold or neck chains with beads, crosses or fantasy prints. They are also significant users of hair accessories.
Working women (20-45 years)	→ This group buys <i>costume or precious jewellery</i> to complete the look of their clothing. Their disposable income enables them to be able to afford to take more interest in their personal appearance. They are more likely to buy jewellery for themselves. Younger working women, who may not have the necessary resources to buy high quality or branded jewellery, choose unique or distinctive pieces varied designs.
Housewives (20-65 years)	→ Housewives buy a wide range of jewellery, which can either be from cheap or expensive ranges (<i>costume or precious</i>). Younger housewives tend to follow trends and prefer to buy their own jewellery at discounted prices. They do not object to buying copies of designer jewellery. Earrings and bracelets remain popular, as well as classically styled pieces manufactured from silver.
Men (15-50 years)	→ Young male fashion: Stimulated by the latest fashion and celebrity trends, wearing jewellery has become more accepted by this group. Popular pieces are silver or gold neck chains, bracelets, earrings and belt buckles. → Sophisticated fashion: this refers to traditional men's jewellery e.g. tie clips, cuff links, belt buckles or bracelets, rings and chains made of silver or gold. This segment is much more popular in southern Europe
Ethnic groups (4-65 years)	→ This group incorporates many different nationalities with distinctive styles and tastes. They form an interesting target group for exporters. The UK is also home to people from the Indian sub-continent, parts of Africa and Hong Kong Chinese; France houses nationals from Central and West African countries; Germany houses people from Turkey and Morocco; The Netherlands houses people from Surinam, Indonesia, Turkey, Morocco, Former Yugoslavia, Iraq, Somalia and Iran.
Older people (65+ years)	→ This group will soon be the largest segment in almost all EU countries. This group will also be increasingly affluent. New <i>precious jewellery</i> should be of a good quality, with gold, silver, bi-colour or natural materials (wood, shells, horn, bone, terracotta etc.) being preferred. Classical and fashionable designs of all items, particularly bracelets, necklaces or brooches, will be popular.

Men’s jewellery is no longer a minority market. It is now mainstream. For example, in the UK it is estimated that sales of men’s jewellery account for 10 percent of the market now – a significant and growing proportion. Cufflinks has always been the mainstay of men’s jewellery, but demand for bracelets and pendants has grown sharply. That growth is demonstrated the number of men’s brands and designer ranges on the market. The lines between men’s and women’s jewellery are becoming increasingly blurred. Unisex collections offer male customers more options. While men can pick unisex bracelets, ankle bracelets and earrings, they usually opt for those with a masculine touch. While

the style of the accessories for men may be copied from classic female items, their inherent qualities remain distinctly male-oriented. Today, fashion-conscious men are developing their own style of wearing the right accessories with the right clothes for the right occasion.

Segmentation by region

Silver jewellery is more popular in the middle and northern EU countries than in southern Europe where gold is still most popular. In southern EU countries, individual members of the family unit live together longer. Here consumers buy more expensive jewellery for special occasions or as an investment for the future. In the warmer south, people are more extravagant, tend to buy more gold jewellery and prefer bright colours. For other differences by country see section 3.1. In general, there are some pronounced differences by region in terms of in the *quantity* and *quality* of items purchased by jewellery consumers. British, French, Spanish and Dutch women prefer to buy many jewellery pieces on a frequent basis, whereas German and Italian women prefer to buy higher quality items less often. Trends in the Eastern European countries, with some exceptions in the large cities, are somewhat behind the selected countries. Malta is close to Italy and takes the lead from there.

3.3 Consumption patterns and trends

Influences on consumption

Demographic shifts

There is an increasingly ageing profile to the EU population, and today's over 50 year olds are more affluent than previous generations. They are tending to spend their disposable income on leisure pursuits, and this represents an opportunity to exporters. Costume jewellery is almost entirely purchased by women. Research shows that women over 55 do not buy costume jewellery. The under 25 group is of crucial importance to this market.

Of equal significance is the trend to delay or even not marry. The bridal market is extremely important to the jewellery trade. Whilst the number of people getting married is not increasing, the expenditure on weddings is increasing, partly due to increasing purchases of the more expensive platinum as the wedding ring of choice. Friendship or commitment rings are consequently growing as a result of this trend. Other jewellery is also being promoted to celebrate special occasions. Although the number of households is increasing, there are a greater number of single person households, in part caused by the increase in the divorce rate around Europe, and a decrease in the number of households containing traditional family units. This will inevitably lead to a reduction in the number of jewellery purchases for traditional family reasons.

Women at work

Women's increasing propensity to self-purchase is an important dynamic in the market. Rather than waiting for a partner to purchase for them, they increasingly purchase for themselves, on more frequent occasions. Their disposable income also makes them very important as buyers of jewellery gifts. Of greater significance is the trend for these women to delay childbearing or choosing not to have children at all, making these women an ever more important market in their own right, especially for high-value product.

The future jewellery market will be driven by:

- Older women being fashion aware over a longer period of time.
- More branding and the integration of jewellery into all areas of fashion
- New users (children, teenagers, men) and the increased importance of celebrity endorsement.
- More design features in jewellery using less expensive precious metals and coloured stones.
- More personalised, less formal jewellery.

With regards to new users, exporters could find new opportunities in the *teenage* market. Most selected EU countries have a relatively high number of teenagers who tend to buy (costume) jewellery more impulsively, in combination with clothing.

Socio-economic factors

Consumer confidence is still fragile after much global uncertainty. This has particularly hurt the sales of luxury goods, including precious jewellery. More women have joined the work force. Both women and men have to work longer as the value of pensions has been falling due to falling stock markets around the world. The introduction of the Euro has caused prices to rise and put further pressure on household income. These factors affect both positively and negatively on the jewellery market. In purchasing terms, the higher socio-economic groups are more likely to choose any of the white metals, even though yellow gold is the most favoured choice of metal among all groups.

Tourism

A lot of precious jewellery is bought by tourists, especially in Italy, the United Kingdom, Spain and the Netherlands, with summer being the peak season. The largest consumers were visitors from USA and Japan. Although international tourism is picking up again, this important sector of the market, particularly affecting the luxury sector, is still not at levels prior to 2001. Tourism is a growing industry for many of the accession countries. This will provide opportunities to increase jewellery sales in those countries.

Retailer Initiatives

More unusual and innovative design is particularly important for stimulating consumer awareness and interest, helping to stimulate demand. The importance of store layout and window displays, and stock selection are very important. Consumers are very demanding in ensuring they get value for money so retailers have to work very hard to drive consumers into their own particular outlets. Further initiatives to drive the market include interest-free credit, particularly for building sales of luxury products. Customer loyalty cards are another way to maintain a customer base, as are special invitation-only customer events.

Celebrity influences and the role of the media

Among younger Europeans, distinctions between national fashion markets are far less obvious. Despite highly visible protests against globalisation, the majority of young people are still influenced by global trends, particularly from the film and music industries in the US. Celebrities are capable of setting trends in jewellery, stimulated by the media. The influence of David Beckham's fashion and jewellery purchasing is very significant, particularly as his "brand" becomes a worldwide phenomenon. Another important role of the media in the jewellery market is its use as a promotional medium for low-priced products. Hence its influence spans both the top and bottom ends of the market.

Lifestyle and trading up

Consumers now are more discriminating and discerning in matters of design, style and quality and also want to express their individuality through their personal choices, including clothing and accessories. Buyers now will look for the unusual, appreciate quality and pay a premium for it. People want to use and wear the items they buy on an everyday basis, rather than store them away from view and only use them on special occasions. They want to feel that the item fits their needs, desires and lifestyle habits and want people to see this. Research has also shown that consumers are prepared to pay premiums of 20-200% for goods that deliver a "distinct ladder of benefits" compared to conventional mass-market products. These benefits include quality and technical advantage, superior performance, and most importantly, emotional engagement. These "new luxury" items include brand extensions by well-established luxury brand names that were once only accessible to the very rich. This trading up phenomenon is growing and resilient in times of economic hardship.

Brands

Designer jewellery has become increasingly important. Especially in precious jewellery consumers opt for the prestige, design and image of the branded jewellery line (e.g. Cartier, Gucci, Yves Saint Laurent). For the young, a brand name is strongly associated with the group to which they want to belong and represents a defined personality and status level. Brands can be broadly divided into A brands, (designer or established multinational brands) and private labels, which are the retailers' own brands. The growing number of individual named designers working in the jewellery market is a very visible indication of how widespread this trend is.

Ethical and health concerns

Environmental and ethical concerns have become important factors in purchasing decisions for an increasing number of consumers, particularly in northern EU markets. Consumers are more and more reluctant to buy products if they know that non-sustainable resources are being undermined, if endangered species like snakes, ivory, tiger skins and other endangered items are being illegally used, or if child labour has been used in manufacturing. In the jewellery market, the issue of conflict diamonds has been widely reported and has been shown to influence purchase decisions. Health concerns are an issue in the purchase of some jewellery items. Nickel, for example, must not be present in jewellery because it can cause allergies.

Seasonality

The market for jewellery follows that of clothing fashion very closely. There are two major seasons, autumn/winter and spring/summer. Typically, many companies also make mid-season additions and adjustments to their collections, particularly for the period leading up to Christmas, which is a very important selling time for consumers in all EU countries (both for the buying of gifts and of special jewellery to accessorise festive party clothing).

Another seasonal distinction in jewellery is in terms of "summer items" and "winter items". Summer items are often purchased purely for use in that summer season. Winter items more often are purchased to last longer. Hence, consumers are prepared to pay a higher price. Consumers usually spend more money on winter clothing because in most of the selected EU countries winter lasts

much longer than summer. The main seasonal differences are shown below:

Summer items (smaller than winter items)	Winter items
→ Short necklaces, pendants	→ Long chains (with pendants)
→ Chokers	→ Brooches
→ Earrings	→ Larger clip-on earrings
→ Bracelets	→ Hanging earrings
→ Belly chains/anklets	→ Rings
→ Rings	

Gift buying is a vital contributor to sales, which leads directly to the dominance of the last quarter in annual sales. 40 percent of volume sales take place in the period prior to Christmas. This includes an increasing proportion of post-Christmas purchases when buyers can take advantage of discounted higher-priced items. There is also seasonality to the wedding market – almost half take place in the summer period.

Trends

The year's two major trends are *retro chic*, borrowing on elegance and nostalgia, and *funky colour* that announce a funky, sexy theme. Retro chic spotlights a refined, sophisticated woman inspired by the 30s, 40s and 50s. She emphasises amber, mother of pearl, thin beads, semi-precious stones and crystal. In terms of jewellery, this would mean items such as long beaded necklaces, dog collars with pendants; cabochon rings with small disks, and rhinestone brooches. Colours associated with this trend are powdery pastels: peach, rosewood, petal pink, pale green, sky blue, pearl grey, as well as black. Funky colour presents an exuberant woman who blends diverse inspirations. She likes rhinestones, sequins, multiple beads, gold or silver metal. In terms of jewellery, this would include waist chains with charms, long dripping chain and pendant earrings, badges and giant rings, cuff bracelets. Colours would be acidic and vivid.

In terms of style, one of the year's most dominant jewellery statements is seen in long, dramatic earrings, including chandeliers, cascades, hoops and drops. Layered necklaces and exotic chokers of brightly coloured gemstones are also popular. Men are making their own fashion statements with jewellery ranging from discreet cufflinks and tie clasps to large, bold pendants, bracelets and earrings.

Versatility is yet another important trend as consumers want jewellery that can match their lifestyles. Reversible bracelets, earrings that can change lengths, brooches transformable into pendants, layered necklaces, and rings that can be stacked or worn separately all create a look that is the same, yet can become different.

The following were the top choices of the most important jewellery trends for the year, as expressed by the top fashion editors at the Couture Jewellery Collection & Conference:

- Dramatic yet tailored designs, not daring, but definitely eye-catching;
- Yellow gold returns with a rush: glamorous designs with warm-coloured gems;
- Estate jewellery influences, such as lavalieres, filigree, woven chain;
- Bold rings with hefty coloured gemstones;
- Textures, satin finishes, meshy flexible constructions;
- Diamond-intensive brooches, hearts, stars, butterflies, lots of diamond pave;
- The white heat of platinum, sometimes with diamonds sometimes alone;
- Resurgence of coral and turquoise, sometimes with pearls;
- New necklace shapes: lariats, longer lengths and dramatic bibs;
- Colour in all forms: coloured gemstones, coloured gold, pastel-toned pearls;
- Fancy cut gemstones and briolettes;

- Wrist-wrapping bracelets such as bangles, cuffs and coils;
- Longer and more dramatic earrings, less demure, more drama;
- Versatility: stackable, reversible and convertible designs

Specific trends

The latest trend to fit celebrity and style conscious feet is jewelled spring footwear. Jewellery adorned sandals are being promoted as perfect for adding a touch of Hollywood glamour to any outfit. In addition top stars such as Beyonce are boosting demand by teaming them with jeans and casual trousers. Crissi Giamos, director of public relations for Town Shoes told London Free Press: "This is the shoe as jewellery trend. Although they are dress shoes and look great with club wear, stars like Beyonce Knowles are popularising them for day wear by wearing them with jeans and cargo pants." Typical designs include rhinestone heels, metallic gold trim and jewelled dangling charms on satin and leather dress pumps.

Fashion industry publications in France indicate that summer 2004 will bring an "ultra-femininity" trend with women beginning to wear long beaded necklaces, chokers with pendants, long earrings, cabochon rings with disk charms, and rhinestone broaches. Latest trends in Italian jewellery are focusing on dominant designs and varying colours. Popular items include long loopy chains and layered multicoloured gold strands. In a country known for its geometric shapes in jewellery, Germany's platinum designers have softened their look to include organic shapes and more movement in their pieces. In addition, coloured stones have become a major component of platinum jewellery.

The key style trend for Dutch jewellery is sophistication in simplicity. In the urban-look, multi-cultural and folkloristic elements are being reflected in jewellery by combinations of material (pearls, diamonds, gems) and colours, not to mention multi-use jewellery that can be worn in different ways. Designer jewellery has helped younger Spanish people to recapture the appeal of jewellery which had previously been considered old-fashioned. Silver jewellery also sells in combination with stones such as turquoise, lapis lazuli, amber, mother of pearl and bright glass stones.

Longer term trends

IPSOS France, an international market research company, asked leaders of the industry about the longer-term trends facing the jewellery industry. The research was conducted on behalf of the Baselworld trade fair. The executives identified three periods in the recent history of jewellery. The first was the pre-'80s "Time of Certainty," dominated by a very formal, structured high society. These were people who had money, who wanted jewellery for status symbols and heirlooms, and who were most concerned with the inherent value and the prestige of the items they bought.

The 1980s and '90s were dubbed the "Time of Euphoria," when a combination of globalisation and growth in the stock market led to new personal wealth. But with that wealth came an emphasis on image and on showing off how much money the nouveau riche had made — suddenly everyone wanted in. Luxury became about feeding the latest trend as compulsive consumption took over; brands were aimed at middle-class shoppers who could afford to buy and dispose of these luxury items on a whim. But mass-production of formerly exclusive products led to confusion. Was the term luxury losing relevance? It was a fitting lead-in to the "Time of Uncertainty," the post-2001 era. Terrorism is only part of the equation; the slumping stock market, unemployment, and disease outbreaks like SARS all play into a state of psychological unease. Consumers now want items that are personally relevant, that invoke safety, security, stability, and that offer a real value rather than just an image. The market has become polarized as those who can afford it buy more expensive, upscale products, while those who can't have cut back on buying anything.

For companies that produce branded jewellery, the answer is to focus on innovative signature designs, higher quality, and prestige through limited offerings. Researchers at IPSOS concluded the advantage lies almost entirely with large, branded companies who have the resources to attract consumers' attention. Consumers are moving away from the non-branded to the branded. But that doesn't mean that new (creative designers) can't establish themselves and survive.

This was seen as a fundamental trend that will not disappear overnight. Even when the global economy recovers and fears about the future subside, the events of recent years have already affected

the next generation, the children who will fashion the jewellery of tomorrow. In that sense, the best way to predict the future is to look at the issues of today.

Trends arising from changing consumer habits

Demand trends in the selected markets within the EU have been influenced not only by designs from trend setting countries like France, Italy, the UK and the USA, but also by changing consumer habits and the faster changes in fashion trends in clothing. Outfits vary depending on different occasions or the mood of the person wearing them. The modern woman wants to wear what she likes when she likes.

Copyright and design protection is a major issue in Italy and the rest of Europe. Jewellery protection issues are mounting, particularly within the high-end jewellery community. Many well-known designers are opting out of putting their latest collections on display for fear of copying.

Combinations: Boundaries between styles have become much looser. Anything goes. Materials like metals, stones, glass, bones, shells and leather are now often combined or merged.

More fashion and glamour: Working women, with money to spend, tend to look for high quality jewellery - a trend that is followed by other consumer groups.

Ethnic jewellery: a growing ethnic minority population in the selected countries has stimulated this. Ethnic jewellery has also become popular because of more people travelling to exotic locations and buying jewellery, either as a souvenir while on holiday or after they have returned home.

Spiritualism, symbolism and zodiac signs: Consumers today are frequently searching for a deeper meaning to life. This is reflected in the new significance of body piercing and painting, and the impact of different ethnic cultures. Crosses, stars, moon and other celestial motifs are frequent in jewellery designs.

Personalised jewellery: reacting against oversupply in mainstream jewellery, people are looking for unique or more exclusive jewellery, which best expresses their lifestyle or mood. ID jewellery, with the owners' name or message, or custom-made jewellery has gained importance.

Multifunctional and integrated jewellery: Rings with changeable diamonds or stones, or neckwear with different sorts and designed pieces of chain, provide a variety of possibilities for the owner. Jewellery is also increasingly integrated into belts, gloves and evening dresses, or combined with other luxury goods, e.g. mobile phones, earplugs of a Walkman, made of silver and decorated with stones or coloured crystal. A further, potentially more significant development is the concept of *smart* jewellery, where technology is built into the item. Watches incorporating weather reports or sports results will soon be on the market.

Trends arising from seasonal changes in fashion

The development of fashion in jewellery follows that of the clothing sector very closely. Both precious and costume jewellery include a significant element of current fashion in styling. Large mainstream jewellery companies recognise the need for constant innovation, challenging the traditional strengths of independent jewellery designers.

Forecasts for future trends in clothing come from the leading European fashion houses in London, Paris, Milan and Düsseldorf and from manufacturers who introduce new fabrics and colours at the major fairs in Paris (Prêt à Porter) and Frankfurt (Interstoff). These launches take place two years before the season in order to give designers time to create new lines, which are then sold through their outlets.

Some seasonal trends can be found at the major trade fairs and in the Basel Magazine, linked to the Basel Show. Other sources of inspiration are accessory magazines (Accessori Magazine), fashion magazines such as Collezioni, Vogue, Gioiello, Fashion Trends, Forecast, Elle, Donna and similar publications. Other useful sources are: Fashion Internet sites, popular soap series on TV and video clips on MTV. Jewellery trends can be found in some American magazines such as JCK Magazine and Accent Magazine. Addresses of relevant magazines and Internet sites can be found in Appendices 2.4 and 2.5.

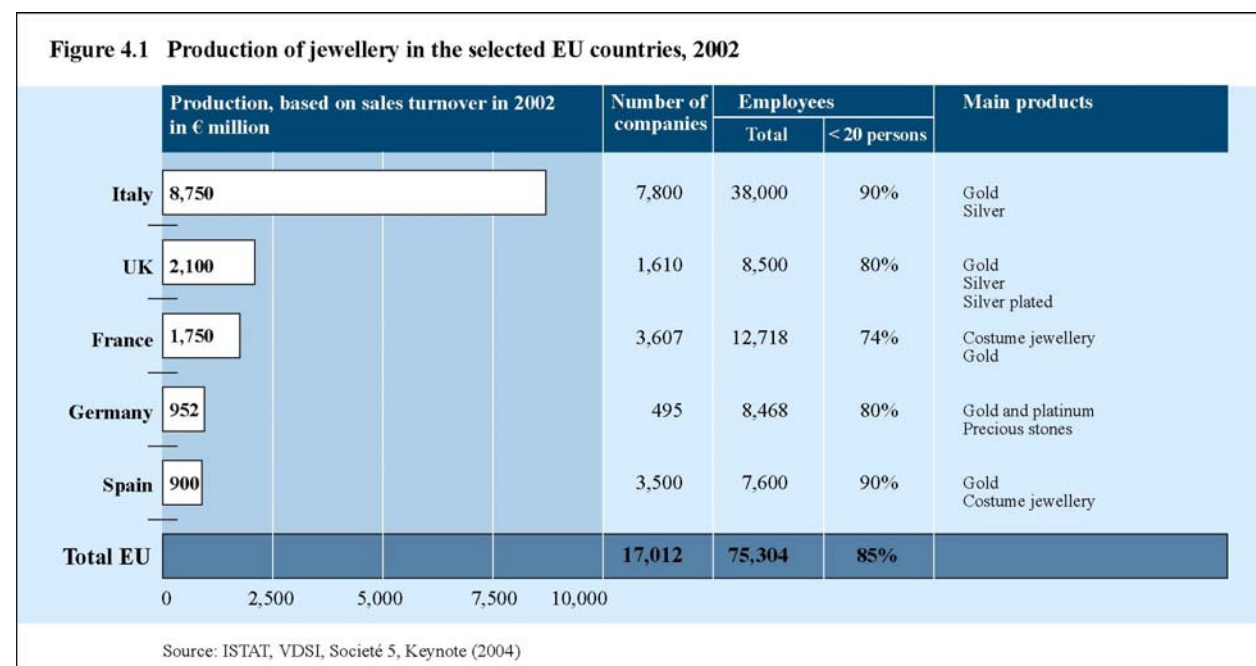
The CBI fashion forecast provides very useful drawings and photographs of various themes, with a major focus on clothing, which are sometimes combined with related jewellery. Each theme has many different looks and a copy of the forecast can be obtained from the CBI Business Centre or can be downloaded from the CBI Internet site (<http://www.cbi.nl>).

4 PRODUCTION

The EU continues to be an important jewellery production centre in the world but it has been shrinking as production in lower-cost parts of the world has been increasing. Italy is the centre of EU jewellery production. Other important production centres are in France, Germany, the United Kingdom and Spain. Most manufacturers are small business employing up to 10 people and turning over less than €500,000. They tend to specialise in one particular jewellery type and produce original designs. Consumers are increasingly asking for individual pieces. This provides opportunities for exporters to identify individual niches and produce them accordingly.

However, larger production facilities account for a greater proportion of volume. These operations supply specialist jewellery outlets in particular. Smaller operations have been able to access the market via craft fairs, non-specialised retail outlets, mail order and the Internet. Some jewellery importers have the facility to assemble and pack short-term orders in response to sudden demand for special items. In these cases, the jewellery would be manufactured abroad.

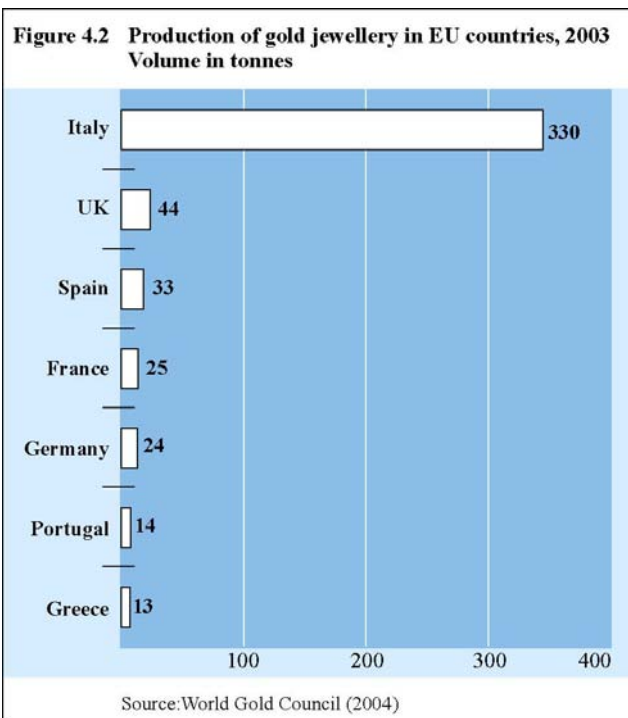
Table 4.1 Main manufacturing centres within the EU:		Leading manufacturer:
• Italy	→ Arezzo, Vicenza, Vacenza Po, Lombardy, Milan	Unoaerre Italia Spa
• Germany	→ Pforzheim; Idar-Oberstein is an important centre of gemstone industry	Franz Golz, Guthmann& Wittenauer
• France	→ Paris and Lyon (France)	Engelhard-Clal
• UK	→ London, Hatton Garden, Birmingham, Sheffield	Abbeycrest PLC
• Spain	→ Cordoba, Valencia, Madrid, Barcelona	



Gold jewellery production

Global production of gold jewellery declined by 5.5 percent in 2003 to 2,533 tonnes. This was the third year of decline and means it was just over 20 percent or nearly 700 tonnes down from the level reached in 2000. The largest falls in volume were in Europe and East Asia (109 tonnes and 57 tonnes respectively) whilst the most impressive gain was in Turkish demand. Importantly, the outlook for 2004 is more positive as more markets are adjusting to a US\$ 400 per ounce price and a recovery in production is considered more probable.

Europe is an important supplier of gold jewellery, accounting for around one quarter of the total global gold jewellery production. Europe remains a trendsetter in gold jewellery creations in terms of product quality and gold jewellery brand originators.



Italy is the world's largest manufacturer of jewellery. However, a fall of over 20 percent in 2003 indicates that the Italian jewellery industry is experiencing a crisis. This is a continuing significant fall in production due to weak domestic demand, greater domestic competition from imports such as India and Turkey, and a significant fall in exports to its major market in the US. This has mainly been due to the economic recession in the US. The only bright spot in 2003 was increased sales to China. There are signs that output will not continue to fall at such an alarming rate, particularly with signs of improvement in the US economy. High gold prices have not helped the Italian situation. Bulgari, the leading Italian contemporary jewellery manufacturer is opening retail outlets now on the Chinese mainland in what may become a significant trend for major international jewellers.

As is shown in figure 4.2, Italy produced 330 tonnes of gold jewellery in 2003. Around 40 percent – or 130 tons – of Italy's gold jewellery output is manufactured in Vicenza, and the surrounding region of Veneto. This is home to more than 1,000 large and small jewellery factories that employ more than 10,000 people. Italian jewellery is famous for high fashion and its broad range of styles. Italy also has the most advanced jewellery-making technology, illustrated by its machine-made necklaces.

Around 200 million items of gold jewellery are manufactured each year in Italy. Although Italy has become uncompetitive in some segments, it remains competitive particularly with top end pieces. There is still high value in jewellery items that are "Made in Italy". The industry itself is quite fragmented and has been affected to different degrees by the downturn. Businesses that are automated have suffered less than others. It is thought that Italy could to some extent follow the model adopted some years ago by Germany. This involved moving output abroad where labour costs are lower.

France produced 25 tonnes of gold jewellery in 2003. **Other producers** include: Germany (24 tonnes in 2003), known for the simplicity of its styling and advanced processing technology, and the UK (44 tonnes). Spain (33 tonnes), Portugal (14 tonnes) and Greece (13 tonnes) are other large EU gold jewellery producers.

Differences in gold jewellery in Europe

Italian jewellery is known for its high fashion appeal and its broad range of classic and modern styles. Italy also has the most advanced jewellery-making technology, as evident in its machine-made necklaces.

Germany is known for the simple elegance of its styling and its superior processing technology. Germany makes a wide range of high-weight, luxury grade pieces.

Switzerland is noted for its careful workmanship, which comes from its long tradition in production/assembly of watches. Most of its jewellery consists of handmade luxury-grade pieces.

Platinum jewellery production

The rarity of platinum makes it extremely desirable. South Africa dominates platinum production (78% of 2003 total) and this is expanding. Jewellery fabrication accounted for 35 percent of net platinum demand in 2003. Platinum jewellery off take slipped in most regions in 2003, with the exception of North America that was marginally higher

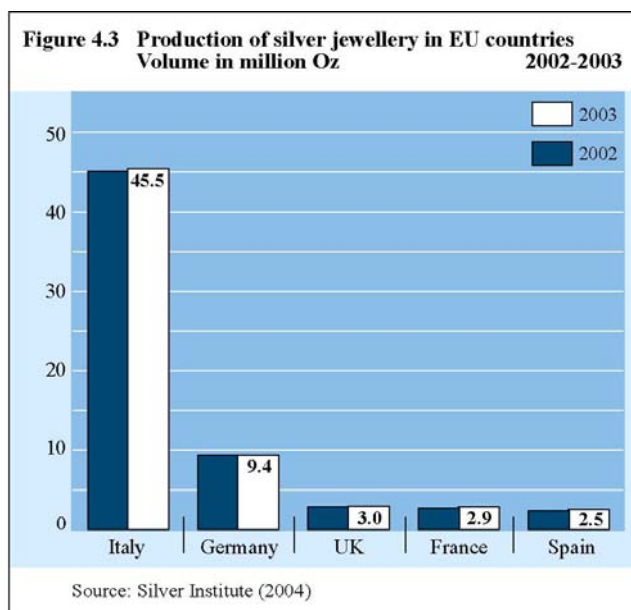
Platinum's colour, strength, hardness and resistance to tarnish are some of the advantages of this metal in jewellery. It provides a secure setting for diamonds and other gemstones, enhancing their brilliance. It is sometimes confused with "white gold", which may look similar, but in fact is quite different.

Most demand for platinum production came from China (55%), but with the exception of the UK, European demand was flat. Germany, the largest EU platinum jewellery producer, and Italy slightly increased their production, shifting to more classic designs and lightweight chains with wider consumer appeal. The 9 percent reduction in platinum demand in jewellery is seen against an increase of 8 percent in the use of palladium. Palladium is used in white gold as an alloying element.

Silver jewellery production

World silver jewellery and silverware production increased by 4 percent in 2003 to 276.7 million oz. This is a good turnaround on the previous year, driven by strong growth in Thailand and China. Robust demand in Europe and the US also underpinned this positive position.

Interestingly, Poland, one of the new Accession Countries, has a jewellery industry that is dominated by silver products. As with gold, Italy is the dominant EU producer of silver. It is home to the top-3 silver jewellery producers in the world. Germany, United Kingdom, France and Spain are other sizeable producers in the EU. Across the selected EU markets, Italian production was stable in 2003 at 45.5 million oz. As is shown in figure 4.3, UK demand for silver production was up 5 percent to 3 million oz. German demand held steady at 9.4 million oz; French demand increased by almost 10 percent from 2.7 to 2.9 million oz, while Spanish silver production increased slightly to 2.5 million oz.



The other two major silver producing countries in the world are India and Thailand. Together, these countries and Italy form some 60 percent of the world's total silver production. Asian countries have become more dominant suppliers of silver. Although Indian production fell significantly in 2002, in 2003 it was stable in the face of a price rise.

Silver possesses qualities similar to gold, enjoys greater reflectivity and can achieve the most brilliant polish of any metal. Pure silver does not tarnish easily but to make it durable for jewellery, it is often alloyed with small quantities of copper.

Gemstone jewellery production

In jewellery, gemstones are usually combined with precious metals. About 60 percent of all jewellery pieces have gemstones. 80 percent of gemstone jewellery has a diamond, or is a combination of precious stones such as sapphires, rubies, emeralds and pearls, with diamonds. Most gemstones are imported by EU manufacturers who cut and polish them, then use them in their jewellery collections.

Diamonds

World natural diamond production for 2003 has been estimated at a total of 144 million carats with a value of €9.4 billion. About 20 percent of this volume is gems, which will be polished and set into diamond jewellery and 45 percent are near-gem qualities, which would have been graded as industrial 40 years ago but are now polished by the vast low-cost Indian cutting industry. Africa, and in particular the southern African region, is the world's major natural diamond producing region. Diamond mining forms an important source of revenue for the region. Botswana is the largest African producer (see table 4.2).

Table 4.2 Ten largest diamond producing countries, 2003

Volume in 1,000 carat					
→	Australia	30,994	→	Canada	11,200
→	Botswana	30,412	→	Angola	6,300
→	Congo	29,000	→	Namibia	1,550
→	Russia	19,000	→	Ghana	900
→	South Africa	12,400	→	Brazil	700

Sources: De Beers, Rio Tinto, BHP Billiton

Note that Congo has recently been suspended from the legitimate diamond trade amid accusations that it has sent millions of dollars of smuggled gems onto the world market. The world's largest diamond jeweller is *De Beers*, a South African diamond mining, holding and financial company. De Beers holds over 60 percent of the market. In 2000, De Beers took the decision to cease trying to control supply and become the champion of competitive branding and advertising. Central to this is a new "Supplier of Choice" sales strategy. The impact of this has been remarkable. Consolidation of production and distribution is taking place. Diamond manufacturers are now partnering jewellery retailers to market new branded lines.

World retail sales were €60 billion, 6 percent up on the previous year. The US accounts for half of this market. The EU imports approximately €20 billion of diamonds, 59 percent of which is imported by Belgium, which is one of the major diamond cutting centres in the world, along with India, Israel and the USA. With the exception of the UK, where retail diamond sales grew 8 percent, Europe was generally flat. In Italy, Germany and France, sales of diamond jewellery were slightly down from last year.

Developing countries account for almost one third of total EU diamond imports. India, South Africa, Botswana and Angola are leading developing country suppliers. Because India produces the lion's share of diamond jewellery—more than nine out of 10 pieces of diamond jewellery are manufactured in India—the country takes much of the credit for widening the appeal of diamonds worldwide.

The role of India and China

India exported €8.5 billion of polished diamonds in 2003. The added value created in India, where some 800,000 workers are employed in the industry, is the highest created in the world diamond industry: over €3 billion in 2003. The Indian cutting centre was created in the early 1970s when the prices of industrial diamonds had plummeted, due to the advances of synthetic industrial materials. It was then discovered that some industrial goods could be processed using cheap labour and the resultant polished goods be applied to jewellery. Thus, the term "near-gem" or "Indian goods" was invented. Now, India has not only made these "near-gems" the most sought after item in the American market, it is also successfully polishing virtually all other ranges.

Around €800 million worth of domestic manufacturing, employing some 18,000 workers, mainly in Shanghai and the Guangdong and Shandong provinces has made China rapidly become the world's second largest diamond manufacturing centre, when measured in manpower terms.

Precious stones (rubies, sapphires and emeralds)

Colourful jewellery with pave gemstones became a prominent trend in 2003, and this trend spurred the sales of blue and fancy coloured sapphires of good quality. Fine rubies also enjoyed strong demand but the supply was scarce. Interest for emeralds, however, remained relatively low. Rubies, sapphires and emeralds are frequently used in jewellery. Here, the main producers are non-EU countries: Thailand, India, Colombia, Sri Lanka and Brazil.

India is also working hard to promote coloured stone exports, which are led by emerald and tanzanite. The colour emphasis will be well received in Europe, where designer gemset jewellery is popular. A recent American retail survey by the magazine "Colored Stone" highlighted recent changes in tastes for precious stones (see table 4.3).

1	Blue Sapphire	6	Blue Topaz
2	Ruby	7	Tsavorite garnet
3	Tanzanite	8	Aquamarine
4	Emerald	9	Opal
5	Amythyst	10	Green Tourmaline

Sapphire and ruby remained firmly at the top of the bestseller list in the survey, with emerald and tanzanite continuing to vie for the number-three spot. The pair swapped places once again this year, with tanzanite edging out emerald in popularity. Meanwhile, pearl's fortunes continued to wane. The gem slipped out of the top 10 entirely in 2003, down from number seven in 2002 and number two in 2001, a year when fashion put pearls on everyone's "must-have" list.

Amethyst remained solidly in fifth place, followed by blue topaz, which rose from the number 10 spot, and tsavorite.

Pearls

In the pearl sector, demand was restricted as retailers were selective and hesitant when stocking. The ample supply of pearls, coupled with the weak demand, caused pearl prices to falter in the wake of intense competition. Here non-EU countries are the main producers, especially Asian countries. After being monopolised for a long time by Japan, pearl production has become an increasingly international activity during the last decade. This redistribution has been mainly due to the arrival of four new-cultured pearl producers on the map:

- Australia recently freed itself from its dependence on Japanese technology and now produces its own "White South Sea Pearls"
- China recently began to produce very large quantities of white "Akoya" pearls.
- The Philippines, Indonesia and Thailand, small-scale producers of the little "Black South Sea Pearls", recently appeared on the market.
- Polynesia has increased its Black Pearl production more than 40 fold during the last 10 years.

French Polynesia is by far the world's leading producer of "Black South Sea Pearls" (those obtained from *Pinctada margaritifera*), supplying 90% of the world's market requirements. If these figures are compared with the world's entire cultured pearl production, all varieties combined, Polynesia can be seen to supply 25 percent of the world market. Mexico is also attempting to revive North American pearls.

World production of pearls is increasing and is estimated at well over 1,000 tonnes. Only 5 tonnes of white *South Sea pearls* were farmed in 2001, making it the most exclusive pearl, worth €200 million - more than any other pearl type. Tahitian pearls are highly appreciated because of their wide range in colouration.

Costume jewellery production

France is a very large EU producer of costume jewellery. Over 900 companies employing over 2,000 people produce costume jewellery in France with a value of €160 million, down 12 percent on the previous year. Most manufacturers are small companies with less than 10 employees, who produce innovative designs to match the latest trends in clothing. These include many small fashion workshops and artists who make costume jewellery often to be found in the major cities in France.

Spain is the second largest costume jewellery producer. Small manufacturers in the Balearic Isles developed a strong reputation for Spanish-made silver and costume jewellery in the last few years. About 120 Spanish jewellery manufacturers can be described as large scale. Jewellery from Majorca now has an established place in the important tourist and tax-free market segments.

Manufacturer	Country	Types of jewellery
Groupe GL (Bijoux GL)	France	Silver/Costume jewellery
Zettl	Germany	Costume jewellery
Bijoux Cascio Srl	Italy	Costume jewellery
Modern Creation	Germany	Costume jewellery
Svarovski	Austria	Crystals, costume jewellery
Unoerre SpA	Italy	Costume and silver jewellery
Attwood & Sawyer	United Kingdom	Costume jewellery
David Grau	Germany, Spain	Costume jewellery
Afra Europa SL	Spain	Costume jewellery

Source: Global Industry Analysts, Europa Star (2002)

Svarovski has come increasingly to the fore in the costume jewellery market for its own-brand of jewellery, in addition to the crystals it supplies to other companies and designers

Italy is a large supplier of costume jewellery with 120 sizeable manufacturers (average turnover of €600,000). Recently, however, many of these companies have suffered from increased competition from cheaper jewellery from Asia, especially made of wood, leather, beads, shelves etc.

In the **United Kingdom**, there is a core group of British costume jewellery manufacturers, who promote product ranges for the top end of the market and special niche sectors. British importers and department stores such as Marks & Spencer have started to manufacture or assemble jewellery from imported parts, in co-operation with well-known designers. Buckley jewellery is now claimed to be the largest costume jeweller in the UK, with three main brands – Attwood, Pave and Adamas.

The Netherlands has a small manufacturing industry for silver and costume jewellery. There are many independent designers and jewellery makers, but their scale is very small. Local production of costume jewellery is also small, with most factories making exclusive lines of more expensive jewellery. Some importers also carry out limited assembly and packing of cheaper jewellery to fill short-term orders and to satisfy the demand for short-term fashions.

EU production figures of **hair accessories**, which are mostly contracted out by German, Italian and French suppliers to Chinese, Taiwanese, Czech manufacturers, are not available.

Accession Countries

Prior to joining the EU, Poland, for amber and silver jewellery, and the Czech Republic, for costume jewellery (including Bohemian crystal) and the famous Czech garnet, which range from almost colourless to black – but never blue, were established producers from Eastern Europe. **Polish** amber and silver jewellery is some of the finest jewellery in the world. It is made by individual Polish artisans that compete heavily for the amber trade. Many Polish products are exported to Germany. Amber jewellery is also produced in the Baltic States, particularly Lithuania. Amber is the 'Gold of Eastern Europe' with nearly 80 percent of amber resources concentrated around the Bay of Gdansk where 250 tonnes are processed each year. Last year, there were 1,750 producers of amber products

in Poland employing over 9,000 craftsmen. Poland controls 50 percent of the world's trade in this product.

A number of large multi-nationals have moved their production facilities to this part of the world – partly because of lower labour costs, but also in anticipation of their joining the EU to facilitate their foothold in the EU market.

This growing production base, mainly for costume jewellery is becoming a force in the **Czech Republic**, and Hungary to a lesser extent. They are now a serious threat to Asian producers who wish to enter the EU market. The Czech costume jewellery industry is concentrated in the area of Jablonec and Nisou 100 km north of Prague. Jablonec is the centre of a costume jewellery-producing region that also includes the areas of Železný Brod, Turnov and Liberec. The largest companies are Jablonex and BCM. In terms of production, the jewellery and watch trade generated income of between €352 and €381 million in 2001. 2.2 million items of jewellery were produced, with rapid expansion of gold and silver items. The majority of gold sold in the Czech Republic is of 14 carat. The accession of the Czech Republic to the European Union in 2004 will not cause any great turning point in the Czech costume jewellery industry. The Czech market already is fully open to the EU, and Czech manufacturers adhere to EU standards and directives. And so Czech producers will find the EU market fully liberalized, and will join the EU policy towards non-member countries.

In future, cooperation between EU countries and the accession countries will be stimulated by the introduction of the Euro, eliminating fluctuations in exchange rates and reducing risks of currency conversion.

Malta and **Cyprus** have established gold jewellery production centres, but on account of their small populations, they are small players.

Trends in EU jewellery production

The EU jewellery industry has changed in the last decade. Manufacturers now specialise by adding new products or accessories which complement their own ranges and in so doing create opportunities for new suppliers or partners, who could be exporters in developing countries.

Competition from Asia and Eastern Europe

Intense competition from Asia, in particular from China and India, has led to a fall in the production of jewellery in Europe. Manufacturers in Asia have moved from their initial strength of being able to produce jewellery cheaply due to low labour costs, to now being involved in sophisticated design and production processes. This enables them to compete very successfully at all quality levels. Modern methods of communication, travel and flexible production methods have enabled them to react quickly to changes in fashion and consumer demand.

Turkey is a major player in jewellery production now, and as mentioned above, Eastern Europe, including some of the new Accession Countries is attracting new production facilities.

To meet this threat, EU companies now primarily concentrate on top quality design and fashion brands where price is not so important. Others have established a strong brand image in a particular niche segment like tax-free sales.

Mergers and acquisitions

Another trend is the ongoing wave of mergers between manufacturers in order to reduce production costs and gain share in foreign markets, especially in the gold jewellery sector. Despite EU competition regulations, gold producers are joining forces to create much larger groups. It is expected that in future there will be only 4 or 5 major (gold) jewellery companies, some medium sized firms and a large number of very small businesses.

Outsourcing

European jewellery companies use lower cost producers, particularly in Asia, to supply some items has enabled manufacturers in Europe to at least retain a degree of control. Such co-operative arrangements also help developing world manufacturers gain market access. These arrangements are more common in the mid to low-priced end of the market.

5 IMPORTS

Trade statistics given in this Chapter are from Eurostat and from ITC Trademaps. Both are based on information from the Customs and EU companies given on a voluntarily basis. Especially in the case of intra-EU trade not all transactions are registered, such as those by smaller companies and transactions from non-EU sources (see remarks on trade statistics in Chapter 2). On the other hand, figures on jewellery trade between the EU and the rest of the world (Extra-EU) are registered and hence are better represented in these statistics. Still, they must be treated with caution and are only intended to give an indication of trends in the international jewellery trade.

The statistics specify total imports, divided into volumes/values sourced from other EU countries (Intra-EU), non-EU countries (Extra-EU) with the values/volumes coming from developing countries. The developing countries are defined by the OECD (Organisation for Economic Co-operation and Development) and are listed in Appendix 3. Appendix 1 lists import statistics of the EU and the selected markets within the EU and gives breakdowns of the EU imports by product group. As currently statistics up to 2002 are available, the trends in jewellery imports may give a too optimistic view compared to consumption and production figures in the previous chapters.

5.1 Total imports

Total imports by the EU

The EU is one of the leading importers of jewellery in the world and, in 2002, accounted for 47,882 tonnes with a value of €5,572 million. Between 2000 and 2002, total EU imports increased by 15 percent in volume and 12 percent in value. Total imports increased significantly between 2000 and 2001 but the value was virtually unchanged in 2002. This was effectively due to a fall in the value of precious jewellery in 2002, even though precious jewellery volumes increased in the same period.

The United Kingdom is the largest EU importer, representing 38 percent of total imports: 9,040 tonnes, with a value of €2,103 million in 2002. The United Kingdom is followed by France (17% of EU imports by value in 2002), Germany (16%), Italy (8%), Spain (5%), Austria (4%), Belgium (3%) and the Netherlands (2%). Between 2000 and 2002, the UK, France, Italy, Belgium/Luxembourg, Sweden, Ireland and Denmark registered increases in import values. Although Germany, Spain, Portugal and Greece registered decreases in import values, they all showed increases by volume - as are shown in table 5.1.

Table 5.1 Jewellery imports by EU country, 2000-2002 in tonnes and € 1,000

	2000		2001		2002	
	value €	volume	value €	volume	value €	volume
Total	4,959,985	41,648	5,547,834	43,799	5,572,304	47,882
United Kingdom	1,524,560	8,667	2,042,676	9,315	2,103,832	9,040
France	869,454	5,611	1,013,074	5,181	969,338	5,651
Germany	954,360	7,640	859,510	7,576	881,167	8,305
Italy	377,607	3,639	426,202	4,167	435,169	4,682
Spain	280,005	5,878	290,093	5,889	276,383	7,220
Austria	191,148	1,272	200,499	1,453	197,438	1,275
Belgium/Lux.	176,464	1,988	209,553	2,506	190,788	2,547
Netherlands	179,150	2,812	148,257	2,443	137,328	2,498
Portugal	98,703	579	82,922	912	77,626	1,156
Sweden	78,475	825	70,842	657	84,476	727
Ireland	57,884	972	65,299	1,149	71,911	1,416
Denmark	55,616	731	61,299	515	68,452	647
Greece	84,653	720	48,975	1,744	52,547	2,434
Finland	31,904	312	28,631	291	25,849	286

Source: Eurostat (2004)

Intra-EU supplying countries

A detailed overview of Intra-EU and other sourcing countries of EU imports can be found in Appendix 1 (see - *EU imports by sourcing country*). In 2002, around 36 percent of value of EU imported jewellery came from other EU countries. The leading supplier was Italy, with 5,520 tonnes, valued at €948 million, representing 47 percent of total Intra-EU jewellery supplies (see figure 5.1). Italy was followed by France (13% of Intra-EU jewellery supplies), a major supplier of costume

jewellery. In terms of volume, Germany was the second largest supplier to the EU (2,095 tonnes in 2002). Italy (+37%) and France (+98%) increased their volume supplies between 2000 and 2002.

In the period under review, EU imports from Austria – mainly crystal jewellery - increased by 21 percent by volume, from 554 to 671 tonnes, with a peak in 2001 of 786 tonnes. But in the same period, the value of EU imports from Austria increased by just 5 percent, from €135 to 143 million, indicating falling values of Austrian jewellery. EU imports from the Netherlands and Portugal decreased a lot between 2000 and 2002. In the past few years, trends in Europe indicate a substantial drop in trade of lower priced jewellery within the area, with growth in the flows to and from Asia (China) and USA.

Extra-EU supplying countries

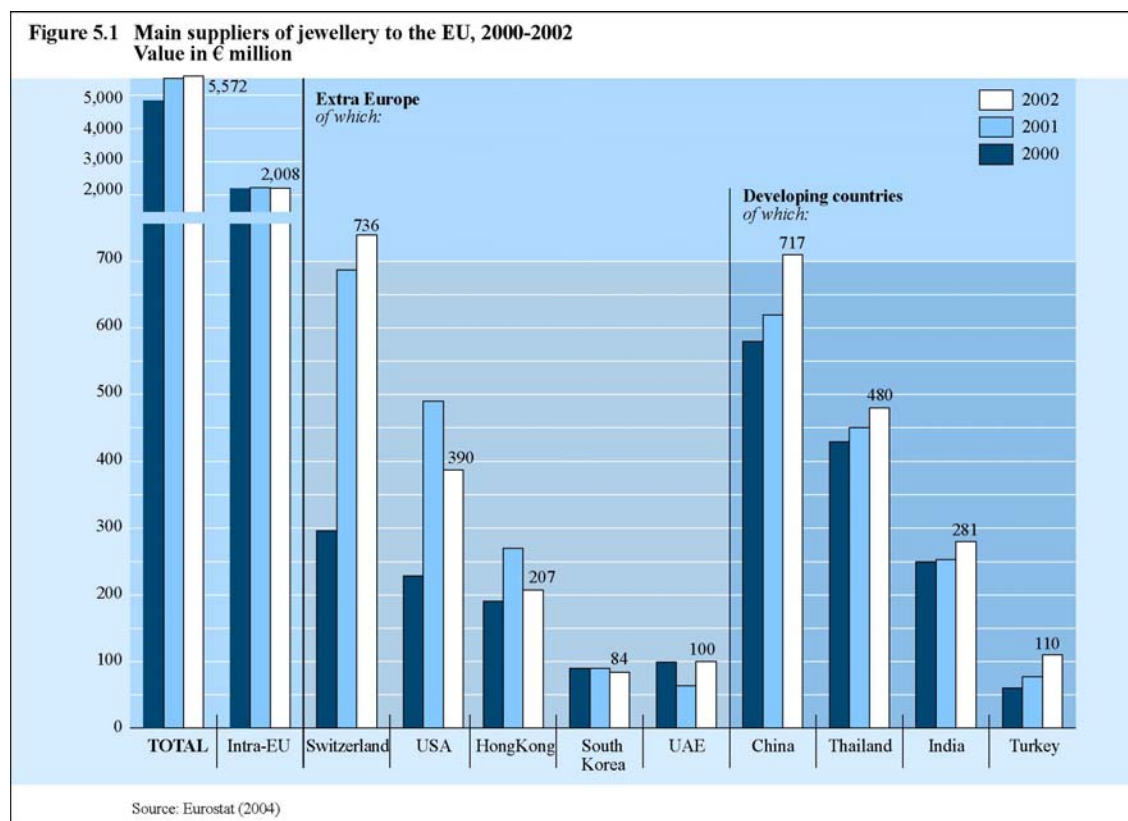
The greater part (64%) of EU imports, came from non-EU sources with Switzerland, USA and Hong Kong as the main suppliers of precious jewellery. Switzerland increased by 77 percent in value and USA by 66 percent between 2000 and 2002 to the EU (see figure 5.1). In 2002, France, UK and Italy in particular imported more precious jewellery (gold, platinum) from both countries. This rise can be partly attributed to the popularity of precious jewellery and the low exchange rate of the US dollar. In addition, precious jewellery was seen as a safer investment due to the fluctuating stock market.

Conversely, EU imports of jewellery from the United Arab Emirates returned to €100 million in 2002, having dropped in 2001 due to the political tension in the Middle East. EU imports from other large non-EU supplying countries such as Brunei, Taiwan and Singapore also decreased – see Appendix 1.

Since the early 1990s, Asian countries expanded their exports to the EU very rapidly. Demand for low priced jewellery, huge investments in technical and design expertise from EU manufacturers, and better communication, have stimulated this expansion. Between 2000 and 2002, China increased its supplies by 23 percent and hence has become the largest volume supplier to the EU: 20,376 tonnes in 2002 – compared to 5,520 tonnes by Italy, being the largest jewellery supplier to the EU by value.

In 2002, EU imports from China valued €717 million. The Chinese jewellery production expanded rapidly, especially around the Pearl River Delta Region, the mainland opposite to Hong Kong, where employees have become more skilful. Now jewellery is directly exported from here.

Between 2000 and 2002, imports from another large developing country supplier to the EU, i.e. Thailand valued €480 million and increased by 11 percent in value and 22 percent in volume terms. In the same period, supplies from India rose by 12 percent. Other major increases in jewellery supplies to the EU registered in the period under review (see figure 5.1) were those from Turkey (+80% by value).



Total imports by selected markets within the EU

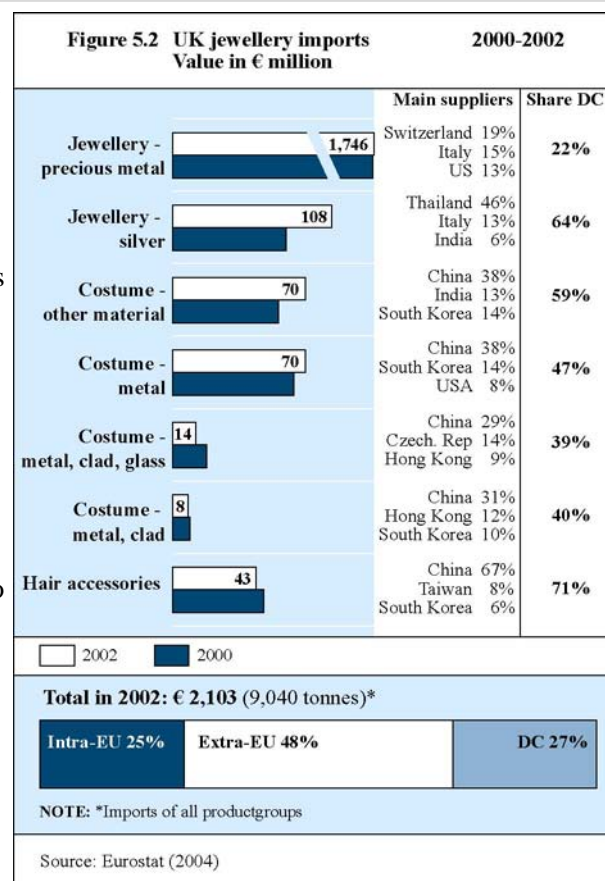
United Kingdom

United Kingdom is the largest EU importer for jewellery and accounted for 38 percent of the total value of EU imports in 2002 – see table 5.1. In the same year, the UK imported 9,040 tonnes valued at €2,103 million.

As is shown in figure 5.2, around 48 percent of imports came from Extra-EU sources, which increased substantially as a result of more precious jewellery imports from Switzerland and the USA.

Between 2000 and 2002, UK imports rose by 38 percent in terms of value and by 4 percent in volume, from 8,667 to 9,040 tonnes, indicating a shift to higher priced jewellery.

In 2002, imports of jewellery of precious metal valued €1,746 million, thereby representing 83 percent of the UK total, which is high compared to the other selected countries. In the past years, UK importers could benefit from the strength of the Pound Sterling. The USA supplied 13 percent of jewellery of precious metal (gold and platinum), representing a value of around €227 million. Switzerland supplied 19 percent, worth €399 million, Italy 15 percent (€315 million) and Hong Kong 9 percent (€157 million).



Between 2000 and 2002, UK imports of articles of pearls and stones, necklaces and bracelets of stones, costume jewellery-metal, clad with glass (from €18 to 14 million), costume jewellery – metal, clad (from €12 to 8 million) and hair accessories (from €45 to 43 million) decreased. However, imports of most other product groups increased, especially of:

- Silver jewellery	→ +42%, from €76 to 108 million.
- Jewellery clad with prec. metal	→ +73%, from €11 to 19 million.
- Costume - other material	→ +13%, from €62 to 70 million.
- Costume - metal	→ +19%, from €67 to 70 million.
- Cuff links and studs	→ +120%, from €5 to 11 million.

It should be noted here that an estimated 15 percent of UK imported jewellery is re-exported to the USA and other EU countries.

The main suppliers of jewellery to the UK were the USA (13% of total value of imports), Switzerland (19%), Italy (15%), China (10%), Hong Kong (5%), India (8%), Thailand (6%) and France (6%). Other suppliers include UAE, Brunei, South Korea, Germany and Israel.

The main suppliers by product group are shown in figure 5.2, with the share of developing countries, which is relatively high for each group compared to the other selected EU markets.

In 2002, UK imports of jewellery from developing countries valued €576 million, an increase of 16 percent over 2000 imports. In the same period, the volume of UK imports from developing countries increased by 18%, from 5,169 to 6,111 tonnes, mainly from China, India and Thailand.

Other growing suppliers from developing countries include Turkey (+130%, from €5 to 12 million), Mauritius (+225%), South Africa (+70%), Philippines (+64%) and Pakistan (+39%).

France

France accounted for 17 percent of EU jewellery imports in 2002, a total volume of 5,651 tonnes, valued at €969 million. France is the second largest EU importer, still ahead of Germany.

France imported 45 percent from other EU countries, and 25 percent from Extra-EU sources – especially jewellery of precious metal from Switzerland. 30 percent of total French jewellery imports came from Developing Countries.

French jewellery imports rose by 11 percent in value terms between 2000 and 2002, mainly because of increased imports of higher priced jewellery, partly stimulated by rising demand for precious jewellery in the French market. In the same period, the volume imports were virtually unchanged at 5,651 tonnes having fallen by 10 percent in 2001.

Imports of jewellery of precious metal (gold and platinum), accounted for 71 percent of French imports by value. Between 2000 and 2002, French imports of this product group rose by 17 percent, from €594 to 693 million – see also figure 5.3.

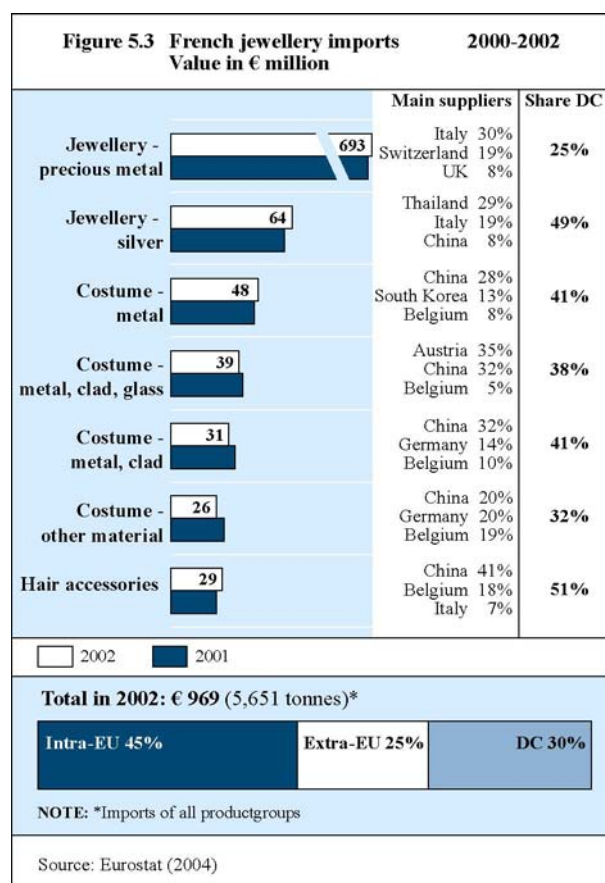
A number of product groups decreased - articles of pearls (down from €4.5 to 1.5 million), costume –metal, clad with glass (-10% to €39 million), costume – metal, clad (-11% to €31 million), costume – other material (-7% to €26 million), cuff links & studs (-14% to €1.2 million), hair accessories (-2% to €29 million), French imports of other product groups increased between 2000 and 2002, especially of:

- Silver jewellery	→	+12%, from €57 to 64 million.
- Jewellery clad with prec. metal	→	+50%, from €12 to 18 million.
- Other articles of pearls and stones	→	+4%, from €13.5 to 14 million.
- Necklaces and bracelets of stones	→	+45%, from €1.1 to 1.6 million.
- Costume - metal	→	+2%, from €47 to 48 million.

In 2002, most French jewellery came from Italy (25% of total value of imports), Switzerland (14%), China (12%), United Kingdom (7%), Thailand (7%), Mauritius (4%), Spain (3%), Germany (3%), Vietnam (3%), USA (4%) and Austria.

Supplies from all these countries, especially from China (+18%, from €96 to 113 million), Mauritius (+54%, from €26 to 40 million), Vietnam (+29%, from €26 to 33 million) and USA (+70% from €24 to 41 million) increased in the period under review. The main suppliers by product group are shown in figure 5.3, with the share of developing countries for each group.

Imports from developing countries valued €292 million in 2002 and rose between 1999 and 2001 by 17 percent in terms of value. Supplies from India rose by 27 percent, and other smaller suppliers from developing countries such as Tunisia (+37%), Turkey (+4%) and Saudi Arabia (+845%) increased their supplies to France. Imports include silver jewellery, finished costume jewellery as well as materials used in the production of French designer jewellery. Other significant suppliers include Morocco (+100%), Philippines (+7%), Lebanon (-27%), and Madagascar (-4%).



Germany

Germany accounted for 16 percent of total EU jewellery imports in 2002, valued at €881 million, and was the third largest importer. In terms of volume, 8,305 tonnes in 2002, Germany remains the second largest EU importer.

30 percent comes from Intra-EU sources, as is shown in figure 5.4. Half of all imports came from developing countries, which are mainly China and Thailand.

Between 2000 and 2002, the volume of German imports rose by 9 percent, from 7,640 to 8,305 tonnes. The value of German jewellery imports fell by 8 percent, from €954 to 881 million. This was mainly due to falling imports of precious jewellery (-16%) and to a lesser extent of costume - metal, clad with glass (-5%) hair accessories (-10%), costume – metal, clad, costume – other material, necklaces and bracelets of stones and articles of pearls.

Nevertheless, imports of other product groups increased, especially silver jewellery. Within the selected EU countries, Germany is the largest importer of silver jewellery, which represented 30 percent of total EU silver jewellery imports, valued at €156 million and 314 tonnes in 2002. German imports costume-metal, clad with glass is relatively high, compared to the other selected countries, which is mainly crystal jewellery from Austria. In 2002, imports of this product group valued €90 million at 655 tonnes (see figure 5.4).

Between 2000 and 2002, German imports increased of the following product groups:

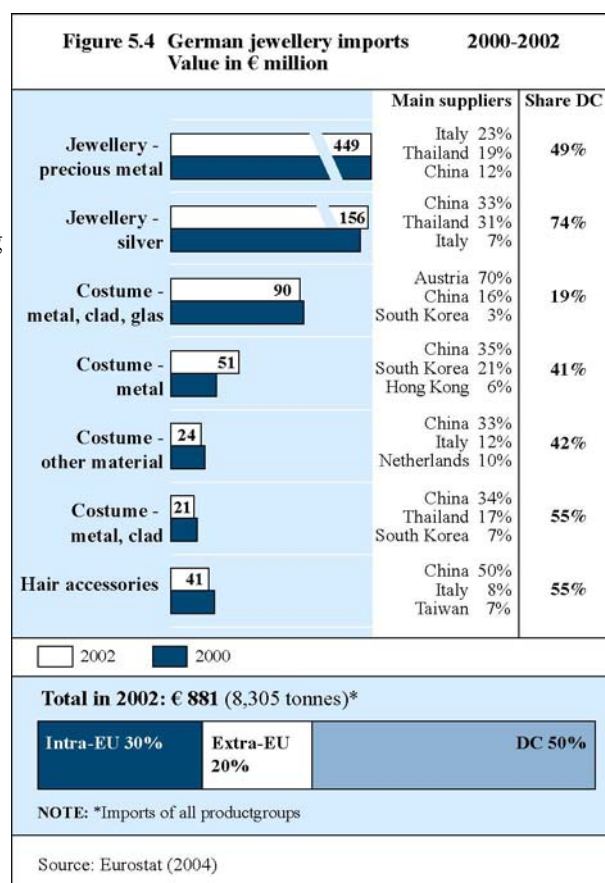
- Silver jewellery	→	+13%, from €138 to 156 million.
- Other articles of pearls and stones	→	+42%, from €24 to 34 million.
- Costume - metal	→	+31%, from €39 to 51 million.

The main suppliers of jewellery to Germany are China (21% of total value of imports), Thailand (17%), Italy (14%), Austria (10%) and Switzerland (6%). Other suppliers include Turkey (6%), Hong Kong (4%), India (4%) and USA (3%).

Supplies from China rose by 12 percent between 2000 and 2002, reaching a value of €185 million, but fell in 2001. The volume of Chinese jewellery supplies increased by 20 percent over the same period to reach 3,932 tonnes. German imports from India fell by 14 percent in value but just over 1 percent in volume between 2000 and 2002.

The main suppliers to Germany by product group are shown in figure 5.4, with the share of developing countries for each group.

In 2002, imports from developing countries valued €438 million, which increased in the period under review by 11 percent in terms of value and by 26 percent in volume, from 4,456 to 5,643 tonnes. These volume increases were mainly in the supplies from China, Brazil, Turkey, Sri Lanka and Pakistan. Supplies from most other developing country suppliers decreased: Kenya (-96%), Vietnam (46%), Indonesia (-22%), Mexico (-53%), Philippines (-50%), and Mauritius (-66%).



Italy

A large part of domestic demand for jewellery is covered by Italian production. Nevertheless, in 2002 Italy imported 4,682 tonnes with a value of €435 million.

Around 41 percent of imports was sourced outside the EU, while 35 percent came from developing countries (see figure 5.5).

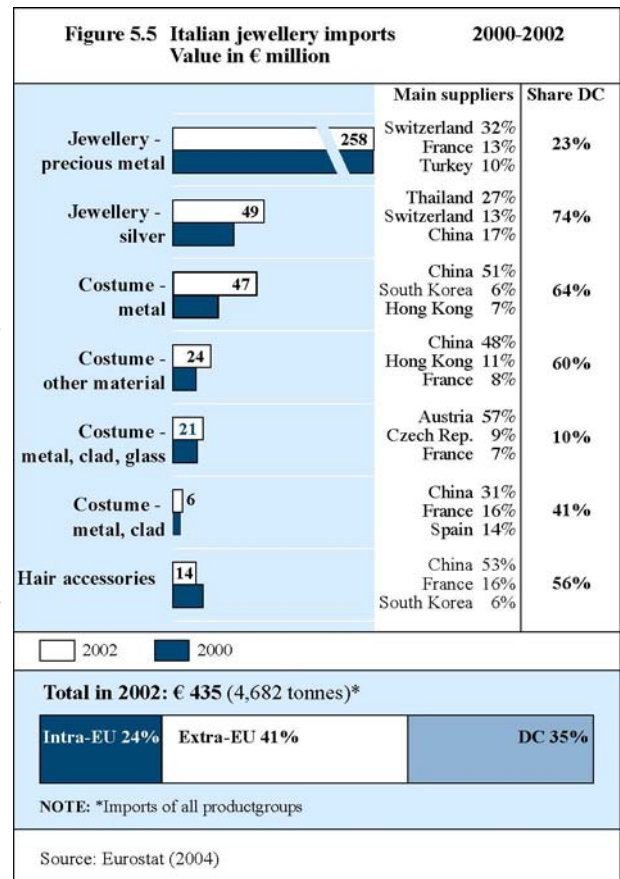
Between 2000 and 2002, Italian jewellery imports increased by 15 percent by value, which were mainly precious jewellery from Switzerland. In the period under review Italian imports from Switzerland increased by 25 percent, from €73 to 91 million. This rise can be partly attributed to a shift to higher priced jewellery and precious jewellery being regarded as a safe investment.

Italian imports of some precious jewellery product groups grew between 2000 and 2002. Silver jewellery in particular (+29%, from €38 to 49 million) was imported more by Italy. Other precious jewellery items declined.

In addition, Italian imports of costume jewellery were more in demand in the period under review. Especially values of Italian imports rose of: costume - metal (+70%), costume - other material (+39%), costume - metal, clad with glass (+19%) and costume - metal, clad (+43%). This is partly due to a shift of production to China and the Czech Republic by large Italian manufacturers. With regards to hair accessories, Italian imports fell between 2000 and 2002 by 30 percent, from €20 to 1 million, representing 1,140 tonnes in 2002.

In 2002, most Italian jewellery came from Switzerland (21% of total value of imports). Other suppliers were China (15%), France (11%), Thailand (7%), USA (6%), Turkey (6%), Hong Kong (4%), UK (4%), India (3%), Austria (3%), Germany (3%), Spain (2%), UAE (2%), and South Korea. In the period under review, imports from all countries increased especially from China, Turkey, Hong Kong and UAE.

Imports of jewellery from developing countries valued €154 million, a value increase of 65 percent over 2000 imports. In terms of value, imports from most smaller supplying developing countries increased such as from Philippines (+113%), Morocco (+1879%), Mexico (-55%), Brazil (+84%), Nepal (+27%), Argentine (+956%) and Vietnam.



Spain

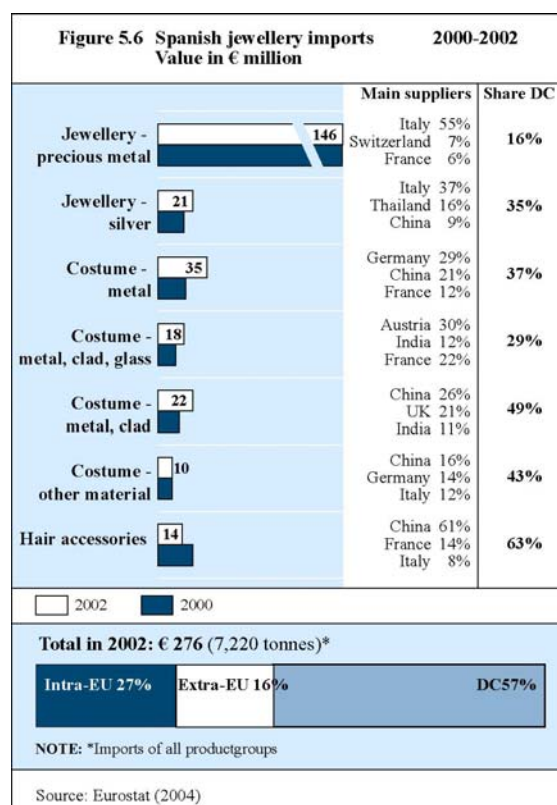
In 2002, Spanish imports of jewellery were 7,220 tonnes, making Spain the third largest EU importer by volume. The value of Spanish imports was €276 million, which represented 5 percent of total EU imports. Much of Spanish jewellery demand is catered by domestic production.

In the same year, Spain imported 57 percent from other EU countries; 16 percent from Extra-EU sources, while 27 percent came from Developing Countries. Between 2000 and 2002, Spanish imports decreased by 1 percent, peaking at €290 million in 2001.

Spanish imports of costume jewellery, over a third of Spanish imports, rose from €96 to 100 million between 2000 and 2002. The largest increases were in: costume - metal (+84%), costume - metal, clad with glass (+29%) and costume-metal, clad (+57%). However, hair accessories (-37% by value), precious jewellery (-11%) and articles of pearls (-42%) were less in demand.

The greater part (35%) of Spanish imports comes from Italy. Other suppliers include China (12%), France (9%) Thailand (6%), Switzerland, Germany, USA and India.

Imports of jewellery from Developing Countries valued €76 million, a substantial rise compared to €58 million in 2000. Turkey (+195%), Philippines (+46%), Mauritius, Peru (+586%), Colombia, Argentina and UAE increased their supplies to Spain.



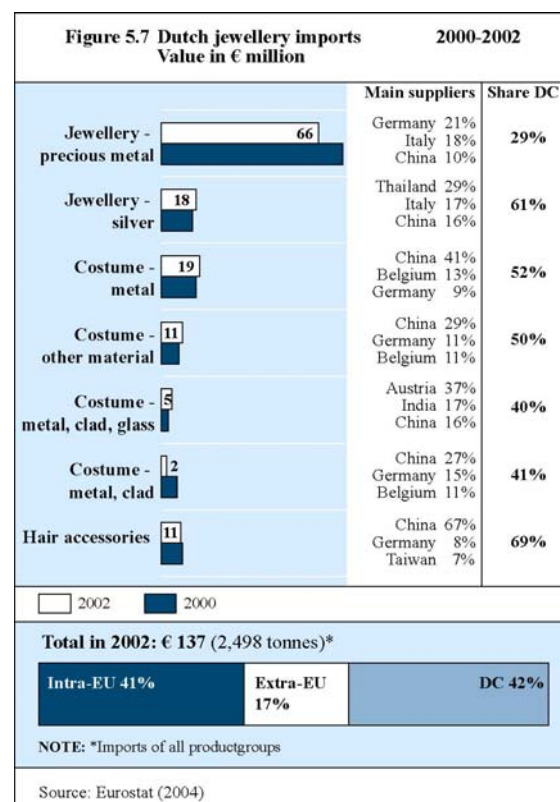
The Netherlands

In 2002, Dutch imports amounted to 2,498 tonnes, with a value of €137 million. In the same year, the Netherlands accounted for 3 percent of EU imports, a high share relative to its size, which can be partly attributed to re-exports to other EU countries. In the same year, the Netherlands imported 41 percent from other EU countries, 17 percent from Extra-EU sources, while 42 percent came from Developing Countries.

Between 2000 and 2002, Dutch jewellery imports decreased by 23 percent in value and 11% in volume (mainly costume jewellery). Like Spain, costume jewellery forms one third of Dutch imports. In the period under review, imports rose of: silver jewellery (+5%), costume - metal (+6%) and costume - other material (+20%) and costume - metal.

Conversely Dutch imports of precious jewellery (-32%), costume - metal, clad (-80%) and hair accessories (-25%) were less in demand.

Most jewellery came from China (22% of imports), 30 percent lower than 2000. Other suppliers are Germany (15%), Italy (12%), Hong Kong (4%), Thailand (8%), Belgium (7%), India (7%), France, UAE and South Korea.



Suppliers from Developing Countries valued €58 million in 2002 at 1,507 tonnes. Here, other large suppliers were: Indonesia, Turkey, Philippines, Lebanon, Mexico, Vietnam and South Africa.

Accession Countries

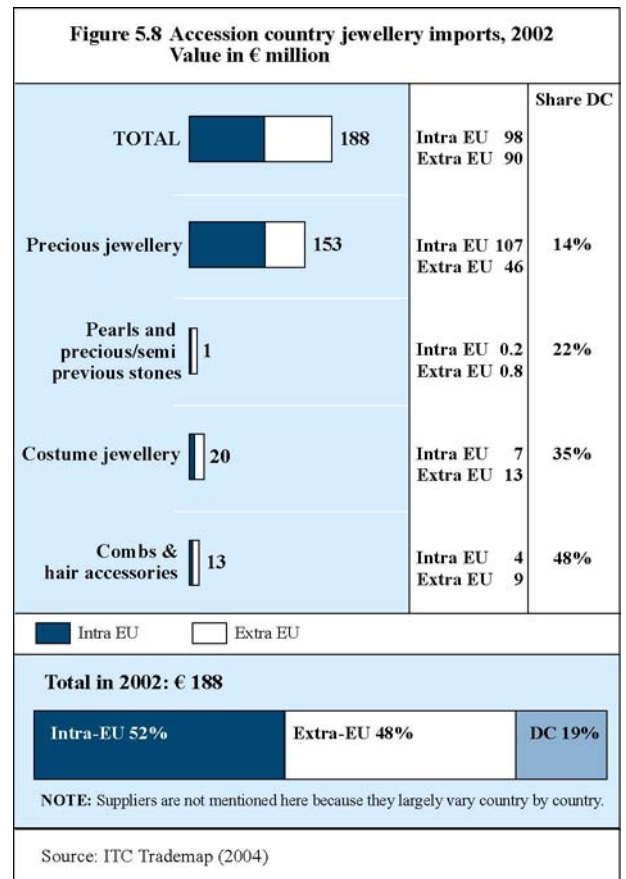
Trade Statistics for Accession Countries are from ITC Trademaps. The product groups broadly reflect those defined in Chapter 2.1. Figures are provided by value. Volume figures are incomplete hence appropriate comparisons and totals cannot be made.

Total jewellery imports into Accession Countries were valued at €188 million in 2002. Over 80 percent of these were precious jewellery items. 52 percent of imports were from EU countries. The dominant supplier was Italy, followed by Germany, the UK and France.

Although they vary by Accession Country, the main Developing Country suppliers were Turkey, followed by China, Thailand, India, Philippines and Indonesia, plus Mexico, Lebanon and Brazil. Although precious jewellery items accounted for the largest proportion, they represented just 14 percent from Developing Countries, compared with 35 percent for costume jewellery and 48 percent of all hair accessories.

Poland accounted for 26 percent of all jewellery imports from the Accession Countries in 2002, valued at €49 million. Main suppliers to Poland were Italy (59% by value), Turkey (9%), China, Germany and Thailand.

The **Czech Republic** was the second largest importer, importing €38 million, mainly from Italy (38%), Germany (14%), Turkey (13%), Thailand, Slovakia and China. **Cyprus** imported €26 million, mainly from Italy, the UK and Greece, while **Hungary** imported €23 million, half of which came from Italy. **Malta** imported €19 million, while **Slovakia** imported €14 million. The combined imports of the Baltic States amounted to just €13 million, while **Slovenia** was the smallest jewellery importer.



5.2 Imports by product group

The main categories of jewellery imported by the EU in 2002 are shown in figure 5.9. In terms of value, precious jewellery (gold, platinum and silver) accounted for 79 percent of EU imports in 2002, being 9,121 tonnes, worth €4,421 million, a 14 percent increase compared to €3,874 million in 2000. The value share of the other categories - costume jewellery and hair accessories - averaged around 17 percent and 4 percent respectively. EU imports of both precious and costume jewellery increased.

In terms of volume, costume jewellery formed the greater part (21,900 tonnes) representing 46% of the total volume of EU jewellery imports, followed by hair accessories at 16,861 tonnes (35%); the development between 2000 and 2002 is given in figure 5.9. and in table 5.2.

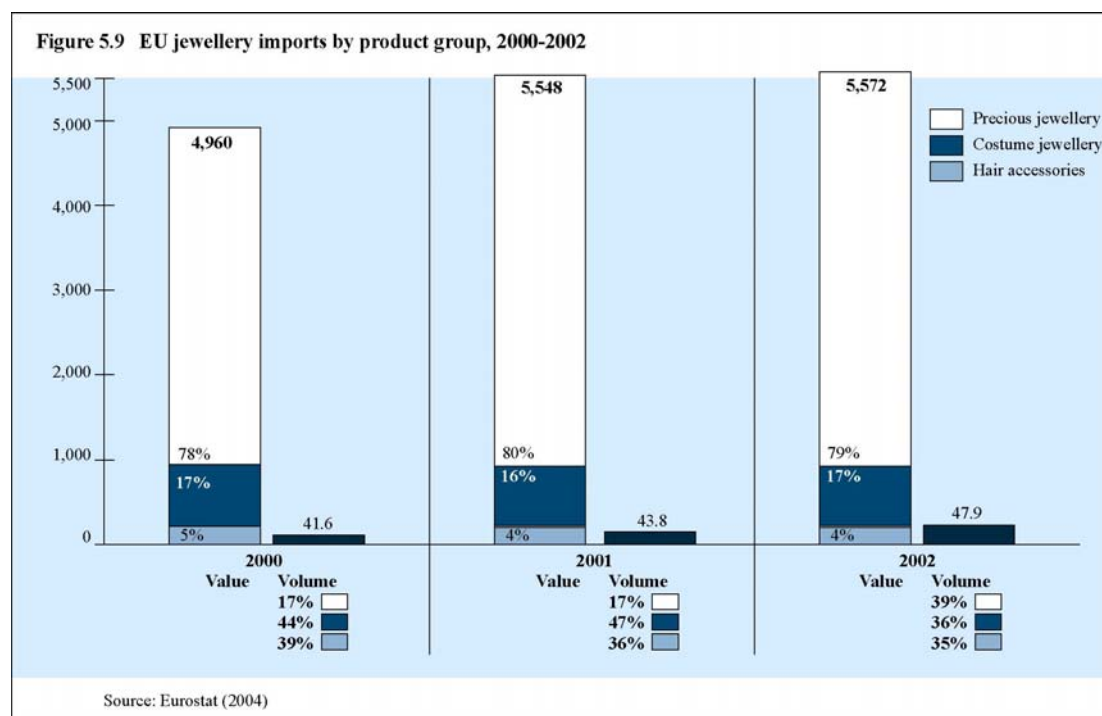


Table 5.2 EU jewellery imports by product group, 2000 – 2002, Tonnes and €1,000

	2000		2001		2002	
	value €	volume	value €	volume	value €	volume
TOTAL	4,959,985	41,648	5,547,834	43,799	5,572,304	47,882
Extra-EU	2,882,715	29,341	3,469,312	30,467	3,563,659	32,673
Developing countries	1,541,146	22,288	1,594,201	23,539	1,798,612	26,755
Precious jewellery	3,874,122	7,191	4,446,159	7,574	4,421,514	9,121
Jewellery of other precious metal	3,257,433	2,210	3,770,621	2,343	3,737,446	2,682
Jewellery of silver	445,944	2,498	459,437	2,458	518,278	3,157
Jewellery - clad - precious metal	40,919	299	71,081	289	53,103	631
Articles of pearls	35,883	83	25,870	28	25,491	27
Necklaces and bracelets of stones	26,204	276	24,949	192	15,462	200
Other articles of pearls, stones	67,739	1,825	94,201	2,264	71,734	2,424
Costume jewellery	1,085,860	34,455	1,101,673	36,224	1,150,790	38,761
Costume - metal	276,798	6,365	296,083	6,903	337,928	7,710
Costume - metal, clad with glass	251,928	2,850	255,324	2,876	255,282	3,041
Costume - other material	188,865	6,487	206,306	7,097	209,112	7,448
Costume - metal, clad	131,878	2,163	126,956	3,207	130,011	3,282
Cuff links and studs	10,669	195	14,942	279	19,323	419
Combs and hair accessories	225,722	16,395	202,062	15,862	199,134	16,861

Source: Eurostat (2004)

Between 2000 and 2002, the total EU jewellery imports increased by 12 percent - from €4,960 to 5,572 million. This was mainly because of a higher demand for product groups: jewellery of precious metal

(gold and platinum), silver jewellery, and most costume jewellery, especially costume-metal, costume-other material and cuff links and studs. Around 64 percent of EU imports by value came from non-EU sources. Developing countries accounted for 32 percent of the total value of EU jewellery imports.

Import statistics for each separate product group and details about supplies from developing countries can be found in Appendix 1 - *EU imports of selected product groups by source*. Most selected product groups are relevant to exporters from developing countries and are, therefore, described below:

Jewellery of other precious metal (gold, platinum)

This product group includes all jewellery items made of gold (pure gold and gold alloys) and platinum (with or without hallmark), whether or not plated/clad with other precious metal. In 2002, jewellery of precious metal formed the greater part, or 67 percent of all EU imported jewellery with a total value of €3,737 million. Between 2000 and 2002, the value of EU imports rose by 15 percent, and the volume increased from 2,212 to 2,682 tonnes. This was mainly due to increased demand for gold and platinum jewellery in the world market. Prices fell back in 2002.

In the same year, around 22 percent of the total EU imported value of gold and platinum jewellery, i.e. €818 million at 1,722 tonnes came from Italy, being the absolute leader in both volume and value. Other intra-EU sources e.g. the United Kingdom and France accounted for 17 and 7 percent respectively. Together with other significant suppliers, such as Germany, Intra-EU sources (excluding Italy) together formed 28 percent of volume supplies to the EU (see - figure 5.10).

Switzerland is the second largest supplier and accounted in 2002 for 19 percent of total supplies by value to the EU, and accounts for a large part of the value increase that took place in 2001. In the period under review, supplies from Switzerland rose by 143 percent, from €385 to 698 million. The relatively low volume of 17 tonnes indicates that Switzerland supplies highly priced high quality precious jewellery.

Supplies of this product group by the USA more than doubled from €162 to 337 million which were mainly to The United Kingdom. In 2002, other large suppliers of jewellery of precious metal were: Thailand (€246 million), China (€243 million), India (€212 million), Hong Kong (€132 million), Turkey, the UAE and Israel.

Jewellery - precious metal	Main suppliers:	→ Intra-EU 37% (including Italy 22%)
		→ Switzerland 19%
		→ USA 9%
	<i>EU imports in 2002 : €3,737 million 2,682 tonnes</i>	
<i>Trend of EU imports between 2000 and 2002 → increase by 15% from €3,257 to 3,737 million</i>		
Main suppliers:	Increasing supplies* from:	Decreasing supplies* from:
	Hong Kong (+ 20%)	Italy (- 10%)
	Switzerland (+ 81%)	Brunei (-70%)
	USA (+ 108%)	
Developing countries:	Thailand (+ 2%)	Malaysia (- 21%)
	China (+ 24%)	Lebanon (- 35%)
	India (+ 15%)	Saudi Arabia (- 68%)
	Turkey (+ 84%)	Indonesia (- 8%)
	Mauritius (+ 69%)	Oman (- 64%)
	Vietnam (+ 26%)	Mexico (- 18%)
	Philippines (+ 212%)	
	South Africa (+ 5%)	
	Pakistan (+ 38%)	
	Sri Lanka (+ 45%)	
		<i>* by value</i>

Supplies from developing countries rose by 13 percent, from €830 to 939 million, caused mainly by large increases in supplies by China, India and Turkey. This has been at the expense of Italy and Brunei. Supplies from other Developing Countries also showed significant increases in the period under review – as is shown above.

Silver jewellery

This jewellery group includes all qualities of silver (with or without hallmark), ranging from the higher Britannia standard (95.8%) to the most popular Sterling silver (alloy of 92.5% silver and copper) to lighter pieces of a lower fineness of silver (80%). All of these varieties that have been better designed gained popularity along with the trend towards white jewellery in the late 1990s. Also, young Italians and Spaniards recognised the beauty of silver jewellery.

In 2002, silver jewellery represented 9 percent of EU jewellery imports, 3,157 tonnes valued at €518 million. In terms of volume, silver jewellery accounted for 7% of total EU imports. Between 2000 and 2002, EU silver jewellery imports increased by 16 percent from €446 to 518 million, whereas in volume terms, EU imports rose by 26 percent from 2,498 to 3,157 tonnes. This was mainly due to lower silver prices, and the growing popularity of higher quality silver jewellery in all EU selected markets.

In the period under review, more silver jewellery was imported by Germany (+13% by value, from €138 to 156 million), the United Kingdom (+41%, from €77 to 109 million), France (+12%, from €57 to 64 million) and Italy (+23%, from €38 to 49 million).

Thailand is the major supplier, in terms of value, and in 2002 accounted for 31 percent of EU imports of silver jewellery, representing a value of €164 million, at 380 tonnes. Between 2000 and 2002, the value of EU silver jewellery imports from Thailand rose by 20 percent from €137 to 164 million (see Appendix 1 - *Jewellery of Silver*). By value, China is the second largest supplier to the EU increasing by 43 percent, from €58 to 84 million in the period under review. Italy is the principle supplier by volume to the EU, having increased from 1,254 to 1,626 tonnes.

Other significant suppliers of silver jewellery to the EU were Germany (5%, valued at €27 million in 2002), India (4% at €22 million), the USA (3% at €15 million), Switzerland (3% at €15 million), Hong Kong (3% at €5 million), Poland (2% at €11 million), France (2% at €10 million, volume 61 tonnes), Indonesia (1.5% at €8 million) and Mexico (1% at €7 million, 18 tonnes).

Silver jewellery	Main suppliers:	→ Thailand 31%
		→ Intra-EU 27% (including Italy 13%)
		→ China 16%
<i>EU imports in 2001: € 518 million</i>		
<i>3,157 tonnes</i>		
<i>Trend in EU imports between 2000 and 2002 → increase by 16% from € 446 to 518 million</i>		
Main suppliers:	Increasing supplies* from:	Decreasing supplies* from:
	Thailand (+ 19%)	Italy (- 6%)
	China (+ 43%)	Spain (- 28%)
Developing countries:	India (+ 18%)	Mexico (- 17%)
	Tunisia (+ 29%)	Indonesia (- 3%)
	Turkey (+ 10%)	Peru (- 10%)
	Mauritius (+ 55%)	
	Sri Lanka (+ 27%)	
	Nepal (+ 147%)	
	Morocco (+ 562%)	
	Malaysia (+ 71%)	
	Vietnam (+ 56%)	
	Philippines (+ 12%)	
		<i>* by value</i>

In 2002, the share of Developing Countries in supplies of silver jewellery was 59 percent, although, in terms of volume, their share was only 27 percent. This indicates a higher price level for silver jewellery from Developing Countries, compared to that for silver jewellery imported from Italy, UK and France. Next to Thailand, China and India, other Developing Country suppliers increased their imports of silver jewellery to the EU substantially, especially Tunisia, Turkey, Mauritius, Sri Lanka, Nepal, Morocco, Malaysia and Vietnam. On the other hand, EU imports from Mexico, Indonesia, and Peru (subcontracting for Italian manufacturers) declined.

Precious jewellery - other product groups

Articles of pearls

Between 2000 and 2002, EU imports of pearls (natural and cultured) decreased by 29 percent in terms of value, from €36 to 25 million. Within the EU, Germany is the largest importer (€0.9 million), followed by Italy, France, and Belgium. In value terms, the main suppliers of pearls to the EU were Japan (23% of total imports), closely followed by Switzerland (22%), China (17%), Hong Kong (16%), Germany (3%), the USA (3%), France (2%), Italy (2%), Australia (1%), French Polynesia, Taiwan and other EU countries. China is the largest supplier by volume, with a huge decrease, by 290 percent - from 43 to 11 tonnes between 2000 and 2002.

Significant importers from Developing Countries were India (+316%) and suppliers such as Thailand, Brazil, Philippines, Indonesia and South Africa.

Necklaces and bracelets of stones

This product group includes all necklaces and bracelets of stones (precious and semi-precious). Imports decreased by 40 percent in terms of value between 2000 and 2002. Volume was also down by 27 percent over the same period. This product group accounted for 0.3 percent of total EU imports, representing a value of €15 million in 2002. Germany was the largest importer and accounted for 28 percent of total EU imports. Italy (18%), the UK (11%), France (10%) and Spain were also sizeable importers.

The main suppliers were China (21% of EU imports at a value of €53 million), Hong Kong (17%, value of €2.6 million) and India (16%, value of €2.5 million), which were followed and at a distance by Germany (9%), Italy (9%), the United Kingdom (6%), Switzerland (5%), the USA, Taiwan, Belgium and France. Supplies from Developing Countries halved between 2000 and 2002 - see Appendix 1 - *Necklaces, bracelets and stones*. Only Brazil, Pakistan and South Africa registered significant increases.

Other articles of pearls and stones

This product group includes all other jewellery items with pearls, precious or semi-precious stones and accounted in 2002 for over 1 percent of total EU imports, representing a value of €72 million (2,424 tonnes). EU demand for other articles of pearls and stones fluctuated by value, but increased by 33 percent in volume terms. Germany is the largest EU importer (47% of total EU imports), followed by France (20%), Italy (11%), United Kingdom (7%) and Spain.

The main suppliers were China (23% of total value of EU imports), followed at a distance by Thailand (10%), Brazil (7%), United Kingdom, USA, Belgium, Italy and Hong Kong. EU imports from Developing Countries, particularly from Pakistan, Vietnam, Philippines, Madagascar and South Africa increased between 2000 and 2002. (See Appendix 1 - *Other articles of pearls and stones*).

Costume jewellery - metal

This group includes all jewellery made of metal, soft metals (tin and lead), stainless steel, titanium, brass, copper or alpaca (alloy of copper, brass and zinc). In 2002, costume-metal accounted for 6 percent of total EU imports, valued at €338 million, whereas the volume share is much higher (see - table 5.3).

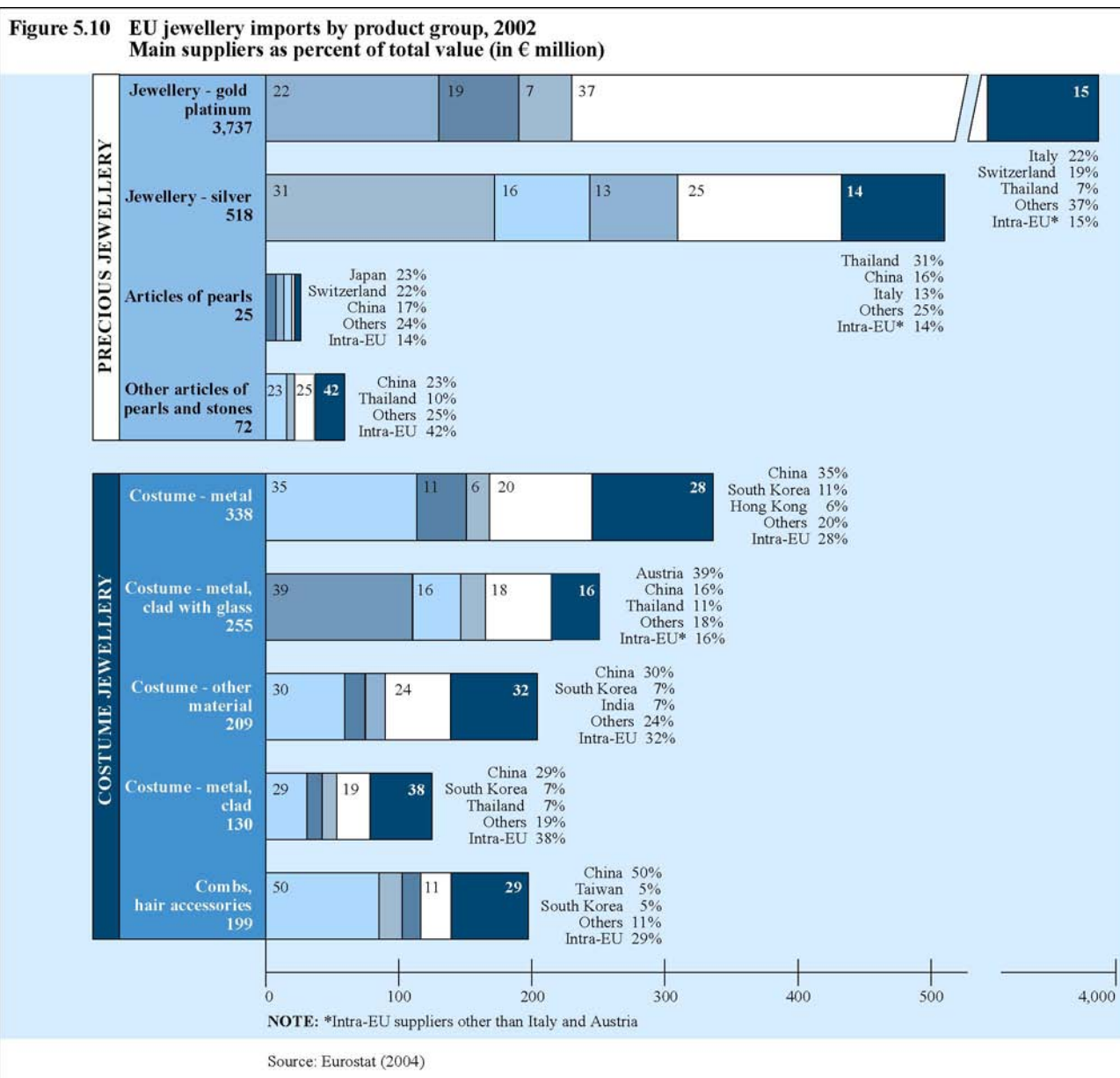
	<i>Volume</i>	<i>Share</i>	<i>Value</i>	<i>Share</i>
<i>Costume jewellery - metal</i>	7,710	16%	338	6%
Total jewellery	47,882		5,572	

Note: EU imports of 2002 are given in tonnes and € million.

Source: Eurostat (2004)

Between 2000 and 2002, EU imports of costume-metal increased by 22 percent in value - from €277 to 338 million, and by 21 percent in volume. The UK, France, Germany, Italy and Spain in particular imported more jewellery of metal from China, which accounted for 35 percent of total supplies.

As shown in figure 5.10, around 28 percent of EU imports of costume-metal came from other EU countries in 2002, while 11 percent came from South Korea. Other important non-EU suppliers were Hong Kong (6%), Thailand, the USA, India, Taiwan, Switzerland and the Czech Republic. Between 2000 and 2002, major increases were in supplies from China (+30%), India (38%), Philippines (+53%), Indonesia (+18%) and Albania (+180%), while supplies from Thailand declined slightly. Supplies of costume-metal of most other Developing Countries grew between 2000 and 2002 – see Appendix 1.



Costume jewellery – metal, clad with glass

This product group includes jewellery made of metal, which is clad with silver, gold or platinum and which has parts of glass. In 2002, this type of jewellery accounted for 5 percent of total EU imports, representing a value of €255 million. In terms of volume, this group accounted for 6 percent of total EU imports of jewellery.

Table 5.4 EU imports of costume jewellery – metal, clad with glass

	Volume	Share	Value	Share
Costume jewellery-metal, clad with glass	3,041	6%	255	5%
Total jewellery	47,882		5,572	

Note: EU imports of 2002 are given in tonnes and € million.

Source: Eurostat (2004)

This type of jewellery especially met the growing demand for glamorous and luxurious (looking) but inexpensive jewellery. Well-designed items with coloured crystal stones were particularly popular. Demand increased in the late 1990s but remained stable between 2000 and 2002, although volume increased modestly by 7 percent from 2,850 to 3,041 tonnes. Around 35 percent (by value) was imported by Germany, France (15%), Italy (8%), Spain (7%), the United Kingdom (5%) and the Netherlands (2%).

The supply of costume-metal, clad with glass to the EU was led by Austria, the home of *Swarovski* crystal jewellery, which accounted for 39 percent of supplies (€100 million) in 2002. As is shown in figure 5.10, Austria was followed at a distance by China (16%, at €40 million), Thailand (11%, at €27 million). Other supplying countries included Ireland (5%, at €11 million - with supplies decreasing), India (3%, at €9 million), Germany, the Czech Republic, France, the USA, Liechtenstein, Hong Kong and South Korea. In the period under review China and Thailand significantly increased their exports to the EU.

In 2001, the share of Developing Countries in supplies of costume-metal, clad with glass was still low (31%), although in terms of volume, their share in EU imports remained unchanged at 56 percent between 2000 and 2002. Apart from China, Thailand and India, other Developing Countries included Morocco, Tunisia, Philippines, Turkey, Indonesia, Ecuador, Brazil, and Pakistan (see Appendix 1 - *Costume-metal, clad with glass*).

Costume jewellery - other material

This product group covers costume jewellery that is made of other material than metal, and includes all natural materials (e.g. leather, wood, horn, rubber, bone, resin, coconut, shells etc.), stones, beads, glass, terracotta, ceramics, plastic, nylon, raffia, amber and recycled material (bones, egg shells). Within the EU, the United Kingdom is the largest importer and accounted in 2002 for 33 percent of total EU imports. Other sizeable EU importers were France (13%), Italy (12%) and Germany (11%).

Costume - other material	Main suppliers:	→ China 30%
		→ Intra-EU 32% (Germany 7%, Italy 6%)
		→ India 7%
EU imports in 2002: € 209 million 7,448 tonnes		
Trend in EU imports between 2000 and 2002 → increase by 11% from € 189 to 209 million		
Main suppliers:	Increasing supplies* from:	Decreasing supplies* from:
	China (+ 21%)	Taiwan (- 29%)
	Hong Kong (+ 10%)	Spain (- 21%)
Developing countries:	India (+ 2%)	Indonesia (- 9%)
	Thailand (+ 43%)	Turkey (- 5%)
	Philippines (+17%)	Mauritius (- 76%)
	South Africa (+ 55%)	Kenya (- 10%)
	Brazil (+ 130%)	Nepal (- 23%)
	Peru (+ 38%)	
	Mexico (+ 5%)	
	Morocco (+ 46%)	
		* by value

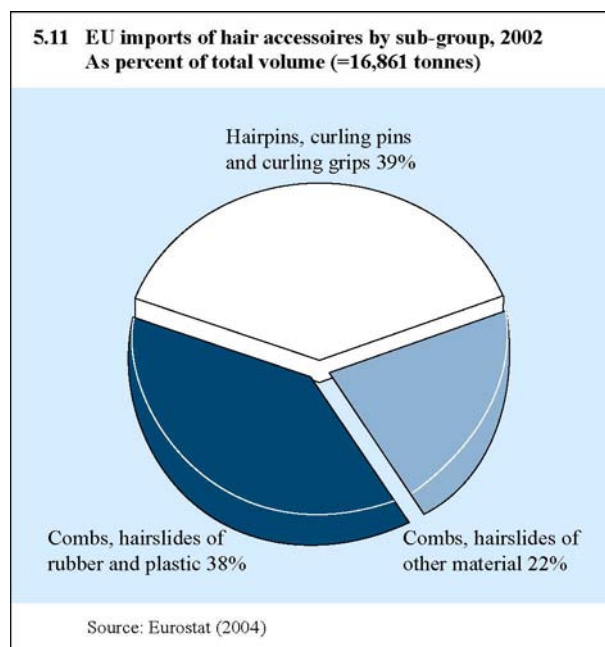
In 2002, costume-other material represented a large part (16%) of EU jewellery imports in terms of volume, i.e. 7,448 tonnes worth €209 million. Between 2000 and 2002, the volume of EU imports increased by 15 percent from 6,487 to 7,448 tonnes, while imports by value increased by 11 percent (see above). Jewellery made from beads, shells, mesh, leather straps or strings were in demand.

As is shown in figure 5.10, around 32 percent of EU imports of costume-other material came from other EU countries in 2002, with supplies led by Germany (€14 million) and Italy (€13 million). In the same year, 30 percent came from China (€63 million), 7 percent from India (€15 million) and 7 percent from South Korea (€14 million). These countries enormously increased their supplies to the EU, which has been at the expense of other important non-EU sources such as Taiwan and the Czech Republic.

Other Developing Country supplies of jewellery of other material also registered growth, for example those from Thailand, Philippines, South Africa, Brazil, Peru, and Morocco. On the other hand, less was imported from Indonesia, Turkey and Mauritius. For detailed statistics concerning the development of EU imports of costume - other material see Appendix 1.

Hair accessories

Demand for hair accessories in the EU has increased substantially in the late 1990s. In 2002, EU imports of hair accessories were valued at €199 million, or 16,861 tonnes, with Germany and France as large importing countries (each around 20 percent of the EU total). This product group includes a variety of items: trade statistics only divide them into the sub-groups *hairpins, curling pins and grips* and *combs, hairslides*, which is further divided into: made of rubber, plastics or made of other material (wood, horn, bone, resin etc.). Hairslides of rubber and plastic (6,428 tonnes, valued at €72 million), represented 38 percent of the total volume.



EU imports of hair ornaments declined by 11 percent between 2000 and 2002, from €225 to 199 million, whereas volume imports remained roughly unchanged at 16,861 tonnes in 2002. Falling imports of the sub-group *hairpins, curling pins* was compensated by rises in the other two categories

Intra-EU suppliers, especially Germany, Italy and France, accounted for 29 percent of total EU imports of hair accessories, as is shown in figure 5.11. China is the largest supplier and accounted for 50 percent of EU imports in 2002. Significant non-EU suppliers included Taiwan (5%, with decreasing supplies), South Korea (6%), Hong Kong, Thailand, the USA and the Czech Republic. Apart from these and Eastern European countries, important Developing Country suppliers were India, Mauritius, Turkey, Tunisia, Philippines, Colombia, Indonesia and Brazil (see Appendix 1 -*Combs and hair accessories*).

Cuff links and studs

Demand for cuff links and studs in the EU have increased substantially in terms of volume from 195 to 419 tonnes. In 2002, this product group represented a value of €19 million. Within the EU, the UK is the largest importer and cuff links and studs (59%), followed by France (6%) and Germany.

The main suppliers were China (25% of total value of EU imports), closely followed by Germany (14%), the UK (13%), Hong Kong (12%), the USA (5%), South Korea, the Czech Republic and Italy. Imports from China, USA, UK, Hong Kong and South Korea increased between 2000 and 2002.

Accession Countries

The Accession Countries are significant importers of jewellery, 52 percent of which was imported from the EU in 2002. The Eastern EU countries represented 69 percent of these imports, with 7 percent from the Baltic States. The high proportion of jewellery imports by Malta and Cyprus, which have low populations, is reflected by the fact that their jewellery tastes are similar to their Southern EU neighbours of Greece and Italy, the two highest per capita consumers of jewellery in the EU.

Over 80 percent of imports are precious jewellery items. Of the three areas, the Baltic States import a higher proportion of costume jewellery (15%) compared with the other Accession Country regions. Imports of combs and hair accessories are lowest in Malta and highest in Poland. On a per capita basis, the Czech Republic is the highest importer of jewellery.

	Eastern EU countries					Baltic States			Cyprus	Malta
	Poland	Czech Rep.	Hungary	Slovakia	Slovenia	Latvia	Estonia	Lithuania		
Total	49	38	23	14	6	4	5	4	26	19
Intra-EU	12	22	13	8	5	1	2	1	21	13
Extra-EU	36	16	10	6	1	3	3	3	5	6
Precious jewellery	38	31	18	12	4	3	4	3	22	18
Pearls and precious/semi-precious stones	0.08	0.3	0.2	0.1	0.04	0.02	0.04	0.06	0.08	-
Costume jewellery	5	4	3	1	1	0.5	0.6	1	3.6	1
Combs & hair accessories	5	3	1.4	1	1	0.4	0.5	0.4	0.7	0.2

Source: ITC Trademap (2004)

5.3 The role of Developing Countries

China, Thailand and India dominate the supply of jewellery from Developing Countries. In 2002, they together accounted for 94 percent of supplies to the EU. In the past few years, other non-Asian supplying countries have become more important. However, in Latin America and Africa it remains hard to obtain a significant position in the international jewellery trade for the following reasons:

- In most countries, jewellery is handmade and labour intensive. Production capacity, the level of technology, flexibility, good communications, product innovations and variety in design are limited.
- Many developing countries export jewellery to the USA. However, in terms of size and style, this jewellery often does not comply with the demanding and diverse EU market, where trends in fashion differ from those in the USA. Exporters lack the required information on the EU market.
- EU manufacturers continue to contract to foreign manufacturers in Asian (especially China and Thailand) and Turkey that has ambitions to eventually join the EU

The volume of imports from Developing Countries rose 20 percent from 22,288 to 26,755 tonnes, valued at €1,798 million in 2002, now representing 32 percent of EU imports. Between 2000 and 2002, the major increases were in the supply from China, although supplies from other Developing Countries to the EU showed substantial increases as well. Besides China, Thailand and India, other Developing Countries exported more jewellery (by value) to the EU, especially Vietnam, Philippines, Pakistan, Turkey, Mauritius, Tunisia, Morocco and Brazil, as is shown in table 5.6. However some Developing Countries such as Malaysia, Indonesia, Oman, Lebanon, Mexico, Costa Rica and Panama exported less jewellery to the EU.

Table 5.6 Largest increases in supplies of jewellery from Developing Countries to the EU, 2000-2002
Tonnes and €1,000

	2000		2001		2002		value increase % 2000 - 2002
	value €	volume	value €	volume	value €	volume	
TOTAL	4,959,985	41,648	5,547,834	43,799	5,572,304	47,882	+ 12%
Developing countries	1,541,146	22,288	1,594,201	23,539	1,798,612	26,755	+ 17%
Asia	1,345,703	21,072	1,413,009	21,743	1,569,875	24,789	+ 17%
China	582,598	17,147	629,775	17,894	717,642	20,376	+ 23%
Thailand	434,203	1,041	451,747	1,100	480,856	1,268	+ 11%
India	250,351	1,937	255,344	1,866	281,649	2,026	+ 13%
Vietnam	29,485	12	32,793	7	37,298	14	+ 26%
Malaysia	14,525	20	12,425	3	11,348	2	- 22%
Philippines	12,383	361	11,667	352	16,465	447	+ 33%
Indonesia	12,038	253	10,359	247	11,782	279	- 2%
Pakistan	4,599	268	5,490	216	6,339	314	+ 38%
Mediterranean & Middle East							
	76,740	98	86,850	88	117,280	220	+ 53%
Turkey	60,666	78	76,896	74	109,951	215	+ 81%
Oman	11,247	6	6,470	6	4,098	0	- 64%
Lebanon	3,820	0	3,078	0	2,461	1	- 35%
Africa	45,051	352	67,770	399	71,010	420	+ 58%
Mauritius	29,831	40	47,666	51	48,964	41	+ 64%
South Africa	4,404	34	6,941	26	4,949	71	+ 12%
Tunisia	5,689	141	6,533	162	7,949	162	+ 40%
Morocco	1,631	5	3,423	24	6,276	55	+ 285%
Madagascar	531	48	923	81	524	35	- 1%
Latin America	26,289	764	25,799	1,368	26,971	1,339	+ 3%
Mexico	11,023	108	10,028	60	9,070	37	- 18%
Brazil	7,632	560	10,049	1,173	11,279	1,115	+ 48%
Colombia	966	28	1,241	41	1,156	42	+ 20%
Peru	577	27	711	33	882	51	+ 53%
Costa Rica	970	7	716	3	767	4	- 21%
Argentina	537	10	280	3	903	32	+ 68%

Source: Eurostat (2004)

Import statistics for the total jewellery supplies from Developing Countries to the EU can be found in Appendix 1 (*EU Imports from developing countries*) and EU imports of each individual product group. Developing Countries, as defined by the OECD, are listed in Appendix 3.

The share of each product group and the major supplying Developing Countries, dominated by China, Thailand and India, are shown in table 5.7.

Table 5.7 EU imports from Developing Countries by product group, 2002		
Product group	DC supplies €million	Major supplies from Developing Countries to the EU
		As percent of total DC import value in each product group
Jewellery-precious metal	955	Thailand (26%), China (26%), India (22%) Turkey (11%), Mauritius (5%), Vietnam (4%), Malaysia (1.1%), Brazil (0.5%), Pakistan(0.4%), Oman (0.4%).
Jewellery-silver	306	Thailand (53%), China (27%), India (7%), Mexico (2%), Indonesia (2%), Tunisia (1%), Turkey (1%), Mauritius (1%), Morocco (1%), Sri Lanka (0.9%).
Necklaces, bracelets, stones	6	China (53%), India (40%), Brazil (3%), Thailand (2%), Pakistan (0.6%).
Other articles of pearls, stones	32	China (50%), Thailand (21%), Brazil (15%), India (4%), Pakistan (3%), Vietnam (2%).
Costume-metal	152	China (77%), Thailand (8%), India (8%), Philippines (2%), Tunisia (1%), Indonesia (0.5%), Albania (0.3%), Morocco (0.3%), Turkey (0.3%).
Costume-metal, clad	54	China (68%), Thailand (16%), India (8%), Costa Rica (1%), Philippines (1%), S.Africa (0.8%), Colombia (0.4%), Vietnam (0.4%), Indonesia (0.4%).
Costume-metal, clad, glass	80	China (51%), Thailand (34%), India (11%), Morocco (1.3%), Philippines (0.8%),

		Tunisia (0.4%), Indonesia (0.4%), Pakistan (0.1%), Turkey (0.1%).
Costume-other material	96	China (66%), India (16%), Philippines (8%), Thailand (6%), Indonesia (1%), Brazil (0.3%), S.Africa (0.3%), Turkey (0.3%), Peru (0.2%), Mexico (0.2%).
Hair accessories	108	China (92%), Thailand (3%), India (1%), Turkey (1%), Mauritius (0.7%), Tunisia (0.4%), Philippines (0.2%), Colombia (0.2%), Indonesia (0.1%).

Source: Eurostat (2004)

The greater proportion of EU imports comes from a few leading suppliers, which are mainly in Asia. The differences and difficulties in expansion of jewellery exports in each region can be described as follows:

Asia

Most EU importers source costume jewellery from China. Thailand and India are leading suppliers of gold, silver and increasingly costume jewellery. Supplies from these three countries are large and the jewellery industry in these countries is characterised by the presence of many small companies, competing in terms of price, product innovations (China) and lead-times.

Most of these countries have well-established jewellery associations. International or national trade fairs also take place in these countries e.g. the International Hong Kong Jewellery Trade Fair. With the rising incomes and a growing number of young urban professionals, demand in the Chinese market will rise. Here, affluent Chinese consumers will look for better-designed and higher quality jewellery. Being 'backed up' by domestic demand, China is now a strong competitor for the EU jewellery industry as well as for exporters from other Developing Countries.

Silver jewellery from Thailand and India is widely known. Other Asian countries, such as Vietnam, Philippines and Indonesia increased their exports of costume jewellery of other material and are recognised as interesting new suppliers of jewellery. Other growing Asian suppliers to the EU are Pakistan, Sri Lanka and Nepal.

Africa

Mauritius, Tunisia and Morocco are considerable suppliers of jewellery to the EU. South Africa, Madagascar, Egypt, Niger, Kenya, Benin and the Ivory Coast are sizeable suppliers of jewellery. Nonetheless, most African countries do not have large production capacities, lack the level of technology or cannot guarantee constant deliveries.

Latin America

Brazil and Mexico are the major suppliers from Latin America. Exports from Latin American countries are more oriented towards the USA. Small-medium sized supplying countries to the EU are Colombia, Peru, Argentina, Panama, Costa Rica, Ecuador, Chile, Guatemala and St.Lucia. The long distances and difficulty in communication from Latin American countries may be constraints to developments in exports to the EU. However, Spain and Portugal import considerable quantities of jewellery from Latin American countries because of their historical links. Imports from Brazil by all EU countries increased substantially. Recently jewellery made by Brazilian designers (e.g. Otazu) with an abundance of colourful stones has been successful in the EU.

Nevertheless, there are opportunities for exporters from Developing Countries to increase their supplies to the EU, possibly of innovative or special jewellery items. Since the 1990s, Developing Countries have steadily increased their exports to industrialised countries.

The tendency among importers is to look for newer Developing Countries like Vietnam, Tunisia, Ghana, Morocco, Pakistan, Honduras or other sources in South America or Africa, where production costs are lower.

With the increasing specialisation of the fragmented EU market, manufacturers have a growing interest in co-operating with others. In addition, they are constantly looking for different types of jewellery from new countries with new designs and a link to their own culture. Nevertheless modifications in designs are essential in order to meet EU market requirements.

Accession Countries

Almost 19 percent of all jewellery imports by the Accession Countries came from Developing Countries, valued at €35.4 million. The highest proportions were made to the Baltic States where Developing Countries accounted for approximately half of their total jewellery imports. Poland, the Czech Republic and Hungary are the largest importers from Developing Countries.

60 percent of all imports from Developing Countries were precious jewellery items. Costume jewellery accounted for 20 percent, as did combs and hair accessories. Imports of pearls and precious or semi-precious stones were negligible. The highest proportion of precious jewellery items from Developing Countries was made to the Baltic States and Malta and Cyprus, whereas the Eastern European Countries imported the highest proportion of costume jewellery and combs and hair accessories.

Precious jewellery imports were 60 percent of all Developing Country imports, valued at €21.4 million. Malta was the biggest importer (from Turkey primarily) with €4.5 million, followed by Hungary (€3 million from Turkey, China and Thailand with smaller supplies coming from Mexico, India and Philippines).

Costume jewellery accounted for 20 percent of jewellery imports from Developing Countries at a value of just over €7 million in 2002. Poland accounted for one third of all Developing Country imports of costume jewellery. Hungary, the Czech Republic and Malta accounted for most of the remainder. China was the dominant supplier, followed by Thailand, Egypt, India, Philippines and Turkey.

Combs & hair accessories accounted for 18 percent of imports from Developing Countries. Almost half of this was imported into Poland. The Czech Republic was the next biggest importer, followed by Hungary. The overwhelming supplier was China, although supplies were imported from Turkey, India and Syria.

	Eastern EU countries					Baltic States			Cyprus	Malta
	Poland	Czech Rep.	Hungary	Slovakia	Slovenia	Latvia	Estonia	Lithuania		
Total	49	38	23	14	6	4	5	4	26	19
Extra-EU	36	16	10	6	1	3	3	3	5	6
Dev. countries	7.5	5.1	5.3	2.4	0.7	1.8	2.1	2.1	3.9	4.5
Precious jewellery	2.2	2.4	3.0	1.8	0.1	1.7	1.7	1.6	2.4	4.5
Pearls and precious/semi-precious stones	-	0.01	0.01	0.01	0.01	0.01	0.004	0.004	0.02	-
Costume jewellery	2.4	1.1	1.5	0.3	0.3	0.05	0.2	0.3	1.1	0.001
Combs & hair accessories	2.9	1.4	0.8	0.3	0.3	0.04	0.2	0.2	0.3	0.002
Share DCs in imports (value)	15.3%	13.4%	23.2%	17.1%	11.6%	48.1%	39.5%	50.7%	14.8%	23.3%

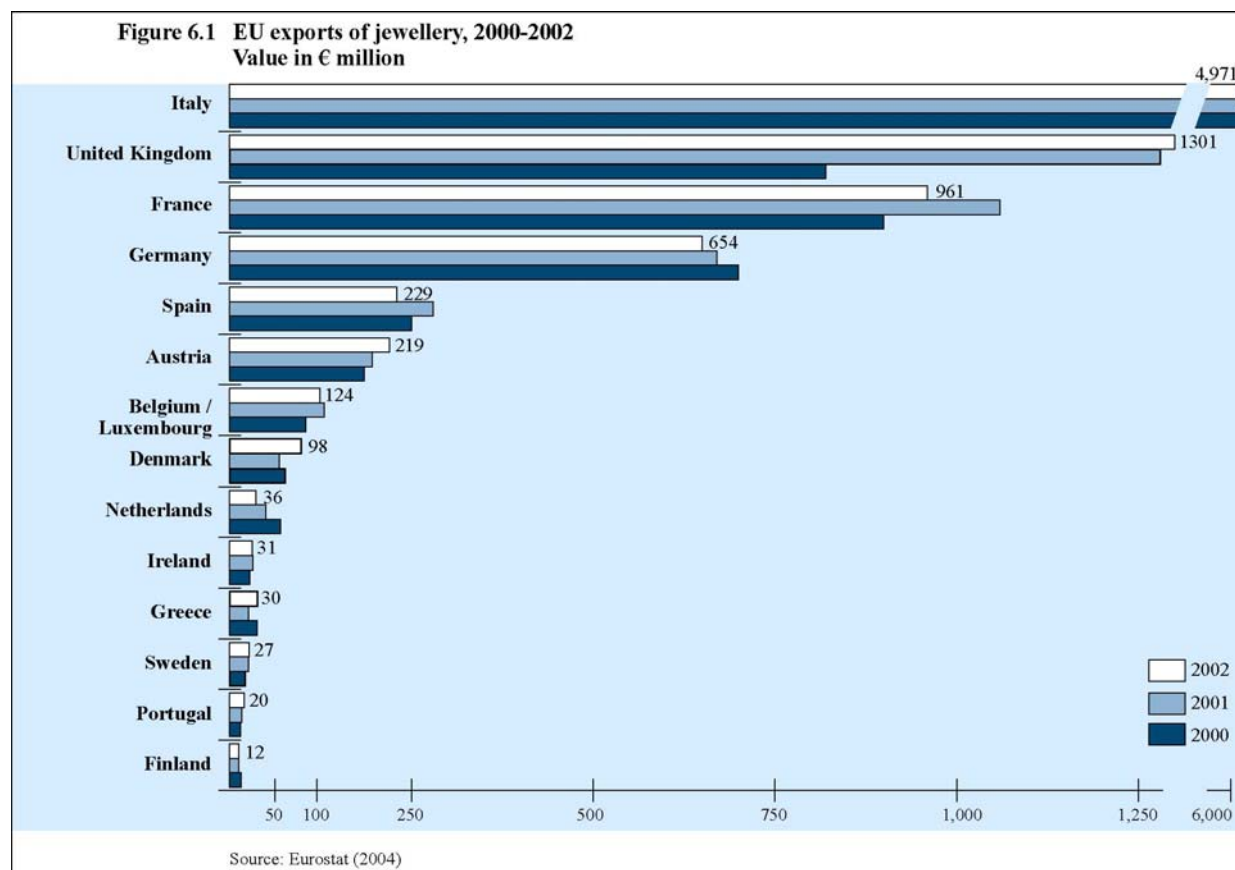
Source: ITC Trademap (2004)

6 EXPORTS

Total exports by the EU

The EU is the world's leading exporter of jewellery and is mainly represented by Italy, the third largest exporting country of silver jewellery in the world. Italy also represented the majority of all jewellery exported by the EU. Other significant EU exporters include Austria, France, Germany and the United Kingdom, who are leaders in silver and costume jewellery, reflecting their international leadership role in the field of fashion.

In 2002, the EU exported 21,946 tonnes worth €8,717 million. As the largest EU producer and exporter of jewellery, Italy accounted for 57 percent of EU exports in 2002: 4,812 tonnes, with a value of €4,971 million. Italy is followed by the United Kingdom (15% of EU exports in 2002), France (11%), Germany (7%), Spain (3%), Austria (2%), Belgium, Denmark and the Netherlands.



Between 2000 and 2002, EU exports increased by 2 percent in volume from 21,414 to 21,946 tonnes. However, EU exports declined marginally in value from €8,753 to 8,717 million. This was mainly because of lower exports by Italy (-11% in terms of value) and Germany (-7%) being offset by increased exports from the United Kingdom (+69%), France (+12%), Belgium/Luxembourg (+18%) and Austria (+18%). Exports from Spain, the Netherlands, Greece and Finland declined while exports from the other countries also increased.

Appendix 1 lists export statistics for the EU (by country and by product group). Precious jewellery formed 90 percent of EU exports (mostly of gold, platinum) in 2002, with reducing values but increasing volumes indicating falling prices. On the other hand, volumes of EU exports particularly of silver jewellery (from 3,797 to 4,990 tonnes), costume - metal, clad (from 1,907 to 2,773 tones) and costume - metal clad with glass increased.

Exports by the selected markets within the EU

Italy

By value Italy controlled a 57 percent share of EU jewellery exports, while by volume this share was 22 percent. In 2002, Italy exported 4,812 tonnes, valued at €4,971 million. The most important product group was gold jewellery that accounted for 87 percent of total Italian exports (€4,348 million in 2002). Other important product groups were: silver jewellery (8%, at €422 million), costume - other material (€65 million) and costume - metal (€56 million). Italian exports of these latter two product groups increased between 2000 and 2002. Other EU markets imported 23 percent of Italian jewellery, while the USA, Switzerland, Hong Kong, Japan, the UAE for gold jewellery as well as Japan, the Netherlands Antilles, China, Canada, Mexico, Israel, Australia, were also major customers for all jewellery from Italy. Since 2000, falling demand from the USA, Japan and South Korea has affected Italian exports badly.

United Kingdom

In 2002, the United Kingdom were the second largest exporter and supplied 2,180 tonnes of jewellery with a total value of €1,301 million, or 15 percent of total EU exports. In 2002, jewellery of other precious metal (gold, platinum) formed 88 percent, worth €1,142 million, making UK exports unusually high. Exports of this product group have increased by 78 percent in the period under review. Between 2000 and 2002, UK traders benefited from the high Pound Sterling, sourcing precious jewellery at low prices in Asian countries and re-exporting mainly to the USA and Switzerland.

UK silver jewellery exports increased by 53 percent between 2000 and 2002, from €28 to 43 million. Within costume jewellery exports, costume - metal was a large category (€30 million), followed by costume - other material (increase from €13 to 23 million) and hair accessories (fell from €16 to 12 million). In 2002, other EU markets imported 25 percent, while the greater part was destined for the USA, Switzerland, Hong Kong, the UAE, Brunei, Japan, Saudi Arabia, Canada and Australia.

France

France is the third largest exporter of jewellery, exporting 2,143 tonnes, valued at €961 million, or 11 percent of total EU exports in 2002. Like the UK, exports of jewellery of other precious metal increased by 12 percent in the period under review, reaching €961 million in 2002. These were primarily destined for Switzerland, the USA and Japan.

Costume jewellery formed the largest part by volume (1,943 tonnes, valued at €173 million). Of all French costume jewellery exported, costume - other material accounted for 23 percent (by value), then costume - metal, clad (21%), costume - metal (21%), costume - metal, clad with glass (13%) and hair accessories (22%). In 2002, other EU markets imported 29 percent of France's total exports. Major non-EU customers were the USA, Switzerland, Japan, Mauritius, UAE, Saudi Arabia, Hong Kong and Taiwan.

Germany

As the fourth largest exporter of jewellery in the EU, Germany exported a value of €654 million in 2002, representing 7 percent of total EU exports. In the same year, jewellery of other precious metal accounted for 71 percent of total German exports, worth €467 million, down from €500 million in 2000.

Exports of silver jewellery valued €60 million and accounted for 9 percent of total German jewellery exports. Between 2000 and 2002, exports of silver jewellery were virtually unchanged by value, but volumes were down 18 percent from 51 to 42 tonnes. Costume - metal, clad (€40 million), costume - metal (€23 million), costume - other material (€12 million) and hair accessories (€19 million) were other large product groups within German exports. In 2002, other EU markets imported 41 percent of German exports, while principal non-EU markets were Switzerland and the USA, followed by Japan, Hong Kong, UAE, Saudi Arabia, Russia, Poland and the Czech Republic.

Spain

Spain is a sizeable EU exporter of jewellery and exported a value of €229 million in 2002, or 3 percent of total EU exports. Between 2000 and 2002, the volume of exports increased by 85 percent in volume terms, from 3,326 to 6,159 tonnes. The main reason was a huge rise in exports of silver jewellery, which reached almost 4,000 tonnes, valued at €34 million in 2002. In the same year, jewellery of

other precious metal accounted for 60 percent of total Spanish exports, worth €138 million.

Of total Spanish exports, silver jewellery accounted for 15 percent (by value), while all costume jewellery accounted for 23 percent. Within costume jewellery, large product groups were: costume - metal, clad (€21 million), costume - metal (€12 million) and costume - metal, clad with glass (€9 million). In 2002, other EU markets imported 39 percent of the total. The USA, Japan, Switzerland, Mexico, Poland, UAE, Russia and Andorra were also significant customers.

The Netherlands

The Netherlands exported a total volume of 760 tonnes of jewellery valued at €36 million in 2002. Between 2000 and 2002, Dutch exports virtually halved in value. This was mainly due to less exports of jewellery of other precious metal (from €29 to 11 million) and costume - metal, clad (from €12 to 10 million). Exports of costume - metal, reduced 26 percent, from €10 to 8 million. Costume -other material accounted for 15 percent of exports. In 2002, two thirds of Dutch jewellery was exported to other EU countries, mainly to Germany and Belgium.

Accession Countries

In 2002 jewellery exports from the Accession Countries amounted to €100 million, of which 59 percent was precious jewellery and 37 percent was costume jewellery. 46 percent of exports were made to EU countries led by Germany and the UK. Almost one quarter of all exports were to the USA.

Poland accounted for 35 percent of Accession Country exports, the vast majority being precious jewellery, of which over 40 percent was destined for the USA (€13 million). Other major destinations were Germany (€4.5 million), the UK (€2.7 million) and France (€2.7 million). Small amounts went to China and Thailand.

The **Czech Republic** is the largest exporter, accounting for 45 percent of the total. 75 percent of all exports are costume jewellery. Very little costume jewellery is exported by any of the other Accession Countries. The top destinations for costume jewellery are the USA (22% or €7.7 million), the UK (16%), Germany (11%) and Italy (9%). Many Developing Countries receive small amounts of Czech costume jewellery including Brazil, Mexico and Afghanistan. Most of their precious jewellery exports go to Slovakia and Germany.

Malta & Cyprus each have significant precious jewellery exports in relation to their size. Most of Malta's exports go to the USA while Cyprus' exports go principally to the UK.

Table 6.1	Jewellery exports by Accession Countries, 2002 €million									
	Eastern EU countries					Baltic States			Cyprus	Malta
	Poland	Czech Rep.	Hungary	Slovenia	Slovakia	Lithuania	Estonia	Latvia		
Total	34.7	45.5	1	1.8	2.2	0.6	1.5	0.3	5.8	6.9
Extra-EU	18.8	22.2	0.5	1.7	2.1	0.5	0.3	0.2	1.4	6.4
Precious jewellery	32.4	9.3	0.4	1.6	2.0	0.08	0.5	0.2	5.7	6.9
Pearls and precious/semi-precious stones	0.3	0.08	-	0.02	0.015	0.04	-	-	0.04	-
Costume jewellery	0.7	34.1	0.3	0.1	0.2	0.5	1.0	0.04	0.02	-
Combs & hair accessories	1.3	2	0.3	0.07	0.03	0.04	0.05	0.06	-	-

Source: ITC Trademap (2004)

7 TRADE STRUCTURE

7.1 EU trade channels

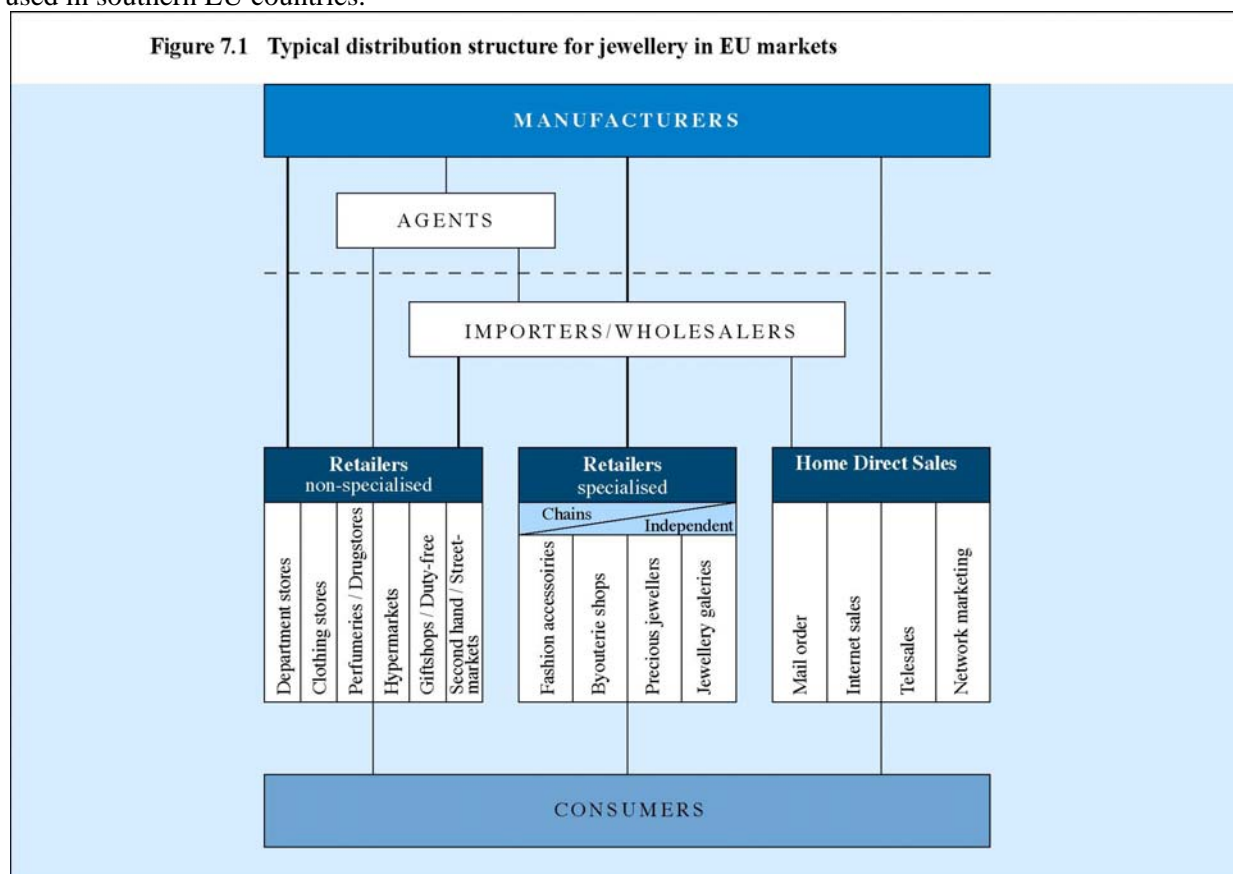
The key factor that characterises the structure of EU jewellery trade channels is the sheer diversity of the ways in which consumers can access jewellery products, particularly silver and costume jewellery. Although many of the traditional channels still dominate the precious jewellery sector, these products can also be found in a wide range of outlets and media types, notably the Internet and special shopping channels. In recent years, jewellery companies have been seeking to gain control over their distribution networks, either by expanding their franchises or opening their own directly operated stores.

For *precious jewellery*, specialised jewellery retailers still dominate in most selected EU markets, with a growing number of chain stores and non-specialist outlets. Large retailers have become important jewellery outlets, such as Signet and Argos in the UK and Magic Moment and Gold Market in Italy, Douglas in Germany or Siebel in the Netherlands. Exporters are likely to find it difficult to break into their networks as they carefully control their suppliers.

For *costume and silver jewellery*, trade channels in the selected EU markets have become more diverse. For example, the UK has a fragmented distribution system, with non-specialists such as department stores, catalogue showrooms and home direct sales dominating the market. Distribution in France is centralised with its focus on Paris. Here, jewellery is sold through a variety of small stores and franchised stores.

In Germany and the Netherlands, buying groups i.e. groups of organised jewellery retailers, and chain stores dominate. The Italian and Spanish markets have a more fragmented distribution chain than in northern EU countries. Many large retailers owned by US and European companies have already expanded into some of the Accession Countries where small independent networks still dominate.

The large EU jewellery manufacturers such as *Engelhard-Clal* (France), *Bulgari* (Italy), *Franz Golz* (Germany), *Guthmann & Wittenauer GmbH & Co* (Germany) operate on a global basis and have their own distribution networks. However, only a few other manufacturers have their own networks or sell directly to consumers. Most of the selected EU markets operate through importers. Agents are more frequently used in southern EU countries.



- **Importers / wholesalers**

Although the EU is an important producer of jewellery in the global market, a large proportion of jewellery sold in the EU is imported through a network of importers, wholesalers and agents. Some importers only buy stock after they have identified a buyer. Others will import and hold stock, taking the risk themselves. While the proportion of jewellery handled by importers varies between countries, they are important contacts, particularly for unbranded products. Contracts with wholesalers have a “no-return” policy. On average, wholesale prices are reportedly around half the retail price for jewellery.

Importers and wholesalers sell jewellery in their own country and are familiar with the local market, which is continually changing in terms of the number of suppliers and the retail environment. However, increasing numbers of wholesalers and importers deal across national boundaries. In addition to buying and selling, they can also take care of import and export procedures. A good relationship with an importer can lead to close co-operation which may result in assistance and advice on product designs, materials, trends and quality requirements.

Some importers sell directly to retailers through a system of cash and carry showrooms, from where small, usually independent, retailers buy. Others have their own sales force that call on and take orders from larger retailers. While the key summer and winter buying seasons remain, retailers are increasingly introducing new ranges on a continual basis throughout the year. It is very important that delivery schedules are met. Much hard work goes into finding a new buyer and this can be easily lost by poor service, even though the buyer might be very happy with the quality of your products.

Jewellery wholesalers in other selected EU markets are concentrated in the following areas:

United Kingdom	: Greater London, Birmingham.
France	: Paris (third arrondissement near the Place de la République) at the Rue du Temple.
Germany	: Kaufbeuren (near Munich), Pforzheim (more focused on precious jewellery).
Italy	: Arrezzo, Vincenza, Milan.
Spain	: Barcelona (Rambla).

Importers and wholesalers tend to specialise in specific product sectors. This might be earrings, or jewellery from a particular country or designer, or children’s jewellery etc. They may also specialise in items at a particular price level, in jewellery made from special materials or in jewellery sold and merchandised through a specific distribution channel. Most importers now tend to buy product concepts or product ranges, instead of a single product type or line, unless they specialise in this item. Find the importer best suited to your needs.

- **Agents**

Agents tend to negotiate on behalf of their clients and act as intermediaries between buyer and seller. They do not buy or sell on their own account and, if they represent more than one exporter, usually work on a commission basis. Some producers use more than one agent, but most prefer to find a reliable one with good contacts and work with them exclusively. This also provides more control over where your products will be sold.

In jewellery, a large number of exclusive brands are offered only through appointed agents, some of which can only be sold through a selected number of retailers. In these cases, agents play an important role in regulating the market as well as in distribution.

- **Retailers**

The different types of retail channels can be broadly divided into three categories:

→ **Specialised outlets**, which sell only precious jewellery or fashion accessories or costume jewellery. These outlets vary from *precious jewellers*, *jewellery galleries*, *bijouterie shops* and *fashion accessory shops*. The larger stores within each of these groups are often linked to a chain store or franchise organisation. The majority are small independent shops, especially in Italy and Spain. Due to the growing competition in the jewellery market, more of these stores are linking up with a buying group.

Apart from the UK, specialised outlets formed 70 – 76 percent of jewellery sales in most countries (see table 7.1).

- **Non-specialised outlets** where cheaper ranges of precious jewellery, silver, costume jewellery and hair accessories are offered. This category is led by department stores, clothing stores and gift shops.
- **Home direct sales** mainly refers to mail order, Internet and Telesales, which has stimulated the costume and silver jewellery markets. This category also includes 'network marketing' which targets the individual consumer directly through party plans, the Internet and similar sources.

Although increasingly under threat from sales via non-retail sources, particularly home direct sales, retailers continue to dominate the market. However, the nature of jewellery retailing is changing. Clothing stores, hypermarkets, gift shops, hairdressers and pharmacies recognised a growing demand and the high returns per m² on jewellery, taking up limited space in the stores. These different types of retailer are emerging to challenge the previous dominance of traditional specialist jewellers.

Retailers - Specialised outlets

Precious jewellery outlets

These outlets dominate the trade in mainland Europe, particularly in Italy and France. *Precious jewellers* mainly offer mainstream designed jewellery and watches, targeted at a broad consumer group. They concentrate primarily on sales of gold, silver and platinum jewellery, watches, clocks, and fine metal giftware. Although the owner is not necessarily a qualified gold-or silversmith, these jewellers usually also have a small workshop for repairs or service.

However, *own-brand jewellery stores* are now threatening some traditional outlets. Jewellery manufacturers are increasingly finding that they need a retail presence in order for their brand to be recognised, to be distinctive and to engage directly with consumers. Branding is a significant trend in this market and retailing is seen as a key medium through which a brand name is communicated. This is also seen as a key means of internationalising a brand. Jewellery is an emotional purchase that relies on the designer to give it a style or look. Many consumers find it difficult to know the true value of jewellery, so the retail environment is a means by which manufacturers can add value to their products.

In recent years, the consolidation of large luxury-goods groups has led to new fashion brands being launched into the market. High fashion houses are increasingly designing and developing their own jewellery collections. Well-known jewellery companies are hiring high-profile designers; for example Jade Jagger at Garrard and Solange Azagury-Partridge at Gucci's Parisien jeweller, Boucheron.

Independent jewellery retailers could be threatened by this trend, but there are also issues for manufacturers who introduce their own retail outlets. This is particularly important for pricing, and how the pricing strategy affects dealers who also supply the same products to other outlets. Independent retailers still have the advantage of service, particularly repairs. Many commentators believe this trend will boost jewellery sales for everyone as branded retail outlets provide a very strong form of advertising for the jewellery industry as a whole.

A major challenge for jewellery retailers is *stock control*. Sophisticated systems can assist in the process of maintaining manageable stock levels when manufacturers are continually bringing in new products with no proven guarantee that they will sell through. Finding the correct balance between proven best sellers and new merchandise is difficult, particularly in an uncertain economic climate. Consumers are continually looking for and expecting to see new ranges, so some retailers are tempted to stock all new merchandise.

The involvement of independent retailers in the sale of costume jewellery is confined to limited sales of higher quality costume and silver jewellery. However some smaller jewellers, who know the latest trends in fashion, sell some higher quality costume jewellery and silver jewellery in order to attract younger people to their stores. Larger stores are connected to large international chain store operations.

Most jewellers have to cope with issues such as more demanding consumers, more competition from non-specialists and discounters, and tougher restrictions on distribution policy from the branded suppliers. In order to differentiate, jewellers continually seek new sources to develop their own exclusive collections. They also offer finance facilities, refund policies and their own guarantees, as well as customisation of some jewellery items for added personalisation.

Table 7.1 Jewellery retailers in the selected markets within the EU						
As percent of retail sales in 2002						
	UK	France	Germany	Italy	Spain	Netherlands
Total no. of outlets	9,300	9,500	15,000	21,400	10,750	2,300
Specialised	55%	75%	70%	76%	74%	71%
Independent shops *	26%	49%	58%	52%	54%	55%
Chain stores **	29%	13%	12%	8%	5%	16%
Jewellery galleries	na	13%	na	16%	15%	na
Non-specialised	45%	25%	30%	24%	26%	29%
Department stores ***	14%	8%	14%	8%	13%	14%
Catalogue showrooms	16%	na	na	na	na	na
Clothing stores/Boutiques	6%	na	na	6%	4%	5%
Hypermarkets	3%	14%	4%	1%	2%	na
Perfumeries/ Drugstores	na	na	na	3%	na	2%
Mail order, Internet, Telesales	6%	3%	9%	1%	2%	4%
Other ****	na	na	3%	5%	5%	4%
Total	100%	100%	100%	100%	100%	100%
Notes: * includes retailer linked to buying groups						
** includes franchised stores, which are more strongly represented in France, Italy and Spain.						
*** Costume jewellery is mainly sold at department stores (e.g. 50% in the UK) and home direct sales channels.						
**** includes network marketing, second hand stores/chains (e.g. Cashjoya), giftshops, duty free, streetmarkets etc.						

Source: Euromonitor, Societé 5, Mintel, VDSI, ISTAT, HBD (2003), UK Trade Invest (2003)

Jewellery galleries are the gold-and silversmiths who make their own jewellery collections, selling them at their own shops or galleries. Sometimes they also sell jewellery from other designers in order to broaden their range. As is shown in table 7.1, they are strongly represented in France, Italy and Spain, but also represent a sizeable share of jewellery sales in the other selected EU markets.

Bijouteries: Also referred to as specialist shops for 'bijoux' (the French word for costume jewellery). Typically, about 70% of their turnover is costume jewellery. These outlet types are mainly found in southern EU countries (France, Italy and Spain), and most of them are independently owned. The same is true for *fashion accessory shops*. However, in order to meet competition from non-specialists, a growing number are joining buying groups, franchises or chain stores.

Fashion accessory chain stores: These specialist stores are usually part of a national or international chain store operation. Most have standardised product ranges and are located on the high street or at out-of-town shopping centres, where women treat them like any other clothing store. Because of volume discounts from their suppliers, they can offer items at low prices, which often are purchased impulsively. These stores have been doing well in the United Kingdom, Germany and the Netherlands.

Store name	Country of origin	Type of operation	Market segment
Accessorize	United Kingdom	Chain store	Medium range
Claire Accessories	USA	Chain store	Low end
Agatha	France	Franchise	Medium range
Pop Bijoux	France	Franchise	Low end/medium range
Nereides	France	Chain store	High end/medium range
Bijoux Catherine	Germany	Chain store	Medium range
Bijoux Brigitte	Germany	Chain store	Medium range
Petra Schmuck	Germany	Chain store	Low end/medium range
Irina	Germany	Shop in shop	Medium range
Blue Planet	Italy	Self service stores	Low end/medium range

In the UK, organised accessory chains stores like *Accessorize* (280 stores, owned by the Monsoon Group) specialise in jewellery at affordable prices for females in their twenties. The US owned *Claire's Accessories* has 450 outlets in the UK, is expanding rapidly and targets a younger female audience.

The German chain store operation *Bijou Brigitte* specialises in selling its own in-house design costume and silver jewellery and has expanded into other EU markets. In 2000, they had a total of some 300 stores in the EU, most of which were in Germany, with some in Austria, The Netherlands and Spain.

Fashion accessory shop (franchised): These shops, linked to a franchise organisation are most commonly found in France and increasingly in Italy. In France, more than half of costume jewellery mid-market sales were via 3300 franchised stores, operated by 18 franchisers. Accessory shops have a wider product range, selling many fashion accessories in addition to jewellery, such as scarves, sunglasses, watches, headwear, belts, bags, socks and other gift items.

Retailers - Non-specialised outlets

Department stores

Jewellery sales through department stores have increased in recent years. They benefit from a high volume of consumer traffic and are able to offer a wide range of goods from fashion to real quality jewellery items. In the UK around half of all costume jewellery is sold in department stores, compared to just 7 percent of precious jewellery. Nevertheless, department stores accounted for 13 percent of all UK jewellery sales As is shown in table 7.1, department stores are also well represented in Germany, the Netherlands and Spain. They increasingly sell branded jewellery, often related to clothing brands or well-known designers, alongside their own brands, which are often targeted at the bottom end of the market.

Young working women like to shop around in a jewellery department without feeling any obligation to buy. This is not so easy in specialist jewellery shops.

Specialist in-store (shop-in-shop) concessions for precious jewellery (gold) have been popular and to meet the growing demand, department stores have started to stock costume jewellery near their clothing items.

Country	No. outlets	Name of department store and outlets
UK	320	Marks&Spencer (45), House of Frazer (48), Debenhams (100), John Lewis(26), Allders (45)
France	121	Galeries Lafayette (74), Printemps (18), BHV (18), Bon Marché (1), La Samaritaine (1)
Germany	350	Karstadt (190), Kaufhof (135), Breuneringer (14), Kaufring (na), Ludwig Beck (4)
Italy	88	Coin (72), La Rinascente (16)
Spain	65	El Corte Inglés (59), Perez del Molino (4), Jose Luis Gay (2)
Netherlands	84	Bijenkorf (11), Vroom&Dreesmann - V&D (70)

*Notes: - Department stores are ranged from high end - middle range - low end market segments.
- Variety stores are excluded.*

Department stores usually buy jewellery directly from foreign suppliers in large quantities. They purchase against a season or particular fashion, and then move on to new lines for the next sales season. Department stores vary the amount of space given to different product categories at different times of year, subject to activity in other sectors within the store.

Clothing stores

International and national chains play a major role in selling costume, silver jewellery and some cheaper precious jewellery with gemstones. In France clothing stores account for around 9 percent of total jewellery sales, which is high compared to the other EU countries.

These store groups usually have their own brand of fashion accessories in addition to seasonal collections from manufacturers. Young consumers tend to buy pieces of jewellery at the same time as new clothes as part of a 'look'. Others buy on impulse.

Well-known clothing chains that stock lower cost jewellery include Miss Selfridge, Next, Caroll, Kookai, Henness&Mauritz (H&M), Didi, Guess, Mexx, Esprit, Wallis, Oasis, Dorothy Perkins, Top Shop, Cisalfo, Krizia, Cacharel, Cotarelli, Cortefiel or Mango.

Fashion boutiques

Most are independently owned and operate in the middle to upper sections of the market. They do not have the purchasing power of bigger retailers so have to work with higher margins. In these outlets, jewellery and clothing must be fashionable and exclusive in order to differentiate from mainstream fashion. They tend to carry a limited range that is chosen to complement their clothing collections (e.g. Versace, Kenzo, Moschino, Fiorucci). Importers and agents are their main source of supply.

Perfume and pharmacy outlets

Jewellery is sold to consumers in a limited degree through perfume and pharmacy outlets. *Perfume* shops sell some precious, costume and silver jewellery items, which are exclusive in terms of design, price and brand name. Supplies are purchased from importers. *Pharmacies* sell the more fashionable and lower priced jewellery and hair accessories. Silver jewellery is often sold as gift items, particularly during peak selling periods such as Christmas, Easter, Valentines Day, Mothers Day etc.

Gift and duty-free shops

Consumers also buy jewellery in gift shops, duty-free shops at airports and in some major cities, and in small shops attached to tourist locations such as museums and art galleries. This merchandise is purchased from specialist importers, whose product ranges include giftware as well as jewellery. These outlets represent a good opportunity for exporters, provided that items are sold in special gift packaging and with an explanatory leaflet.

Second-hand and street markets

Cashjoya, owned by Cash Jewellery International (USA), is a successful second-hand jewellery chain, currently operating 45 stores in Spain. In the period 2001-2004, they will invest €42 million to open up 200 stores in southern Europe (Spain, Italy, Greece and France).

Particularly in countries of southern Europe with a significant tourist industry, costume and silver jewellery can be widely found in street markets. The latest fashions are not usually found in these outlets and they are often used by some wholesalers as a means of offloading unsold stock from other retail channels.

Other shops

Jewellery is sold in many other types of stores e.g. hypermarkets, children's clothing outlets, toy shops, sports shops, optical shops, in-flight shops by the airlines, shoe shops, cash-and-carry wholesalers with retail outlets, factory outlets and petrol stations. A significant recent move by the major US retailer Walmart is to introduce ranges of competitively priced jewellery into 170 of its Asda UK outlets, a sure sign that supermarkets are considering entering the jewellery market.

Home direct sales

Home Shopping has become well established. Improvements in technology continue each year and significant efforts have been made to reassure consumers that it is safe to purchase over the phone and the Internet. Mail order is a growing medium for lower cost jewellery items, especially in Germany and the UK (see table 7.1)

Mail order

Mail order catalogues are now more fashion-focused. They usually concentrate on selling lower cost gold jewellery and some silver or costume jewellery. Personal service and exclusive retail environments are still required for the sale of luxury jewellery items. However, once a brand is established, consumers are also prepared to purchase by mail order. Many retailers also have mail order catalogues that offer the same or similar range of products that are found in their retail outlets. This is particularly the case in the UK where Argos has 475 retail catalogue showrooms, and has developed a hugely successful sub-brand called *Elizabeth Duke*. They offer value for money jewellery, and a large part of their success is due to the combination of their retail presence and telephone/internet ordering.

Well-known German and French companies are Otto, Neckermann, Trois Suisses, Camif, Maty (jewellery), Beaute Createurs, Damart Serviposte (clothing) and La Redoute. Many mail order companies are finding that a higher proportion of their sales are being made online. However, this does not seem to be a shift from one medium to the other. Companies find that the two mediums are complementary. A consumer may view something online and then request a catalogue to take a closer look at the item in question. Alternatively, they may view an item in a catalogue, and then make the actual purchase online.

Internet

On-line shopping in the jewellery sector is increasing rapidly. Recently an Internet auction was established by the auction house *Sotheby's* and the Internet auction provider *eBay*. Jewellery chains such as *Accessorize* and *Bijoux Brigitte* have made online shopping possible from their websites. This makes sense for companies such as these who target a younger audience, as younger people tend to be more frequent users of the Internet. Their products tend to be lower priced in jewellery terms. Few people would buy an expensive piece of jewellery on the Internet.

The Internet market for jewellery in the EU is developing quickly. Although many retailers now have their own sites where you can purchase online, as well as view, a number of web sites exist without any supporting retail presence. Examples of such companies are *diamondgeezzer.com*, *hattongardenonline.com* and *cooldiamonds.com*. The American e-commerce company *costumejewellery.com* have an on-line choice of 10,000 items. In the year 2004, it is estimated that Germany will have 30 million Internet users, while France should have 18 million users, Italy 10 million and Spain 8 million.

Telesales

Selling through television, which started in the USA, is now developing worldwide, with a number of operators in Europe. The biggest operator is QVC. Although this channel is still relatively insignificant in sales terms, it seems to be particularly effective for jewellery. However, the audience for this sort of shopping channel would make it more relevant to the lower end of the market. In the UK, approximately 50 percent of QVC's sales are estimated to be jewellery. QVC recognises the advantage of branding in jewellery and has its own crystal range under the name of *Diamonique*. In 2003, QVC won "Alternative Retailer of the Year" at Retail Jewellers' UK Jewellery Awards. Other companies involved in tele shopping in Europe are *Les Trois Suisses* (French), *La Redoute* (French), *Standa* (Italian), *Quelle* (German) and *TV Shop*, which have three European home shopping channels.

Network or Multi-level marketing/Party plan/Pyramid sales

In these schemes, companies sell directly to consumers who receive a discount depending on the amount they order. These consumers sell the jewellery in the same way to their friends and gradually a network of buyers/ sellers develops. The major advantage of the system is that people trust the judgement of friends much more than that of shop assistants. However, many network-marketing schemes have received bad publicity in recent times. Although people may trust the judgement of their friends, they sometimes feel as though they are obliged to buy because their friend has introduced them to a product.

Accession Countries

In the **Czech Republic**, there are 700 watch and jewellery shops. The market is divided between department stores and supermarkets selling low-priced goods and specialist shops selling medium to top-of-the-range goods. After clothes shops, watch and jewellery shops are most widespread in shopping centres. A large number of jeweller producers sell their products under their own brand names (*Soliter*, *Granat*, *Primossa*). The *Klenoty Aurum* chain with 34 outlets is the largest distributor.

In **Poland**, the jewellery market is dominated by chain stores belonging to Polish manufacturers. This includes the *Kruk*, *Apart* and *Yes* brands among others. The "mid-range" includes brands such as *Aren*, and *Swiat Zlota*, which have sprung up in the wake of shopping centre development.



Traditional Czech Jewellery Shop

7.2 Distribution channels for Developing Country exporters

Realistically, for exporters of jewellery from the developing world to the EU, the options are somewhat restricted, depending on the supplier's resources and scale of operation. Many larger jewellery buyers have either set up manufacturing facilities of their own in parts of the developing world, or have some form of exclusive relationship with certain suppliers. Developing Country exporters may find the middle and lower segments of the market more fruitful. Asian producers may find a market with their respective expatriate communities in Europe, as would Africans of selected countries.

While the option of employing a full time European agent is not affordable for many, it is essential for exporters to make sure that potential buyers are at least given the opportunity to see what can be available to them. The first port of call for exporters should be to contact an importer who at least may advice on different market conditions and requirements. Advice may also be available from an export promotion department of an exporter's embassy in the country in question.

The following channels provide the safest and most effective means of distribution for exporters from Developing Countries:

- Distribution using an importer in each country
- Distribution through department stores, chain stores and retailers (e.g. buying groups)
- Distribution through home direct sales channels

The relative importance of each channel has been described in section 7.1. The advantages and disadvantages of each channel can be found in Chapter 10.3.

Possible channel for artisans

A distribution channel for artisans from Developing Countries is the Virtual Exhibition Centre. This is a joint ITC UNCTAD/WTO - UNESCO project which aims at promoting the artisans sector in developing countries and economies in transition, with a special emphasis on the Least Developed Countries (LDCs). It exhibits artisan products, which include jewellery. This has been established in close collaboration with national trade promotion organisations, Chambers of Commerce and other business organisations, as well as non-profit organisations promoting trade.

Fair Trade

Fair Trade is a concept that encourages trade between disadvantaged or marginalized producer groups – usually smaller groups – and parts of the developed world. The International Fair Trade Federation (ifat.org) is a good point of contact for jewellery manufacturers who are interested in this growing market sector. Although charities such as Oxfam are motivated to provide assistance to farmers, co-operatives and exporters from developing countries by selling their products in EU countries, there are also many commercially driven organisations that now operate in this sector. For example, in the Netherlands, the Fair Trade Organisation has six shops and also supplies to 300 'Wereldwinkels' (Third World Shops) in the country.

These organisations buy only products made under humane and acceptable working conditions (they employ no child labour, for example) and for which a 'fair' price is being paid. For jewellery, designs would reflect both current fashion and the cultural origin of the jewellery for sale through their own outlets. Many consumers in European countries are looking very closely at the ethical and environmental aspects of all products that they purchase. Although these products tend to carry a premium price to allow for producers receiving a greater return, for jewellery products, this would more likely be appropriate for fashion jewellery or the lower end of the precious jewellery market. A number of Thai manufacturers already export to the EU under fair trade terms.

Design schools

A number of colleges and universities that have fashion departments can offer training opportunities in jewellery design, and, if they think it is of a suitable quality, will enable it to be exhibited. This provides the double benefit of advanced production training, as well as a potential opportunity to exhibit the designs or meet potential buyers.

8 PRICES

8.1 Price developments

Price is important in the jewellery sector and depends on the raw materials used, craftsmanship, design, fashion appeal, distinctiveness and increasingly the brand. In the late 1990s, EU prices of jewellery declined on the world market. This development, the popularity of cheaper forms of e.g. gold (9 carat) and improved techniques, using fewer raw materials, made precious jewellery more affordable to a larger group of consumers, particularly younger people.

The prices of all precious metals have increased on the world market in recent years. In addition, prices of precious and costume jewellery have been under pressure at all levels in the supply chain because of the economic recession. The stagnant jewellery market in the selected countries created an oversupply of low- to medium range costume jewellery items.

Gold price development

Between 2002 and 2004, the gold price averaged between US\$280 and US\$407 per ounce. Figure 8.1 shows the effect of global political concerns in 2003 that pushed up the gold price even further after a period of steady increasing gold prices since September 2001.

Although the US economy is now recovering, economic uncertainty and a falling exchange rate for the US\$ has resulted in a growing interest in gold as an investment. Interest was high from institutional investors, funds and individuals in the USA and in Asian countries, but also in the Middle East with its escalation of political tension. In the EU, investment in gold also grew fast due to the economic recession, with investors leaving the fluctuating stock market. Consistent increases throughout 2003 have only just stalled in the middle of 2004.

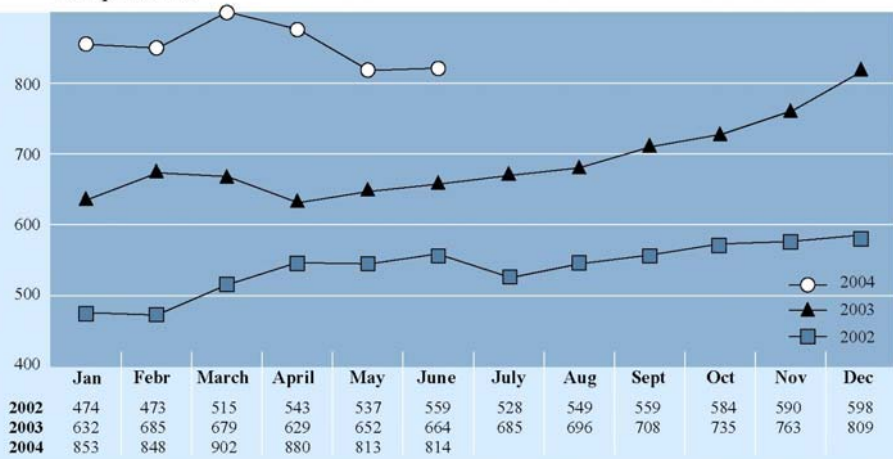


Platinum price development

Gold was the main factor behind platinum's strong performance, which was triggered on 7 September 1999 by the IMF's decision to re-value its gold reserves. In late September 1999, the platinum price increased due to an agreement by the 15 European Central Banks to limit sales from their gold reserves over the five-year period.

The demand for platinum in jewellery has increased considerably in recent times. This is one factor, aside from the war in Iraq which has seen the price of platinum break through the US\$ 900 per ounce mark in March 2004, although, like gold, it has fallen back since then - see figure 8.2.

Figure 8.2 Average monthly prices of platinum, London fix, 2002-2004 (June)
 US\$ per ounce

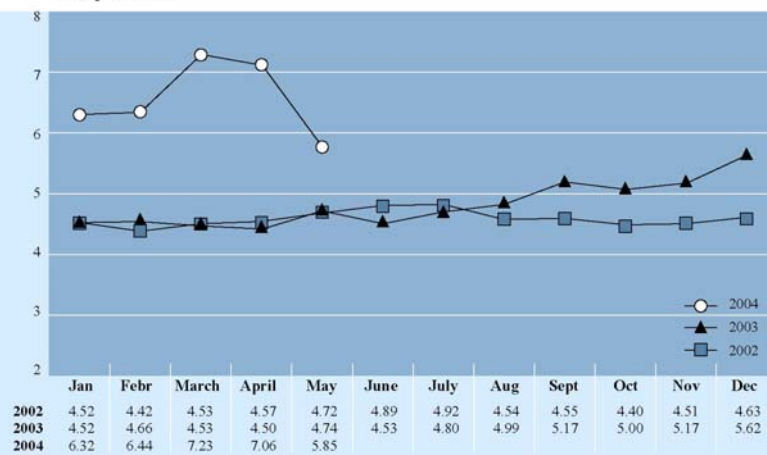


Source: Johnson Matthey (2004)

Silver price development

The average silver price has increased from US\$ 4.52 per ounce at the beginning of 2002 to a recent peak of US\$ 7.23 per ounce in spring 2004 as is shown in figure 8.3. The war in Iraq coincided with the start of a 60 percent price increase over the following 12 months, supported by growing demand for higher quality silver. With regard to consumer prices of silver jewellery, trade sources estimated that around 90 percent of all (sterling) silver jewellery was sold at retail prices of up to US\$ 100, with an average price of US\$ 40 per item.

Figure 8.3 Average monthly prices of silver, London fix, 2002-2004 (May)
 US\$ per ounce



Source: Silver Institute (2004)

Jewellery retail prices

For *costume jewellery*, there is a broad range of items, qualities, materials, designers and styles. Consumers are prepared to pay extremely high prices for unique items made by a well-known designer or for imitations of items that, for example, are worn by famous celebrities.

For *precious jewellery*, the prices of precious metals, diamonds and gems on the world market, the state of the world economy and the US\$ exchange rate have a great influence on prices, in addition to design, craftsmanship etc.

Considering the variety in items, raw material and designs, it is almost impossible to give typical prices. Jewellery prices are generally lower in some of the Accession Countries, particularly in Eastern Europe and the Baltic States, although they are starting to rise. However prices in Cyprus and Malta are similar to European levels due to their proximity with Italy and Greece. A very rough price overview of a typical range jewellery items is shown in table 8.1.

Item / Material	Retail price in € (Incl. 17.5% VAT)
Pendant - silver with heart locket	10 - 100
Pendant – platinum heart shape with diamonds	1,800 - 2,400
Pendant – gold with diamond solitaire	450 – 1,250
Bracelet – men’s silver bracelet	40 - 120
Bracelet - yellow gold with diamonds	230 - 450
Bracelet – gold, ruby and diamond bands	60 - 400
Bracelet – Winnie the Pooh charm bracelet	30 - 50
Bracelet – silver, turquoise, mother of pearl bracelet	30 - 80
Earrings – silver simple design	10 – 50
Earrings – gold plated with ethnic pattern	80 - 100
Earrings – blue topaz	15 - 40
Earrings – gold with diamond studs	150 - 750
Earrings – gold, with emerald and diamond drops	120 - 600
Rings – platinum wedding ring	150 - 600
Rings – diamond in gold	200 - 5000
Rings – sterling silver	50 - 90
Rings – men’s gold	30 - 250
Neckwear – simple design in gold	50 - 300
Neckwear – multi-coloured pearls - cultivated	700 – 1,200
Neckwear – silver with diamonds	300 - 450
Neckwear - Coral stone	30 - 200
Neckwear - Turquoise	20 - 150
Combinations - large gemstones and pearls	600 -1,200
Hair string of sterling silver	20 - 35
Anklet – plain gold	30 - 70

Source: Argos, Goldsmiths, H Samuel (2004)

Price sensitivity and value for money

In the past, consumers have bought expensive jewellery when many people who see them wearing the particular jewellery item would not have any idea of its value. Nowadays, these consumers want more visible signs of the strength and value of such products and brands. They want to feel that they are getting value for their money. They also want other people to recognise the quality and value of the item they are wearing.

Consumers, especially working women and teenagers, are more knowledgeable as they are exposed to wider ranges of jewellery sold at more retail outlets, by mail order, Internet and telesales.

Intensified competition

Intense competition in jewellery retailing is holding prices steady. Jewellers are adding value, through design and presentation, and this is creating an environment where prices are not subject to deflation either. Retailers, especially at the bottom end of the market are sensitive to pricing competitively. In principle, importers maintain a close control over recommended retail prices, but oversupply of some items continues to have an impact on prices. The gold price rise has not dramatically affected the wholesale price of jewellery items. Wholesalers are aware that the market has been fairly difficult and have not been prepared to pass on all gold price rises to consumers.

Increased demand, especially from teenagers, combined with a high degree of specialisation has resulted in a widening range of cheaper items coming on the market. In addition, large retailers, who benefit from large economies of scale and increased efficiency, are in a position to exert even more pressure on prices and margins. This means that price remains an important factor in the low-end market segment.

8.2 Sources of price information

The best way to obtain information about prices and price levels in the EU is by visiting one of the major trade fairs or cash and carry trade centres. Alternatively, comparisons can be found in the prices given in catalogues from mail order houses, large department stores or from company Internet sites. Window-shopping in the prospective market place, at several retail shops, is another good way of getting information about prices, fashions, colours, qualities and promotions. Other sources of price information on jewellery are listed below. The addresses can be found in Appendix 2.2.

CIBJO - International Jewellery Confederation	→	Web site on trade and prices of EU jewellery industry: http://www.cibjo.org
Jewellery Information Centre	→	Web site on the global developments in jewellery http://www.mjsa.polygon.net
World Gold Council	→	http://www.gold.org
The Silver Institute	→	http://www.silverinstitute.org
Fidelitrade	→	http://www.fidelitrade.com/rpframe.asp
Kitco	→	http://www.kitco.com
Matthey	→	http://www.platinum.matthey.com/prices
Accessorize	→	Web site of UK costume and silver jewellery chain store http://www.accessorize.com
Bijou Brigitte	→	Web site of German costume jewellery chain store http://www.bijou-brigitte.com (in German)

9 EU MARKET ACCESS REQUIREMENTS

9.1 Non-tariff trade barriers

Quality and grading standards for metal jewellery

The main standards for jewellery to be considered by exporters from developing countries are:

- Hallmarks for jewellery of precious metals (gold, platinum and silver) and CCM.
- International standard for jewellery plated with precious metals (ISO/DIS10712).
- All jewellery items should be free from nickel (Directive 94/27/EC).
- Other quality standards in the jewellery industry.
- EU quality standards on jewellery sizes as voluntary EU standards (CEN TC 174).
- EU safety standards (Directive 92/59/EC).

Hallmarks for jewellery made of precious metals

Hallmarks are a guarantee of the definition and fineness of precious metal objects. Hallmarking for gold and silver dates back 700 years, making it one of the oldest forms of consumer protection. Currently most EU countries have hallmarks for precious metal jewellery. In eight countries (The Netherlands, France, the UK, Ireland, Spain, Portugal, Austria and Finland) hallmarks are obligatory by law. Although these countries use their own marks and symbols (e.g. leopard, lion, eagle etc.), they accept each other's hallmarks. This means that once a precious jewellery item is approved, it can be sold without further testing in any of these countries. Germany, Italy, Greece and Luxembourg have no compulsory hallmarking requirements, mainly to protect the interests of their home industries. There has been an attempt by Italy to introduce a self-certification system to replace the hallmark standard but there is much opposition to this proposal.

In the UK, for example, hallmarks for precious metal articles were redefined in 1999. The testing and marking of gold, silver and platinum items are laid down in order to guarantee conformity to legal standards of purity. A hallmark indicates:

1. Who made the article (sponsor's mark)?
2. The precious metal content (fineness mark).
3. Where the item was hallmarked (assay office mark).
4. When it was hallmarked (unique letter mark for each year).

As they are soft metals, gold and silver are mostly applied in alloys with respectively palladium, silver, manganese, nickel, copper and tin for gold alloys, and copper for silver alloys. The fineness of precious metals is defined in parts per thousand (ppt). For example, in the UK the legal standard of finenesses is for:

➤ Gold	→	916 (22 carat), 750 (18 carat) and 585 (14 carat) and 375 (9 carat) ppt. There are two higher categories of fineness rated at 990 and 999 ppt.
➤ Silver	→	925 (Sterling Silver), 958 (Britannia), 800, and a higher fineness of 999 ppt. Silver jewellery with traces of nickel is prohibited in the EU. Therefore, the use of pure copper and zinc, which are cadmium and nickel free, are recommended.
➤ Platinum	→	999, 950, 900 and 850 ppt. Each differently identified by Pt' or 'Plat' followed by the fineness in number and by the date letter and Assay office mark.

A tolerance is allowed on these standards of fineness of 3 ppt for gold and 5 ppt for silver. However, for platinum, no negative tolerance is accepted. For the higher standards of fineness, a special process of assaying and marking is applied as well as the determination of the usual legal standard of fineness.

The use of hallmarks in the selected EU countries

The harmonisation of hallmarks is considered to be of the highest priority. The proposed 1993 EU Directive (93/C 318/06 amended by 94/C 209/04), for the harmonisation of standards and free movement of precious metal articles throughout the EU, was designed to replace existing national provisions. The proposal is intended to harmonise degrees of fineness, hallmarks and responsibility marks, and to work with three certification systems:

- Quality assurance according to ISO-9003;
- The EC declaration of conformity, based on harmonised CEN norms; and,
- Checking by third parties.

The European Commission has still not been able to adopt a common position because of the differences among the member states with regard to the certification procedures.

The fineness of platinum is set under the Hallmark Convention in the EU, which are: 999, 950, 900 and 850. Within the selected EU countries, the Netherlands and the United Kingdom have adopted this convention. Most other EU countries apply a single 950 standard, with Italy permitting a small negative tolerance. France, Spain and Italy also allow iridium to be counted as platinum. Germany permits the use of alloys with 999, 960, 950, 900 and 800 fineness.

The Vienna Convention Common Control Mark (CCM)

This mark can be applied by CCM member countries for the import and export to and from CCM member states within and outside the EU. Current member countries are: Austria, the Czech Republic, Denmark, Finland, Ireland, the Netherlands, Norway, Portugal, Sweden, Switzerland and the UK.

The Convention's Common Control Mark (CCM) consists of the following marks:

1. The responsibility mark of the manufacturer or importer (as registered in one of the member countries).
2. The CCM applying to the standard of fineness.
3. The assaying organisation's office mark (see picture of Waarborg Holland's office mark).
4. A mark that indicates the standard of fineness in thousandths (see picture of CCM mark).



Waarborg Holland's Office Mark



CCM mark for gold with a fineness of 750 ppt

The Common Control Marks 2 and 3 can only be applied by the assaying organisation, whereas the other marks can be applied by the manufacturer or importer or upon request by the assaying organisation.

The standards of fineness recognised under the Convention are currently for:

- **Gold:** 750, 585 and 375 parts per thousand (and shortly also 999 and 916 ppt);
- **Silver:** 925, 830 and 800 ppt (and shortly also 999 ppt)
- **Platinum:** 950 ppt (and soon also 999, 900 and 850 ppt).
- **Palladium** with standards of fineness of 999, 950, and 500 ppt will soon be incorporated into the Convention as a precious metal.

An overview of the hallmarks used in UK jewellery and information on hallmarks used in other EU countries can be found at the UK Assay Office (<http://www.londonassayoffice.co.uk>) or at the websites of the national assay offices in the other selected EU countries – addresses see Appendix 2.1.

Major Hungarian jewellers, hit by an unofficial market in gems and jewellery competing on price and availability, are bent on seeing the practice of official "hallmarking" consigned to history. They say that unofficial market players either forge the hallmark or simply ignore the procedure.

Both domestic Hungarian jewellery producers and importers are obliged by law to have their products hallmarked by the Precious Metal Examining and Certifying Institute (Nehiti), a body operating under the umbrella of the Economic and Transport Ministry. The hallmarking by Nehiti certifies that the material is pure, while gold weighing less than one gram and silver less than two grams are exempted from the stamping requirement. In cases where hallmarking is required, this must be done before the products are presented on the market.

Now the legitimate players are claiming that there is a lack of control by Nehiti. There will be much pressure on their hallmarking system, and indeed in other Accession Countries as they join the EU.

International standard for plated jewellery

This standard resulted from complaints from consumers about the disappearance or discolouring of gold or silver-plating on their jewellery after it had been used for a short time or after it had been in contact with water.

In 1999, a draft standard ISO/DIS10712 set minimum quality requirements for rolled gold and for the use of the term 'gold plated' and 'gilt'. There are three levels of standard items described as gold plated. These standards are linked to a marking system where *P* indicates *plated* and the second letter indicates a category A, B or C. The categories A and B stand for a minimum thickness of 5 and 3 microns (μ) respectively at 14 carat. Category C is more complicated. It calls for a minimum of 0.5 microns (μ) of pure gold and gives a sliding scale of decreasing purity and increasing thickness ranging through 1.2 microns (μ) at 14 Carat to 2.3 microns (μ) at 9 Carat. In the case of silver plated jewellery a similar marking system exists, details of which can be obtained from the ISO (International Standards Organisation); the address can be found in Appendix 2.1.

Other quality standards in the jewellery industry

The following are not official EU standards, but buyers/importers request most of them:

- Non-toxic substances should be used when colouring the jewellery.
- The fittings, locks and clasps must be of a good quality. Consumers do not accept items which fall apart in a few weeks and will ask for their money back, leading to a complaint to the importer. For example, the clips of earrings must open and close easily, fastenings of neckwear and bracelets must be solid and of good quality.
- The finishing of jewellery is of growing importance for both consumers and buyers.
- **To prevent silver jewellery from becoming rusty or green when used intensively or in water,** exporters should treat their silver jewellery items against oxidation.
- Avoid having neckwear too tight and avoid having bracelets and dangling earrings too rigid.
- Deliver both left and right earrings, instead of two lefts or two right earrings.
- Buyers' instructions on sizes and colours (indicated in Pantone colours), should be exactly followed by the exporter. A minor discrepancy could damage the perceived product quality.
- Stick to the quality of the first samples. Inferior items are likely to be refused. Exporters are recommended to offer counter samples to importers.

EU quality standards on jewellery sizes - CEN

The EU committee, CEN (European Committee for Standardisation) has published voluntary quality standards for some jewellery items. The objective of the EU harmonisation committee CEN/TC 283 has published European standards for jewellery that include the size of rings and the colour of stones/metals on precious metal coatings of plated jewellery. Standards are under development for sampling of precious metal alloys and methods to determine the nickel content of body piercing post assemblies. The main activities of the working groups relate to precious jewellery rather than costume jewellery. International standardisation activity exists under ISO/TC 174. National quality standards and test methods still apply in many instances. Overviews of CEN standards can be found on the Internet sites of the CEN - address see Appendix 2.1.

EU safety standard

No unsafe jewellery should be offered for sale to consumers. In this respect, there is a EU standard (Directive 92/59/EC) for general product safety, which requires that all consumer goods must bear a safety guarantee. The general directive defines a 'safe product' as a product which, when normally and reasonably used during anticipated conditions and period of time, poses no risk. For example, accidents still occur with wedding rings that get stuck in a door handle. Recently, a French Jeweller Pierre Voeltzel has developed a safety ring with a clip that opens in these situations or in any other case of emergency. At this moment in time, jewellery is not covered by the so-called New Approach Directives of the EU relating to CE Marking. This is a legal requirement through which a manufacturer claims that his product complies with minimum product safety requirements.

In general, there are limited risks when using an item, but the following should be considered:

- *The characteristics of the item.*
- *The way in which the item is offered.*
- *The categories of consumer.*

A manufacturer/exporter, or his representative/importer in the EU, can in most cases be held liable for compensation for damage to persons and property caused by an item that turns out to be not as safe as expected. Financial compensation can be demanded for incidental suffering incurred. The directive therefore obliges both manufacturers and importers to monitor the safety of jewellery items.

Quality and grading standards for precious stones

At the 30th World Diamond Congress held in October 2002 in London, delegates from the World Federation of Diamond Bourses (WFDB) voted unanimously to make it a duty of all its members to disclose to buyers treatments used to improve the colour and clarity of stones, especially where high-pressure heat treatment (HPHT) has been used. This is a relatively new process in which rough diamonds are subjected to temperatures above 1,700 degrees centigrade and pressures over 60 Kilobars. Although this can significantly change the colour of the stone, the process is very difficult to detect. Stone treatments are a problem throughout the chain of manufacture and retail in the jewellery industry. However, for precious stones there are currently no EU or national quality standards. Since more artificial and imitations of stones (e.g. glass, beads etc.) have been available in the marketplace, some of which are perfectly cut, buyers have become more critical towards jewellery with badly cut stones. Even if the genuine natural gemstones are formed completely naturally without human interference, their quality must be reflected in terms of colour, cut and clarity. In addition, a proper description of stone has become important.

The diamond quality pyramid

Diamond is the hardest natural substance known to man and has the brightest lustre of all gemstones. In the trade, the quality pyramid of diamonds is expressed and measured by the 4 Cs - cut, clarity, carat weight and colour. The combination of the 4Cs determines the value of a particular diamond.

- *Carat:* A diamond's size is measured in carat weight, and each carat is equal to 0.2 grams, divided in 100 points. A .75 carat diamond is the same as a 75-point diamond or a 3/4 carat stone. While larger diamonds are highly prized, diamonds of equal size vary widely in value, depending on the other Cs.
- *Clarity:* With a loupe or microscope, the natural phenomena (called inclusions) can be seen. Flawless stones, i.e. without inclusions are at the peak of the Diamond Quality Pyramid. Diamonds with very small inclusions are graded as VVS1 or VVS2. Large inclusions mean a lower quality diamond. Inclusions that can be seen with the naked eye are graded I1 or I3.
- *Colour:* diamonds are graded by colour, starting at D and continuing through the alphabet. Truly colourless stones, graded D, treasured for their rarity and value, are highest on the Diamond Quality Pyramid. While many diamonds appear colourless, they may actually have subtle yellow or brown tones and these colour grades include P and Q. Although still beautiful, they will be less rare and therefore less valuable.

- **Cut:** Here the hand of a master craftsman is necessary to release the fire, sparkle and beauty. When a diamond is cut to good proportions, light will reflect from one mirror-like facet to another and disperse through the top of the stone, resulting in a display of brilliance and fire. Diamonds that are cut too deep or too shallow lose light that spills through the side or bottom. The classic Round Brilliant, Oval, Pear, Marquise, Princess, Heart and Emerald shapes are mentioned as being among the most beautiful and popular nowadays.



Diamond grading: there are two internationally recognised diamond grading systems: GIA and CIBJO. One of these systems should be used to describe diamond colour and clarity. Older systems such as ScanDN, or dealer-specific systems should not be used anymore.

Conflict diamonds

A new, global certification system for the diamond trade came into force at the beginning of 2003. All diamonds used in jewellery should be sourced from legitimate suppliers in line with the United Nations Resolutions and agreed by the world's governments at the World Diamond Congress. This certification system, known as the Kimberley Process, is intended to prevent the smuggling of conflict diamonds from war zones. All countries, including the major trading centres, intend in future to import only diamonds that come with an official certificate from the export country. These papers can only be obtained if every individual stage, from mining to export, took place legally. Critics of this new system state that on-site monitoring in developing countries such as Sierra Leone, Angola or Congo can hardly be guaranteed. In addition, many traders are insufficiently informed and still accept products without checking. Whereas the diamond industry speculates that the proportion of conflict diamonds is 2-4 percent, the London-based organisation Global Witness states a figure of around 20 percent. 60 countries have signed up to this process, including 3 EU countries, one of which is the UK.

Quality of precious or gemstones

Disclosure of all gemstone treatments, independent certification of diamonds, and accurate description of all materials used in the making of jewellery is becoming the norm.

Weight and size: Like diamonds, gemstones are traditionally weighed in carats. One metric carat = 1/5th gram, being subdivided into 100 parts or points. Different types of gemstones will have different weights as they are made of different materials and have different densities. This is illustrated in the fact that a round 'brilliant cut' diamond weighing .15 ct. will have to be approximately .22 ct. in a sapphire or ruby to appear the same size.

A historical note. The carat weight originates from historic classical times. It comes from the Mediterranean plant, the Carob that is found all around that area. It has seeds that are remarkably standard in size and weight and so were used as standard weights around the Mediterranean sea area. This is the origin of both carat weight and the use of proportions of quality in precious metals.

Trade related environmental, social and health & safety issues

Trade-related environmental issues

Awareness of environmental problems has increased considerably in the past few years and has become an important issue in the international jewellery trade. For environmental issues, jewellery is a complicated product group. Not only is there a wide variety of products, there is also an extensive range of materials used, especially in costume jewellery. The most important materials and their environmental impact will be discussed below, where also recommendations to exporters for improvement are made.

Table 9.1 Overview of environmental issues, relevant to jewellery

Material used in production	Main environmental issue
<i>Metal</i>	The extraction of the raw materials, melting and refilling
<i>Copper and brass</i>	Emissions into the air, polluted processing water, solid waste
<i>Glass</i>	Emissions into the air during cooling, polluted waste water
<i>Plastics</i>	The use of pigments (cadmium), fire-retardant and heat-stabilisers
<i>Leather</i>	The use of chemicals, much polluted waste-water, prohibited skins
<i>Mining</i>	The polluted waste from chemical and mechanical processes
<i>Azo dyes and other substances</i>	Ban on the use of azo dyes

Metal

The different stages in the production of metal (products) that have impacts on the environment are extraction of the raw materials, melting and refilling. The use of energy during the melting process is extremely high. A wide range of substances is emitted to water and air. Cleaner technologies are therefore aimed at reducing emissions and saving energy. Pressing, extruding, hydro-mechanical and cutting or punching, can mould the raw metal. Emission of substances during the welding process, to connect metal parts, depends on the method used.

Often thinner is used to degrease after polishing. Thinner is a Volatile Organic Compound, which is dangerous to environment and health. The environmental consequences of the use of VOC are ozone depletion, smog, water and soil pollution. The health impacts are impairment of the central nervous system, brain, liver and kidneys and irritation of eyes and skin. An environmentally sound option is to use a vegetable oil, such as rapeseed methyl ester (RME) or coconut based ethyl-hexyl-laurate. After degreasing, the objects can be rinsed with water and soap and dried in sawdust.

Copper and brass

Emissions that are emitted into the air during the production of brass are, for instance, zinc-oxide, copper-oxide, dust, VOCs, PER, oil, iso-propyl-alcohol and dioxins. The cooling and processing water contains substances such as, chloride, zinc, copper, PER and oil. Furthermore, there is solid waste. Examples of these solid wastes are copper dust, zinc dust, sulphuric acid (containing copper and zinc), oil, sludge, rags, PER, solder, small chemical waste, filter dust and oven rubble.

Glass

During the melting of the raw materials, heavy metals are released into the air. These emissions can be reduced through cleaning of the gases. Heavy metals, sulphate, phosphate and mineral oil are released with wastewater when the glass is cooled. A closed cooling system and the re-use of cooling-water can restrict the emission of substances to the environment. The melting of the raw materials requires a lot of energy. Using more recycled glass also reduces the demand for new glass, and hence the energy required for glass production.

Plastics

Many of the additives used in the production process of plastics are harmful to the environment, especially pigments, fire-retardant and heat-stabilisers. Additives that are not burned in the waste disposal installations, like heavy metals, will end up in the environment. The pigments cadmium and lead chromate and the fire retardant antimony are non-degradable substances with great impact on the environment. The production of plastics will be more environmentally sound when manufacturers use less heavy metals, organo-bromide and organo-chlorine compounds. Research is being done to develop substitutes for additives which are less damaging to the environment. The re-use of plastics helps to

prevent environmental degradation and pollution. The environmental effects of plastics differ according to various types of plastics and the type and quantity of additives that have been used.

Leather

The leather industry, and especially the tanning industry can have a serious adverse impact on the environment. In the beam house many chemicals are used for the cleaning of skins and, during all stages of further processing, much water and chemicals e.g. chromium and azo dyes are used. Vegetable tanning is far less environmentally damaging than chromium tanning. Waste can be reduced by an improved integration of the stages in production, re-use of wastes and by reducing azo dyes in leather goods, which can be (partly) used in jewellery items.

Imports of jewellery made from blood coral, ivory or parts of the skins of endangered species e.g. snakes, alligators and turtles are strictly controlled. Some animals are protected by the Convention of Washington on International Trade in Endangered Species of Wild Fauna and Flora (CITES). CITES will supply information on the export of these kinds of leather goods. The address can be found in Appendix 2.6.

Mining

Metals as well as precious stones are often won by mining. The worst problem for mining is the waste, which is polluted due to chemical and mechanical processes. Take, for example, the mercury pollution caused by gold mining. Research showed that within a 500 kilometre radius of the spot where gold is mined birds and fishes contain too much mercury.

Azo dyes and other harmful substances

Azo dyes and other heavy metal-based colouring agents are often used in colouring processes. Some azo colouring agents have carcinogenic properties or may form amines (breakdown products), which have carcinogenic and mutagenic properties. Many azo dyes are prohibited in most of the selected EU markets. The ban on azo dyes is applicable to all products that are in contact with the skin for long periods.

Most jewellery is often put on the market indirectly, through importers. In most cases, this makes the importer responsible for the product. Importers might therefore encourage or even force their overseas suppliers to meet certain environmental standards. Importers sometimes require legally binding guarantees.

Although some environmental legislation is not yet compulsory, it is now an opportunity for exporters to meet these requirements as much as they can, and in the process gain a competitive advantage.

Social issues

The use of child labour in the production of jewellery and other products is a serious cause of concern in many EU countries. Widespread publicity has raised consumer, but also importers' awareness of the issue and has had a negative impact on sales.

Exporters who can guarantee and prove that their products are made without child labour will not only have a competitive advantage over other products, but will also have a much better chance of establishing a long-term business relationship. In addition, the EU has added a 'social clause' to the Generalised System of Preferences (GSP), which allows for special import tariff reductions for products that are produced in a humane way.

It should, however, be noted that producers and exporters in developing countries can never be subject to EU legislation regarding labour conditions. Companies in developing countries only have to comply with legislation in the 'home' country. However, social issues are becoming increasingly important.

As in other industrial sectors, jewellery trade associations in some EU countries are currently exploring the possibilities of developing a model code of ethical conduct for the production of all jewellery items. Another development is the introduction of a certified environmental management system (SA 8000) according to ISO 14001, which is internationally recognised. The international fair trade organisation, IFAT, represents producers of jewellery products (<http://www.ifat.org>). A special label now exists for producers who meet specified criteria such as working conditions and transparency. This can provide competitive advantage in the EU market.

Health & safety issues

A number of operations are performed in the process of manufacturing jewellery. Welding, polishing, painting, leather treatment etc., may all present risks for the workers' safety and health in the work place. Manufacturers can take preventive measures in the following areas:

Physical straining	→	To prevent injuries, use lifting aids, adjustable worktables and support tables.
Safety	→	Use safe welding masks, which should be amply available.
Chemical safety	→	Employees should be protected from gases released from welding or from material like nickel, which can cause lung and nose cancer.
Workplace facilities	→	Take care that workspaces and walkways are clean, well-lit and tidy and that there is sufficient ventilation.

Employees should be instructed properly and they should be provided with tight-fitting clothes and special protective wear. Further information on labour conditions can be obtained from the International Labour Organisation, which is the UN organisation dealing with all aspects of work; the address can be found in Appendix 2.6.

EU standard - free from nickel

Jewellery and accessories are often in direct contact with the skin. Prevention of allergic reactions is an important issue. The EU requires that the nickel content in jewellery is zero or absolutely minimal. About 10 percent of the female population and roughly 2 percent of the male population suffers from nickel dermatitis. Those afflicted suffer red, itchy rashes on skin that has come into prolonged contact with products containing nickel. For this reason, the use of nickel in jewellery should be restricted as far as possible.

The EU has recognised nickel allergy as a problem and a special Directive 94/27/EG has been passed to regulate the use of nickel and to standardise its use within all the member countries. Consumers and importers demand that jewellery is 'nickel-free', and exporters are strongly advised to adhere to the terms of the Directive:

- **Skin-piercing products** - nickel may not be used in post assemblies which are inserted into pierced ears and other pierced parts of the human body during healing of the wound caused by piercing, whether subsequently removed or not, unless these post assemblies are homogenous and the concentration of nickel is less than 0.05 percent.
- **Products coming into direct and prolonged contact with the skin** - nickel may not be used in such products if the rate of nickel released from any one part of the product in contact with skin is greater than 0.5 micrograms of nickel per square centimeter per week (0.5 $\mu\text{g}/\text{cm}^2/\text{week}$). A few examples of jewellery to which this rule applies are earrings, necklaces, chains, bracelets, anklets and rings.
- **Nickel must not be used in products which have a non-nickel coating** unless the coating is sufficient to ensure that the rate of nickel released does not exceed (0.5 $\mu\text{g}/\text{cm}^2/\text{week}$).

Since 2000, the Nickel Directive has been implemented in the national legislation in all EU countries. Tests are conducted for the determination of the nickel content and the amount of nickel release from jewellery items to conform to the European standards of nickel release and/or nickel content. If articles comply with European standards, the articles can obtain the guarantee mark 'Ni-Test'. In addition, in Germany, Denmark and Sweden an anti-nickel law exists. In Germany, for example, ear post assemblies used for piercing must comply with the Directive, and posts containing more than 0.05 percent nickel are prohibited. Products containing less than 0.05 percent nickel can be labelled 'nickel-free'. In Denmark manufacturers or importers cannot sell jewellery if the rate of nickel release exceeds 0.05 ($\mu\text{g}/\text{cm}^2/\text{week}$). In the UK, the British Jewellers Association is planning a special logo to indicate to the consumer that the product complies with the Directive. These examples emphasise the fact that the national regulations differ from country to country and that it is very important for exporters to check the requirements of the target market.

Similar legislation exists in the Netherlands with respect to mercury. Not all standards currently exist in some Accession Countries but in time they will be introduced.

For detailed and up-to-date information about non-tariff trade barriers on jewellery, please refer to the AccessGuide, CBI's on-line database, which can be found through the CBI website at: <http://www.cbi.nl/accessguide>.

Packaging, marking and labelling

Although shipments of jewellery are usually delivered by courier or by air, bulky consignments from Developing Countries generally have a long distance to travel, so it is very important that they are properly packed. There are no EU standards on how to pack jewellery, but given the sometimes-expensive nature of the product and its purpose (a special gift for a special season), it is clear that its retail packaging should be carefully planned. Whether buying exclusive or bulk items, there should be no need for importers or buyers to repair jewellery damaged because of bad packaging.

EU packaging standards

To harmonise the different forms of legislation on packaging and packaging waste in EU countries, the EU has issued the directive 94/62/EC, which regulates minimum standards. With effect from July 1st, 2001, these minimum standards will require a recovery quota of 50 – 65 percent for packaging materials brought into the EU and will regulate the presence of four heavy metals (mercury, lead, cadmium and hexavalent chromium). EU countries have a certain freedom in how to comply with the recovery rate but at least 25-45 percent of the material brought into the market must be recycled, with a minimum of 15 percent for each material. The maximum available sum of concentrations of lead, mercury and hexavalent chromium in packaging is:

- 600 ppm, after June 30, 1998 (ppm = parts per million);
- 250 ppm, after June 30, 1999;
- 100 ppm, after June 30, 2001.

EU countries have implemented these standards since 1996. An exporter can make his contribution by taking the following precautions:

- Take care that the amount of packing (transport packaging) is limited, re-usable or recyclable.
- Try to combine products to make larger shipments, instead of frequently shipping small quantities.
- Try to reduce the presence of hazardous substances in emissions and keep ash to a minimum.

Export packaging

It is essential that the outer packaging protect the goods during storage, transport and distribution, so that they arrive at their final destination in Europe in a condition suitable for sale. The main forms of damage likely to occur to jewellery are breaking, scratching, abrasion, printing (the transfer of markings from a packaging material to a polished finish), soiling and discoloration and moisture, dehydration and temperature damage.

With regard to the method of packaging, in most cases, the importers or buyers will specify whether the items are to be individually carded, boxed or wrapped in bulk. The type and design of packaging is chosen to match the quality and value of the jewellery.

Marking and labelling

Packages in transit should be marked clearly with the name and address of the exporter and the importer, the country of origin, the port of trans-shipment and information on the contents, so that the importer can identify exactly which batch of product(s) has arrived.

The importer will also usually request that the article number is marked on the outside of the packaging, so that the shipment can be distributed without opening the containers. The use of bar codes, which can be read by sensors, is now widespread in European wholesale and retail distribution and this method of marking means that distribution can be performed automatically.

Unless the product is part of a promoted brand-named collection, the importer will also specify whether he requires his own company's packaging, perhaps a private label for a multiple retail client, or neutral packaging which he can modify according to his customers' requirements. The name of the exporter and the country of origin are not usually featured on product labels, because the competitiveness of the market makes it desirable for the importer to conceal his sources. Importers or buyers frequently supply their own labels with the order.

9.2 Tariffs and quotas

Import duties for jewellery items range from 2.5 to 4 percent, as is shown in table 9.2.

Table 9.2 EU import duties for jewellery (in percent of the CIF value)			
HS Code	Product description	General tariff	GSP tariff
7113	<i>Precious jewellery</i>		
1100	Jewellery of silver	2.5	0
1900	Jewellery of other precious metal (gold, platinum)	2.5	0
2000	Jewellery of base metal	4	0
7116			
2011	Necklaces and bracelets of stones	0	0
1000	Articles of pearls	0	0
2019 / 2090	Other articles of pearls and stones	2.5	0
7117	<i>Costume or imitation jewellery</i>		
1910	Costume-metal-clad-with glass	4	0
1991	Costume-metal-clad	4	0
1999	Costume-metal	4	0
9000	Costume-other material	4	0
1100	Cuff links and studs	4	0
9615	Hair accessories	2.7	0

Note: Value Added Tax (VAT) for all jewellery between 16% and 21 % (to be checked by EU country)

Source: Belastingdienst Douane (2003)

General import tariffs apply if there is no special trade agreement in force between countries. For Developing Countries, a preferential trade agreement is established where tariffs are reduced under the Generalised System of Preferences (GSP) or the Cotonou Arrangement for the ACP countries (Africa, Caribbean and Pacific). The GSP does not apply where jewellery is produced in large quantities such as China and Thailand. At present showing the Customs Authority Certificate of Origin ('form A') can reduce the import duty payable. In addition, a Movement Certificate EUR 1 is required to show where the products have been produced (the country of origin). Most imported goods are subject to an 'ad valorem' duty, which means that the duties are levied as a percentage of their value. Many retail businesses need to register with their relevant Customs authority and keep adequate records of their suppliers and ensure that any suspicions relating to money laundering are reported to the authorities.

The CIBJO (World Jewellery Federation) and the MJSA (Manufacturing Jewellers & Suppliers of America) are urging the EU and US governments to include jewellery and gems in a 'zero-for-zero' global trade tariff negotiation for the World Trade Organisation (WTO). This policy is primarily designed to drop all tariffs on a global basis and encourage trade between the USA and EU. This new policy would constrain the growth of exporters in developing countries. More information can be found at <http://www.cibjo.org>. Note also that, as part of its accession to the WTO, China has agreed to lower its import tariffs on the majority of precious jewellery in phases. Similar moves are taking place in India.

There are no quantitative restrictions for imports of jewellery. However, as a result of the EU Council regulation No 1567/97 of August 1, 1997, anti-dumping duties have been imposed on jewellery coming from China. More detailed information on this issue can be found at the CBI trade documentation centre.

Information on import tariffs can be obtained from the Customs authorities in Rotterdam, the Netherlands, through their on-line system, known as TARIC at <http://www.douane.nl>. They will advise you on whether differences exist in duties for the Accession countries. The relevant information numbers are given in Appendix 2.6.

Part B

Export Marketing Guidelines

Analysis and Strategy

The decision to export jewellery is a major one. In order to become successful, your export business should be built on firm foundations. Exporting to the EU can bring tremendous benefits, but it also will bring new pressures and ask much of your resources and skills.

Part B gives an overview of the main topics to consider when exporting jewellery to the EU markets and identifies which areas of business need attention in order to take on the challenge of exporting. It is extremely important, particularly in a highly fragmented EU jewellery market, to make a well-considered decision whether to export or not. By reviewing the export situation now, you can recognise market opportunities and your own strengths. At the same time, you could create a jewellery collection for your target markets and assess if and where your business needs to be adapted. In this way, many problems arising later on could be avoided.

The purpose of Part B is to assist exporters in their decision-making and provide an insight into a systematic export marketing process.

Part B identifies the following strategic steps in the export marketing process:

1. **External analysis** (Market Audit, Chapter 10) and **Internal analysis** (Company Audit, Chapter 11).
2. **SWOT analysis** (Chapter 12).
3. **Decision-making & formulation of objectives** (Chapter 12).
4. **The marketing actions** - input for Market Entry Strategy & Export Marketing Plan (Chapter 13).

In step 1 - external analysis - relevant topics in the EU jewellery marketplace will be covered such as: market developments and opportunities, what jewellery collection to export, to which EU markets, which competitors, through which channels, at what prices etc..

Exporters can look into each topic by gathering information on some of the key questions that arise. When sufficient information is obtained by market research, they can identify and select target markets. Some relevant information has already been provided in Part A and some sources for further research can be also found in Appendices 2 and 4 of this Market Survey.

An **internal analysis** should clarify whether an exporter could use his resources without jeopardizing his domestic sales efforts and estimate if and how his company could enter these target markets.

In step 2, the SWOT analysis, opportunities and threats (from external analysis) and the exporter's strengths and weaknesses (from internal analysis) are summarized. The result of the SWOT analysis should tell the exporter if he is able to export his jewellery. In particular, if there are more market opportunities (than threats) and if his company is strong enough to start this venture, he could decide positively.

In step 3, the export decision is made and his **objectives** for EU jewellery target markets are set.

Step 4 covers the **marketing actions** that he should take in order to successfully penetrate these target markets.

Most topics in Part B concern the External and Internal Analyses in step 1. All four steps form the basis for exporters to draw up their Market Entry Strategy (MES) and plan their activities in an Export Marketing Plan (EMP).

More information on general issues relating to export marketing can be found in CBI's *Export Planner* and the interactive tool on the CBI website '*Export marketing plan*'. Information and methodologies on conducting market research can be found in CBI's manual '*Your guide to Market Research*'.

10 EXTERNAL ANALYSIS: MARKET AUDIT

An external analysis or market audit should assist the exporter to select the best jewellery markets or niches with the highest chances of success. At first, he could start from a broad view by becoming familiar with EU countries and collect information about each country on the following topics:

- **General data** - population trends, marriages, divorces, engagements, tourism.
- **Typical motives to buy jewellery** - e.g. Mother's Day, Valentine's Day, Christmas, Christenings etc., investment or any other special events, popular movies, music styles, crazes.
- **Economic data** - disposable income, consumer confidence, unemployment, working women.
- **Household expenditure** - expenditure or retail sales on jewellery related to other durables.
- **Market size** of the product group and/or specific item in value and volume in the past few years.
- **Trade flows** – identifying upcoming EU markets and competitive supplying countries.
- **Market developments** - precious vs. costume, grading up towards better materials, designs and the importance of brands.
- **Production developments** - trends in shifting production to China, Thailand, India etc.
- **Consumer trends and motives** lifestyle, main and new users of jewellery, differences between southern and northern countries in terms of extravagance, preferred material e.g. gold or silver. Who are the celebrities, trendsetters/opinion leaders?
- **Jewellery trends** - new looks, designs, materials, colours, forms, motives, items, type of product, applications and how and when these are worn according to the latest trends in fashion etc..
- **Consumers buying behaviour** – how and where do working women buy jewellery items? Other target groups e.g. teenagers, ethnic groups? What does each group regard as most important?
- **Market niches and opportunities.**
- **Main competitors.**

The information given in Part A of this survey and the additional information collected on these topics already provide a picture as to which countries are difficult and which countries are easier to enter.

Next, the exporter should try to set priorities and choose target markets for his specific jewellery items in terms of primary, secondary and tertiary markets (see section 12.2). Here he could assess the sales channels, i.e. how to get his items to women in each of these markets. For example, by exporting direct to a primary market using an importer or exclusive agent. Alternatively, by exporting indirectly by e.g. contract manufacturing to a customer in a secondary market which requires less investment in terms of design, logistics and marketing.

Once the priorities are set, he could narrow down his view, i.e. focus on primary markets and segment these markets further by region, product group, type of consumer (income, age, style etc.). He should look into the local (seasonal) fashion trends, mass-market designs, prices and margins and collect as much as possible on competitors operating in the same segment.

10.1 Market development and opportunities

Market development

Desk research

Much information on these topics can be collected by desk research, especially by using the Internet. General, marriage and economic data can be found at the National Statistics Offices in each country. For jewellery, there are some useful trade portals, trade associations and trade magazines, most of which are connected to the Internet and offer an online database.

Data collection in EU markets

Trade statistics are usually available for most EU countries and provide a rough indication of growing EU markets. In these statistics, products are often subdivided into very broad categories e.g. according to raw material (e.g. jewellery of other precious metals, of pearls and stones). In many cases, your specific item will be within a larger product group, which still leaves questions to be answered.

Market data is often available for large EU jewellery markets such as Germany, the UK and France, which have up-to date information sources. However these countries often provide their information according to different definitions, making it difficult to make comparisons.

Information sources	→	Market development and trends
Information on market size and developments is included in this market survey, at portal sites (http://www.cibjo.org or http://www.europastar.com or http://www.boci.com or http://www.jewellery.com) and can be found at websites of trade associations, trade press and on some country or product specific jewellery websites. Addresses are given in Appendices 2.3 – 2.6 and 4.		
Especially trade press e.g. the Basel magazine, Schmuck Magazin, British Jewellery and the French Le Bijoutier, as well as trade fair organisers Inhorgenta (Munich) and Baselsho (Milan) and Eclat du Mode (Paris) provide much information on market sizes, developments and jewellery trends.		
<i>Seasonal trends</i> for jewellery can be found at the sites http://www.colleziononline.com , http://www.widemediamedia.com or http://www.opalinda.com . Other sources of inspiration are: JCK Magazine, Accessori Magazine, Accent Magazine and Ornament, or fashion magazines such as Vogue, Gioiello, Marie Claire, Elle, Vogue, and Donna. Other ideas can be found when watching popular soap series on TV in the target country and video clips on MTV.		
You can find jewellery market reports on http://www.usatrade.gov or http://www.marketsearch-dir.com , which are not too expensive. Some information can be found at ITC (http://www.intracen.org), with articles free and most reports at a charge. A few commercial business information providers make reports on jewellery. Some of these reports are useful and can be bought in part or by chapter. However, it is important to check if they really cover your specific item, as they can be expensive. The most important providers are:		
http://www.globind.com		http://www.euromonitor.com
http://www.snapdata.com		http://www.marketresearch.com
http://www.mintel.com		

How to collect market data?

Retail sales: Total sales by retail outlets in value (€) are often measured at current or constant end-user prices. In e.g. the European Retail Handbook (published by Mintel), jewellery is mentioned as one product group. Even if the product category is not further sub-divided into precious and costume jewellery, it is a good way to compare countries. When collecting data from various sources, *check at least three years* (if possible) and be aware that some sources report retail sales with sales tax, while other sources don't.

Consumption or consumer expenditure is calculated based on a large sample survey commissioned by the National Statistics Offices (every 4 years) or large research companies. Up-to-date statistics on consumer expenditure on jewellery is easy to find in the UK, France (at a cost), but more difficult in Germany, the Netherlands, Belgium Spain, Italy and Scandinavia. Euromonitor gives consumption per capita figures for the EU countries, which are charged and still need to be checked with other sources.

Industry sales: Often jewellery trade associations e.g. the German Schmuck + Uhren, provide trade and sales statistics. The statistics include sales to export markets, which you need to deduct in order to know the national sales. Sometimes the prices given are wholesale or factory level.

Field research

Additional information can be collected by field research. Start by talking to other exporters, especially those who export jewellery items or parts to EU markets. There might be a way to join forces in research and enter EU markets together.

During visits e.g. at an exhibition in the EU, interviews with key persons such as importers, wholesalers, editors of trade magazines or managers of jewellery trade associations can be extremely enlightening. You may become aware of hidden feelings people have towards your company, country or product.

Store checks are particularly important, for example at jewellery galleries, fashion accessory chains on the high street or at department stores. In addition to the fashion magazines, store checks and watching people on the high street give you a good indication of the local fashion, popular jewellery items, colours, material, combinations with clothing, prices, presentation of new collections etc.

How to interpret fashion forecasts?

There is a great deal of information available on trends and fashion forecasts, but you may find it difficult to translate these into products. Try to consider the following six points after you have looked into fashion forecasts and start to make/design new jewellery items for export markets:

- 1. Define your consumer target group** → This can be done in terms of product group or by user characteristics (see section 3.2).
- 2. Define your speciality** →
(see Chapter 11.1)
 - Your original or artistic designs.
 - Your technical speciality or special skills.
 - Your use of materials or your material mix.
 - A combination of the above specialities.
- 3. Fashion for different occasions** → Fashion forecasts refer to the new fashions for different occasions and are not necessarily related to a particular consumer target group.
- 4. Forecast from previous results** → Fashion forecasts are usually the result of earlier forecasts, which are combined with the retail sales of the previous season.
- 5. Colours are important** → Colours are especially important for costume jewellery. Though the colours given in the forecast refer to ready-to-wear clothing, where colours must fashion accessories should complement be in harmony with people's (existing) outfits. Colours should be described accurately, by using the Pantone colour coding system. Avoid describing colours in indefinite terms such as “reddish blue” or “greenish yellow”.
- 6. Forecasts are overstated** → Forecasts give an indication of which ideas may be translated into commercial products in terms of design and size. Fashion forecasts should be used as a source of inspiration for future products.

Opportunities

The jewellery market in Europe is only slowly starting to come out of a sustained period of economic and political uncertainty, which has limited market opportunities, as described in Chapter 3.3. Designers have concentrated on expanding selections of proven best-sellers, adding less expensive, boutique versions of higher-priced collections and appealing, colourful styles intended to attract stylish, jewellery-buying women. However, recovery, albeit slow, is expected from 2004.

In order to distinguish themselves, exporters should try to specialise in terms of:

- **Skills** : specially-made jewellery, created by unique metalworking, finishing or material combinations.
- **Country** : jewellery that is distinctive to its country of origin.
- **Material**: the use of unique (natural) materials or the use of a unique combination of materials.
- **Design** : become a specialist in jewellery of unique or specific ethnic design from your own culture.

Broadly speaking, exporters should appreciate the main dynamics in the market in order to be in the best position to take advantage of whatever opportunities they are best placed to benefit from. This would require that they should be aware of the following:

The market continues to develop

Growth during the nineties brought about *new uses* e.g. jewellery on different parts of the body, different types of jewellery (phone jewellery) and *new users* (teenagers, men), as well as an increased *self-purchase* by women. These developments have broadened the base of consumption. The fashion trends for 2004 are classic and lively. Jewellery still looks stylish, glamorous and is decorated with colourful stones.

The jewellery industry, especially large organisations such as De Beers (in diamonds) and the World Gold Council will continue to promote the advantages of wearing jewellery, in order to continue to stimulate demand.

Fashion changes drive jewellery changes

Jewellery is now part of many people's wardrobe, an accessory to whatever is the current fashion. Hence jewellery items will change as frequently as fashions change. Styles that are popular with young people are being translated by designers into more sophisticated tastes for older people. Although older people remain loyal to traditional designs, they are being tempted to purchase a wider range of jewellery for different occasions.

Oversupply drives innovation

There is a lot of choice in mainstream lower priced costume and silver jewellery, mainly coming from China, Thailand and India, which is sold by many types of retailers, resulting in intense price competition and oversupply. Consumers have consequently devalued these products. Eastern Europe is an increasingly used source of production for costume jewellery. Its proximity to EU markets can undercut prices from Asian producers. To regain the interest and enthusiasm of these consumers, importers are forced to become more specialised and distinctive in order to distinguish themselves from the large chains and department stores. They look for 'unique' jewellery collections, which are not too expensive and are targeted at the large middle range consumer group. This large mid-market segment still offers the best opportunities for exporters from Developing Countries.

Certainties remain in a more fragmented market

Consumers are now more experimental and prepared to wear more varied pieces of jewellery, both in terms of the design itself, and the materials used. This creates opportunities for exporters who are innovative in their product designs. By looking at the broader developments in the European and US media, exporters can anticipate how they may relate to jewellery products. For example, jewellery pieces can be created or themed around special events or new film releases. There were many millennium jewellery items produced a couple of years ago. There may be opportunities for special jewellery pieces to celebrate e.g. the Football World Cup in Germany in 2006.

Jewellery as a personal statement

Jewellery with a distinctive design, using less expensive precious metals and coloured stones is now fashionable. There is also more demand for jewellery that can be worn on any occasion and which makes a statement about the person who is wearing it. In today's uncertain world, consumers want to wear jewellery pieces that say something about themselves. Although there is a move away from non-branded to branded goods, opportunities still exist for exporters who work with innovative new designers who can still offer something unique to this type of consumer.

Growing demand by foreign nationals

Foreign nationals living in the various EU member states represent a clearly identifiable market niche for exporters in developing countries. These groups are increasing in each of the selected EU countries. With regards to taste and quality, they generally favour jewellery from their country/region of origin. Exporters should also be more familiar with the tastes of these groups of people.

Strategic alliance

Another option for exporters could be to develop a strategic alliance with buyers in order to be sure that the right design and quality level is being reached. Exporters from developing countries may not have the resources to fully take advantage of the opportunities provided by technology, but partnership approaches may be a means of being competitive in this area.

Identifying combinations

Developing Country exporters are in a good position to identify indigenous materials that could be used as part of a jewellery piece or collection. Rather than considering new materials that have come about through technology, the use of for example, types of wood currently unfamiliar to the European market, may provide a potentially interesting point of difference.

Threats and difficulties for exporters:

- Innovations in current ranges and development of new ranges are essential to maintain the interest of demanding consumers with fast changing tastes. Good knowledge of the market is essential.
- Fashions can be very short-lived. Unless you are close to the market, your production lead times may be too long for you to take advantage of a particular fashion.
- Production capacity, keen pricing and fast delivery are needed to establish reliable relationships with importers or other buyers. Good communication, flexibility and perfectionism are vital.
- For precious jewellery making and finishing, state-of-the-art technical skills and equipment are vital preconditions for success, especially when competing with Italy and Germany where they have highly skilled artisans and specialists and use equipment with the latest technology. An even greater threat may be the emerging centres of China and other south East Asian "tiger" economies that are able to combine low cost production and use of the latest technology.

Some of the above opportunities and requirements still differ in each of the selected EU markets - see Chapter 3 - and should be further specified during market research. Once they are clarified, the next step is to identify similar niches in a few target counties and asses if and how they should be approached.

10.2 Competitive analysis

When target countries are more or less clear, the next task is to find out how many competitors operate in these markets, how they sell their products, through which channels and at what prices. In each jewellery product group and style, you may find different competitors, varying from jewellery of a well-known brand to other exporters from Developing Countries.

The large exporters from China, India and South-East Asian countries already have established their businesses in most of the selected EU markets (see also Chapters 4 and 5). As these suppliers are technologically ahead and can benefit from economies of scale and well-organised delivery, competition for exporters from (smaller) Developing Countries will be difficult.

Indian exporters now focus on quality

Indian jewellery exports, after recent falls are starting to register gains again. The waiving of US duty on jewellery imports from India is just one factor. Aggressive exploitation of new markets in Europe and Latin America, formation of trade alignments with other South East Asian countries, the use of the latest technology and increased participation in trade shows have all contributed to their success. India's exports of gems and jewellery are likely to double by the end of this decade according to a study by management consultants A F Ferguson. The strengthening of the European Union has seen a major increase in exports from India. Indian exporters say that their export emphasis is moving from the USA to Europe. They feel that, unlike the American market where price is king, EU customers tend to be quality and value conscious. Quality has become the new priority. Fully embracing technology has enabled this to take place.

For most exporters from other Developing Countries, the primary focus should be on quality and on a particular niche market. Here, try to find out as much as possible on direct competitors operating in the same niche by finding out relevance on the following questions:

Are there many competitors?

Make a list of all your direct competitors and if there are many, try to assess whether it would be worth entering your target market or if there are niches. For example, in jewellery with precious stones, you will find many (Indian) competitors. But you can narrow your view by e.g. focussing on the market for children or tweenies, offering jewellery of other materials e.g. leather, resin or fashionably coloured bones - with appealing patterns (animals, floral, zodiac etc.) as your specialty, where there will be fewer competitors.

Who are your competitors?

Once the main competitors are clarified, try to collect as much information as you can in terms of competitors' jewellery collections, material, appeal, designs, colours etc. and check the opinions of your business contacts on these competitors in your target markets.

Will new competitors enter your market?

Try to keep up to date with the trend forecasts (in clothing and accessories) and upcoming crazes. When a particular style e.g. *colour energy* is expected to become a new craze, many competitors will quickly enter the market. In general, you could also find out through your business contacts if any new companies have emerged in your target markets, which could be serious future competitors.

How do competitors sell and where?

You need to find out which trade channels are used by your competitors, in which countries or regions and possible reasons. Ask your business contacts about your competitors. If possible, visit competitors' companies' websites or check (sites) of retail outlets - selling their collection, on order to find out how products are priced and distributed.

Your competitor's strengths and weaknesses?

Try to find out how long competitors have operated in the EU markets and most importantly, what their strengths and weaknesses are, if possible sub-divided by country.

Monitor activity in the jewellery industry

By visiting trade fairs (international or local), congresses, seminars etc. you can get in contact with potential buyers and/or learn about the developments in their market. These are also opportunities to find out more about competitors. It is important to take the time to attend trade fairs to see what your competitors are doing, how they present and promote their items.

When further investigating competitors in more detail, you could use a *checklist*, trying to answers as much as possible answers by desk (internet) and field research:

Company details

- Headquarters and organisation
- Total number of employees
- Their resources

Export activity (*if possible*)

- Export sales
- Countries in which export sales are made and local resources in each country
- Target market segments and main target groups

Products

- Jewellery collection, material, design, style
- Design ability and flexibility
- Positioning, themes, concepts and brands

Distribution

- Distribution channels used (nationwide or particular regions)
- Key distributors (e.g. importers or exclusive agents)

Prices and discounts (*if possible*)

- Price of items in the collection
- Discount structure

Promotion

- Presentation of products at exhibitions or in store
- Brochures, catalogues, website, promotional themes
- Other information you can find at exhibition, store checks,

Relationships/partnerships (*if possible*)

- Licences
- Joint ventures

Information sources	→	Competitors
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Desk research: Information about manufacturers and main players can be found in Chapter 4 of this market survey. Also check business directories (or platforms), which can be found on jewellery portals <http://www.europastar.com> or <http://www.boci.com> or <http://www.jewellery.com> – see also Appendix 4.

You may also find information through trade magazines, trade fair catalogues (often available on-line at the website of the trade fair organizer), competitors' websites, annual reports or brochures with their jewellery offering, or in parts of reports from on-line business information providers who also offer company profiles at a charge.

There are also generic business directories. The most important generic on-line directories are Europages and Kompass. The business directories offer multiple search filters, like product group, market, company type, company size etc. Use of the business directories is free of charge. Dunn&Bradstreet provides next to some market reports, financial information on any (registered) company in the EU.
<http://www.europages.com> <http://www.kompass.com> <http://www.dnb.com>

Field research: at exhibitions, store checks, through (potential) customers/buyers or a contact in your target market, who can check e.g. prices or promotional material

10.3 Sales channel assessment

Once a better understanding of the market developments, opportunities and direct competitors in the target markets is obtained, the next step is to find the right way to enter these markets. Depending on your strengths, the choice of a sales channel could be similar to or different from your competitors. It mainly depends on the opportunity in your target market, the style of jewellery and the investment required to successfully sell in this channel.

For example, if you are considering exporting silver jewellery you may have found opportunities in the tourist market i.e. stylish items, as a reminder for Asian tourists visiting Europe. Here you could set your priorities to the largest markets such as Italy and France. In both countries, these types of jewellery items are mainly sold in shops or jewellery galleries, nearby the main tourist spots. So an importer specialising in the tourist or gift market would be a good option. After recent international incidents, Asian tourists to Europe have fallen, but they are now returning in larger numbers.

In this case it could be better to refocus on a different target group e.g. teenagers. A new collection of silver jewellery has to be designed, which can be sold in e.g. France to large non-specialist retailers e.g. drugstores, hypermarkets. Licensed production for these retailers could be an option here as well.

Possibilities for market entry

Depending on the investment and the degree of risk, there is a range of possibilities when dealing with different levels of strategic involvement in target markets. Some of the possibilities are:

PRODUCING	<i>Indirect approach</i>	
	with investment	minimal investment
	<ul style="list-style-type: none"> ▪ Licensing ▪ Franchising ▪ Contract manufacture ▪ Strategic alliance ▪ E-commerce 	<ul style="list-style-type: none"> ▪ Assembly ▪ Joint Ventures ▪ Acquisition ▪ Strategic alliance
EXPORTING	<i>Direct approach</i>	
	<ul style="list-style-type: none"> ▪ Agents ▪ Importers ▪ Retailers (specialised / non-specialised) ▪ Domestic manufacturers 	

The indirect approach is a low-risk option using the International market as an extension of domestic production, e.g. manufacturing jewellery of leather, glass or shelves for an EU supplier. In comparison, a direct approach requires a long-term strategic view, based on a good understanding of the target markets. In this respect, EU markets also differ from the US market in terms of consumer preferences, colours, designs, and EU countries have a highly diverse distribution of jewellery.

There are enough opportunities for exporters from Developing Countries by taking the direct approach. This can vary from selling direct through a Virtual Exhibition Centre or Fair Trade organisation (see Chapter 7.2) to importers who, besides the usual business, can be a useful information source on developments in the target market. In the next matrix, a selection is made of the most common choices of trading partners for each kind of (potential) exporting company:

Market entry / product:	Trade channel:	Manufacturer	Importer	Retailer specialised	Retailer non-specialised	Agent
<i>Overseas production</i>		X	-	-	-	-
<i>Exporting direct</i> → Precious jewellery		X	X	X	x	X
→ Costume jewellery		X	X	X	X	X
→ Hair accessories		X	X	x	X	X

The direct approach

When exporting direct, chosen the best distributor (see also Chapter 7) by gathering information on potential sales channels. Try to find out if your jewellery item could fit well into their specialism. Using research, find out details of importers or agents (e.g. on their websites), their product range, who they supply and their distribution coverage in your target country.

▪ **Key questions on distribution channels**

- Do I want to establish a long lasting relationship?
- If yes, an importer would be the best option – what sort of importer (e.g. jewellery, gift etc.)?
- If no, what would be the best channels for a ‘one shot’ i.e. large incidental order (e.g. department store, buying group, hypermarket, mail order company)?
- What are their advantages/disadvantages? How can I get in touch with them?
- Do these partners serve retail outlets frequently visited by my target group?
- What are suitable in-store themes in which my product concept will fit?
- What are the latest trends in distribution? Can this influence my business?

▪ **Key questions on Buyers / Customers:**

- Am I really dealing with the right buyer – is he serving my target group?
- How many accounts does his company serve, with how many sales people? For example, the average is 3-4 sales people to cover around 150 accounts, each in an area of about 200 km.
- In case of long-term business, why they switch to your collection? Who is their competitor?
- What is most important for them:
 - Competitive price?
 - The sort of item, its style, looks or special material?
 - Design capability?
 - Good communication, flexibility, fast response time?
- What is the buying policy of large retailers? Branches in other target markets?

▪ **Information sources**



Sales channels

Information can be found in Chapter 7 and at trade Associations and Chambers of Commerce. Also, check local trade magazines that regularly interview store managers and other key people in the supply chain.

During visits, you could do some in-store checks, get an idea of in-store themes and ask the opinions of store managers. It is useful to know beforehand if your item fits into the store concept when approaching buyers. When you do not have the possibility to do it yourself, ask local people to check some stores.

You could find buyers through exhibition catalogues (e.g. on the Internet), trade portals and at sites of business platforms (by sector – by country/region).

Most jewellery items are handled by importers supplying specialised jewellery retailers or buying groups. Sometimes buying groups act as importers by purchasing direct from manufacturers. Importers have a good knowledge of the market and provide the safest and most effective method of distribution for exporters from Developing Countries. Generally, importers who operate a sales network that covers an entire country, expect exclusive representation agreements. They tend to be quite specialized in their own field.

Distribution by an importer:

Advantages	→ For smaller producers, quantity requirements usually manageable
	→ Not usually sale or return basis
	→ Travel costs can be divided when visiting more than one importer.
	→ If working relationship is successful, more business will follow.
Disadvantages	→ Exporters receive a relatively small proportion of the final consumer price.
	→ Importers may require exclusivity in the sale of the item.
	→ Lack of control over final distribution outlets

Cash and carry

Importers sell jewellery items or collections through cash and carry showrooms, often housed in exhibition or wholesale centres. This system allows retailers to buy new merchandise for their shops on a 'cash and carry' basis. They put the items in a basket, pay immediately and take them away - a system that allows retailers to buy small quantities frequently. However, there are usually minimum order requirements. For the exporter, a visit to the centre e.g. Trade Mart in Utrecht (open every Monday) gives an impression of what is currently selling on the Dutch market. The cash and carry system is also used in other countries e.g. the CPD in Düsseldorf (Germany), with large self-service wholesalers.

Precious jewellery is usually handled by specialised importers, exclusive agents or is imported direct by large retailers or central buying groups. The main retail outlets are all jewellery and watch specialist stores, galleries, department stores, tax-free shops etc. (see Chapter 7).

Costume jewellery and hair accessories can usually be found in specialised accessory shops, department stores, fashion stores and in a variety of other outlets, such as clothing stores, pharmacies, mail order or catalogue showrooms, super or hypermarkets, shoe shops, market stalls, gasoline stations etc. This makes the distribution on importer level very diverse and complex.

As mentioned in Chapter 7, jewellery sold in ***non-specialised outlets*** such as clothing and perfume shops and hypermarkets grew very quickly in most selected EU countries for the following reasons:

- Jewellery is complementary to clothing and personal care.
- Jewellery has become more an impulse item, which women buy for themselves.
- The in-store merchandising is rather simple with appealing displays.
- A high sale per m² with a relative high gross margin for retailers.

Clothing stores (e.g. Mango, Zara, H&M) and hypermarkets (e.g. Carrefour) have items produced according to their own design and specifications under their own or a designer label. Their advanced stock control systems, using barcodes, enables them to integrate production, buying, distribution and selling. Most organizations buy directly and some of them do not raise problems of financial/credit reliability.

<i>Distribution through department stores, chain stores and retailers:</i>	
Advantages	<ul style="list-style-type: none">→ Higher selling price than to importers.→ Production linked to receipt of the order avoiding wastage→ Payments are more secure, because L/Cs or similar methods are used.
Disadvantages	<ul style="list-style-type: none">→ Difficult to establish a relationship with buyers, as they often change or are hard to contact.→ Some insist on sale or return→ Special conditions are required in labelling, packaging or pre-packing assortments for individual chain store members.→ In the case of poor service or product quality, late delivery or wrong follow up of instructions by the exporter, buyers could make claims or cancel the order.

<i>Distribution by home direct channels</i>	
Advantages	<ul style="list-style-type: none">→ Volumes usually of manageable quantities→ Items can be sold at a higher price than to importers.→ Additional publicity gained by featuring of items in catalogue
Disadvantages	<ul style="list-style-type: none">→ These companies may require exclusivity in the sale of the item.→ They often order items instead of product lines.→ Exporters are required to keep the ordered items in stock when offered for sale, at their own risk.→

De Beers – direct distribution by a manufacturer

De Beers Consolidated Mines is the world's largest diamond mining and marketing company. South African ownership of De Beers is approximately 80% and they concluded a joint venture in 2001 with the French jewellery/fashion group LVMH.

De Beers, the world's largest manufacturer, is now selling its own brand through their own retail outlets, and plans to run 100 outlets in the coming years. De Beers spends much on promotion (worldwide €200 million per year) and aims to replace the old-fashioned image of diamonds with a chic, sparkling and young image.

Their tie up with LVMH, the world's largest luxury goods company is expected to become a catalyst for brand competition in the sale of diamond jewellery.

De Beers' first store in London has signed up *Iman*, the wife of David Bowie, as brand ambassador. They are intent on making jewellery more exciting to wear and more accessible to buy. Funky product lines such as diamonds hanging off a leather thong are designed to challenge the traditional stuffy image of diamonds and diamond retailers.

More channels in one country

By selecting any one trade channel, this often automatically excludes other channels. It is not realistic to expect to have a relationship with a department or chain store and also enter the market with the same line of products through an importer. This potential for competition, or seeing the same product at different prices in different outlet types makes this practice unacceptable to most trade partners.

It would be feasible if each trade customer specialised in clearly different products or markets. For example, an exporter can sell jewellery items within a single country to an importer who is specialised in products for fashion boutiques and to another importer who specialises in gift items, or he can sell a line to an importer in the Netherlands and sell the same line to a department store in Germany.

10.4 Logistical requirements

When the choice of how to enter the EU target markets has been made, the next task is to look for the most efficient and safest way to deliver the items on time. Here the exporter has to compete with EU countries that benefit from simplified transport procedures, as many custom formalities have been eliminated. In addition, China and other Asian countries are able to deliver faster nowadays.

Order control

Most jewellery importers and agents organise transport and stock keeping in the conventional way. It depends on the volume, is it mass-produced or a specialty item. Precious jewellery has a slow turnover, averaging 10 – 11 months. But for all jewellery items, short lead times are increasingly required due to faster changes in fashion trends.

Most chain stores and retail buying groups work with centralized warehouses and distribution centres e.g. in the Netherlands and in Belgium. They use the latest order control systems that minimize stock levels and are increasingly based on just-in-time production, combined with electronic ordering. Delivery after a confirmed order by large retailers is now expected to be between 30-45 days; longer lead times need to be negotiated.

Reducing stock

The current oversupply of jewellery items and intensified price competition has resulted in retailers requiring lower inventories and, at the same time, less out of stock. There is a growing trend towards a complete replenishment. In general, purchasing policies are aimed at:

- ➔ Less pre-seasonal orders.
- ➔ More variety in jewellery items per season (according to the latest trends).
- ➔ Investment in seasonal planning and control.
- ➔ Increased co-operation with suppliers e.g. quick response and EDI (Electronic Data Interchange).
- ➔ Fewer suppliers.

Transportation

The more expensive jewellery items are sent by airfreight or by courier, whereas more bulky items need long distance transport, usually by ocean cargo. This can easily take 1-2 month from e.g. Asia. In order to reach the destination country, there are many formalities and documentation (e.g. insurance) required related to the risk of theft, tariffs and terms of delivery.

There is a risk of items being easily damaged e.g. in transit by dampness or mishandling. The main forms of damage likely to occur to jewellery are breaking, scratching, abrasion, printing (the transfer of markings from a packaging material to a polished finish), soiling and discoloration and moisture, dehydration and temperature damage. Therefore, packaging of items is extremely important, as explained in Chapter 9.

▪ Information sources



Logistic requirements

Freight forwarders and carriers usually provide information on rates, frequencies, and possible combined containers. A cargo & logistics database can be found at <http://www.shipguide.com> or a list of all freight forwarders can be found at the directory <http://www.forwarders.com> or <http://www.fiata.com> or for airfreight <http://www.iata.org>

Information on packaging can be found in Chapter 9.1 of this market survey and in the CBI manual 'Packaging Requirements'. Details on tariffs can be found in Chapter 9.2 and the usual terms of delivery are explained in Chapter 13.4 of this survey.

10.5 Price structure

Prices

When entering the target markets, successful pricing is a key factor in the market entry strategy. In fact, pricing is the only area of the strategy that raises revenues for exporters. All other activities are costs.

Price is the first point of comparison to evaluate your product against the competition. As described in Chapter 8.1, jewellery prices in the low-end and cheaper middle range-levels are under more pressure, coupled with an oversupply of cheap imported jewellery. Price cutting and early clearance sales have become regular features of the trade. In addition, increased demand from teenagers has resulted in a widening range of cheaper items.

Pricing should be based on cost of materials and labour and should cover overheads. Very often, when pricing your jewellery collection to cover all costs, most items may be more expensive than the competition, making them difficult to sell. In order to compete, some items may even have to be sold below cost price. This loss may however be compensated by a high margin on other items, but it would be wise to reconsider your target market or sales channel. As a Developing Country exporter it would be the best to concentrate on the exclusiveness of your collection. For example by introducing original jewellery, which you already know would appeal to your target group. If they recognise your USP, price is less important.

▪ **Key issues on price structure** (see example of calculation in table 10.1)

- **Retail prices:** List the prices of competitor's products in primary markets.
- **The trade channels** with typical mark-ups of each channel and retail category.
- **The number of in-between parties** (middle-men) involved in the sale of your jewellery.
- **The production costs, incoterms, import duties, VAT level** and other costs.
- **Additional costs** for product adaptation, design, packaging, marketing and promotion etc.
- **The most 'reasonable' or 'tactical' price level** according to some of your local contacts in the field (agents, other exporters from your country, store managers).

Other sources to collect price information can be found in Chapter 8.2.

Transparency by Euro prices

In the coming years, the introduction of the Euro will highlight discrepancies in pricing between various EU countries that undoubtedly will result in more competition in all product categories, with southern EU countries lower in price. The Euro will create more transparency and make it easier for retailers to source products from EU countries at the lowest possible price and without conversion costs. Differences in VAT, however, are still large, ranging from 16% in Germany to over 22% in Scandinavian countries. Once the price and the target markets are set, it is important to keep control and avoid too large a difference between prices in each target market.

Margins

Margins within the jewellery market are relatively high when compared to those of other consumer goods. High margins are in part justified by costly stocks that retailers have to maintain and by the high risk factor of fashion-sensitive products such as costume jewellery. The high incidence of shoplifting (department stores lose over 10% of jewellery stocked in their stores through thieving) is also a contributory factor to the necessity for high margins.

To generate an adequate profit, the margins on *costume jewellery* for the low-end segment are higher than on *precious jewellery*. The underlying reason for this is that the margin is applied to very low prices and therefore represents a smaller amount of cash, while the amount of work involved in handling it remains the same.

In the past few years, buying has become more concentrated. The growth of some larger brands, and the growth of retail chains that have centralised purchasing for a large number of outlets, have produced a situation where a relatively small number of buyers have relatively large purchasing power. As well as being able to force producers to make increases in quality and service, large buyers are also able to force exporters to accept prices that may not be economic for them. In the past, jewellers have enjoyed high margins but more recently, there has been downward pressure on all jewellery prices, with the possible

exception of the luxury sector. Retailers and brand owners have had to accept lower margins as they face greater competition from other sources. Consequently, they have been looking to control their overheads and forcing their own suppliers to cut their own costs.

Margins at retail level

The typical mark-up for retailers now averages between 90 and 180%. This mark-up includes value-added tax (VAT), which ranges from 16 to 21% on jewellery, varying within the selected EU markets. Actual margins can vary widely around these averages depending on the exclusivity of the product, the level of demand and the type of store through which items are sold. For example, chain stores in the high street are often at expensive locations, carry a wide assortment and have many sales staff, which is then also reflected in a higher margin. On the other hand, margins of non-specialists such as department stores or hypermarkets are lower, as they often buy direct from manufacturers.

Margins at importer/wholesale level

In a similar way importer/wholesaler mark-ups average between 60 and 90%. Margins on precious jewellery are slightly lower than those on costume jewellery. The typical commission rate for an agent is 10 to 15%. Depending on the number of parties who handle the product, the net price achieved by an exporter can be multiplied by a factor of 5 - 7 times. An example of a calculation of the final consumer price of costume jewellery and precious jewellery is given below. In this case, an agent, importer and wholesaler all handle the product.

The following table 10.1 indicates the effect of high margins - for costume jewellery – and medium margins – for precious jewellery, on the final consumer price. The basis for both is an FOB price of 100 for a jewellery item. The final consumer prices can be compared with the price level of similar competitor products.

In this example an imaginary mark up is set, covering overhead costs (e.g. housing personnel, selling and general expenses, own profit), which is estimated at 35%. Also, the breakdown of the cost price by material, direct labour and other cost, is just made-up here:

Table 10.1 Calculation of final consumer price	<i>Costume jewellery</i>	<i>Precious jewellery</i>	<i>Competitor</i>
Material cost (incl. 15% for unsold stock)	25	25	
Direct labour cost (incl. design costs)	25	25	
Other cost (e.g. packaging, promotion, sample shipments)	15	15	
Cost price	65	65	
Mark-up (overhead costs incl. own profit e.g. 35%)	35	35	
Export price (FOB) – assuming an equal price for costume and precious	100	100	?
Agent's mark up (e.g. costume: 15%, precious 10%)	15	10	
Agent's selling price	115	110	
Import duties* (costume 4%, precious 2.5%)	5	3	
Other cost (e.g. transport, insurance, banking services)	20	20	
Landed cost	140	133	
Importer's/wholesalers mark up (e.g. costume: 90%, precious 60%)	128	80	
Importer's/wholesaler's selling price	268	213	
Retailer's mark up including VAT (e.g. 19%) (e.g. costume 150%, precious 150%)	400	320	
Final consumer or retail price	668	533	?
Ratio CIF- Consumer price	6.7	5.3	

* If the GSP tariff is applicable for your country, the import duty can be reduced to zero.

10.6 Product profiles

This section gives product profiles of two key jewellery items: silver jewellery and costume jewellery made of other material. These products probably offer good prospects to most exporters from developing countries. Each profile gives an overview of the market requirements, market structure and main suppliers with much of the information already given in Part A and Part B (Chapter 9). These profiles serve as a sample and are meant to encourage exporters to make also profiles for their specific product.

PRODUCT PROFILE - SILVER JEWELLERY										
1. Product name: Silver jewellery	Main items: Neckwear, bracelets, earrings, brooches, rings. Other items: Silver and silver plated									
2. Market requirements: <u>European quality standards:</u> For plated jewellery the international ISO standard ISO/DIS10712. Silver jewellery has to be state hall-marked in some EU countries, as a check for the right material and for alloys. Most often silver jewellery must be at least of an alloy of 925. In most of the selected EU markets jewellery must be free from nickel (Directive 94/27/EG). <u>Average sizes:</u> Since national preferences and (seasonal) fashion trends vary enormously, it is always important to agree exactly with the customer/importer the exact length, width and thickness of each piece of jewellery. <u>Minimum labelling:</u> <ul style="list-style-type: none"> • name and full address of importer and exporter; • country of origin; • port of trans-shipment; • information on the contents • article number (eventually barcode). <u>Packaging:</u> To avoid damage during transport, package of the items in plastic bags or bubbled plastic, put in a small box. Other instructions on labelling etc. by the importer must be followed accurately. <u>Import regulation :</u> Import duty 2.5% or reduced to zero under the GSP (see Chapter 9.1) Relevant import documents: <ul style="list-style-type: none"> • AWB or Bill of Loading • Proforma invoice • EUR 1 form for ACP countries • FORM A for other countries 	3. Market structure: <u>Average retail prices:</u> <table border="0" style="width: 100%;"> <tr> <td>Low-end segment</td> <td style="text-align: right;">€20 (or less)</td> </tr> <tr> <td>Medium range (Sterling)</td> <td style="text-align: right;">€40-100</td> </tr> <tr> <td>High-end segment</td> <td style="text-align: right;">€100-350</td> </tr> <tr> <td>Silver with diamonds</td> <td style="text-align: right;">€300-750</td> </tr> </table> <u>Market trends:</u> Silver has a young image and fits well into many fashion styles (e.g. sporty, ethnic, bohemian) but also covers the widest range of jewellery types. Another reason is the growing popularity of piercing, combined with new types of silver jewellery such as tiny micro sized rings, studs, clips and chains on different parts of the body. The increased popularity of Far Eastern mysticism and spirituality where items with silver, such as silver amulets, charms are used. Silver jewellery has been more favoured by boys and young men than gold jewellery. Its lower price means that silver jewellery is often sold alongside costume jewellery in a variety of stores. In addition, higher quality designer silver jewellery of the Britannia standard (95.8%) has gained popularity as part of the trend towards white jewellery in the late 1990s. More affluent young Italians and Spaniards have also recognised the beauty of silver jewellery. Young consumers are not prepared to accept quality deficiencies. More people are becoming aware of brands and regard style and good design more importantly than price. More precious silver jewellery, ranging from high quality modern pieces to traditional or ethnic pieces have been introduced recently.	Low-end segment	€20 (or less)	Medium range (Sterling)	€40-100	High-end segment	€100-350	Silver with diamonds	€300-750	4. Main suppliers: The largest producing countries of silver jewellery are Thailand and Italy. The leading non-EU suppliers of silver jewellery are Thailand, China, USA and India. Other suppliers from developing countries include: Mexico, Indonesia, Tunisia, Turkey, Mauritius, Sri Lanka, Nepal, Morocco, Malaysia, Philippines and Vietnam.
Low-end segment	€20 (or less)									
Medium range (Sterling)	€40-100									
High-end segment	€100-350									
Silver with diamonds	€300-750									
5. How to improve the quality: <u>Alloy:</u> For exporters it is important to supply the exact alloys. Most often silver jewellery must be at least of an alloy of 925, the other alloys (800 or 835) are hardly used anymore in the EU. In case of doubt, exporters are recommended to use a slight higher alloy of 930 or 940, when a minimum alloy of 925 is required. <u>Fittings, locks and clasps</u> must be of a good quality. For example, clips of earrings must open and close easily, fastenings of neckwear and bracelets must be solid and of good quality. <u>Finishing:</u> The finishing of jewellery is of growing importance for consumers and for buyers. Avoid a too tight string of neckwear, bracelets and dangling earrings, which makes them too stiff. Buyer's instructions on sizes should be exactly followed. A minor discrepancy could be fatal to the perceived product quality.										

PRODUCT PROFILE – COSTUME JEWELLERY OF OTHER MATERIAL

<p>1. Product name: Costume jewellery-other material</p>	<p>Main items: Neckwear, bracelets, earrings, brooches, rings. Main material: Leather, wood, plastic, rubber, ceramics, shells, horn, bones etc.</p>							
<p>2. Market requirements:</p> <p><u>European quality standards:</u> Voluntary EU quality standards regarding sizes are laid down in CEN/TC 174 publication. In most of the selected EU markets jewellery must be free from nickel (Directive 94/27/EG).</p> <p>Imports of jewellery, made of ivory or which uses parts of the skins of endangered species e.g. snakes, alligators and turtles are strictly controlled. Some animals are protected by CITES, which supply information on the export of these kinds of (leather) jewellery.</p> <p><u>Average sizes:</u> Since national preferences and (seasonal) fashion trends vary enormously, it is always important to agree exactly with the customer/importer the exact length, width and thickness of each piece of jewellery.</p> <p><u>Minimum labelling:</u></p> <ul style="list-style-type: none"> • name and full address of importer and exporter; • country of origin; • part of trans-shipment; • information on the contents • article number (eventually barcode). <p><u>Packaging:</u> To avoid damage during transport, package of the items in plastic bags or bubbled plastic, put in a small box. Other instructions on labelling etc. by the importer must be followed accurately.</p> <p><u>Import regulation</u></p> <p>Import duty 4% or reduced to zero under the GSP (see Chapter 9.1)</p> <p>Relevant import documents:</p> <ul style="list-style-type: none"> • AWB or Bill of Loading • Proforma invoice • EUR 1 form for ACP countries • FORM A for other countries 	<p>3. Market structure:</p> <p><u>Average retail prices:</u></p> <table style="width: 100%; border: none;"> <tr> <td style="padding: 2px;">Low-end segment</td> <td style="padding: 2px;">€10 (or less)</td> </tr> <tr> <td style="padding: 2px;">Medium range</td> <td style="padding: 2px;">€10-75</td> </tr> <tr> <td style="padding: 2px;">High-end segment</td> <td style="padding: 2px;">€75-250</td> </tr> </table> <p><u>Main markets:</u> The main EU markets are The United Kingdom, France, Germany and Italy.</p> <p><u>Market trends:</u> Costume jewellery has taken advantage of the trend to more casual dress styles. Fashion styles involving the wearing of multiple jewellery items are driving the costume jewellery market, including adornments on more parts of the body.</p> <p>Retailers are attracted to stocking costume jewellery as it generates higher than average returns. Availability in a wider range of outlets, together with imaginative displays encouraged impulse purchasing in larger quantities.</p> <p>Ranges targeted specifically at young girls by brands such as <i>Barbie</i> and <i>Princess</i> reach the more affluent children. The <i>long-established friendship bracelets</i> or <i>power beads</i> stimulated sales within this costume jewellery segment significantly.</p> <p>The EU costume jewellery market is dominated by imports. It is highly fragmented and has been strongly influenced by fashion and short term crazes.</p> <p>Oversupply of low priced costume jewellery together with intense price competition has led to an increased demand for designer jewellery.</p> <p>Along with changes in fashion, materials like wood, cork, mesh, patchwork, granite, plastic, rubber, rhinestone or glass stones are now often combined with semi-precious jewels and metals.</p>	Low-end segment	€10 (or less)	Medium range	€10-75	High-end segment	€75-250	<p>4. Main suppliers:</p> <p>The largest producing countries of costume-other material are China, Italy and France.</p> <p>The leading non-EU suppliers of costume-other material are China, South Korea and India.</p> <p>Other suppliers from developing countries include: Philippines, Thailand, Indonesia, South Africa, Brazil, Mauritius and Peru.</p>
Low-end segment	€10 (or less)							
Medium range	€10-75							
High-end segment	€75-250							
<p>5. How to improve the quality:</p> <p><u>Colouring:</u> Non-toxic substances should be used when colouring the jewellery.</p> <p><u>Fittings, locks and clasps</u> must be of a good quality. For example, clips of earrings must open and close easily, fastenings of neckwear and bracelets must be solid and of strong material.</p> <p><u>Finishing:</u> The finishing of jewellery is of growing importance for consumers and for buyers. Avoid a too tight string of beaded neckwear, bracelets and dangling earrings, which makes them too stiff.</p> <p>Buyer's instructions on sizes and colours (indicated in Pantone colours) should be exactly followed by the exporter. A minor discrepancy could be fatal to the perceived product quality.</p>								

11 INTERNAL ANALYSIS: COMPANY AUDIT

After having done the external analysis where market opportunities are clarified and priorities are set for potential EU export markets, an internal analysis should inform the exporter if he can take up the challenge. An internal analysis must clarify which of his resources and additional investments are required to enter his target markets successfully, without threatening sales in his domestic market.

Based on the internal analysis, the exporter can get an insight into his strengths and weaknesses by reviewing the following topics, covered in the next sections: product range, design, product standards, production capacity, logistics, sales force, financial strength and capabilities.

11.1 Product range and design

Product range

In a fragmented EU jewellery market with consumers increasingly becoming critical on design, material and price, it is crucial for an exporter to create a product range that is distinctive, innovative and appealing to consumer target groups, as described in Chapter 3.2.

Understanding your target group

Most people in the EU countries are attracted by designs from trendsetting countries such as France, Italy, the UK and the USA. This includes seasonal fashion trends and short term crazes.

When creating your product range, it is important to appreciate that it has become more and more difficult to relate fashion to distinctive consumer groups with their typical preferences in jewellery. Fashion trends are usually related to the different occasions on which jewellery is worn, or the mood of the person wearing it. The modern woman no longer falls into distinct categories. She wants to play a number of roles alternately - or combine them. For example, a working woman may buy silver jewellery to wear in the office, trendy jewellery with coloured stones to wear on the beach, or a classic golden necklace to wear when dining out.

It is also important to realize that the life cycle of popular jewellery items has become shorter. Driven by the speed of the 24-hour economy, items that are 'hot' for trendsetters today may be 'out' soon afterwards. Trends for precious jewellery do, however, move more slowly than those for costume jewellery.

When you have gathered information on trends and fashion forecasts (see Chapter 10.1), the next step is to translate them into products. Does your collection look right? Is it something new?

Product positioning and USP

Positioning is a term used to refer to how you want consumers or buyers to think about your jewellery item compared to competitors' items. This depends on the style of jewellery and the type of consumer e.g. familiar or unfamiliar with fashion trends, designers or brands. There are differences by country as well. For example, silver jewellery may be regarded as established in the UK, Germany or the Netherlands whereas in Italy or Spain it may still be a novelty.

In today's increasingly global market place, it is more difficult to stand out. Exporters from Developing Countries are perfectly capable of producing distinctive and innovative jewellery. There is a continual demand for new products. As trends come and go quickly nowadays, flexibility and ongoing innovations in jewellery collections are expected by consumers and buyers. One supplier of fashion jewellery (i.e. costume and silver) aimed at the youth market states that they keep 50,000 items in their showroom and produce over 2000 new designs each month.

Try to establish your main point of difference and how you could excel.

A few points of difference are:

- **Skills** : Specially-made jewellery, created by imaginative metal working, finishing or material combinations.
- **Country** : Jewellery that is distinctive to its country of origin.
- **Material** : The use of unique (natural) materials or the use of a unique combination of materials.
- **Design** : Become a specialist in jewellery of unique or specific ethnic design from your own culture.
- **Price** : Whatever price point you work to, make sure that you are providing best value rather than lowest price.

It is very important to match your particular expertise with a particular target group or seasonal trend. Here a link to or co-operation with a designer in the country intended for export would help give a collection local relevance.

Product adaptation

Depending on the type and style of jewellery item, you may have to adapt your current product range for the export market in order to achieve a good product-market match. This requires an investment in terms of design, colouring, finish etc. So here, you will have to find the right balance between the costs of adaptation and the potential sales from your target markets.

Flexibility

Be aware of the differences in consumer tastes between southern and northern EU countries. A small change in terms of material or colour (pantone) can be crucial, especially in respect of fashion conscious Italian women.

▪ **Key questions on product range:**

- What is the specialty of my company and how do I stand out from competitors?
- Which consumer target group would be interested most in my jewellery?
- Are there large differences in target groups between countries?
- What is required to adapt my product for my target markets?
- What is the best positioning strategy for my jewellery collection?
- How to make my product concept - which items and matching accessories/clothing?
- Can products of other exporters in my neighbourhood complement this concept?
- What should be the design, shape, size and colour?
- Do I need an in-house designer or work with a well-known designer in the target market?
- How brand sensitive is the market?

▪ **Information sources**



Product range:

Information about product segments, consumer target groups and trends can be found in Chapter 3.2 of this market survey. Additional information can be found in trade and consumer magazines e.g. JCK Magazine, Accessori Magazine, Accent Magazine and Ornament or fashion magazines such as Vogue, Gioiello, Marie Claire, Elle, Vogue, and Donna.

In addition, fashion forecasts can be found at CBI's download plaza (<http://www.cbi.nl>) and from the International fairs in Basel (Baselshow), Paris (Éclat du Mode/M'B) and München (Inhorgenta).

Other seasonal trend information can be found at the sites <http://www.colleziononline.com>, <http://www.widemediamedia.com> or <http://www.opalinda.com>. Other ideas can be found when watchir popular soap series on TV in the target country and video clips on MTV.

You could buy some competitor products or during exhibitions look how competitors' products are presented. During visits, you could ask buyers or talk with editors of magazines about the latest tends in fashion and jewellery. Alternatively look in jewellery stores or ask the opinions of people you know in your target market.

Product design

The right design and styling is now crucial in jewellery. Looking for new shapes, colours and methods should be a continual process. Buyers are curious to know what is new in your Collection. This keeps the relationship alive. Also, retailers expect new collections every six months. So you need to keep up with this pace e.g. by having your own design department, working together with designers or e.g. trainees from design schools in your target markets.

Basic considerations in new designs are:

- *Product and production efficiency*
- *Fashion, colour, material, appeal and styling*
- *Inspiration*
- *Quality standards*
- *Environment*
- *Product profitability.*

Before introducing the new product, it is worthwhile to consider registering its design in order to prevent competitors from copying the product (see Chapter 13.1) - a common occurrence in the fashion industry.

On the other hand, if the exporters' jewellery items strongly resemble the design or shape of an existing item, they can be prosecuted, as there is a law against copying jewellery items. Even if there are some slight differences, the original designer of the items is protected. This will cause serious problems for the importer, who will make his claim on the exporter. Besides, copies of existing jewellery items are always regarded as cheaper and perceived as low quality goods with a short life cycle.

Exporters can also work to designs specified by importers or retailers. It is less risky for new exporters to the EU to work this way. The more fashionable jewellery items designed by exporters are particularly risky because they may quickly be outdated owing to changes in trends - or their designs may not match the European designs. But even if the design is specified by the customer, other product-related design aspects regarding colour, size, materials, locks, clasps and finish must also meet the market requirements.

Sizes and colours

Since national preferences and (seasonal) fashion trends vary enormously, it is always important to agree with the customer/importer the exact length, width and thickness of each piece of jewellery.

With regard to colours, it is recommended that the international Pantone coding system be always used to avoid misunderstanding, and that colours and finishes are defined and counter-sampled before agreement on the final order. The choice of (non-toxic) colouring substances and finishes should also be carefully monitored in relation to the increasingly stricter EU environmental regulations that restrict the use of materials that can be harmful to health or the environment.

Outside influences

These are playing an increasingly important role in jewellery as one industry looks to another for inspiration. Even at the top of the market, there is an element of playfulness and interpretation of trends and influences from outside the jewellery world.

For example, fabrics and textures are inspiring designs, as is the art world. Some modern bracelets use graffiti as the inspiration for their designs. Another important outside influence from the fashion world has created the desire for casual and versatile jewels that can be worn everyday.

See the new CBI Publication Design Guide Jewellery at <http://www.cbi.nl>

11.2 Product standards, quality and production capacity

Product standards and quality

Although buyers are always looking for new and better lines of merchandise, they tend to stay with their established suppliers. Exporters must prove that their company and products are absolutely reliable before buyers will consider them as new suppliers. Nowadays, consumers look for items of good quality, which are solid and safe. The strong manufacturing industries of the EU, China, South Korea and Taiwan produce jewellery of excellent quality and the standards demanded by trade buyers are equally high.

Small deficiencies in quality or a slight discolouration or oxidation could be a big problem for a buyer. The costs of adjusting or repairing fittings, locks or clasps of e.g. a neck chain are high in EU countries.

▪ Key questions on product standards:

- What standards exist in my target markets? (Quality, Safety, Environmental)
- How crucial are they for my type of jewellery? How can I meet them? What are the costs?
- Any opportunities in terms of safety issues (e.g. safety ring)?
- Can I easily source reliable raw material in my direct neighbourhood?
- What are the packaging requirements in my target markets? What are the costs?

Information on voluntary and compulsory quality standards can be found in Chapter 9.1.

Buyers check whether the product adheres to international standards and to the standards in their own country. Precious jewellery is checked on the hallmark, diamonds must come with an official certificate from the export country. If you are considering exporting plated jewellery, the items should comply with the ISO/DIS10712 standard, while costume jewellery items should not contain parts from skins of endangered animals.

Quality of silver

The standard for hallmarked silver is 925 (Sterling silver). Silver jewellery with traces of nickel is prohibited in the EU. Therefore, the use of pure copper and zinc, which are cadmium and nickel free, are recommended. If you are subcontracting a part of your production, make sure that these products are of the same purity as yours.

You will have to supply the correct alloys. Silver jewellery must be at least 925 pure silver. The other alloys (800 or 835) are hardly ever used in the EU. For example, if the alloy is 922, the buyer will be held responsible, will get a fine and the silver jewellery is likely to be destroyed. In case of doubt, you could consider using an alloy of 930 or 940.

Within the EU, eight countries (the Netherlands, the UK, Ireland, France, Spain, Portugal, Austria and Finland) have an official agreement to recognise each other's hallmarks. This means that an application by a manufacturer or importer for testing and approval need only be made to the inspectorate in one of these countries. Once your item is hallmarked, it will be recognised and accepted by the trade and consumers in the other countries. A similar rule applies in CCM member countries – see Chapter 9.

If hallmarking is required, you can get information from the importer, who, in any case, will be responsible for the application on behalf of the foreign (non-EU) producer. Before application, most importers prefer to have silver jewellery hallmarked with the master sign of the exporter indicating the alloy indication e.g. 925.

Quality of Gems

There are no official quality and grading standards for gems. Nevertheless buyers are now more critical towards jewellery with badly cut stones and more sensitive to colour. Each type of gem has its own physical properties such as hardness, which can be exactly measured.

However colours can only be loosely described, so stones must usually be shown before an agreement is made. It is very useful to have a gem certificate or gem report issued by one of the following independent gem laboratories, especially for the more valuable stones:

- The International Gemmological Institute (ISO 9001:2000 Certified), located in Bangkok, Mumbai, Dubai, Tokyo, New York, Toronto, Los Angeles and Antwerp.
- Hoge Raad voor Diamant (Diamond High Council) in Antwerp.
- Nederlands Edelsteenlaboratorium (Netherlands Gem Laboratory).
- The Gem Testing Laboratory in London.

Certificates of the above mentioned gem laboratories are well recognised in most countries

After-sales service

Jewellery items from developing countries are often destined for the low-end and mid-range market segments. In the mid-range segment in particular, a good after-sales service is important, as the responsibility for faulty goods cannot be fully accepted either by the retailer or importer. If something is wrong with a higher value piece of jewellery, it is generally too costly for the retailer or importer to provide a replacement piece. So, your jewellery agent or importer must be able to handle this situation quickly and efficiently with your support.

Production capacity

The jewellery sector in industrialised countries is generally characterised by the availability of good quality raw materials, low production costs and a flexible labour force and good designers working with computer aided systems (CAD/CAM). In the EU, China, Thailand, India and other Asian countries, jewellery can be made in large quantities.

Jewellery from most other Developing Country exporters is in small quantities and it is still difficult to obtain a significant position in the international jewellery trade. Here, most jewellery manufacturing is rather simple, i.e. items are handmade and labour intensive.

However, the major problems in production capacity are more quality-related, such as a limited level of technology, flexibility and variety in design. It is also difficult for many Developing Countries to produce fittings, locks and clasps of good quality.

In addition, manufacturers in Developing Countries have difficulty supplying jewellery of a constant quality, size and finish. In many cases, manufacturers make a basic part of the item e.g. casted ornament or wooden carved beads. In order to finish the item, they also need to source other pieces such as chains, cords, clasps, casings, stones and packaging material, often from elsewhere. This makes it hard to control quality and to avoid deficiencies – if a similar item is required in future.

Nevertheless, try to control the quality at each step in the production process. This reduces the rejection rate of the final item. Besides, a constant control keeps your employees and outside suppliers aware of quality. In addition, take good care of the finish of jewellery items. This is extremely important, as it is the first impression that importers and consumers receive.

Key questions on production capacity:

- Is there enough spare capacity for extra orders? Is there any flexibility in production?
- Can I make the new items with the current machinery? Extra skilled workforce required?
- What will be the cost of setting up additional production capacity?
- Will export orders hinder orders for the domestic market?
- Can I guarantee a consistent supply and get all raw materials in time?
- Is the factory clean and tidy enough for the workers and are factory and machinery satisfactory for foreign inspectors/buyers?
- Do I have enough storage facilities for extra production for foreign markets?

11.3 Logistics

When manufacturing jewellery in larger volumes e.g. for large retailers, department stores or mail order companies, lead times are short. As already mentioned in Chapter 10.4, there is a tendency to keep stock levels as low as possible and for items to be delivered more frequently during the year. This requires production of smaller lots of items with shorter life cycles and more flexibility to produce jewellery according to specification and to supply them 'Just In Time'.

Most jewellery is sent by air and bulky items are shipped by sea freight. Airfreight usually takes a few days, depending on destination. In case of sea freight, which may take between 8 – 10 weeks from e.g. an Asian to an EU country, transport requires careful planning. Freight services must be high quality, safe and, at the same time, affordable.

Select a reliable method of transport for high-value items, e.g. courier, air freight, but not post.

In the case of courier, it is recommended that you use the same company as the importer or buyer, since they can benefit from discounts.

When starting an export business, you must not only estimate costs accurately before entering into a contract, but also ensure that the shipping facilities in your country can guarantee delivery within the contractual time frame. Are the shipping facilities reliable? – especially when it is difficult to control if you are not near a port or airport. Other problems may occur when the jewellery has to travel a long distance overland before reaching the port and has to be stocked for a while due to a delayed shipping schedule. In these cases, a reliable shipping agent is essential.

More information on delivery terms can be found in Chapter 13.4.

The best option would be to use a shipping agent or freight forwarder to arrange transportation services on your behalf. As they are familiar with import and export regulations, they can simplify the shipping process. It is important to use a forwarder that is experienced in handling jewellery to minimise the risk of damage, and who can provide good advice on safe export packaging.

They also must have experience and preferably speak the language of the destination country, and provide assistance in handling all documentation, including export licensing. Freight forwarders are cost effective to use as they can negotiate better rates. They usually operate on a fee basis paid by the exporter.

▪ Key questions on production capacity:

- How often are you able to deliver jewellery to your target markets?
- What lot sizes do you generally produce or are you able to produce?
- What combinations of items can be made for different customers?
- How to shorten the physical distance (if any) between factory and port or airport?
- What is the safest way and costs to insure the items, especially precious jewellery?
- How to reduce the risk of possible theft of the items?
- What are the typical costs of transportation, document handling?

11.4 Marketing and sales

When exporting jewellery, a combination of marketing tools (product, price, place and promotion) is required to keep control over your export venture. How to use your marketing tools and build up a long terms business relationship with partners in your target market will be covered in Chapter 13.

When it is your first time, expanding into exports demands an investment in terms of time, budget and skills. You may consider recruiting new, experienced staff to co-ordinate your marketing strategy. There will certainly be a need for someone to spend periods away in the target markets, depending on the volume of your export business.

▪ Key questions on marketing and sales:

- Who will be (full-time) responsible for managing the export sales and marketing function?
- How well can he/she do the job?
- What sort of additional training is needed (strategic/sales skills/language/technical/trends)?
- Who do you know in the target markets?
- What sort of procedures will be needed to carry on your usual business when visiting the target markets?
- How do you feel about having to travel a great deal and spend considerable periods away from home?
- Are you open to other cultures where business practices may be quite different to yours?
- What sort of additional management information systems will be needed in order to monitor the new overseas target markets?
- What sort of promotional material is available for overseas markets?

Perhaps you have existing contacts in your target markets, for example: relatives, friends, suppliers etc. They may gather information, monitor progress and follow up leads.

All marketing planning, sales and promotional activities involved in exports, take place in the sales or marketing department – depending on the size of your business. This department is responsible for the marketing and sales of products in the domestic and foreign markets, as well as for all operational and quality control issues. A simple sales organisation usually consists of office personnel and a field force.

Office personnel	Field force
<ul style="list-style-type: none"> ▪ Handling correspondence ▪ Handling offers and orders ▪ Issuing forwarding instructions ▪ Issuing and checking invoices ▪ Controlling schedules ▪ Keeping customer records ▪ Expediting product samples ▪ Keeping sales statistics ▪ Evaluating markets ▪ Dispatching goods ▪ Quality control 	<ul style="list-style-type: none"> ▪ Selling ▪ Visiting customers ▪ Presenting new products ▪ Discussing and implementing campaigns ▪ Discussing listings ▪ Holding yearly reviews with customers ▪ Implementing selling prices

The marketing and planning is usually controlled by the company management, based on the activities and achievements of the sales department. An essential tool used in sales departments is a detailed and up-to-date customer database. The customer database contains the following information:

- Basic data on the customer (e.g. long-term information - name, address, telephone number, etc.);
- Changing data on the customer (information resulting from business with the customer such as telephone calls, offers, sales statistics, etc.).

The customer database gives a sales person a quick review of the most important customer information when planning a telephone call. If possible, the customer database should be

computerised, because this simplifies changes, updating, sorting and selection procedures. If computerisation is not possible, customer information should be kept on file cards (see samples).

Customer Data Sheet	
Company:	Customer no.: _____
Street:	Customer class*: oA oB oC
P.O. Box:	First contact date: __ / __ / __
Postal code:	Sales person:
Town:	Customer type:.....
Country:.....	(agent, importer, retailer)
Tel.:	Sales last year:
Fax:	Sales planned this year:
E-mail:	Method of payment:
Bank:	Delivery conditions:
Bank address:	Remarks:
Account No:
Contact persons:	
1 Title:	First name: Name:
Function:	Tel.: Fax:
2 Title:	First name: Name:
Function:	Tel.: Fax:
Contact record:	
1.	Contact date: -- / -- / --
2.	Sort of contact (tel., visit, e-mail)
3.	Issues agreed – topics to follow up

* Classify customers by importance to your company (sales, quality of relation, etc).

Customer specific information (personal)*			
	<i>hobbies</i>	<i>when and where met</i>	<i>family</i>
Mr.	e.g. he likes old cars	- last met at Inhorgenta	- his son likes travelling
Mrs.....	e.g. good tennis player	- will visit Mauritius	- husband likes Indian food
Mr.....	etc.		
Mrs.....			
etc.	* This information is important, but it should not be emphasised in the conversation, especially not in the beginning of a relationship. These topics arise, when having a dinner or lunch together.		

11.5 Financing

Similar to any other approach to business expansion, direct exporting will involve a considerable investment, not only of time and effort, but also money. Before you get close to obtaining that first export order, you will incur costs for market research, design and travelling expenses. Further down the road you will need to have sufficient working capital to span the gap between the time you pay out for day-to-day running costs, raw materials, freight charges and insurance, and the time you receive payment from your customers. Here your bank could be a useful source of information. They can provide you more information than just the financial issues.

▪ Key questions on financing:

- What do you need to invest in order to get a clear idea of your export opportunities?
- How much would be the cost for additional resources (machinery/designer etc.)? How can you fund these extra costs?
- In case of seasonal jewellery items, can you invest regularly in new designs which is required to ensure competitiveness?
- Is capital from other sources necessary for financing the operation? Any funds available?
- How much would the export sales and marketing costs be and how will this be funded?

In the case of outsourced or licensed manufacturing, less investment is required for exporters. Here, the financing is limited to the production process, the purchase of raw material and possible finishing.

11.6 Capabilities

Commitment to export

In addition to in-house staff with international experience, your company should be able to provide the physical and administrative infrastructure to deal with the increased activities from exporting - not only in dealing with orders but also with processing Customs and shipping documentation. If this type of infrastructure is limited, then it is a weakness in developing sustained export activities.

Export experiences

It is important to learn from experiences. If the company has tried but failed to penetrate an export market previously, this should be analysed to determine where things went wrong.

Language and culture

Alongside knowledge of the export procedures and regulations, it is essential for you and other staff in your company to know the language of your target market. Although English is often accepted, good knowledge of the local languages is a competitive advantage and you may become aware of hidden feelings faster. Be aware that in France, Italy, Spain and Greece you must speak the local language. There are even regions in e.g. Spain such as Cataluña, the Basque country or Andalucia where people strongly stick to their own language.

In addition, each EU country has its own culture and business manners. For example, Germans are perfectionists; Dutch people are very direct, while French people are formal but become milder once they know you better. Italians are people with a good taste (especially for designs), while Spaniards take their time in decision-making – and pushing them too much has often the opposite effect.

Try to get familiar with the local business habits. Much literature on business habits is available in bookstores. You can also find information at embassies or local Chambers of Commerce. If necessary, translators can be found through embassies or via commercial translation offices in your target country.

12 DECISION MAKING

12.1 SWOT Analysis

After the External (Market Audit) and Internal analyses (Company Audit) are done, the exporter can define his position in the EU jewellery market and assess which areas in his company need improvement in order to deal with competitors in his target markets. A technique to plan order from chaos, is to summarise the findings from Chapters 11 and 12 into a SWOT matrix, taking the following two points of view:

- ***Opportunities and threats in the marketplace***
From your external analysis, you have an idea which EU countries to approach. It is now time to summarise all collected opportunities and threats you have found on topics such as: market development, your target group, market niches, trends in fashion, jewellery design, production trends, jewellery trade flows, price developments, non-tariff barriers (e.g. environmental issues) or any other relevant topic. These summary conclusions should provide you enough insight into the opportunities and threats in the EU market.
- ***Your own strengths and weaknesses***
The internal analysis you have done should provide you with insight into your own strengths and weaknesses. Topics to be assessed include: your specialty, your jewellery collection, design capabilities, product standards, production capacity, flexibility, logistics, sales force, financial strengths and the capabilities, experience and commitment of your company to approach overseas markets

This SWOT matrix below only serves as an example. Here a combination is made by market and by sales channel. You could do your own SWOT analysis tailored to your specific situation and either consider your target market or your sales channel. It depends on the type and size of your company, your target countries, the type of jewellery and trends in fashion etc.

<p><u>Opportunities</u></p> <ul style="list-style-type: none"> - The trend towards colourful decorated jewellery. - Consumers look for unique items at reasonable price. - Growing demand by foreign nationals. - EU manufacturers need special ethnic patterns on their rings that need intensive labour and skills. - - - 	<p><u>Threats</u></p> <ul style="list-style-type: none"> - Pressure on prices of items from developing countries, especially silver and costume items. - Consumers are increasingly critical of jewellery in terms of quality, designs and brands. - Fashions are increasingly short lived. - - -
<p><u>Strengths</u></p> <ul style="list-style-type: none"> - Specific ethnic design, based on cultural heritage. - Low labour cost, flexible production system and export experience to the Dutch market. - Use of unique stones with certificates. - Other special materials in designs e.g. shelves. - - - 	<p><u>Weaknesses</u></p> <ul style="list-style-type: none"> - Limited production capacity, for hand-made jewellery items. - Difficult to find good fittings, locks and clasps. - Keeping up with the fast pace of innovations. - Low own financial resources. - - -

Try to optimise your strengths and see how you could overcome weaknesses in the future and how to deal with threats in the market place. The result of your SWOT analysis, the possibility to overcome your weaknesses and the degree of risk when entering target markets are crucial for your decision - whether or not to start exporting to the EU -.

12.2 Strategic options and objectives

From your SWOT Analysis, you should get enough confidence to know if you are able to export to the EU jewellery target markets with more opportunities (than threats) and if your company is strong enough to start this venture. In order to export to the EU market:

- ✓ **You know if and how your specialty could appeal to your target group and how to adapt, conceptualize or restyle your jewellery collection for export markets.**
- ✓ **You may conclude to concentrate on a few growing target markets, especially if your company is new to exporting. You can divide markets into:**
 - **Primary markets**, where you can expect a relatively fast return on your investment at a relatively low risk. These markets are also referred to as *pilot* or *target markets*.
 - **Secondary markets** expose your company to a greater risk. But if you have enough resources and approach them with caution, they can still generate profit. You could target these markets after you gained more experience in the EU.
 - **Tertiary markets** may be interesting to approach actively in the future. But for the time being, you prefer an indirect approach e.g. to produce for EU manufacturers.
- ✓ **You know the best sales channels when entering the chosen markets.**
- ✓ **You know the risks, threats and difficulties and what strategy and tactics are required to tackle them and to take this up as a challenge.**

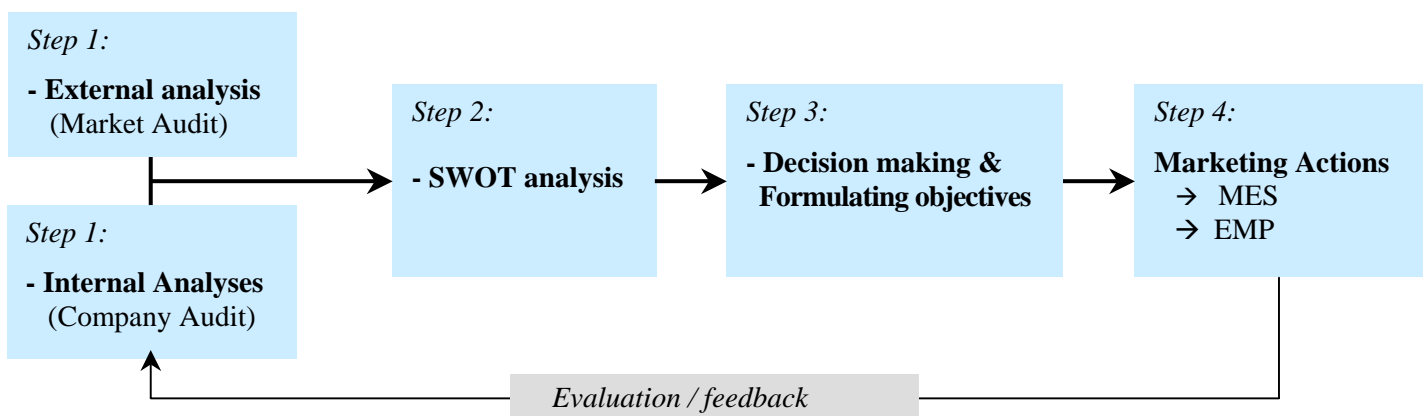
Once you are confident about your jewellery collection for export markets, an establishment or expansion of your export business should not harm your current business.

In other words, does an export marketing venture fit into your company's objectives?

In order to answer this question, you will have to ask yourself:

- What does your company want to gain from exporting?
- Is the export goal consistent with other company goals?
- Will the export business give you a satisfactory return on investment? Maybe your investment would be better used by expanding business in your domestic market.

Companies can waste a lot of time and money trying to enter markets that do not have enough potential or are not suitable for their product. So try first to become familiar with the EU market, set your priorities to a few markets, focus on one or a few target groups and prepare yourself well in order to be successful in export marketing.



Once you have made a positive decision, you are ready to formulate your objectives into a *Market Entry Strategy* for your target markets and plan your activities in an *Export Marketing Plan*.

Together with the marketing actions or marketing tools covered in Chapter 13, you should be able to draw up the MES and EMP. General export marketing information can be found in CBI's *Export Planner* and the interactive tool on the CBI website '*Export marketing plan*'. Information and methodologies for doing your own market research can be found in CBI's manual '*Your guide to Market Research*'.

13 EXPORT MARKETING

Once the decision to export jewellery to the EU is taken, the next task is to find out how to build up this export business successfully. This Chapter provides a general view on using your marketing tools effectively in order to establish a business relationship with prospective buyers or trade partners in EU markets. The marketing tools are covered here in the following way:

-] Matching products and the product range.
-] Building up a relationship with a suitable trading partner.
-] Drawing up a general or a specific offer (pricing issues).
-] Handling the contract (terms and fulfilment).
-] Sales promotion, advertising, communication, sales organisation and trade fairs.

13.1 Matching the products and product range

In the Internal analysis (Company Audit) in Chapter 11.1, you have already reviewed your product range and possible adaptation of items in terms of material, design and colour for primary markets.

Creating a point of difference or specialty

Based on the information collected in your external and internal analysis, you may be aware of most jewellery ranges by competitive suppliers e.g. in China and other Asian countries. Try to distinguish your product from mass-produced items by creating a special collection based on your skills, country, material or specific design. It is important that your collection conveys this specialty or its authenticity, which could fit with the chosen target group and be up with one of the seasonal fashion trends. Here an interview, discussion, or co-operation with a designer in your target market is crucial in order to give your collection a 'local touch' or avoid a minor colour deficiency.

More variety in jewellery products

In the past ten years, jewellery has become far more fashionable, with a greater variety of styles. An overview of the most common varieties is given in Table 3.1.

<i>Type of product</i>	<i>Variety</i>
Neckwear	Chain (one or more), choker, necklace or collar, pendant, neck-wire (with feather), beaded neck-wire, neck-wire with bullet.
Bracelets	Linked bracelet, bangle, spring-bangle, stretch bangle, beaded bracelet, ankle bracelet or anklet, long sized bracelets, wrist or arm bracelet, ID bracelet (personalised).
Rings	Ring finger with average sizes for women 50 - 57, sizes for men 57 - 65. Middle finger, thumb, toe rings, nose rings, nose clips, belly rings.
Earrings	Rose rings, ear studs, ear clips (button type), long earrings, dangling earrings, ear cuffs, hoops (Creole type) in gold - small up to huge sizes, double hoops, ID earrings, lariats.
Brooches	Brooches, hangers, stick pins.
Cuff links	Cuff links, studs, tiepins, tie clips.
Hair accessories	Hair clips, pins, barrettes, hair gems, hair jewels, beaded hair strings, button snaps, hair springs, scrunchies, headbands, pony tailers, hair extensions, feather ornaments, hair picks, curlers, hair tattoos, hair sticks and tiaras
Other	Belly chains, piercings (in lip, nose, eyebrow, navel, tongue), nail piercings, tattoos, temporary tattoos, body crystal, bindis, tooth jewel/crystal.

Creating a concept and product range

When creating new items, you should try to present a *product concept* and offer collections of rings, earrings, necklaces, bracelets etc., which fit the concept you have chosen e.g. sporty or ethnic style, or a special technique. Most buyers prefer to make a selection from different items within an idea or concept that matches their target group or fits into the fashion trend for the coming season,

e.g. in department stores. Buyers are more easily persuaded of the merits of a concept. Once they believe in it, they are more likely to take particular items within this concept. You could test this range of jewellery items with some of your current buyers beforehand.

Copying

As already mentioned in Chapter 11.1 - Product design -, try to avoid copying an existing jewellery collection. Copying is still a frequent problem and can have a disturbing effect on your business relationships, especially on jewellery items sold under exclusive arrangements. Copies are always regarded as cheap and of a low quality. Apart from the irritation it causes with your buyers, it also ruins the good name of the original item.

As competition in the EU market has intensified, your own collection could be copied and launched on the market by someone else. Before introducing the new product, it is worthwhile considering registering its design in order to prevent competitors copying the product. In this respect, it is important to know which laws exist on patents and trademarks, where to apply and what are the costs of registering. The violation of copyright laws may result in a penalty of thousands of Euros for one item. In addition, the news will spread around quickly and seriously harm the reputation of the offender.

Protection of your items

In order to protect your collection, you could contact a solicitor in your target market. You can ask them to certify e.g. pictures or photocopies of your models. Here you will need a certification stamp from the tax authorities, with or without a stamp from the solicitor's office. You could also get the stamp direct from the tax authorities. This stamp gives you a tool to intimidate the offender and you could start up proceedings, with or without the help of the local solicitor. It is important to check their costs beforehand. More information on registration of designs and brands in the EU, is given on the website of Dutch brand registration office (Nederlands Octrooibureau or the BIE) – addresses see Appendix 2.6.

Outsourcing

When exporting e.g. jewellery to secondary or tertiary markets, you should give buyers clear indications of the raw material (hallmarked, certified or not), the available production facilities, processes and capacity, flexibility, delivery, and the possibilities of purchasing findings (fittings, locks, clasps) or other specific parts according to the requirements of your prospective partner.

Packaging

Special transport packaging is necessary to ensure that your jewellery arrives in perfect condition at its destination. Unsuitable packaging often causes the product to be damaged – see Chapter 9.1. When packing jewellery for export, pay attention to the following:

Key areas for the attention of exporters:

- Follow the packing instructions from the buyer or importer exactly, including all the details specified, even to the position of a sticker or label. Mistakes or discrepancies may result in a consignment being rejected or repacked by the importer.
- Pack the jewellery in such a way as to minimise the opportunity for damage during storage and during transport, such as packing silver jewellery especially in plastic bags, soft paper or bubbled plastic within a small box.
- On the other hand, when sending items by courier or air freight, try to avoid excessive volume in order to keep the freight charges as low as possible.

Gift packing

Wrapping and packaging jewellery items as gifts is an important feature for the retailer. Part of the appeal of the item itself is the way it is presented in order that it makes an attractive gift to take home and give to a loved one. For some items of costume jewellery, it can be argued that the cost of the packaging sometimes outweighs the cost of the item itself. The *perceived value* of an item can be greatly enhanced by attractive packaging.

13.2 Building up a relationship with a suitable trade partner

Searching for trade partners

Among many potential customers/buyers, you must identify those who match your specialty and jewellery collection, and who are suitable to build up a long or short-term business relationship. Check your potential customer's financial status and credibility (sources – see Chapter 10.2 and 10.3). At the end of the identification phase, you should have selected the names and addresses of suitable trading partners. Some sources to find information on potential trade partners are:

In your own country:

- The foreign-trade Chamber of Commerce of your target country.
- The Economic Affairs departments or the official representative (Embassy or Consulate) of your target country.

In your target countries:

- CBI's linkplaza (<http://www.cbi.nl>) or check CBI's company matching database or export development programmes for jewellery.
- Business support organisations.
- Trade associations / trade press / national trade platforms or portals (see Appendix 3.6).
- Your own country's public and private trade promotion bodies.
- Your own country's diplomatic and consular representatives.
- Chambers of Commerce.
- Trade fair organisers (catalogues).

Please be aware that sources of information only answer written inquiries. A detailed inquiry improves the chance of receiving precise information and preventing future misunderstandings. In addition, take into consideration the cultural differences between EU markets in your approach (see also Chapter 11.5).

Evaluate the names and addresses you receive, using the following criteria:

- Is the importer active in the target country you selected? Which other countries?
- To which channels/retailers does he supply? Can you still approach large retailers yourself – even if you are in business with his company?
- Does the importer focus his activities on your item-related speciality?
- Are they interested in a long-term relationship or are only interested in 'one shot'?
- Do you have enough sound information about the reliability of this partner?
- Check your potential buyers' financial status by using credit rating reports by Dunn and Bradstreet (<http://www.dnb.com>), otherwise try to negotiate a LC (letter of credit).
- Is the information on his company complete (contact person, address, tel. and fax, e-mail)?

Using these criteria, draw up a priority list of the contact addresses you have received. In your search, try to select trade partners who are a good match with your company. For example, if they are too big and you have limited capacity, perhaps you should not enter into a negotiation with him.

Looking for partners at trade fairs

While the option of employing a full time European agent is not affordable for some exporters, it is essential to make sure that potential trade partners are at least given the opportunity to see what can be available to them.

Trade fairs are tremendously important ways for buyers to meet potential new suppliers. However, a key point to note is that although there is a surplus of suppliers in most jewellery sectors, good buyers need also to change their range on a regular basis. So, they are always looking for new products, if not new sources of supply.

Approaching trade partners

There is a difference in business approach between manufacturers and buyers. In general, EU manufacturers make jewellery with a feeling for the product, whereas buyers often regard jewellery as a commodity for making money. In the EU jewellery industry, women can occupy high executive positions.

Regardless of the kind of trade partner, try to ensure that you contact them at *the right time*, and *in the right manner* to give yourself the best opportunity to succeed. Buyers usually purchase their winter lines in April/May, to be delivered in June/July. More information on the seasons can be found in Chapter 3.3.

Good communication

At the start of a relationship try to answer questions as soon as possible. E-mail, telephone and fax are indispensable; telex is hardly used anymore. If you receive a question and need a few days to formulate your answer, let your buyer know that you have received it and are working on it and let him know when you will be able to give him the answer. Good communication is extremely important in starting relationships (see also Chapter 11.6).

Samples

Buyers often take a cautious approach when starting a 'new venture' with a Developing Country exporter. You may have to send samples before they give you an order. Sample shipments are very costly and you should judge from his/her explanation, why they first need a sample. If you promise to do so, and then act quickly, this will create trust with him/her. If you send it by courier, send a copy of the airway bill number and an advance notice (by e-mail) to the buyer, after you have sent the samples.

When taking samples during business trips, try to minimise the risk of robbery by hiding them well.

Mail order companies may ask to send samples long before the delivery date for their catalogue. In this case, you should have negotiated a fixed order with them in advance.

Trial orders

Buyers usually place a trial order and first want to check the following:

- How the products will be delivered. The delivery date of an order is always specified at the time of purchase. Be aware that failure to meet the specified delivery can often result in cancellation of the order. If you cannot finish something by a deadline, say so early on.
- How the exporter can meet their particular needs in terms of e.g. packaging, adaptation of models, product finish etc.
- Never ship poorer quality goods than those demanded and agreed upon. If you are unable to produce the good fittings or locks it would be better to say so and discuss the possibility with the buyer of having them sent to you.
- How smooth communication will be between your company and them, and with other people in their company.

Those exporters who can provide a professional follow-up on these first contacts and particular requests are likely to receive a follow-up order. Even if they do not purchase from you in the first instance, it is important to develop ongoing relationships with these buyers.

13.3 Pricing and drawing up an offer

Pricing

Setting the right price for jewellery items is difficult; some retail prices have already been given in Chapter 8 and how the price is usually set in jewellery trade was provided in Chapter 10.5. In general, some of the following questions should be considered when setting a price:

How much does it cost to manufacture your jewellery item?

- Production costs not only include costs for production, but also for raw material, design, hallmarking certification, packaging, distribution and promotion.
- Also, the costs of unsold jewellery items should be included.

How will you sell your product?

- Do you sell your products directly to customers in the EU?
- Are you producing on a contract basis for a EU manufacturer/supplier?

What is the price of your competitors?

- What do competitors charge and are their products e.g. in terms of material and volume the same as yours?
- The checklist in Chapter 10.2 and the price structure in Chapter 10.5, will give you an idea of the prices they charge.
- What could be the upper limit of your price range, compared to competitors?

What is the potential demand for my jewellery item?

- How unique is your product range or concept?
- To price according to demand you have to know more about the size and nature of your customer base and their feelings about pricing.
- Also, consider the market trends, niches and opportunities - see Chapter 3.

In order to comply with the increasing pressure on prices, it is vital that promising new items from Developing Country exporters offer extra value. A new product can be of interest to a buyer either because it is unique, or because it could appeal to a particular target group fashion trend or craze, in which case the price is of secondary importance.

However, still try to monitor your price in relation to your costs of production, your competitors and your customers. Depending on these factors, you can set your *minimum* and *definite export prices*. Once the price is agreed, try to make adjustments e.g. every year.

Try to always work with a fixed price list and avoid bargaining. You could offer quantity discounts as the cost price of an item is usually lower. This would not apply if you make a limited range of high value precious jewellery items. Most buyers, especially Dutch buyers will not accept your prices immediately. They always try to negotiate a discount. If they continue to insist, you could consider a discount on the value of the order e.g. 5% on €5,000 or 10% on €10,000. Be sure here to first of all add this amount to your prices.

Drawing up an offer

There are two different kinds of offers:

- **General offer – or company introduction**
- **Specific offer.**

Drawing up a general offer

- The purpose of a general offer is to attract the interest of prospective buyers or trade partners who you do not know well.
- A general offer consists of sending a short profile of your own company and an overview of your product range with a price indication.
- In a personal letter, briefly introduce your company and inform him of the advantages of starting up a business with your company, what are your USP's etc.

Drawing up a specific offer

A specific offer is legally binding for a certain period of time and is often based on a specific request from the prospective buyer or trade partner. You must therefore be capable of fulfilling its terms of contract. You should make a specific offer only when you know the business partner personally or after you have made the initial contact.

Written offer:

- Name of the person responsible in your company.
- Exact description of the goods offered (preferably using an internationally valid quality standard specification).
- Quantity or quantities.
- Price of the goods offered in accordance with the Incoterms 2000 (ICC publication, if applicable, split up by delivery quantities or quality) – see <http://www.iccwbo.org/incoterms/faq.asp>
- Possible delivery date and terms of delivery.
- Terms of Payment.
- The validity period of the offer, the waiver and/or extension of the offer.

General remarks

Recommended action for both kinds of offer:

- A telephone call to ask whether the offer (and the samples, if applicable) has/have arrived.
- An invitation to visit your company.
- Possibly propose a visit to the country of destination. In that case:
 - If necessary, hire an interpreter.
 - Ask your own consulate or other intermediaries for assistance.

Booking the order

In case you do not need to make an offer and can book an order immediately, write it on your letterhead (with your companies' logo and contact details). Make sure that you have explained your terms to the buyer and put them on your order sheet. Let the buyer sign the order.

Several buyers, especially large companies, use their own order sheets. Be careful that if you have accepted the order written on the buyers' sheet, this implies that you have accepted the order according to his conditions, which are often printed on the order sheet. So, always try to study these conditions before you sign the order. On any agreed buying conditions make sure that you send the buyer a confirmation promptly or Pro Forma invoice with detailed information of what exactly you agreed when the order was written.

13.4 Handling the contract

When handling the contract, you should consider the *terms* and the *fulfilment*:

Contract terms:

- Conclude the delivery conditions according to international guidelines (e.g. Incoterms 2000)
- In the case of trial orders, which are delivered for the first time, sometimes a credit note for the charged costs of making the samples is sent to the buyer.

Failure to deliver on time is likely to be subject to penalties. A failure in delivery often results in cancellation of the order. So exporters should be absolutely sure they can meet delivery dates without delays before they enter into a contract. Trading relations between exporter and importer are based on trust, and they can only be built up by meeting the high expectations of the importer.

Contract fulfilment:

- Procure the delivery documents in good time.
- Comply strictly with all parts of the supply agreement. A *standard contract* made by the International Chamber of Commerce (ICC) could be a good reference in order to know which subjects should be covered in a contract.
- If you cannot comply with any part of the agreement (e.g. delivery delays or quality problems), inform the customer clearly and in good time.
- Co-operate on a partnership basis and seek a common solution even if conflicts arise.
- Fulfilling the contract should have a high priority, particularly when delivering for the first time.
- Mention the total annual sales (in value) and the expected sales progress in the next coming years.
- Termination of the contract should be clarified (when, why and how).

Payment methods and delivery terms

In the jewellery trade, the payment method chosen will depend on negotiations between buyer and seller in which both will try to achieve the best conditions for themselves. This implies that exporters prefer to be paid before shipping the items, while buyers prefer to pay as late as possible, after arrival, inspection or even sale of the items.

Common methods of payment

Red clause or down payment

Here the importer or buyer orders the goods and pays 50% of the invoice in advance (instead of a LC). The remaining 50% is paid after the goods have been loaded for shipment. This method is used when orders for jewellery are valued up to €1,000.

Documents against payment (D/P)

Also known as cash against documents (CAD). The buyer takes possession of the goods only after payment. This method is not so popular; the costs are about 1%, but vary by country and by bank. This method is used when orders for jewellery are valued between €1,000 and 5,000.

Letter of credit (LC)

The irrevocable LC is often used at the start of a business relationship when the importer and exporter do not yet know each other very well. The LC is irrevocable and will always be paid when the documents conform exactly to the stipulations in the L/C. The costs vary country by country (e.g. 5%) and depend on the bank. The cost of an L/C is higher than the D/P method. Payment by L/C is widely used in the EU when dealing with exporters from outside Europe. Because this method is rather complicated and time consuming, it is mostly used when orders for jewellery exceed a value of €5,000.

Do not start production until you receive the L/C. Check the conditions stated in the L/C against what is on the order sheet (e.g. the requested delivery time). Only after this, proceed with the order. During the process of the order, do check at regular intervals to see if everything is still going to plan. Correct delivery is so important because you are going to be paid from L/C in which all conditions must be exactly followed, otherwise payment is not guaranteed.

Clean payment

This is the most common method within the EU. The basic condition here is that both parties know each other well. The process is fast and reliable, depending on the creditworthiness of the importer. The bank carries out the transactions through swift electronic data system and the transfer costs are not very high.

Cheques

Bank guaranteed cheques are generally no problem, though cashing them may take some time, up to six weeks. Not all personal cheques are accepted.

More details of the payment methods and delivery terms can be found in CBI's *Export Planner*. When dealing with every (new) supplier, the importer considers very carefully which method of payment should be agreed upon. The same applies to delivery terms.

Most common delivery terms

- **FOB** (Free on Board): the buyer arranges for transportation and insurance. FOB must specify the port of departure.
- **CFR** (Cost & Freight): the exporter pays the freight, the buyer arranges for the insurance.
- **CIF** (Cost, Insurance & Freight): the exporter pays the freight and the insurance.

In all cases, once the jewellery items have crossed the ships' rails in the port of departure, the risk is transferred from the exporter to the importer or buyer. For jewellery items, CIF is often used.

More details can be found at the Incoterms 2000 of the ICC – see also <http://www.iccwbo.org>

13.5 Sales organisation and promotion

Sales promotion

A first start when exporting jewellery can be made via trade fairs, websites, free publicity and some advertising in trade magazines, if there is some budget available. In addition, sales promotion can be done at not too high cost in order to develop new customers and keep in touch with your current customers. For example by a newsletter (by e-mail), you can show them that you are actively following e.g. the latest fashion trends in the EU or are well-aware of the latest developments in new material, certification etc. In your correspondence, a constant, prompt and reliable communication is vital to build and maintain the relationship with customers.

When developing new customers:

- Take good care of prospective customers. This includes, for example, expressions of thanks after you have met them and keep them regularly informed on the product range, etc.
- Brochures on your company and the product range are useful to promote sales.
- Ask existing customers for letters of reference. Such recommendations are particularly important for new contacts.

Expanding supply quantities:

- In some cases, you may be able to increase supply quantities to existing customers.
- Always answer a letter of inquiry. If you cannot supply this contact, say so, explaining that you will get in touch with him for the next campaign.

The message

Message of your product

Sales promotion requires a large investment. However, starting on a very small scale, your product concept and the composition of items in your collection could already convey a basic message in terms of style, design, colour and presentation. This applies especially when you have adapted your jewellery collection, based on market research, to appeal to your chosen target group.

Presenting the message to others

It is very important to present your collection as confidently and as clearly as possible to prospective customers or any other related parties in the supply chain through your own personal selling. In this presentation try to explain what you have found out from your external analysis e.g.:

- Who your target group is.
- What your jewellery item could do for them in terms of their own concept or USP.
- Why your product is better than competitive products.
- Where they could go to get it.

Apart from buyers or customers, it is also important to communicate your jewellery concept to all other people involved in the sale of your collection. Once you are in business with the buyer, sales people in the supply chain e.g. retail sales staff need to understand your concept well. A written explanation would be best in order to prevent misunderstandings that may result in wrong information to consumers. This is especially important in the case of very unique material, craftsmanship or cultural heritage – all of which may be quite unfamiliar to EU people.

Importance of language and style

If you or your importer does any form of promotion, the language is an important issue to consider. Always try to put any form in the local language and be aware of different interpretations of humour, colour and 'good taste'.

In addition, the style of your collection must be reflected in any promotional presentation. This means in store and by all people involved in the sale of your product. More information can be found in CBI's manual '*Your Image Builder*'.

Advertising

Advertising is another tool aimed at increasing the sale of your collection. This is relatively expensive. Always try to combine an advertisement in e.g. a jewellery trade magazine with free publicity, which usually has much higher credibility than an advertisement. In order to get the best out of your investment, you will have to clarify:

- A clearly defined target group → Who could buy my products?
- A well-formulated message → What do I want to tell the customer?

Costs and dispersion losses

Two parameters are used to measure the costs of any communication:

- Cost per contact → How much does it cost to convey the message to one target person?
- Total costs → How much does the whole campaign cost?

It must be borne in mind that not all messages sent actually reach the person for whom they are intended. The costs for messages that do not reach the right consumer are called dispersion losses.

Participation in trade fairs

Importers, agents, retailers and other buyers travel extensively to international trade fairs to view new products, to decide upon suitable ranges for their market and to keep up with the latest changes in clothing design, fashions, materials and colours.

There are well-established European fairs where buyers from the countries in question can be found. However, trade fairs are very much international events, you are quite likely to find buyers from major EU countries who travel to trade fairs held in the developing world. India and the Far East are well established on the international map of jewellery trade fairs.

The *Baselshow* in Switzerland, with 70,000 visitors and 2,100 exhibitors, is the leading EU fair for precious jewellery. Here silver and costume jewellery can also be found. The German *Inborgenta* in Munich, with around 30,000 visitors and 1,400 exhibitors, and the French *Eclat du Mode* and *M'B* (Montre et Bijoux) in Paris are the leading jewellery fairs in the EU. Note also *Chibi&Cart* in Milan (Italy), *International Spring Fair* (ISF) in Birmingham (UK) and the *Bisutex/Iberjoya* in Spain. The addresses of all the trade fair organisers can be found in this survey in Appendix 2.4.

There is a permanent Trade Mart at the Jaarbeurs exhibition complex in Utrecht which plays an important role in the trade in costume and silver jewellery in the Netherlands. Most of the important importers have showrooms on the sixth floor of the centre and special exhibitions are organised for the retail trade in March and September.

Participation in national and international jewellery trade fairs can be a useful sales promotion tool. This requires comprehensive and detailed examination with regards to:

- selection of a suitable trade fair and preparations for participation;
- participation;
- follow-up.

Trade fairs, like promotional campaigns, need thorough preparation:

Before the trade fair:

- up-date your customer files
- clarify what kind of buyers you are looking for (long-term relationship or ‘one-shot’)
- prepare all documentation (business cards, company brochures, product range, etc.)
- make a preparatory mailing, informing your present and potential customers of your stand number and inviting them to visit you in the stand and/or propose visiting them (i.e. the existing clients).

During the trade fair:

- register all contacts
- once a buyer stops at your booth, try to find out what kind of buyer he/she is
- find out his/her profile and make notes
- what is the sort of target group he/she serves, with how many sales force (e.g. 3-4 sales force to cover around 150 accounts, each in an area of about 200 km)
- find out who their main competitor is (they often won’t tell you)
- find out from which suppliers they currently source and in which countries.

After the trade fair:

- enter all your contacts in a data base
- write to the contacts to thank them for their visit and send the information you promised
- consider a second mailing several months after the first one, to remind your contact that you would be happy to answer any inquiry he may have.

Business support organisations and trade associations can be of help in providing information about relevant trade fairs. More information can be found in CBI’s manual ‘*Your Showmaster*’.

Appendices

APPENDIX 1 DETAILED IMPORT/EXPORT STATISTICS

This section gives Eurostat statistics covering the imports and exports of the EU and the selected EU countries. Also, import statistics of the selected product groups are given. Export statistics can be found at the end of this section.

EU IMPORTS BY SOURCING COUNTRY

EU imports of jewellery by major source, 2000 - 2002 in tonnes and €1,000

	2000		2001		2002	
	value €	volume	value €	volume	value €	volume
TOTAL	4,959,985	41,648	5,547,834	43,799	5,572,304	47,882
Intra-EU	2,077,270	12,307	2,078,522	13,332	2,008,647	15,209
<i>of which:</i>						
Italy	1,048,666	4,009	1,011,833	4,420	948,400	5,520
France	216,071	948	240,119	1,372	254,544	1,880
Germany	235,670	2,036	226,641	2,035	228,270	2,095
United Kingdom	168,377	1,536	176,219	1,781	164,535	1,797
Austria	135,718	554	124,613	786	143,126	671
Spain	92,485	424	89,586	534	83,932	497
Belgium-Lux	59,121	933	66,251	1,123	67,984	1,418
Netherlands	44,289	1,035	38,201	791	33,088	945
Ireland	22,122	154	59,334	186	40,643	99
Portugal	15,999	71	11,586	41	10,847	29
Denmark	11,172	162	8,624	77	8,589	92
Extra-EU	2,882,715	29,341	3,469,312	30,467	3,563,659	32,673
<i>of which:</i>						
Switzerland	414,897	104	698,513	90	736,009	86
USA	235,094	881	489,974	923	390,772	755
Hong Kong	190,394	1,553	276,635	1,965	207,357	1,530
South Korea	90,419	1,857	90,776	1,834	84,102	1,634
U.A.Emirates	98,705	64	63,023	39	100,040	9
Israel	61,008	52	59,208	22	56,347	25
Brunei	70,346	0	31,254	0	21,023	0
Taiwan	43,909	1,352	30,005	965	26,719	904
Japan	26,683	40	26,846	32	27,899	25
Czech Rep.	25,524	725	21,893	588	19,942	376
Canada	10,207	33	17,571	42	9,346	14
Poland	14,608	148	15,403	137	18,224	202
Bahrain	6,491	0	7,585	0	5,005	2
Singapore	8,045	3	6,316	4	5,942	5
Cyprus	4,673	2	6,279	3	4,993	3
Australia	8,675	17	5,387	10	4,788	15
Developing countries	1,541,146	22,288	1,594,201	23,539	1,798,612	26,755
China	582,598	17,147	629,775	17,894	717,642	20,376
Thailand	434,203	1,041	451,747	1,100	480,856	1,268
India	250,371	1,937	255,344	1,866	281,649	2,026
Turkey	60,666	78	76,896	74	109,951	215
Mauritius	29,831	40	47,666	51	48,964	41
	29,485	12	32,793	7	37,298	14
Malaysia	14,525	20	12,425	3	11,348	2
Philippines	12,383	361	11,667	352	16,465	447

Source: Eurostat (2004)

EU IMPORTS FROM DEVELOPING COUNTRIES

EU imports of jewellery by major developing countries, 2000 - 2002 in tonnes and €1,000

	2000		2001		2002	
	value €	volume	value €	volume	value €	volume
TOTAL	4,959,985	41,648	5,547,834	43,799	5,572,304	47,882
Developing countries	1,541,146	22,288	1,594,201	23,539	1,798,612	26,755
Asia	1,345,703	21,072	1,413,009	21,743	1,569,875	24,789
China	582,598	17,147	629,775	17,894	717,642	20,376
Thailand	434,203	1,041	451,747	1,100	480,856	1,268
India	250,351	1,937	255,344	1,866	281,649	2,026
Vietnam	29,485	12	32,793	7	37,298	14
Malaysia	14,525	20	12,425	3	11,348	2
Philippines	12,383	361	11,667	352	16,465	447
Indonesia	12,038	253	10,359	247	11,782	279
Pakistan	4,599	268	5,490	216	6,339	314
Sri Lanka	3,274	5	4,273	11	4,321	42
Nepal	1,589	13	1,568	11	2,080	20
Cambodia	91	0	92	0	11	0
Mediterranean and Middle East	76,740	98	86,850	88	117,280	220
Turkey	60,666	78	76,896	74	109,951	215
Oman	11,247	6	6,470	6	4,098	0
Lebanon	3,820	0	3,078	0	2,461	1
Syria	378	8	320	5	306	4
Jordan	259	0	15	1	254	0
Yemen	36	1	26	2	182	0
Iran	330	4	19	0	17	0
Africa	45,051	352	67,770	399	71,010	420
Mauritius	29,831	40	47,666	51	48,964	41
South Africa	4,404	34	6,941	26	4,949	71
Tunisia	5,689	141	6,533	162	7,949	162
Morocco	1,631	5	3,423	24	6,276	55
Madagascar	531	48	923	81	524	35
Botswana	1,020	0	613	0	91	0
Niger	325	0	294	0	255	0
Kenya	202	41	260	40	366	20
Egypt	526	15	233	10	299	29
Benin	59	0	81	0	188	2
Ivory Coast	287	1	73	3	101	2
Latin America	26,289	764	25,799	1,368	26,971	1,339
Mexico	11,023	108	10,028	60	9,070	37
Brazil	7,632	560	10,049	1,173	11,279	1,115
Colombia	966	28	1,241	41	1,156	42
Peru	577	27	711	33	882	51
Costa Rica	970	7	716	3	767	4
Ecuador	311	13	312	10	334	11
Panama	1,645	1	309	0	507	0
Dominican R.	73	0	303	1	67	0
Argentina	537	10	280	3	903	32
Chile	439	2	276	1	403	2
Nl. Antilles	156	0	233	0	319	1

Source: Eurostat (2004)

EU IMPORTS OF SELECTED PRODUCT GROUPS BY SOURCE, 2000 - 2002**Tonnes and €1,000**

These tables list only the most important 3 suppliers and focus on imports from developing countries.

JEWELLERY OF OTHER PRECIOUS METAL (GOLD, PLATINUM ETC.)

	2000		2001		2002	
	value €	volume	value €	volume	value €	volume
Total	3,298,352	2,509	3,841,702	2,632	3,790,549	3,312
Extra-EU	1,799,969	655	2,367,719	471	2,383,152	456
Developing countries	837,217	469	838,537	341	954,925	362
<i>Top 3 suppliers:</i>						
Italy	922,740	1,137	893,806	1,441	826,156	1,820
Switzerland	385,280	16	667,705	19	699,701	20
USA	165,740	60	431,697	50	340,319	25
<i>Developing countries:</i>						
Thailand	242,363	71	233,767	39	251,646	55
China	195,586	53	216,201	74	246,176	115
India	185,364	271	196,784	162	213,301	45
Turkey	56,080	31	72,864	14	103,950	42
Mauritius	25,909	6	43,033	8	44,137	6
Vietnam	28,584	2	31,247	1	35,999	2
Malaysia	14,201	19	11,559	0	10,925	0
Oman	11,224	5	6,469	0	4,088	0
South Africa	3,385	4	5760	1	3,600	0
Pakistan	3,416	1	4,348	0	4,705	0
Lebanon	3,677	0	3,011	0	2,398	0
Brazil	3,584	1	2,815	0	5,143	1
Sri Lanka	1,091	0	1,479	0	1,590	0
Mexico	1,065	0	1,305	1	890	0
Indonesia	1,335	0	1,325	0	1,301	0
Colombia	270	0	502	0	262	0

JEWELLERY OF SILVER

	2000		2001		2002	
	value €	volume	value €	volume	value €	volume
Total	445,944	2,498	459,437	2,458	518,278	3,157
Extra-EU	304,534	710	325,664	549	375,751	1,009
Developing countries	245,326	604	267,121	497	306,206	858
<i>Top 3 suppliers:</i>						
Thailand	137,195	274	153,515	270	163,783	380
China	58,442	189	62,645	108	83,864	302
Italy	71,337	1,255	62,617	1,294	67,448	1,626
<i>Developing countries:</i>						
India	18,574	83	19,906	69	21,863	81
Mexico	8,994	17	7,869	14	7,439	18
Indonesia	8,038	16	6,800	9	7,788	8
Tunisia	2,982	8	3,492	11	3,841	13
Turkey	3,203	6	2,706	3		6
					3,513	
Mauritius	2,306	4	2,774	3	3,568	4
Sri Lanka	1,948	1	2,509	2	2,483	1
Nepal	1,177	2	1,247	1	1,731	3
Morocco	54	0	682	2	3,092	4
Philippines	593	0	532	0	666	0
Malaysia	174	0	524	1	298	0
Vietnam	186	0	506	0	291	0
Niger	278	0	265	0	236	0
Brazil	28	0	206	1	39	0

Source: Eurostat (2004)

NECKLACES, BRACELETS OF STONES

	2000		2001		2002	
	value €	volume	value €	volume	value €	volume
Total	26,204	276	24,949	192	15,462	200
Extra-EU	20,711	271	15,848	185	11,009	182
Developing countries	12,037	184	9,303	147	6,261	122
<i>Top 3 suppliers:</i>						
India	4,928	42	4,683	50	2,494	29
China	6,776	133	4,064	89	3,311	91
Hong Kong	5,739	69	3,010	27	2,633	26
<i>Developing countries:</i>						
Brazil	106	5	275	3	209	2
Thailand	107	0	125	0	113	0
Pakistan	24	1	36	0	40	0
Philippines	57	0	29	0	24	0
South Africa	12	1	14	2	26	0
Mexico	8	0	2	0	0	0
Madagascar	6	1	24	2	0	0
Indonesia	6	1	2	0	0	0

OTHER ARTICLES OF PEARLS AND STONES

	2000		2001		2002	
	value €	volume	value €	volume	value €	volume
Total	67,739	1,825	69,201	2,264	71,734	2,424
Extra-EU	52,384	1,804	45,563	2,237	41,628	2,345
Developing countries	35,965	1,626	33,666	2,154	32,638	2,241
<i>Top 3 suppliers:</i>						
China	20,936	610	15,050	602	16,330	739
Thailand	6,729	17	8,176	31	6,824	11
Brazil	3,484	546	6,132	1,117	5,031	1,001
<i>Developing countries:</i>						
India	2,149	44	1,324	40	1,294	56
Pakistan	716	243	662	198	911	283
Vietnam	204	0	624	0	605	0
Madagascar	392	39	556	75	370	34
Philippines	548	5	475	4	701	6
South Africa	81	11	158	5	130	36
Peru	94	11	130	10	115	9
Mexico	245	82	122	38	53	10
Kenya	44	11	55	31	17	13
Uruguay	56	1	52	1	75	1
Mauritius	108	0	40	0	0	0
Congo Dem. Rep.	31	2	47	3	32	4
Zimbabwe	26	2	30	2	25	2

Source: Eurostat (2004)

COSTUME JEWELLERY - METAL

	2000		2001		2002	
	value €	volume	value €	volume	value €	volume
Total	276,798	6,365	296,083	6,903	337,928	7,710
Extra-EU	198,180	4,888	217,860	5,468	243,324	6,003
Developing countries	110,057	3,230	129,057	3,862	152,304	4,525
<i>Top 3 suppliers:</i>						
China	82,024	2,529	98,511	3,014	117,951	3,467
South Korea	32,142	655	33,505	688	36,100	658
Germany	19,540	330	19,024	359	24,642	354
<i>Developing countries:</i>						
Thailand	12,565	79	14,284	109	12,415	122
India	8,780	411	8,442	491	12,226	596
Philippines	2,368	87	2,101	87	3,615	125
Tunisia	604	5	1,324	10	1,568	11
Indonesia	571	42	735	71	677	76
Albania	164	17	484	20	460	20
Morocco	236	4	413	5	448	4
Mauritius	229	1	332	1	172	1
South Africa	258	10	287	3	350	10
Mexico	267	5	262	2	357	6
Turkey	369	5	255	8	422	12
Brazil	135	2	187	4	174	4
Vietnam	330	3	165	1	85	3
Peru	52	2	71	4	230	17
Pakistan	140	7	142	7	99	10
Nepal	127	4	129	5	100	4

COSTUME JEWELLERY – METAL, CLAD WITH GLASS

	2000		2001		2002	
	value €	volume	value €	volume	value €	volume
Total	251,928	2,851	255,325	2,876	255,282	3,041
Extra-EU	98,739	2,090	102,146	2,020	110,719	2,102
Developing countries	65,272	1,600	69,225	1,510	80,149	1,702
<i>Top 3 suppliers:</i>						
Austria	104,023	379	102,549	350	99,804	469
China	30,176	965	30,672	804	40,660	907
Thailand	20,495	188	26,358	299	27,300	350
<i>Developing countries:</i>						
India	11,889	400	8,221	361	9,161	391
Morocco	1,108	3	2,198	7	1,087	10
Philippines	382	7	711	13	687	15
Tunisia	405	4	519	3	376	2
Indonesia	128	11	122	10	225	6
Ecuador	67	4	94	3	0	0
Turkey	171	3	68	2	89	7
Pakistan	60	2	37	1	98	3
Chile	35	0	37	1	17	0
Mexico	42	0	24	0	9	0
Nepal	51	1	21	1	8	0

Source: Eurostat (2004)

COSTUME JEWELLERY - OTHER MATERIAL

	2000		2001		2002	
	value €	volume	value €	volume	value €	volume
Total	188,865	6,487	206,306	7,097	209,112	7,448
Extra-EU	134,679	4,765	147,338	5,328	142,616	5,488
Developing countries	81,387	3,683	90,680	4,018	95,804	4,388
<i>Top 3 suppliers:</i>						
China	52,327	2,606	65,261	3,027	63,499	3,253
South Korea	16,681	279	21,251	437	13,919	316
India	14,868	505	11,888	487	15,150	535
<i>Developing countries:</i>						
Philippines	6,423	225	5,683	224	7,525	273
Thailand	3,982	60	4,255	46	5,717	56
Indonesia	1,556	172	1,006	141	1,412	157
South Africa	192	20	324	8	297	11
Brazil	139	5	260	9	320	16
Mauritius	256	4	231	4	62	1
Mexico	169	3	219	4	178	2
Peru	155	8	219	10	214	12
Turkey	299	6	177	10	284	26
Ecuador	86	3	144	5	133	4
Egypt	91	3	138	7	34	2
Kenya	94	28	96	7	85	4
Tunisia	45	3	91	3	85	2
Nepal	117	3	65	3	90	4
Morocco	76	4	62	2	111	1
Guatemala	106	4	56	2	58	3

COSTUME JEWELLERY – METAL, CLAD

	2000		2001		2002	
	value €	volume	value €	volume	value €	volume
Total	131,878	2,163	126,956	3,207	130,011	3,282
Extra-EU	79,750	1,533	76,800	2,245	80,247	2,161
Developing countries	42,019	992	47,557	1,226	54,503	1,721
<i>Top 3 suppliers:</i>						
China	30,636	822	36,343	1,002	37,288	1,328
South Korea	11,289	216	10,370	232	8,634	175
UK	5,095	73	9,086	150	9,793	184
<i>Developing countries:</i>						
Thailand	4,924	28	5,984	42	8,906	71
India	2,090	67	2,779	125	4,514	206
Costa Rica	725	4	483	2	607	2
Philippines	407	17	364	17	610	16
South Africa	358	10	286	7	417	11
Colombia	333	1	230	0	210	0
Vietnam	119	0	175	1	247	2
Mexico	187	1	155	1	75	0
Turkey	93	1	160	2	182	1
Brazil	76	0	101	2	162	2
Indonesia	137	6	93	7	214	13
Mauritius	110	1	76	1	127	0
Tunisia	1,116	5	32	1	111	1

Source: Eurostat (2004)

CUFF LINKS AND STUDS

	2000		2001		2002	
	value €	volume	value €	volume	value €	volume
Total	10,669	195	14,942	279	19,323	419
Extra-EU	5,600	122	7,655	132	11,439	216
Developing countries	2,283	67	3,284	76	5,710	124
<i>Top 3 suppliers:</i>						
China	1,436	60	2,442	70	4,869	111
Germany	2,050	54	2,333	77	2,805	109
United Kingdom	1,415	10	1,924	15	2,561	38
<i>Developing countries:</i>						
Thailand	482	2	511	2	469	6
Indonesia	171	0	103	0	24	0
India	73	3	72	2	131	4
Mexico	46	0	72	0	65	0
Turkey	7	0	34	1	14	0
Philippines	5	0	19	0	118	2
Peru	8	0	13	0	4	0

COMBS AND HAIR ACCESSORIES

	2000		2001		2002	
	value €	volume	value €	volume	value €	volume
Total	225,722	16,396	202,062	15,862	199,133	16,862
Extra-EU	159,156	12,434	142,358	11,810	141,908	12,691
Developing countries	106,784	9,810	103,780	9,710	108,388	10,711
<i>Top 3 suppliers:</i>						
China	96,590	9,137	94,524	9,092	99,418	10,053
Germany	13,452	938	13,771	885	13,067	861
Taiwan	18,987	855	12,790	612	10,680	575
<i>Developing countries:</i>						
Thailand	5,305	321	4,755	263	3,636	217
India	1,639	110	1,240	79	1,440	83
Mauritius	895	25	1,073	33	863	30
Turkey	437	26	623	35	1,475	89
Tunisia	415	117	395	133	436	130
Philippines	745	18	330	7	290	9
Colombia	191	27	286	41	297	41
Indonesia	67	4	167	10	133	18
Sri Lanka	90	3	157	8	47	1
St. Lucia	108	5	119	5	44	2
Brazil	61	1	54	1	93	2
North Korea	60	1	34	2	3	1
Syria	33	2	33	2	19	1
Bosnia-Herzegovina	146	9	0	0	6	0

Source: Eurostat (2004)

EUROPEAN UNION - EXPORTS

EU exports of jewellery by EU country, 2000-2002 in tonnes and €1,000

	2000		2001		2002	
	value €	volume	value €	volume	value €	volume
Total	8,753,342	21,414	9,185,343	22,395	8,717,392	21,946
Italy	5,627,489	5,749	5,328,673	5,849	4,971,407	4,812
United Kingdom	769,236	2,849	1,277,940	2,103	1,301,526	2,180
France	860,454	2,269	1,066,622	2,138	961,692	2,143
Germany	700,864	1,846	672,988	1,635	654,001	1,532
Spain	246,442	3,326	280,995	6,132	229,242	6,159
Austria	184,968	650	196,251	633	218,898	730
Belgium/Luxembourg	105,484	1,108	130,468	1,759	124,537	2,206
Denmark	67,350	1,795	68,321	316	98,081	489
The Netherlands	70,734	1,259	49,454	864	36,183	760
Ireland	28,778	124	32,176	260	31,575	324
Greece	38,517	89	25,942	276	29,961	272
Sweden	20,802	224	25,898	289	27,438	154
Finland	16,510	70	12,232	53	12,450	57
Portugal	15,713	54	17,382	88	20,216	425

Source: Eurostat (2004)

EU exports of jewellery by product group, 2000-2002 in tonnes and €1,000

	2000		2001		2002	
	value €	volume	value €	volume	value €	volume
TOTAL	8,753,342	21,414	9,185,343	22,395	8,717,392	21,946
Extra-EU	6,156,128	7,979	6,614,068	7,814	6,224,553	6,833
<i>Precious jewellery</i>	7,977,343	6,713	8,362,198	7,497	7,817,243	8,150
Jewellery of other precious metal	7,169,809	2,282	7,582,871	1,449	7,010,283	1,042
Jewellery of silver	659,824	3,797	638,683	5,551	672,786	4,990
Jewellery- clad with precious metal	70,114	507	80,688	381	78,921	1,040
Articles of pearls	35,554	23	10,767	1	13,785	1
Necklaces and bracelets of stones	8,127	35	12,341	21	16,190	17
Other articles of pearls and stones	33,915	69	36,848	94	25,278	60
<i>Costume jewellery</i>	775,998	14,702	823,143	14,898	900,148	14,794
Costume - metal	213,631	2,857	208,382	2,809	222,047	2,526
Costume - metal , clad with glass	189,643	905	202,401	1,158	209,101	1,156
Costume - metal, clad	114,688	1,907	133,849	1,532	161,531	2,773
Costume - other material	113,807	2,708	139,321	3,404	176,758	2,698
Cuff links and studs	19,581	191	17,443	184	19,883	314
Combs and hair accessories	124,648	6,134	121,747	5,811	110,828	5,327

Source: Eurostat (2004)

APPENDIX 2 USEFUL ADDRESSES

2.1 Standards organisations

INTERNATIONAL

International Standardisation Organisation (ISO)

Address: 1 rue de Varembe, Case postale 56, CH-1211 Geneva, Switzerland

Telephone: + 41 (0) 22 7490111

Fax: + 41 (0) 22 7333430

E-mail: <mailto:central@iso.ch>

Internet: <http://www.iso.ch>

EUROPEAN UNION

European Committee for Standardisation (CEN)

Address: Rue de Strassart 36, 1050 Brussels, Belgium

Telephone: + 32 (0) 2 5500811

Fax: + 32 (0) 2 5500819

Internet: <http://www.cenorm.be>

Hallmarking Convention 's Secretariat - EFTA

Address: 9-11 Rue de Varembe, CH -1211 Geneva 20, Switzerland

Telephone: +41 (0) 22 3322626

Fax: +41 (0) 22 3322699

E-mail: <mailto:mail.gva@efta.int>

Internet: <http://secretariat.efta.int/>

British Hallmarking Council

Address: St Philips House, St Philips Place, Birmingham, B3 2PP

Telephone: +44 (0) 121 200 3300

Fax: +44 (0) 121 633 7433

E-mail: <mailto:david.gwythen@martjohn.com>

Internet: <http://www.britishhallmarkingcouncil.gov.uk>

THE NETHERLANDS

Waarborg Platina, Goud en Zilver N.V.

(Assay Office for Platinum, Gold and Silver)

E-mail: <mailto:info@waarborg.nl>

Internet: <http://www.waarborg.nl>

FRANCE

H.B.J.O

E-mail: <mailto:fedhbjo@wanadoo.fr>

Internet: <http://www.fedhbjo.com>

GERMANY

BV Schmuck + Uhren

E-mail: <mailto:info@bv-schmuck-uhren.de>

Internet: <http://www.bv-schmuck-uhren.de>

ITALY

Ente Nazionale Italiano di Unificazione (UNI)

Address: Via Battistotti Sassi 11/b, 1-20133 Milan, Italy

Telephone: + 39 (0) 2 700241

Telefax: + 39 (0) 2 70106106

E-mail: <mailto:webmaster@uni.com>

Internet: <http://www.uni.com>

PORTUGAL

Imprensa Nacional Casa da Moeda S.A.

E-mail: <mailto:info@incm.pt>

Internet: <http://www.incм.pt>

SPAIN

Asociacion Española de Normalizacion y Certificación (AENOR)

E-mail: <mailto:info@aenor.es>

Internet: <http://www.aenor.es>

UNITED KINGDOM

The London Assay Office

Address: Goldsmith's Hall, Gutter Lane, London, EC2V 8AQ United Kingdom

Telephone: +44 (0) 207 606 8971

Fax: +44 (0) 207 7814 8953

Email: <mailto:admin@londonassayoffice.co.uk>

Internet: <http://www.londonassayoffice.co.uk>

British Horological Institute

E-mail: <mailto:info@bhi.co.uk>

Internet: <http://www.bhi.co.uk>

The Goldsmiths' Company

Address: Goldsmiths' Hall, Foster Lane, London, EC2V 6BN, United Kingdom

Telephone: +44 (0) 20 7606 7010

Fax: +44 (0) 20 7606 1511

Email: <mailto:the.clerk@thegoldsmiths.co.uk>

Internet: <http://www.thegoldsmiths.co.uk>

2.2 Sources of price information

CIBJO - European office

Address: Piazzale Giulio Cesare, Palazzo Africa, 20145 Milan, Italy
Telephone: + 39 (0) 02 4997 7098 / 7097
Fax: + 39 (0) 02 4997 7059
E-mail: <mailto:cibjo@cibjo.org>
Internet: <http://www.cibjo.org>

World Gold Council

Address: 45 Pall Mall, London SW1Y 5JG, United Kingdom
Telephone: + 44 (0) 207 8264700
Fax: + 44 (0) 207 8396561
E-mail: <mailto:info@gold.org>
Internet: <http://www.gold.org>

The Silver Institute

Address: 1112 G Street, N.W., suite 800, Washington D.C., 20005 USA
Telephone: + 1 (0) 202 835 0185
Fax: + 1 (0) 202 835 0155
E-mail: <mailto:info@silverinstitute.org>
Internet: <http://www.silverinstitute.org>

Jewellery Information Center (JIC)

Address: 52 Vanderbilt Avenue, 19th Floor, New York, 10017 USA
Telephone: + 1 (0) 646 658 0240
Fax: + 1 (0) 646 658 0245
E-mail: <mailto:info@jic.org>
Internet: <http://www.jic.org>

Kitco

Address: 178 West Service Road, Champlain, New York 12919 USA
Telephone: +1 (0) 877 775 4826
Fax: +1 (0) 518 298 3457
Internet: <http://www.kitco.com>

2.3 Trade associations

INTERNATIONAL

World Jewellery Confederation (CIBJO)

Address: Piazzale Giulio Cesare, Palazzo Africa, 20145 Milan, Italy
Telephone: + 39 (0) 02 4997 7098 / 7097
Fax: + 39 (0) 02 4997 7059
E-mail: <mailto:cibjo@cibjo.org>
Internet: <http://www.cibjo.org>

FRANCE

Chambre Syndicale de la Bijouterie, Joaillerie et Orfèvre

French Trade Association of jewellery, watches, gift items, diamonds and precious stones
E-mail: <mailto:standard@bjop-france.com>
Internet: <http://www.bjo-france.com>

Chambre Syndicale BOCI

French retail organisation of costume and jewellery
Address: 26 rue du Renard, 75004 Paris, France
Telephone: + 33 (0) 1 42770737
Fax: + 33 (0) 1 42770742
E-mail: <mailto:boci@starnet.fr>
Internet: <http://www.boci.org>

Fédération Française H.B.J.O

French retail association for jewellery
E-mail: <mailto:fedhbjo@wanadoo.fr>
Internet: <http://www.fedhbjo.com>

GERMANY

BV Schmuck + Uhren

German Trade Association of jewellery, watches and silverware (includes the former *VDSI*)
E-mail: <mailto:info@bv-schmuck-uhren.de>
Internet: <http://www.bv-schmuck-uhren.de>

Bundesverband der Juweliere, Schmuck - und Uhrenfachgeschäfte

German retailers association of jewellery, watches and silverware
E-mail: <mailto:info@bv-juweliere.de>
Internet: <http://www.bv-juweliere.de>

ITALY

Federazione Nazionale Grossisti Orafi Gioiellieri Argentieri

Italian importers/wholesalers association of jewellery
Address: Piazza G.G. Belli 2, 00153 Rome, Italy
Telephone: + 39 (0) 6 5898280
Fax: + 39 (0) 6 5898473
E-mail: <mailto:info@goldenitaly.com>
Internet: <http://www.goldenitaly.com>

Confedorafi

Italian trade association of jewellery, watches, gift items and precious stones
E-mail: <mailto:info@confedorafi.com>
Internet: <http://www.confedorafi.com>

THE NETHERLANDS

Federatie Goud en Zilver

E-mail: <mailto:fgz@wxs.nl>

Internet: <http://www.sieradeninfo.nl> or <http://www.fgz.nl>

Vereniging Orde van Beëdigde Taxateurs Goud-en Zilverwerken

Order of Sworn Assessors of Gold and Silverware

E-mail: <mailto:federatie.tmv@bdn.nl>

Internet: <http://www.federatie-tmv.nl>

SPAIN

Asociación Española de Joyeros, Plateros y Relojeros

Spanish association for jewellery and watches

E-mail: <mailto:info@joyeria-guia.com>

Internet: <http://www.joyeria-guia.com>

Asociación Española de Gemología-Joyería

Spanish association for jewellery and precious stones

Address Viadomat 89-95 e-3, 08015 Barcelona, Spain

Telephone + 34 (0) 3 932924712

Fax + 34 (0) 3 932924350

UNITED KINGDOM

International Confederation of Jewellery, Silverware, Diamonds, Pearls and Stones

Address 78A Luke Street, EC2A 4PY London, United Kingdom

Telephone + 44 (0) 207 6134243

Fax + 44 (0) 207 7295792

The Jewellery Distributors' Association / National Association of Goldsmiths

Address Federation House, 10 Vyse Street, Birmingham B18 4BR, United Kingdom

Telephone + 44 (0) 121 2362657

Fax + 44 (0) 121 2363921

E-mail: <mailto:secretariat@jda.org.uk>

Internet: <http://www.jda.org.uk> or <http://www.teg.co.uk>

2.4 Trade fair organisers

INTERNATIONAL

Messe Basel - Baselshow (European Watch, Clock and Jewellery Fair)

Address: MCH Basel Exhibitions Ltd, P.O. Box 4021, CH 4005 Basel, Switzerland

Telephone: +41 (0) 58 2002020

Fax: +41 (0) 58 2062190

E-mail: <mailto:info@baselworld.com>

Internet: <http://www.baselworld.com>

FRANCE

Éclat du Mode (fashion jewellery) and **M'B - Montres et Bijoux** (precious and costume jewellery)

E-mail: <mailto:info@bijorhca.com>

Internet: <http://www.bijorhca.com>

GERMANY

Inhorgenta (annual fair for watches, clocks, jewellery, precious stones, pearls & technology)

E-mail: <mailto:info@inhorgenta.de>

Internet: <http://www.inhorgenta.com>

ITALY

Chibi & Cart (annual)

Address: Fiera Internazionale Milano, Largo Domodossola 1, 20145 Milan, Italy

E-mail: <mailto:chibicart@fmi.it>

Internet: <http://www.fmi.it>

Macef Primavera/ Autunno Milano (International Trade Fair for Jewellery, Watches, Gifts)

E-mail: <mailto:macef@fmi.it>

Internet: <http://www.fmi.it/macef>

Vicenza Oro (Watches Trade Fair Venice)

E-mail: <mailto:info@vicenzafiera.it>

Internet: <http://www.vicenzafiera.it> or <http://www.vincenzaoro.org>

THE NETHERLANDS

Trade Mart (biennial)

Address: Koninklijke Jaarbeurs, Jaarbeursplein 6, 3521 AL Utrecht, The Netherlands

Telephone: + 31 (0) 30 2952900

Fax: + 31 (0) 30 2952815

E-mail: <mailto:info@trademart.nl>

Internet: <http://www.trademart.nl>

SPAIN

Bisutex / Iberjoya (annual)

E-mail: <mailto:iberjoya@ifema.es>

Internet: <http://www.ifema.es>

UNITED KINGDOM

International Spring Fair Birmingham (annual)

E-mail: <mailto:info@emap.com>

Internet: <http://www.springfair.com>

International Jewellery, London (annual in September)

E-mail: <mailto:anna.wales@reedexpo.co.uk> or pam.sweet@reedexpo.co.uk

Internet: <http://www.jewellerylondon.com>

2.5 Trade press

INTERNATIONAL

JCK Magazine

Address: Jewellers' Circular Keystone, P.O. Box 2085, Radmore/PA 1980-9585, USA
Telephone: + 1 (0) 610 2051103
Fax: + 1 (0) 610 6944978
E-mail: <mailto:info@jckgroup.com>
Internet: <http://www.jckgroup.com>

EUROPE

The Basel Magazine

Address: CRU Publishing Ltd, 31 Mount Pleasant, London WC1X OAD, United Kingdom
Telephone: + 44 (0) 207 837 5600
Fax: + 44 (0) 262 837 0976
E-mail: <mailto:baselmag@crugroup.com>
Internet: <http://www.crugroup.com> or <http://www.baselshow.com>

Jewellery (Europa Star)

Address: VNU Business Media, 25 route des Acacias, P.O. Box 30, CH-1211 Geneva 24, Switzerland
Telephone: + 41 (0) 22 3077837
Fax: + 41 (0) 22 3003748
E-mail: <mailto:jricher@europastar.com>
Internet: <http://www.europastar.com>

GERMANY

Schmuck - Magazin

E-mail: <mailto:chronos@ebnerverlag.de>
Internet: <http://www.watchbizz.de> or <http://www.ebnerverlag.de>

GZ Goldschmiedezeitung

E-mail: <mailto:info@gz-journal.de>
Internet: <http://www.gz-journal.de>

FRANCE

Le Bijoutier

E-mail: <mailto:abourges@editolux.com>
Internet: <http://www.editolux.com>

ITALY

Accessori Magazine - Collezioni

Address: Logos Publishing, via Curtatona, 5/b 41100 Modena CPO, Italy
Telephone: + 39 (0) 59 412 422
Fax: + 39 (0) 59 412 623
Email: <mailto:mcagnoni@logos.net>
Internet: <http://www.collezionionline.com>

Moda & Bijoux

Address: Edizione Gold Srl, Viale Zara 7/9, 20159 Milan, Italy
Telephone: + 39 (0) 02 6688674
Fax: + 39 (0) 02 606298

Ornamenta

E-mail: <mailto:segretaria@bema.it>
Internet: <http://www.bema.it>

THE NETHERLANDS

Edelmetaal

E-mail: <mailto:edelmetaal@fgz.nl>
Internet: <http://www.federatiegoudzilver.nl>

Jewels & Watches

E-mail: <mailto:info@jewels-and-watches.com>
Internet: <http://www.jewels-and-watches.com>

Goldsite

E-mail: <mailto:wjanus@goldsite.nl>
Internet: <http://www.goldsite.nl>

Imitch - Hair Fashion

Internet: <http://www.haarnet.nl>
Internet: <http://www.hairboutique.com> (with links to international sites on hair accessories)

UNITED KINGDOM

British Jewellery / Retail Jewellery

Address: 67 Clerkenwell Road, London EC1R 5BH, United Kingdom
Telephone: + 44 (0) 1732 362445
Fax: + 44 (0) 1732 362447
E-mail: <mailto:info@britishjewellery.co.uk>
Internet: <http://www.britishjewellery.co.uk>

2.6 Other useful addresses

INTERNATIONAL

Convention on International Trade in Endangered Species (CITES)

Address: 15 Chemin des Animones, CH-1219 Chatelet, Geneva, Switzerland
Telephone: + 41 (0) 22 917 8139
Fax: + 41 (0) 22 7973417
E-mail: <mailto:cites@unep.ch>
Internet: <http://www.cites.org>

International Labour Organisation (ILO)

Address: 4, Route des Morillons, CH-1211 Geneva 22, Switzerland
Telephone: + 41 (0) 22 7996111
Telefax: + 41 (0) 22 7988685
E-mail: <mailto:ilo@ilo.org>
Internet: <http://www.ilo.org>

EUROPEAN UNION

International Chamber of Commerce

Address: 34, cours de Vincennes, 75012 Paris, France

Telephone: +33 (0) 1 43 44 59 98
Fax: +33 (0) 1 43 44 13 00
E-mail: mailto:trader@club-internet.fr
Internet: <http://www.ecib.com>

Eurostat, Statistical Bureau of the European Union

Address: Rue Alcide de Gasperi, L-2920 Luxembourg, Luxembourg
Telephone: + 352 (0) 4301 34567
Fax: + 352 (0) 4301 3015
E-mail: mailto:agnesn@eurostat.datashop.lu
Internet: <http://www.europa.eu.int/comm/eurostat>

Bundesverband des Schmuckgrosshandels - Germany

Address: Höslinstr.8,72587 Römerstein, Germany
Telephone: +49 (0) 73 825366
Fax: +49 (0) 73 825366

World Gold Council - Germany

Address: Tal 48, 80331 Munich, Germany
Telephone: +49 (0) 89 23034112
Fax: +49 (0) 89 23034157
Internet: <http://www.gold.org>

Platinum Guild International -Germany

Address: P.O.Box 1866,61408 Uberursel, Germany
Telephone: +49 (0) 6171 51002
Fax: +49 (0) 6171 53850
E-mail: mailto:info@platin-gilde.de
Internet: <http://www.preciousplatinum.com>

World Gold Council - United Kingdom

Address: 45 Pall Mall, SW1Y 5JG London, United Kingdom
Telephone: +44 (0) 207930 5171
Fax: +44 (0) 207839 6561
E-mail: mailto:info@gold.org
Internet: <http://www.gold.org>

Platinum Guild International -United Kingdom

Address: Suite One Point Three,Buckingham Court, 78 Buckingham Gate, London
SW1 V6PE, United Kingdom
Telephone: +44 (0) 207 226214
Fax: +44 (0) 207 226215
Internet: <http://www.theplatinumcollection.co.uk/>

Platinum Guild International -Italy

E-mail: mailto:pgiita@tin.it
Internet: <http://www.preciousplatinum.it>

Escuela Internacional de Joyería,Gemología y Tàsaciones - Spain

Vocational Schools for workers in jewellery
E-mail: mailto:esc_jgt@infonegocio.com
Internet: <http://www.infonegocio.com/escuelajoyeria>

THE NETHERLANDS

Belasting Dienst Douane (Customs)

Dept. External and Internal Communication

Address: P.O. Box 50964, 3007 BG Rotterdam, The Netherlands
Telephone: + 31 (0) 10 2904949 Special information number + 31 (0) 800-0143
Fax: + 31 (0) 10 2904875
Internet: <http://www.douane.nl>

International Octroobureau

International design and brand registration office
E-mail: <mailto:info@octroobureau.nl>
Internet: <http://www.octroobureau.nl>

BIE

Dutch Governmental design and brand registration office
Address: P.O. Box 5820, 2280 HV Rijswijk, The Netherlands
Telephone: +31 (0) 70 3986655
Fax: +31 (0) 70 3900190
Internet: <http://www.bie.nl>

CBI / AccessGuide

c/o CBI, Centre for the Promotion of Imports from developing countries

Address: P.O. Box 30009, 3001 DA Rotterdam, The Netherlands
Telephone: + 31 (0) 10 2013434
Fax: + 31 (0) 10 4114081
E-mail: <mailto:cbi@accessguide.nl>
Internet: <http://www.cbi.nl/accessguide>

Vakschool voor edelmeden en fijne techniek

Vocational Schools for workers in jewellery
Address: Mr.Kesperstraat 10, 2871 GS Schoonhoven, The Netherlands
Telephone: +31 (0) 182 383944
Fax: +31 (0) 182 383047
Internet: <http://www.de-vakschool.nl>
E-mail: <mailto:schoonhoven@de-vakschool.nl>

Address: R.O.C., P.O.Box 1057 DT Amsterdam, The Netherlands
Telephone: +31 (0) 20 618 12 85
Fax: +31 (0) 20 68 32 007
E-mail: <mailto:amsterdam@de-vakschool.nl>

APPENDIX 3 LIST OF DEVELOPING COUNTRIES

Please note that the list of developing countries from the OECD (Organisation for Economic Co-operation and Development), as applied in this market survey, may include countries that are not immediately being considered as developing countries (e.g. China).

Afghanistan	Georgia	Pakistan
Albania	Ghana	Palau Islands
Algeria	Grenada	Palestinian Admin. Areas
Angola	Guatemala	Panama
Anguilla	Guinea	Papua New Guinea
Antigua and Barbuda	Guinea-Bissau	Paraguay
Argentina	Guyana	Peru
Armenia	Haiti	Philippines
Azerbaijan	Honduras	Rwanda
Bahrain	India	Samoa
Bangladesh	Indonesia	São Tomé & Príncipe
Barbados	Iran	Saudi Arabia
Belize	Iraq	Senegal
Benin	Jamaica	Serbia and Montenegro
Bhutan	Jordan	Seychelles
Bolivia	Kazakhstan	Sierra Leone
Bosnia & Herzegovina	Kenya	Solomon Islands
Botswana	Kiribati	Somalia
Brazil	Korea, rep of	South Africa
Burkina Faso	Kyrgyz Rep.	Sri Lanka
Burundi	Laos	St. Helena
Cambodia	Lebanon	St. Kitts-Nevis
Cameroon	Lesotho	St. Lucia
Cape Verde	Liberia	St. Vincent and Grenadines
Central African rep.	Macedonia	Sudan
Chad	Madagascar	Surinam
Chile	Malawi	Swaziland
China	Malaysia	Syria
Colombia	Maldives	Tajikistan
Comoros	Mali	Tanzania
Congo Dem. Rep.	Marshall Islands	Thailand
Congo Rep.	Mauritania	Togo
Cook Islands	Mauritius	Tokelau
Costa Rica	Mayotte	Tonga
Côte d'Ivoire	Mexico	Trinidad & Tobago
Croatia	Micronesia, Fed. States	Tunisia
Cuba	Moldova	Turkey
Djibouti	Mongolia	Turkmenistan
Dominica	Montserrat	Turks & Caicos Islands
Dominican republic	Morocco	Tuvalu
Ecuador	Mozambique	Uganda
East Timor	Myanmar	Uruguay
Egypt	Namibia	Uzbekistan
El Salvador	Nauru	Vanuatu
Equatorial Guinea	Nepal	Venezuela
Eritrea	Nicaragua	Vietnam
Ethiopia	Niger	Wallis & Futuna
Fiji	Nigeria	Yemen
Gabon	Niue	Zambia
Gambia	Oman	Zimbabwe

January 2003

APPENDIX 4 USEFUL INTERNET SITES

World Gold Council - website: <http://www.gold.org>

This site provides information on the international jewellery industry and has a news service with summaries of their latest published market reports. Although, the emphasis is on golden jewellery, it also gives information on the precious and costume jewellery markets. It also gives a good selection of links to trade associations, publishers and organisations involved in the jewellery sectors.

Gold - <http://www.gfms.co.uk/>

Spot prices and useful web-links are provided on the Internet site of the Gold Fields Mineral Services Ltd information on gold, silver, seminars, products and services.

Silver institute - website: <http://www.silverinstitute.org>

This site has been set up by the silver institute and covers the developments in the international silver industry, in terms of production, but also gives the latest news on EU markets for silver jewellery.

Platinum - <http://www.platinum.matthey.com/>

Market news, data, prices, publications on platinum can be found on this Internet site.

Diamonds - <http://www.diamonds.be> or <http://www.hrd.be>

This is an Internet site of a non-profit organisation representing the diamond industry in Belgium. This site provides news and events of the diamond industry.

Diamonds - <http://www.conflictdiamonds.com>

News and press on the conflict regarding the trade of diamonds.

Gems - <http://www.curtparker.com/gemkey.htm>

Providing information on and for the gem and jewellery trade.

Gems - <http://www.gemjournal.com>

Site of the Gem & Jewellery Magazine published in India. This magazine contains concise information on design trends worldwide in the field of gemstones.

CIBJO - website: <http://www.cibjo.org>

This site gives information on international jewellery markets, production, trade channels, imports/exports, technical developments, CEN quality standards and international trade fairs. Its main purpose is to provide contacts between jewellery manufacturers on a global basis. Information on production-related items such as machinery, components and new products are also given on this site.

Europastar - website: <http://www.europastar.com>

This site has been set up by the publisher Miller Freeman and provides information on jewellery markets, production, trade channels and international trade fairs. The latest developments in the EU jewellery industry are covered in their magazine and there are links to other useful sites.

MJSA - website: mjsa.polygon.net

This site has been set up by the Jewellery Information Centre (MJSA) and covers mainly the USA jewellery industry, but also gives the latest news on EU markets. It provides information on the latest trends in fashion and gives an overview on international jewellery trade fairs. It also outlines the possibilities for contacting importers in the USA, but also EU jewellery importers.

Recommended sites for information on the latest trends in jewellery and accessories are:

- ➔ <http://www.colleziononline.nl>
- ➔ <http://www.cristian-lacroix.com>
- ➔ <http://www.gucci.com>
- ➔ <http://www.widemediamedia.com>
- ➔ <http://www.hairboutique.com> (hair ornaments)
- ➔ <http://www.longlocks.com> (hair ornaments)