

What competition will you face on the European jewellery market?

The European jewellery market is very diverse, creative and flexible. One reason for this is that Europe is a global leader in the design and development of jewellery. Another is that the European market is supplied by many different countries inside and outside Europe. Competition is fierce, but there are also many exciting opportunities. The high-end market is exciting, but tough to enter for most suppliers from developing countries; the middle to upper segments offer many ways for you to strengthen your competitive position and do good business.

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1. Compliance and good communication are vital to market entry

If you are a new entrant on the European market, the first thing you need to make sure of is that you comply with legislation; without compliance, you will have no business.

Another major competitive factor among suppliers from outside Europe is communication. European buyers often mention communication as the first criterion for deciding on whether or not to do business with a new supplier. Many suppliers fail to enter Europe because of poor communication.

On top of compliance, a strong environmental and social performance can make the difference

Your competitive strength will grow as you succeed in complying not only with legal demands, but also with more and more market demands. A good example of this is corporate social responsibility (CSR). It is gaining importance in all jewellery segments. A strong CSR performance, certification, and a transparent supply chain that is in line with the buyer's standards, are excellent ways of strengthening your competitive position.

CSR also includes environmental impact and use of chemicals. For the European market, the rules on this topic are covered in the so-called [Registration, Evaluation, Authorisation and Restriction of Chemicals \(REACH\) regulation](#) (Regulation (EC) 1907/2006). If you do not follow these rules, you cannot sell in Europe.

- Stay informed about market access requirements, both legal and non-legal. For more information on this topic, see our study on [buyer requirements on the European jewellery market](#).
- Look for ways in which you can present your company as environmentally and socially aware and communicate these with buyers. Show them you are different from your rivals.

The best way to get importers' attention is to understand their needs

Once you have managed to arrange that first interview with a new prospect, it is important to identify their needs. Try to find out which specific problems you can help the buyer solve. This way you will offer something no other supplier offers. And eventually it can lead to bigger orders of basic products.

Bear in mind that switching to a new supplier always costs a buyer money. How much it costs depends entirely on the differences between the old and new suppliers. You can help keep these costs low by understanding your buyer's needs and wishes and adapting to them as much as you can in advance.

Tips

Build strong relationships with buyers, for instance by offering extra services such as pre-production services, sourcing, or collection proposals. That will make it difficult for them to replace you.

Know the origins of your raw materials and the conditions under which they are produced. Map out your supply chain, identify and mitigate risks, and invest only in suppliers with similar ambitions.

Find the segment with the most potential for your business

Overall, competition on the European market in terms of price, creativity and craftsmanship is getting tougher, as buyers have relatively easy access to the world's cheapest and best producers and the newest ideas.

One of the most important steps you can take to ensure competitiveness is to identify the segment with the most potential for your business. This is because every segment calls for a different approach. The fundamental distinguishing factors to look at are volume, price and design.

Tip

For more information, see our study on [market channels and segments on the European Jewellery market](#).

Always be on the alert with regard to Intellectual property rights

Intellectual property rights are important in jewellery. The higher the segment, the more this issue matters. As a supplier you have to be alert to this issue all the time. For instance, if you have created a design inspired by someone else's design, you are legally required to make sure yours differs in at least seven recognizable ways.

If you want to protect your design from being copied, you can have it officially registered. Your European buyer can register it with the national tax service by sending it to them in a sealed, date-stamped envelope. You can also have it notarised in your own country. Then, if a copy shows up on the market, you have the legal grounds to prove you own the intellectual property rights to the original design.

At the high end, focus on design, craftsmanship and quality rather than on scale

High-quality and high-value jewellery pieces are often produced under a brand name. In this segment, design, craftsmanship and quality are leading. If you can offer something that not only meets this segment's demanding quality requirements but is also new and exciting, buyers will make room for you.

The high-end segment can be difficult to compete in, yet it also opens up opportunities for an ever-broadening diversity of ideas and designs. Buyers will generally easily switch to new suppliers offering something they want. Scale is not a major factor here, but consistency of quality and volume is.

As a developing-country supplier, the first step you have to take to face high-end European competition is to make sure you meet this segment's demanding quality requirements. On top of that, look for characteristics that make your product different, for example, ethnic or other unique design elements, rare materials or combinations, storytelling elements. If you can meet the requirements, this is a very interesting segment. If you

cannot (yet), it is better to start in a segment nearer the middle of the market.

At the lower end, creative input, speed and volume are important selling points

In the lower and middle segments, where volumes are higher, price is a leading consideration. If you cannot compete on price, you will not make it here. If you can, the next step is to offer creative input, speed and volume in order to strengthen your competitiveness.

Tips

Assess the potential of customers, segments and countries to avoid wasting time and money. For more information, see our study on [market channels and segments on the European jewellery market](#).

Visit trade fairs and conferences in Europe to see what your competitors are doing. Look at their products, presentation, prices, volumes and buyers. For an overview of interesting trade fairs, see our study on [finding buyers on the European jewellery market](#).

2. Jewellery can be easily substituted by other luxuries, must-haves and extras

Jewellery normally faces a lot of competition from non-jewellery products. This is because jewellery is usually seen as an extra rather than as an essential purchase: consumers may just as easily spend money on other extras as they might on jewellery.

In the high-end segments, product competition is likely to increase in the coming years, as consumers have more and more luxury goods to choose from. The proliferation of technology-based luxuries – think of high-tech gadgets, devices and applications – is a threat to your jewellery sales.

In the middle and lower segments, the same development will occur, with the only difference that consumers here have less to spend. This means product uniqueness is of vital importance here.

High-end jewellery has to compete with luxury, investment products and cheaper jewellery

The main substitutes competing with high-end jewellery are other luxury and must-have products. Consumers buying high-end jewellery have money to spend and may just as easily spend it on watches, gadgets, fashion, travel, events, home decoration, cars and other luxuries.

Investment products offering long-term value represent a second potential substitute in this segment. Some consumers also see expensive jewellery as an investment; for them, substitutes may be stocks or other investment products.

A third substitute for high-end jewellery is cheaper (upper mid-market) jewellery. This trading down offers you good opportunities as a supplier: by positioning your product in a higher segment while offering a relatively low price, you can entice buyers to substitute high-end purchases with your offer.

The lower the market segment, the broader the range of potential substitute products

In the middle and lower jewellery segments, substitution is also a big threat. Here, consumers may as easily spend money on fashion, restaurants, leisure activities, gadgets or other products as on jewellery. The range of

possible substitutes gets broader as you go lower; at the very low end, jewellery trifles and trinkets have to compete with almost any other cheap, fun product you can imagine.

Many younger consumers in Europe prefer to spend money on digital accessories, such as smartphone or tablet accessories and computer games, than on jewellery or watches.

Tips

Know which segment you are targeting and what matters to buyers there. This will help you avoid being substituted and make you more competitive. The narrower your focus, the less you will be threatened by substitution. You can narrow your market by focussing on special designs, materials, storytelling, or other values.

Add value to your products with the purpose of trading up to higher market segments. The higher your market segment, the fewer the substitutes and the easier it is to compete with them.

If you can connect with a solid brand name in jewellery or fashion, do it; branding is a good way of avoiding substitution.

Compete by solving the problems buyers face in tapping into new trends

On the European jewellery market, everyone is on the lookout for new developments and trends that they can translate into new designs and products. Often these new trends are coupled with practical technical or sourcing problems that need to be solved. Your ability to recognise these problems and offer good solutions will make you a lot more competitive.

For example, if there is a trend towards combining wood and silver, buyers will face the question of where to find manufacturers who can deliver a good product that combines these two materials, using the right techniques and at a good price.

This offers you good opportunities as a manufacturer based in a developing country. Keep your eyes and ears open to new trends and develop interesting collections to show buyers what the possibilities are for solving the challenge they face with a particular product or development they have in mind.

Tips

Keep in touch with the latest trends in Europe regarding fabrics, colours, style details and accessories. You can do this by following fashion websites and blogs, or visiting fashion and fabric trade fairs in Europe. Check these [examples of fashion blogs](#), or this [list of twelve successful jewellery bloggers](#).

Consider making use of paid trend watching services offered by companies such as [WGSM](#) or [Trendzoom](#). If their subscription fees are too high for you, partner with other suppliers to share costs and benefits.

For a view of the broader fashion market, see our [studies on the European apparel market](#).

3. Avoid price wars against other companies and use your

country's competitive position

There are many factors to bear in mind when competing against other suppliers. One important one is to avoid competing on price only, because you will probably not be able to sustain that for very long. Another is to assess the competitive position of your country and to make use of its strengths.

Do not make price your main competitive strength

Competition on the jewellery market is fierce. Factors such as the Internet and cheaper global travel allow both buyers and consumers nowadays to explore markets, products and prices themselves. This makes finding cut-rate prices relatively easy. It also makes competing on price difficult – if not impossible: there will always be someone somewhere in the world who can do what you do for less money.

This is why price – although always important – is not the best way to strengthen your competitive position. You have to look for other ways to stand out from your competitors, for example by the materials or techniques you use.

As a supplier from a developing country, the key to getting more competitive is to add value. The more value you add – and the more specialised your added value – the fewer problems you will have with competitors.

Tips

Try and stay out of price wars. You can do this by adding value and trading up towards higher market segments.

Look for materials, designs or techniques that are unique. Show and tell buyers about these factors that make you different from everyone else.

Add value by working with sources from outside your own country. A combination of materials sourced from different parts of the world may well make your product and brand unique. If there is nothing quite like your product, it will be difficult for others to compete against you.

Look for new technological developments or machines that will add value to your production, for example in terms of speed, volume or quality.

Another way to distinguish yourself is to help buyers reduce their time to market. You can do this by working with buyers to exchange data and accelerate decision processes in the organisation of your supply chain. Reducing time to market can increase the likelihood of a good, profitable resale. Mid-sized operations are more likely than small businesses to benefit from cooperation in design, production and logistics, with the goal of reducing lead times.

Make use of your country's competitive position

Europe is a global leader in the design and development of jewellery. This means it has high standards and fierce competition. When a European buyer goes looking for a new country to start production in, he will use several search criteria, such as minimum wage levels, import duty levels, production history, access to raw materials, safety and political stability. The more criteria your country meets, the stronger your competitive position.

Tips

Look at the above country criteria to assess the competitive position of your country. In communicating with potential buyers, emphasise the strong points your country offers.

For details on the trade position of your country in relation to Europe, check the European Union's website on the [Generalised Scheme of Preferences \(GSP\)](#).

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