CBI
Ministry of Foreign Affairs

CBI Product Factsheet:

Costume Jewellery in Spain

Introduction

Economy products are on the rise in Spain due to the challenging economic environment and low consumer purchasing power, dampened by the high unemployment rate. This has led to a shift in consumer preferences from silver and gold jewellery to costume jewellery and created opportunities for lower-priced costume jewellery makers. Exporters from developing countries (DCs) should enter Spain with a value-for-money proposition – low-priced jewellery with a distinctive design. The price is crucial for the Spanish consumer and it is a driving factor in retaining competitiveness on the market. Therefore, DC exporters should capitalise on their lower production costs compared to Europe, improve the efficiency of their resource use and reduce the cost of raw materials by switching to lower-priced alloys.

Product Definition

Costume jewellery (also called fashion jewellery) comprises accessories that complement the fashion styles of women, men and children. Costume jewellery can be artisan-made or mass produced. Modern costume jewellery incorporates the following metals and materials:

- non-precious metals: brass, steel, cast zinc, cast tin, vermeil
- semi-precious metals: sterling silver, gold- or silver-plated brass and other alloys
- non-metal materials: leather, textile, resins cords, natural wood, coconut chips, dyed or engraved or cracked shells, etc.
- non- or semi-precious stones, including crystal and cubic zirconia

Costume jewellery is lower-priced jewellery with prices ranging from € 1 to € 100 depending on the metals and stones used and the product type (earrings, necklaces, rings, bracelets etc.). Typically pieces made of non-precious materials fall into the lower end of this price range, while jewellery pieces made of semi-precious metals and stones fall into the mid- to high-end of the price range. Often the price depends on the brand positioning and the (marketing) statement of the jewellery.

The majority of costume jewellery is unbranded jewellery. There are also a number of brands that specialise in costume jewellery, for example Elena Cáncer, Clara Bijoux, Uno de 50 and Joya36.

Costume jewellery is grouped under Harmonised System (HS) codes 711711, 71171910, 71171991, 71171999, 711790.

Photo examples:

Ring, Uno de 50

Earrings, Uno de 50

Unbranded jewellery

Unbranded jewellery

Product Specifications

Quality

Jewellery quality is determined by the materials used and the jeweller's craftsmanship. The choice of metal and gemstones is important; depending on the choice the product can be more or less robust and resistant to scratches and other damage. Typically precious metals and stones are more robust and damage-resistant.

All manufacturers and exporters of jewellery to Europe must meet the European quality standards. The use of lead, cadmium, nickel and other hazardous metals is regulated in Europe. For more information, see the Buyer Requirements in this document.

Labelling

Products marketed in Spain must be labelled in accordance with the EU requirements. Labels must include a description of content, including the following information:

- Type of product
- Net and gross weight (in kilograms)
- Supplier/manufacturer name and location (optional)
- Serial number
- Environmental logos if applicable

Label information must be electronically readable through the use of barcodes.

Some European companies prefer to disclose only selected information about the manufacturer, for example avoiding disclosure of the manufacturer name and location. In this case the European company will be re-labelling products under its own name or specifying these requirements to the DC exporters. Consult the European buyer to find out what information needs to be displayed on the product and what the particularities are with regard to labelling in Spain.

Photo example:

Labels

Packaging

In wholesale, jewellery pieces are packaged in exclusive plastic bags and cardboard boxes. Very often, jewellery is shipped in bulk to Europe and is not packaged in individual bags or boxes. Once it has arrived in Europe, the jewellery pieces get repackaged for retail.

In retail, higher priced jewellery is packaged in special cardboard jewellery boxes, textile or organza bags, for sale to the end-consumer. Gift boxes are only used in retail, and not in wholesale. Gift boxes are not supplied by the manufacturer and are typically ordered separately by the European buyers. However, if your stock also includes retail packaging, feel free to offer it to the European buyer. Be prepared to put your European customer's brand on the packaging, if required.

Packaging must protect products from damage and protect the buyer from possible injury. Packaging for products marketed in Spain must meet the EU requirements. As per the general European requirements for packaging, make sure that your packaging:

- has minimal weight and volume;
- has a reduced content of hazardous substances and materials in the packaging material;
- is recyclable (optional, but very much valued by the European customer) and is labelled with a recycling symbol.

Photo examples:

Packaging for retail, link

Organza bag, link

Buyer Requirements

All products that are exported to and sold in Europe *must* comply with the relevant EU regulations and standards. Compliance with 1) *must* requirements, 2) *common* requirements and 3) *niche* requirements is a basic necessity for *all exporters* of jewellery. Must requirements are the minimum requirements the exporters must meet and products that fail to meet these are not allowed on the EU market. Common and niche requirements are additional requirements that are typically set by the European buyer and are also of importance among consumers.

Requirements you must meet

General product safety

General product safety requirements are applicable to all consumer goods that are not explicitly described in other legislation directives. For jewellery the safety requirements mean that there should be no sharp edges, the product should not break easily and should not cause any other danger during normal use.

Specifically for imitation or costume jewellery, imports of skins of certain seal pups (raw furskins and furskins, tanned or dressed) are prohibited. See the EU Export Helpdesk for a more detailed overview of these requirements.

Tips:

- Familiarise yourself with the [General Product Safety Directive in the EU Export Helpdesk](#).
- Use common sense to ensure that products are safe for consumers and can be sold on the European market.
- Consider checking the [RAPEX database](#) used by EU Member States to exchange information on unsafe products, to get an idea of possible non-compliances.
- Consider consulting with your buyer to find out more about any specific requirements in terms of product safety. Some buyers (typically smaller ones) will just ask for compliance with EU legislation not elaborating on specific requirements, while other buyers can provide you with information about specific substances that are not allowed in Spain.

Chemicals

The use of chemicals such as *lead, cadmium, nickel, AZO dyes and Chromium VI* is restricted by the EU and is regulated through several Directives and Regulations.

The use of lead and its compounds in jewellery is restricted by REACH (Registration, Evaluation and Authorisation of Chemicals) regulation. Jewellery with a concentration of lead that is equal to or greater than 0.05% by weight is not allowed on the EU market. The regulation applies to metallic and non-metallic parts of jewellery and hair accessories, including bracelets, necklaces and rings, piercing jewellery and earrings, wrist-watches and wrist-wear, brooches and cufflinks.

The use of cadmium and its compounds is restricted by REACH regulation. Jewellery with a concentration of cadmium that is equal to or greater than 0.01% by weight is not allowed on the EU market. The regulation applies to metal beads and other metal components for jewellery making and to metal parts of jewellery and imitation jewellery articles and hair accessories, including bracelets, necklaces, rings, piercing jewellery and earrings, wrist-watches and wrist-wear, brooches and cufflinks.

The use of nickel and its compounds may cause allergic contact dermatitis and is therefore restricted by REACH regulation. Nickel and its compound shall not be used in any post assemblies that are inserted into pierced ears and other pierced parts of the human body unless the rate of nickel release from such post assemblies is less than 0.2 µg/cm2/week (migration limit), and in items intended to come into direct and prolonged contact with the skin such as: earrings, necklaces, bracelets and chains, anklets, finger rings, wrist-watch cases, watch straps and tighteners, rivet buttons, tighteners, rivets, zippers and metal marks, when these are used in garments, if the rate of nickel release from the parts of these items coming into direct and prolonged contact with the skin is greater than 0.5 µg/cm2/week.
The European consumer is particularly concerned about the nickel content in jewellery. Many European buyers require nickel-free jewellery articles.

AZO dyes is a group of synthetic dyestuffs based on nitrogen often used in the textile industry. Leather and textile components used in jewellery items made of coloured leather or other synthetic materials should contain less than 30 mg/kg (0.003% by weight) of the AZO dyes listed in [Appendix 8](#) and [Appendix 10](#) of REACH. The use of AZO dyes/Azocolourants is regulated by REACH regulation. Azo dyes/Azocolourants that are listed in [Appendix 9](#) of REACH shall not be used for colouring textile and leather articles in concentrations higher than 0.1% by mass. No other toxic substances than Azo dyes should be used when colouring jewellery.

Chromium VI in Leather

If your jewellery has leather elements, make sure that the chromium VI content does not exceed 3.0mg/kg. This a new legislation adopted in March 2014 and although it is officially valid as of May 1, 2015, buyers already require compliance with the legislation.

Tips:

- Before approaching a European buyer, gather more information on relevant REACH requirements. Be aware that REACH applies to several sectors; for jewellery exporters to Europe there the following regulations are of significant importance:
    - Consult Regulation EU No. 836/2012 for lead content restrictions in jewellery;
    - Consult Regulation EU No 494/2011 for cadmium content restrictions in jewellery;
    - Consult Regulation EC No 552/2009 for nickel content restrictions in jewellery;
    - Consult Annex XVII of REACH for Azo dyes use restrictions in jewellery.
- Make sure that the lead, cadmium, nickel or Azo dye content does not exceed the permitted level in all your jewellery products, metal parts and beads used in the final product.
- To verify compliance with the restriction of Chromium VI in Leather, consider using the test method described in EN ISO 17075.
- Make sure that the chemicals content does not exceed the set limits, since European manufacturers and importers are obliged to meet the above-mentioned requirements. Consult your potential buyers to find out if test reports are required. Typically larger retailers either require test reports from importers/manufacturers or they test products themselves. Smaller buyers typically expect the DC exporters' products to comply with the chemicals requirements.

CITES

If used in costume jewellery, parts of wild plants and animals (e.g. shells, coral, leather and wood) should not be from endangered species and not fall under the restrictions of the Convention on International Trade in Endangered Species (CITES).

Tip:

- Make sure that your products or product elements do not fall under CITES. Check the EU Export Helpdesk for more information on the regulation and consult the list of restricted species in Annexes A, B, C and Annex D. The EU Export Helpdesk also provides information on the different procedures applicable to such products.

Hallmarking

Jewellery hallmarking is compulsory in Spain and there is a hallmarking and monitoring system in place to verify the precious metal content in gold and silver jewellery. Please note that the rules on precious metals control are not harmonised in the EU.

Tip:

- For more details, see the summary of compulsory and voluntary hallmarking systems for precious metal jewellery in Europe here.

Common Buyer Requirements

Sustainability

Sustainable product offer things such as recycling and a choice of sustainable materials (see Niche requirements), as well as improved social conditions. EU buyers increasingly look for products that have been manufactured with due respect for human rights, labour conditions and the environment. This is particularly important for the textile and apparel industry, in mining and jewellery, but also in many other industries. There are two retail initiatives that have gained ground in Western European countries: the Business Social Compliance Initiative (BSCI) and the Ethical Trading Initiative (ETI). Bigger EU companies have even developed their own Corporate Social Responsibility (CSR) policies and require suppliers to conform to these requirements. Workers' health and safety in particular are sensitive topics in Europe, and buyers want to prevent damage to their reputation.

Tip:

- Understand how you can improve your sustainability performance. This will not necessarily mean immediate certification. Nevertheless, it is important to familiarise yourself with the issues included in the initiatives. Consult the Standards Map database for the different labels and standards relevant for jewellery. Consider doing a company self-assessment, available on the BSCI website.

Niche Buyer Requirements

Fairtrade labelling

Fairtrade-labelled products are an initiative that supports fair pricing, improved social conditions for producers, and guaranteed fair and responsible practices in the entire jewellery supply chain. Sustainability initiatives are important for manufacturers of jewellery that contain precious metals and precious stones, which are associated with the welfare of miners and the effect of mining activities on the environment. They force the jewellery sector to provide more transparency and accountability in terms of the materials used. Many jewellery manufacturers apply for transparency and accountability certificates at Fairtrade, the Responsible Jewellery Council and other international organisations to demonstrate their ethical practices. For more information refer to the EU Buyer Requirements for Jewellery.

Tips:

- The actual use of Fairtrade labels is still a niche in this sector, but familiarising yourself with the initiatives and how they work is an initial step.
- Familiarise yourself with the programmes offered by the Responsible Jewellery Council, Fairgold, Fairminded, and other initiatives.
- It is clearly an advantage to demonstrate your engagement and to state your ethical principles in all your marketing materials and your website.

For more details consult the EU Buyer Requirements for Jewellery on the CBI Market Intelligence Platform.

Macro-Economic Statistics

DC exporters may find entry onto the Spanish market challenging due to its still unfavourable economic conditions. Starting in 2008, Spain underwent a construction industry slump, and private investments slowed down and borrowing costs remained high. In 2014, Spain did experience positive economic development and a moderate growth is expected over the entire year. Nevertheless, the rate of unemployment remains exceptionally high (25%), and this dampens consumer confidence and expenditure. Despite the challenging market environment, Spain remains a large and important market in Europe and its slow recovery is set to improve the market entry opportunities for DC exporters.

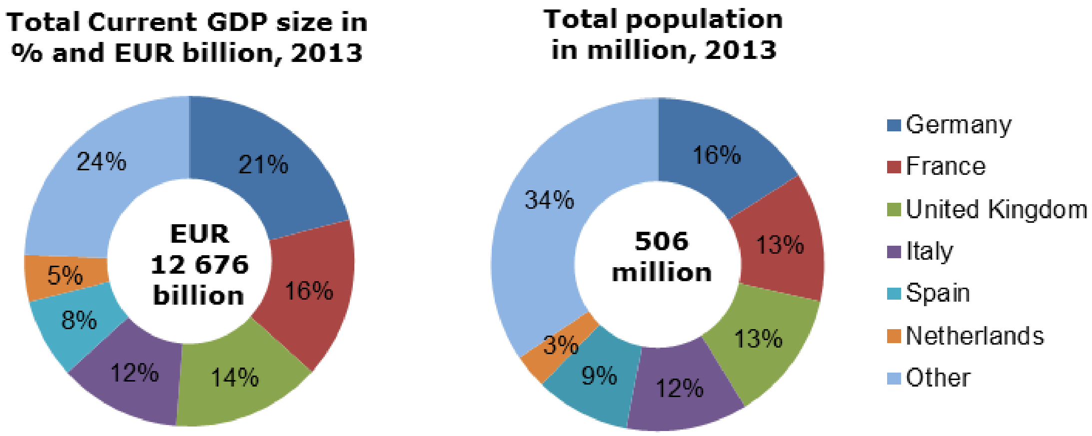
Population

The population of the EU was estimated at 506 million in 2013, and Spain constitutes 9% of the total EU population (approximately 46.6 million people).

Economy size

Spain is the fifth-largest country in Europe based on the current GDP size, holding a share of 8% of the total GDP.

Figure 1: Key 2013 macroeconomic indicators for the leading European countries including Spain

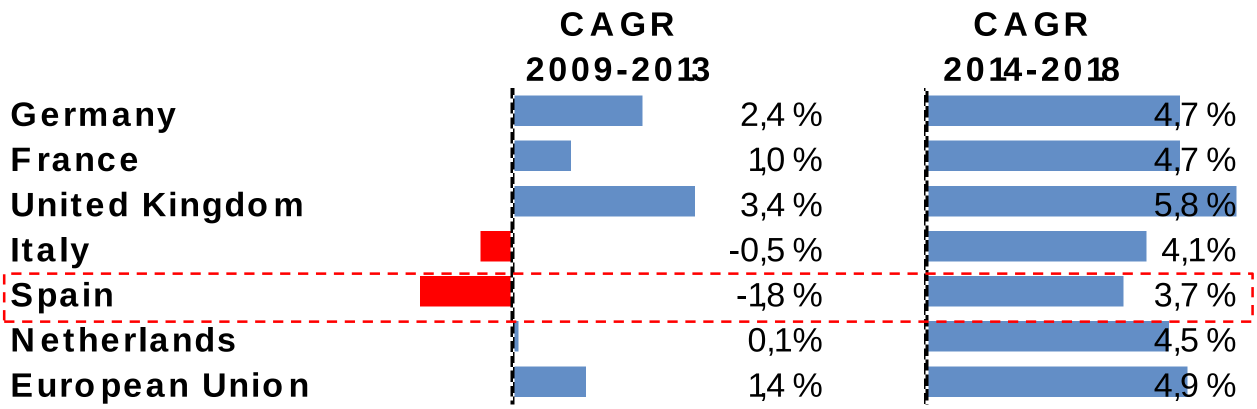


Source: IMF 2014

Economic growth

After a long recession and economic crisis, Spain's GDP is expected to grow annually by 3.7% over 2014 – 2018. The year-over-year growth for 2014 is expected to be 4.2%, below Europe's average GDP growth (6.2%).

Figure 2: GDP (current prices) Compound Annual Growth Rate (CAGR) for 2009-2013 and estimate for 2014-2018 for the leading European countries including Spain

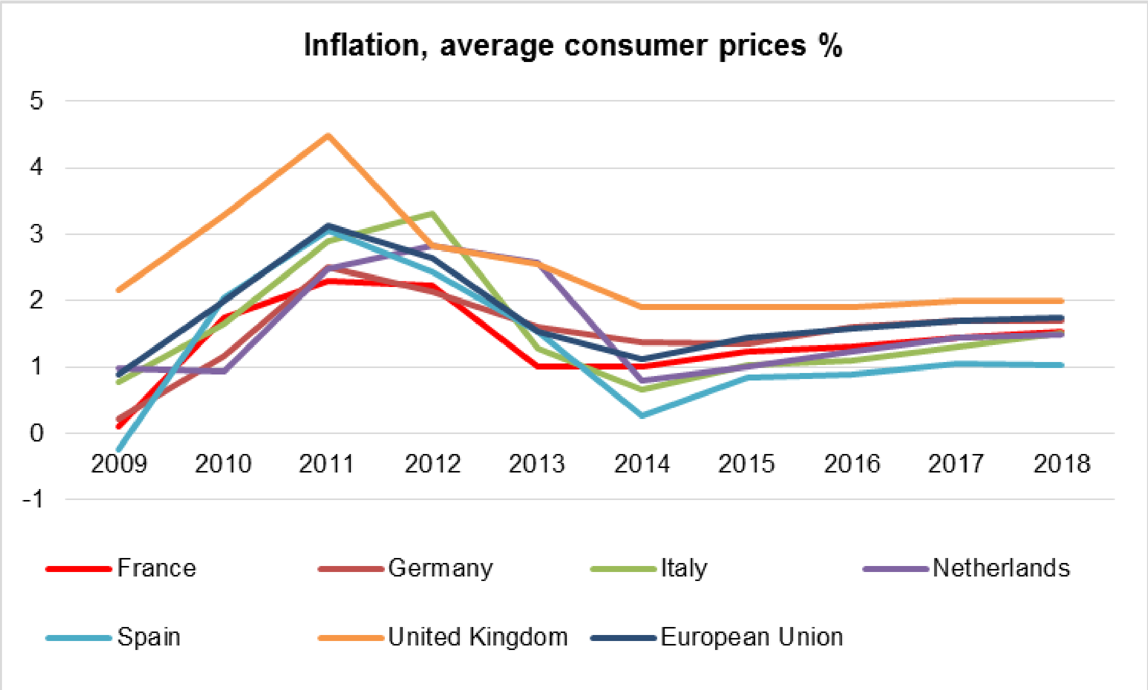


Source: IMF 2014, World Economic Outlook Database

Consumer prices and inflation

High inflation over the past 4 years, driven by high labour and production costs, has negatively impacted consumer confidence in Spain. In 2013, the average consumer price change was about 1.5%, but it is expected to go down in 2014 (0.3%). Over 2014-2018, Spain's consumer prices are expected to increase annually by 0.8% on average, well below the average EU inflation level (1.5%), thus improving the country's competitiveness.

Figure 3: Consumer price change in 2009-2013 and expected inflation rate for 2014-2018 in the leading European countries including Spain and the EU, in %

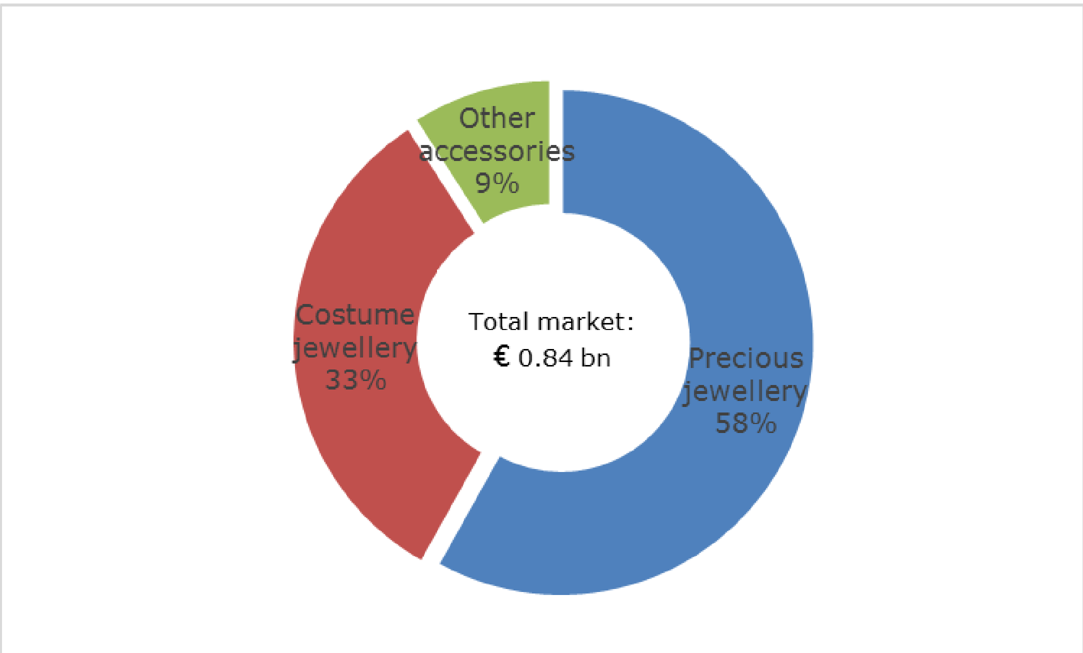


Source: IMF 2014

Trade Statistics

Production and consumption

Figure 4: Sales structure for jewellery in Spain in 2013, %



Source: DBK Informa, GIA research and analysis

Spain is one of the leading producers of jewellery in Europe. Local producers have been affected by growing competition with overseas companies, in particular in the gold and silver jewellery sector. The production value declined over the past 5 years, hit by the economic crisis and shrinking exports.

The market is dominated by small and micro companies. The key producing regions in Spain are Cordoba, Valencia, Zaragoza, Madrid and Barcelona, and Galicia. Cordoba and Valencia specialise in the affordable and medium-price segments respectively. Different Spanish regions have also specialised in different materials. For example, Menorca focuses on silver and other costume jewellery metals, while Majorca is known for its cultivated and imitation pearl jewellery for the upscale costume jewellery market. Cordoba is home to many silver- and goldsmiths.

According to DBK Informa analysis, the total market for jewellery and watches amounted to €1.53 billion in 2013, down by 3.8%. In 2012, the jewellery and watch industry declined by 7.5% year-over-year, and the industry declined in terms of value (-40%) from 2007. The Spanish jewellery and watch market is gradually being restructured, with small independent stores steadily disappearing and being replaced by jewellery retailing chains.

The costume jewellery market accounts for approximately €280 million in Spain, holding a significant share of 33% of the total jewellery market (18% of the total jewellery and watch market). Production of costume jewellery has suffered losses over the last 5 years, just like the rest of the jewellery industry, hit by the export slump and low national purchasing power. Nevertheless, costume jewellery is better positioned (in terms of the demand) when compared to fine jewellery, since consumers have shifted to more affordable jewellery and remained more conservative with regard to higher-priced products.

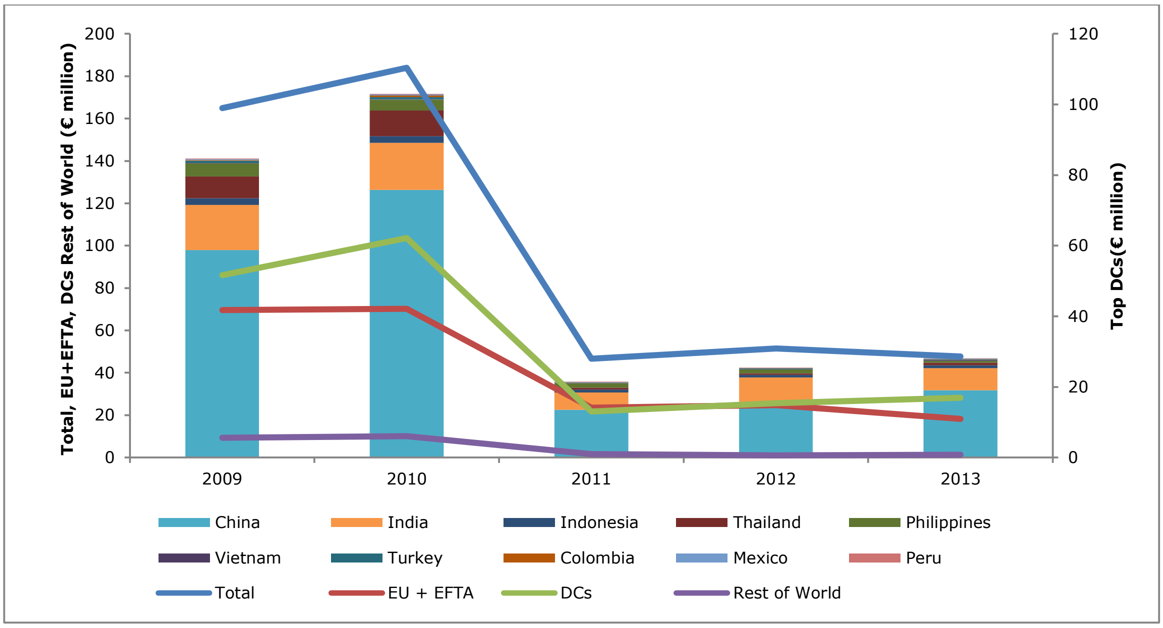
Jewellery and watch sales and production in Spain are expected to start recovering slowly in 2014. In 2014, the jewellery and watch market will only see a moderate decline (-1%), which is an improvement compared to the previous years' performance. The recovery will be driven by the expected growth in private consumption and other positive macro-economic indicators. However, high unemployment will continue to offset the growth trend, and as a result the recovery of the market will take longer than anticipated.

Tip:

- Whilst Spain's economy slowly recovers, DC exporters will have opportunities on the costume and affordable jewellery market, whereas fine jewellery market entry will remain challenging. Companies focusing on jewellery from niche markets such as sustainable, recyclable jewellery and low-priced jewellery, with a clear positioning and statement, such as ethnic jewellery or customisable jewellery, will have the advantage in this highly competitive and challenging environment.

Import and export

Figure 5: Import of costume jewellery to Spain, value in millions of €



Source: Eurostat (October 2014)

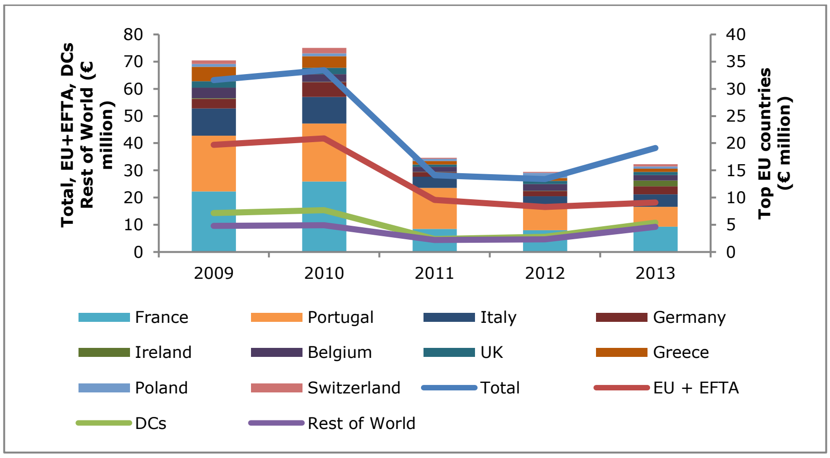
In terms of value, total imports of costume jewellery were down by 27% CAGR in 2009-2013, hit by Spain's economic slowdown and low consumer purchasing power. Imports from DCs saw a decline of 25% CAGR in 2009-2013, but they recovered in 2013, up by 10% year-over-year. Total imports of costume jewellery are expected to only slowly recover in 2014, but the developing countries will enjoy a better performance of their import share due to competitive pricing.

China, India and Indonesia are the leading exporters of costume jewellery to Spain, holding a significant cumulative share of 55% of total imports in 2013. Vietnam, Mexico, Thailand, Colombia and China saw a dynamic year-over-year growth in exports of costume jewellery to Spain in 2013, signalling an increasing demand for more low-priced jewellery.

Tip:

- Enter the Spanish market with low-priced costume jewellery to meet consumer demand in this challenging economic environment. Maximise your competitiveness against mass production markets by focusing on a value proposition – well-priced jewellery with an intriguing design and a clear positioning.

Figure 6: Export of costume jewellery from Spain, value in millions of €



Source: Eurostat (October 2014)

According to Eurostat, costume jewellery exports from Spain declined over 2009-2013, down by 12% CAGR. In 2013, Spanish exports of costume jewellery recovered, up by 42% year-over-year as a result of a slowly improving macro-economic environment in other European countries. As Spain's leading export markets in Europe have experienced a recovery from the recent European Eurozone crisis, the export of costume jewellery to Europe was able to record a healthy increase in 2013, up by 10%. France, Portugal, Italy and Germany remained the leading export destinations for Spanish jewellery companies.

Tip:

- DC exporters have opportunities through the indirect export to other European countries when cooperating with Spanish retailers of costume jewellery, since Spain has retained its importance in the jewellery industry despite the recession.

Market Trends

The Spanish consumer (similar to many European consumers) is increasingly interested in ethical and recycled products and putting pressure on unethically operating companies. The awareness of social imbalance and environmental issues make consumers think 'ethically' and go for Fairtrade and recycled products. Globally the combined sales of diamonds, gold and platinum group metals in the jewellery supply chain by RJC Members grew by 8.5% in 2013, and RJC members' combined sales accounted for about 26% of global jewellery sales. Arabel Lebrusan has successfully positioned its brand as an ethical jewellery company. Costume jeweller Bonita makes jewellery pieces from can tabs and bottle lids. Sales of ethical and recycled products are still negligible in Spain, but it is a powerful marketing tool for new market entrants such as DC exporters.

Bonita bracelets, link

Tip:

- Consider operating on the niche market for ethical or recyclable jewellery. To offer such jewellery, carefully source your materials and pay attention to the certification and ethical principles of your suppliers and partners. Consider using recycled materials such as cords, ropes, recycled metal elements and other recycled materials.

Spain is known for fast-fashion brands such as Zara, Mango and Desigual. The attraction to affordable fashion in Spain is mainly driven by an unfavourable economic environment and sky-high unemployment rates, which have led to low consumer purchasing power. To take advantage of the favourable environment for low-cost fashion, not just European brands such as H&M, Primark, Asos, La Redoute are going for the low-hanging fruit in Spain; Asian fast-fashion brands such as Mulaya, Okeysi and Modelisa have also entered the market to benefit from this trend. Mulaya positions itself as a "Chinese company born in Spain for Spanish consumers" and it aims to make the most of the consumer's need for affordable products. As long as the economic environment remains unstable, the demand for low-priced quality products at will increase on the market.

Tip:

- Enter the market with a value-for-money proposition. Besides asking a good price for your jewellery, consider adding value by using new trendy materials such as leather, textile and natural components, for example shells, coconut chips and wood. These materials can make your jewellery design look intriguing and they are cost-efficient to use.

The ongoing global personalisation trend has raised consumer interest in charms and other customisable jewellery. Customisable jewellery gives customers the opportunity to create individual designs. Not just global international brands, but also local Spanish companies follow this trend: Tous, for example, offers charms along with its classic and seasonal collections. There is still room for creative customisable techniques to be introduced onto the market.

Tous charms, link

Tip:

- Depending on your specialisation and your jewellery statement, consider offering customisable jewellery collections along with your key jewellery lines.

For more information on market trends, please refer to CBI Trends for Jewellery.

Market Channels and Segments

The Spanish jewellery and watch market is being restructured, with small independent stores gradually disappearing and being replaced by jewellery and fashion retail chains. In 2010, the turnover of independent retailers in the jewellery segment saw a drop of more than 10%, and now the channel accounts for 32% of the total jewellery and watch market. Retailing chains that used to have a share of 42% (in 2010), again increased their share by 1% in 2013 and now account for nearly 50% of the total sales of jewellery and watches in Spain.

As they are a declining but still significant market channel, small independent stores are increasingly looking for new ways to increase their competitiveness – either in terms of value proposition or in terms of price. Some independent stores may go directly to DC exporters in their search for a value-for-money proposition, thus avoiding wholesaler margins. However, high logistics costs are still an obstacle for a direct collaboration with DC exporters.

The growing significance of retail chains puts up the entry barriers for DC exporters, as the buyer power of retail chains is much higher than that of individual stores: they typically look for exclusive distribution rights, low prices and rapid delivery terms.

Tip:

- To meet the demands of independent stores in Spain's highly competitive environment, consider identifying Spanish alliances of smaller stores and artisans (through desk research or trade show visits) to serve several companies simultaneously and to avoid high logistics costs through a combined order for several jewellery makers.

For more information, please refer to CBI Market Channels and Segments for Jewellery.

Price

Figure 7: Price structure

Your Free On Board (FOB) Price must be calculated in such a way that all costs are covered: production costs (raw materials, labour costs), administration costs (rents, electricity and other fixed costs) and marketing costs (expenses for the marketing materials, catalogues, website, travel costs to European trade shows and other related costs). If you're using Alibaba, Google, Amazon or other online marketing tools, be prepared to also pay a fee for these tools and add it to your calculation.

Be aware of the different costs and value chain margins that add to the product price. Logistics costs for costume jewellery are higher than for fine jewellery, as the total order value is typically smaller (compared to fine jewellery).

Tip:

- Carefully estimate all your costs and select the preferred European buyer. Working directly with a retailer, you can have higher profit margins, but be aware that your costs will increase as well. Logistics costs will be higher, as the order volume will typically tend to be smaller when compared to collaboration with a wholesaler. Besides, travel costs (part of marketing costs) may be higher when working with independent retailers.

Field of Competition

For more information, please refer to CBI Field of Competition for Jewellery, as the market competitiveness of Costume jewellery in Spain does not differ significantly from this general overview.

Main Sources

- Eurostat, URL: http://epp.eurostat.ec.europa.eu/portal/page/portal/eurostat/home/
- International Monetary Fund (IMF), URL: http://www.imf.org/external/index.htm
- Market research company Euromonitor, URL: http://blog.euromonitor.com
- Market research company DBK Informa, URL: http://www.dbk.es/ing/default.cfm
- Association of Spanish jewellery, goldsmiths and watchmakers, URL: http://iberjoya.es/
- Information and news portal Fashion From Spain, URL: http://www.fashionfromspain.com/
- The Association of Jewellers, Goldsmiths, Watchmakers and Gemologists Catalonia (JORG), URL: www.jorgc.org
- Association of Spanish manufacturers of costume jewellery SEBIME, URL: http://www.sebime.org/es/home/

Trade Shows

- International Fashion Jewellery and Accessories Trade Fair, URL: http://www.ifema.es/bisutex_06/

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