



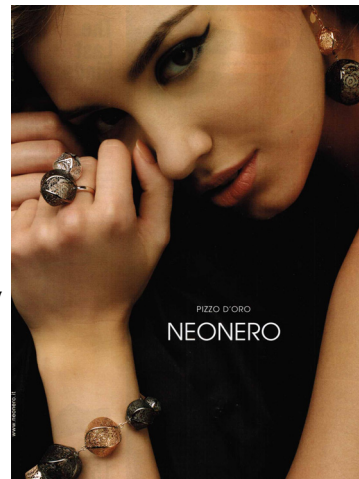
# Gold jewellery in Italy

The Italian precious jewellery is badly affected by the recession and the rising prices of precious metals (gold, platinum), more so with respect to its re-exports than is the case for the domestic market. Consumer confidence is low and people cut their spending on jewellery. Interestingly however the top-tier luxury market is entirely unaffected, which is also the case in jewellery.

For the first time in history, mixed metal designs using stainless steel, and high-end silver jewellery collections are launched even by prestigious brands such as Bulgari. Semi-precious and non-precious stones such as quartzite have also made their début, however, it remains to be seen whether, in a society attuned to the high quality of their jewellery industry's designs, the consumers catch on to this 'downgrading' of material.

## Market characteristics

**Consumption continued to fall.** *The Italian market for gold jewellery* was valued at € 2,970 million in 2010, a -2.6% average annual decrease since 2006, representing 17.3% of EU market value. This decrease rate was below the EU average of -1.4%. The high unemployment, public deficit have affected the overall economic climate, and hence the market performance of Italy is therewith in line with the other 2 major markets, France and, to a lesser extent, Germany. For more details see the module 'Gold jewellery - Promising EU export markets' with all trade statistics. Italian Gold Jewellery is synonymous with style, and consumers are atoned to the best quality available with respect to material and high aesthetics and design quality is an absolutely basic prerequisite.

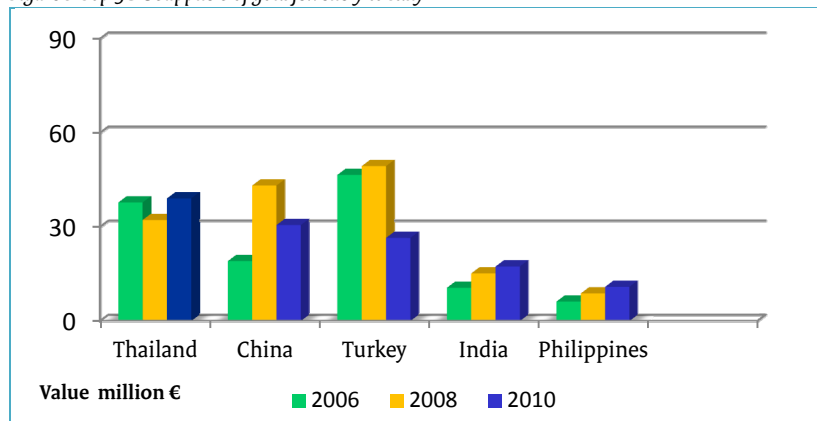


- **The vast majority of products available in the market are of 18 carat.** A jewellery piece for the consumers is likened to a work of sculpture, and new shapes in novel material combinations are highly valued. Products akin of large scale mass-manufacturing are not seen as desirable.
- Most jewellery in Italy is sold as 18 carat or higher yellow gold, in classical designs, usually marked in the European marking of 750. 9 carat items currently play a marginal role although these are gaining popularity slowly.
- **Gold and other precious jewellery plays an important role in traditional** (catholic) events such as christenings, communions, confirmations and weddings, also as a gift. However, a steep 10% drop in marriages in the first decade of the millennium – mostly due to the lack of sufficient streams of income among the affected couples – has had an important and traceable impact on the sales of precious jewellery throughout Italy.
- **Necklaces and rings are the products in highest demand**, followed by bracelets, although rings have recently been losing grounds in favour of other items.
- **The number of working women has grown in Italy** between 2005 and 2010 from 45.3% to 46.1%, with a much steeper increase in the Northern areas of the country, and a decrease in the South. Professional women are the new target group for gold jewellery sales, as they not only buy jewellery for themselves but also as a gift for others including their family. The national jewellery industry, and hence the local artisans, are held in high esteem. Especially the more

affluent women look for a distinctive piece that normally will be custom made by an artist or a jewellers' workshop.

- **Men's jewellery.** Contemporary Italian jewellery collections are rich on designs in gold targeting men: Cufflinks, bracelets, tie pins, rings in addition to other accessories such as key rings, money clips, fountain pens, lighters or pins to go on jackets with sport themes. The male style is sober for business and business casual wear, with jacket and/or tie pins that may lean towards the casual. For formal wear, it is highly decorative cufflinks with matte surfaces or engravings.
- **Future demand:** In Q4 2011, the Italian economy has entered yet another phase of turmoil with a change in government and a severe austerity budget put in place. The economy is slowly grinding to a halt, and with it sales of most non-essential goods. Paradoxically however, the luxury goods sector – including the top tier jewellery market – boasted good growth and a positive future outlook.
- Finally, since *the launch of the Fairtrade/Fairminde Gold Standard* in September 2010 on a European level, it is also expected to be rolled out eventually in Italy. The large wholesalers and producers, not the least due to their international exposure to markets where such credentials are pivotal, already have embarked on the sustainability journey through public support of the Kimberley Process amongst other initiatives.
- **Production showed a decrease.** Italy is by far and distant the largest EU27 producer of gold jewellery valued at € 5412 millions, which was 47% of all EU27 production. Italian production decreased by 0.4% annually since 2006, compared with +1.9% for the EU as a whole. What could be observed in the past year is that prestigious Italian jewellery brands in the top segment are a safe bet. Their customer base has on a global level has been expanding, and in line the value of their shares at the stock markets.
- However, also the Italian gold jewellery manufacturing industry is required to shave costs, notably for standard items. As such, the cases where the production of mass-manufactured items are outsourced notably to Poland are becoming common.
- **Italian imports fell.** DC imports (value) slightly increased. The total Italian imports of gold jewellery was valued at € 708 million in 2010, a 10.8% annual average decrease since 2006. However, these numbers represent a 40% increase by value over the 2009 results. DC imports, valued at € 154 million decreased slightly by -0.4% over the period. DC imports accounted for 22% of all imports by value and roughly double that by volume. This can be attributed to large imports (by value) from Switzerland (34%), France (15%) and Spain (11%) and fewer imports by Turkey and Jordan. The performance of the Italian market overall was not primarily the consequence of lacking domestic consumption but rather the lack of re-exports because of the global economic crises.

Figure 1 Top 5 DC suppliers of gold jewellery to Italy



Source: Eurostat (2011)

*Leading DC suppliers (by value) were: Thailand (6% of total, +0.8% average annual growth), China (4%, +12.7%), Turkey (4%, -13.2%), India (2%, +13.1%), Philippines (2%, 15.3%), Indonesia (1%, +39%), Tunisia (1%, +99.4%), Jordan (1%, -12.6%), Ukraine (<0.01%, 116.1%), Lebanon (<0.01%, +41.7%), Peru (<0.01%, +80.3%) and Vietnam (<0.01%, -41.8%).*

- **Average DC import prices increased marginally** from € 14.46 to € 14.71 per piece, while average intra-EU prices decreased substantially from € 28.52 to € 20.61 making intra-EU import prices 50% more expensive than the average of DC import price.
- **Retail prices** of gold jewellery vary considerably, but are overall high due to the near complete absence of 9-carat gold, silver and material saving techniques (hollowing, layering etc.). For example, a collection of Damiani women's rings available in 19 carats yellow, rose and 'blackened' gold will cost anywhere between €600 and €4000 depending on the number and type of precious stones used. At Bulgari, the price of a ring would vary between €600 and €1,000 for plain 18 carat while gold rings, and reach beyond €10,000 for rings with precious stones. There is a market of 'less precious' jewellery of non-branded designs in the price bracket of €250 to €500.

### Key opportunities

- **Original 9-carat gold jewellery of a good quality.** As the Italian gold jewellery market will undergo a structural change due to the currently ongoing, and likely longer lasting, economic woes, there are opportunities highly- designs quality 9-carat jewellery.
- **Gold in combination with non-precious metals, specifically stainless steel.** Just like with silver, for the first time designed have been released that combine 18-carat gold – of all colours – with stainless steel. It can be assumed that similar collections, combining gold with other materials such as copper, brass or chrome, will be thrown onto the market in the future. Price thereby is only one of several decisive components, but rather the new materials introduce additional design variables, highly appreciated by a public of connoisseurs as is the case in Italy. The fact that these designs have a lower material cost makes their launch additionally interesting. See further in Annex 1.
- **Outsourcing.** You could challenge to present yourself as an outsourced producer. Even Italian luxury brands will invariably look to alternative sources for low cost manufacturing. Countries from Eastern Europe and East Africa, with their special geographical and historical links to Italy, might benefit.
- A growing niche market is **jewellery for men**, which is particularly strong in Italy, to the extent that is not quite as 'niche' any more as it is in other countries.

### How to approach the market

Please note that Italy has one of the most stringent precious jewellery related legal framework in the world. Details of the relevant legislation are available at: <http://www.federorafi.it/norme-leggi.php?link=1> (hallmarking) and <http://www.federorafi.it/norme-leggi.php?link=2> (commercialisation of gold).

- The main trade channels for market entry are either via wholesalers and importers that sell on to retailers, or direct to larger retailers if your size allows it. There are four main geographical districts for gold jewellery products, three of which are located in the country's North: Vicenza (Veneto), Arezzo (Tuscany), Valenza (Piemont) and finally Torre del Greco (Naples).
- The market is characterised by a high fragmentation with 83% of all retailers being independents. It would hence be more interesting to approach specialised wholesalers that serve independent shops.
- Italy has only very few mixed goods department stores or chains, none of which sells into the high-end segment (i.e. equivalent to Harrods in London). The closest match however is La Rinascente (<http://www.rinascente.it/>), specialist in international luxury brands. Upim (<http://www.upim.it/>) and Coin (<http://www.coin.it>) are the remaining two chains, which however cater towards the low-price end of the market. Neither of them explicitly stocks jewellery of any kind.

- The market is dominated by the brands Bulgari (19.5% market share), Damiani 18%) and Richemont (16% share). The largest jewellery specialist chains are Rocca (<http://www.rocca1794.com/>; 12 boutiques), Damiani (<http://www.damiani.it/>, 12 own boutiques and 300 authorised dealers), and Morellato (<http://www.morellato.com/>, 14 own stores and 200 authorised dealers).
- Small retailers still dominate over 80% of the market but continue to contract as specialised chains and department stores grow further. However, this will be a slow process, as Italian consumers continue to be loyal to their local shops.
- *Fully traceable supply chains are a valuable point of distinction:* Italy jewellery companies, starting with Bulgari, increasingly require adherence to minimum social, environmental and compliance standards. Kimberley Process certification, as an example, is the bare minimum required for gems.

You need to decide whether to approach this market directly or indirectly. See the module on distribution strategy for more information. Information on buyer requirements can be found in the module on buyer requirements. If you make a direct approach, it is recommended that there is some personal communication before a trading relationship commences. Developing country exporters may approach customers in Italy through direct (e-) mail, personal visits (as follow-up), inviting potential customers to visit you in your country, building a network and visiting international trade fairs.

#### Other interesting contacts

- Fiera Vicenza maintains the 360° View website <http://www.aboutjewellery.it> with a broad range of information on B2B jewellery business and the Italian jewellery market. In addition there is Gioiellerie d'Italia (<http://www.gioiellerieditalia.it/>) aiming to be the principle point of reference for all things jewellery in Italy.
- *Interesting trade fairs* are VicenzaOro (<http://www.vicenzaoro.org>) which holds 5 different gold jewellery related fairs in Vicenza across the year (T-Gold/First in January, Charm in March, Italian Club in June (Las Vegas, US), Choice in September and About J also in September); Tari Mondo Prezioso (<http://www.tari.it/news/dettaglioNews1a6a.html?id=75>) for contemporary high-end jewellery held in Naples at the in October and May of each year; OroArezzo (<http://www.oroarezzo.it/>) in May (Arezzo, Tuscany); OroCapital (<http://www.oro-capital.org/>) in March (Rome) .
- The main trade association are: Italian Jewellery, silverware and watch retailers' Association (<http://www.orafidettaglianti.it/>), Italian Goldsmith Association (<http://www.clubdegliorafi.org/>); and the National Federation of Goldsmiths, Silversmiths, Jewellery and Manufacturers (<http://www.federorafi.it/>). Italia Orafa Presenta is a conglomerate of independent jewellers that share trade contacts, customers and agents (<http://www.italiaorafa.it>). Finally there is The Goldsmiths' and Silversmiths' Consortium (<http://www.cpoa.it/>) and Assicor (<http://www.assicor.org/>) who coordinates the development if the Italian jewellery sector across the different chambers of commerce.
- *The main trade publications* for the jewellery sector are Edizione Gold 18 karati (<http://www.18karati.net/>), the bilingual L'Orafo Italiano (<http://www.edifis.it/orafo-italiano>) which has an outstanding reputation for the quality and insights of its articles, and the OroArezzo Magazine (<http://www.oroarezzomagazine.it/>) which offers a well selected range range of B2B and industry articles. <http://www.goldenitaly.com> is an online portal about the Italian Jewellery market and industry.

This survey was compiled by **Searce**  
in cooperation with Mart Krijger

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### ANNEX 1 Variations in gold jewellery designs in Italy

This annex gives you an idea of new designs in Italian gold jewellery in 2011. The ideas range from exquisite jewellery being worked into tiny arabesques - to more urban designs with combinations of materials. Classic designs are still at the top of preferences, and most designs are modern variations of these. Semi-precious stones in Italy such as quartzite are becoming available, possibly in imitation of designs common in Spain.

#### Rings



#### Bracelets



#### Ear Rings, Necklaces

