

US today: resilient but circumspect

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SILVERSTYLES
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By Charlene Co



Never put your eggs in one basket: a lesson many jewellery companies had to learn the hard way as they watched their biggest market – the US – weaken appreciably over the last couple of years. Many, however, have stuck to their guns with Uncle Sam. While companies have since expanded their market scope, the US remains significant to their businesses and will remain to be so for many years to come.

issues with the housing market and the impending election all affect consumer confidence. There is less disposable income and consumers are weighing decisions carefully. President Bush's economic stimulus plan, which returned tax dollars to taxpayers this summer, was initiated to get consumers to buy."

"Very prudent" is how Raymond Chan, VP for sales for Hong Kong company Twinflies Co Ltd described the buying mood in the US, which currently takes up about 60 percent of its market. He explained:

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The cautious buyer

In the year so far, jewellery consumption in the US is estimated to be down by about 6 percent. Liz Chatelain, president of market research firm MVI Marketing Ltd, said. Last year, US consumption of silver jewellery likewise fell, albeit modestly, the Silver Institute revealed in its 2008 World Silver Survey. Ms Chatelain explained that in 2007, sales of low- to mid-priced jewellery slowed in the country, with the high-end sector doing relatively well at +5 percent.

"Overall, the US retail sector shrunk this year, and jewellery is no exception. The luxury/high end sector, meanwhile, was more resilient to an economic downturn, so I think this will hold true again this year."

Similarly, while sales kept healthy at Starborn Creations Inc, Arne Christophersen, president of the company observed that their US customers seem to be "a bit more careful," and are taking more time in choosing what they are buying. "They are now weighing their

The continuous increase in the prices of petrol – which affects the cost of just about all goods and services – only compounded to the already troubled US economy, leaving the average US household "squeezed" thus resulting to a very cautious US consumer. Michael Hujara, managing director of Breuning Inc USA commented: "The war, the

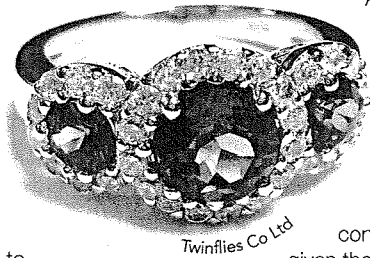


options and comparing offerings from a lot of companies," he added.

Such, too, was the observation of Chad Liang, sales manager of JCL Design. While he firmly believes that the US – where 45 to 50 percent of its business comes from – is still a "very strong market," he noted a change in their buying patterns. "They have become very conservative. Back then, they probably can easily order 100 pieces but it is not the case anymore given the weaker economies," he explained.

US remains a vital market

The US, however, managed to endure all the "beatings," as it remains very important to most jewellery companies, constituting at least 50 percent of their market.



explained: "The US market is such a large one that we do not see this continued growth percentage decreasing significantly in the near future, even as we expand our visibility internationally."

High gold price, catalyst for increased interest in silver

Fortunately for silver jewellery, increased prudence in purchases among American consumers has had little effect on the product when compared with its gold counterparts. Some would even argue that this has benefited silver jewellery since they are more affordable, and as such, more jewellery consumers are turning to them given their smaller budgets.

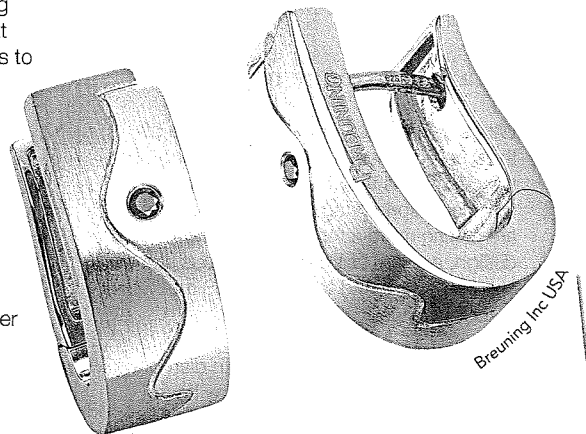
US customers of Starborn Creations for

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Starborn Creations, for instance, started to market its jewellery in the US over 10 years ago, where currently it still holds its largest customer base. "This market continues to show tremendous growth," Mr Christophersen, said. "We have expanded internationally primarily because of demand from international customers first discovering us at US-based tradeshows, but we estimate that the US and Canada constitute approximately 80 percent of our customer base."

Today, Mr Christophersen said that the company's growth rate in the US continues to keep pace with the growth internationally, particularly in Asia and Europe. He

instance are finding silver jewellery a lot more attractive these days than pieces that use higher priced metals, according to Mr Christophersen. He explained that silver jewellery has enabled their retailers to carry a wider inventory and appeal to a broader audience. At Breuning Inc USA, silver jewellery sales increased by approximately 50 percent in 2007. Michael Hujara, managing director of the company noted that interest for, and sales of silver jewellery continue to grow this year. "Percentage-wise our [US] retailers bought more silver and we've seen a substantial increase in silver re-orders," he added.





GUESS USA

Such, too, was the case at Bangkok-based Creative Gems & Jewelry Public Co Ltd, where it saw its silver jewellery sales in 2007 increase by 50 percent in both volume and profit terms from the previous year. The US takes up some 60 percent of the company's market.

Similarly, JCL Design, where the US represents 50 percent of its market, saw "tremendous growth" in 2007 according to Mr Liang, despite the weak US dollar and higher cost of silver. "Since gold prices soared to record highs, we began seeing a lot of high-end retail stores [in the US] that used to buy only 18K and 14K pieces searching for some fine silver jewellery," Mr Liang said, adding that 2008 is as well showing much promise, with sales volume and value up by 15 to 20 percent in the first half of the year.

Changing image of silver

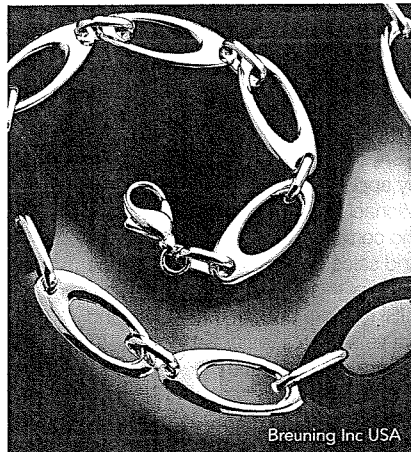
With silver jewellery now sharing more of the limelight, manufacturers are playing up their game. As they try hard to shake off the "accessories" tag, silver companies are paying more attention to quality, finish, design, and are using more precious stones in their pieces. And to this, the US market is responding well.

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jewellery stores. Now all levels of retailers are taking a look at silver," Ms Chatelain of MVI Marketing, said. She added that while virtually all businesses are down, silver is still doing better than gold mainly because retailers are offering more silver with diamonds and colour stones.

Mr Christopherson of Starborn Creations meanwhile said that they have found that while luxury and very high-end jewellery still seem to do well in the US and worldwide, to appeal to a broader market they are "bridging the gap" between luxury and fashion products with one-of-a-kind, higher priced sterling silver jewellery – a move, he said, that has proven to be equally successful. "Our company is re-defining luxury to include some forms of artistic silver jewellery, even though it is not on the same level as the classic high end luxury segment of jewellery. We have been successful in creating a line of silver jewellery that is indulgent and appeals to some of the same consumers that might purchase true luxury items, but also has a price point that appeals to a broader customer base as well," he explained.



Breuning Inc USA

In creating such pieces, Starborn uses a broad range of unusual and hard-to-find semiprecious stones, as well as fossils, meteorites, tektites and the like.

眼看著美國這個最大的首飾消費市場近幾年來一直走下坡，「切勿孤注一擲」這道理，只怕是很多首飾公司近年來學會的教訓。然而，很多公司並未放棄美國，在擴大其他市場的同時，仍視美國為重要市場，而且這情況在未來幾年也不會改變。

慎重的買家

MVI Marketing Ltd的市場研究主席Liz Chatelain指出，預料今年到目前為止，美國的首飾銷量估計下降了6%。世界白銀協會在2008年世界白銀調查中透露，去年美國銀飾的銷量亦有下降，但幅度不大。Chatelain女士指出去年美國低至中檔首飾的銷量放緩，但高檔市場則表現不俗，錄得5%升幅。

燃油價格不斷上升，幾乎影響所有商品和服務，加重了本身已受壓的美國經濟的負擔，市民更加「百上加斤」，美國消費者在消費時因而變得越來越慎重。

香港公司Twinflies Co Ltd的銷售部副主席陳建輝，用「非常保守」來形容美國人的購買情緒。目前，美國佔公司整體業務約六成。他解釋道：「今年整個美國零售業也在收縮，首飾業也不例外。高級首飾市場對經濟不景氣的反應較大，相信這情況在今年內將持續。」

美國仍是主要市場

然而，美國似乎能抵受這些「打擊」，對於大部份首飾公司來說，美國市場繼續擔任重要角色，佔公司整體業務約一半。

舉例說，Starborn Creations十多年前開始在美國推廣首飾，目前美國仍然是公司的最大客戶。Christophersen先生指出：「市場仍然呈