



# China Jewelry Industry Report, 2011-2012

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## STUDY GOAL AND OBJECTIVES

This report provides the industry executives with strategically significant competitor information, analysis, insight and projection on the competitive pattern and key companies in the industry, crucial to the development and implementation of effective business, marketing and R&D programs.

## REPORT OBJECTIVES

- ◆ To establish a comprehensive, factual, annually updated and cost-effective information base on market size, competition patterns, market segments, goals and strategies of the leading players in the market, reviews and forecasts.
- ◆ To assist potential market entrants in evaluating prospective acquisition and joint venture candidates.
- ◆ To complement the organizations' internal competitor information gathering efforts with strategic analysis, data interpretation and insight.
- ◆ To suggest for concerned investors in line with the current development of this industry as well as the development tendency.
- ◆ To help company to succeed in a competitive market, and

## METHODOLOGY

Both primary and secondary research methodologies were used in preparing this study. Initially, a comprehensive and exhaustive search of the literature on this industry was conducted. These sources included related books and journals, trade literature, marketing literature, other product/promotional literature, annual reports, security analyst reports, and other publications. Subsequently, telephone interviews or email correspondence was conducted with marketing executives etc. Other sources included related magazines, academics, and consulting companies.

## INFORMATION SOURCES

The primary information sources include Gems and Jewelry Trade Association of China, and China Gold Association etc .

## Abstract

Jewelry, the preferred product in Chinese wedding market, has presented robust performance bolstered by the demand for value preservation and enhancement in recent years and has become the fourth hot topic of consumption following home appliance, housing and automobile in China. As of the end of 2011, the annual sales of jewelry in China exceeded RMB300 billion, an increase of 2.4 times from RMB88 billion in 2000.

Among the jewelry products, gold, platinum and diamond jewelry are the most popular. Additionally, emerald and pearl jewelry also garner particular attention from the market.

**Gold Jewelry.** China is the second largest gold jewelry consumer after India. The consumption of gold jewelry in China amounted to 357.1 tons in 2010, accounting for 62.5% of the national gold consumption; and the figure grew 27.9% YoY to 456.7 tons in 2011.

**Platinum Jewelry.** China ranks No. 1 in platinum consumption in the world for years and consumed 52.4 tons of platinum jewelry in 2011, making up 68.3% of the global total.

**Diamond Jewelry.** China starts late in diamond jewelry consumption but witnesses rapid development, and has become the second largest diamond jewelry consumer after the United States. The boom is principally propelled by the wedding market, especially the demand for diamond rings, and the investment market.

The flourishing jewelry market of China fuels a number of competitive domestic enterprises, such as Chow Tai Fook, Laofengxiang, Chow Sang Sang and Old Temple Gold. Meanwhile, the international leading brands including Cartier, De Beers and Tiffany also enter the Chinese market and have occupied the high-end jewelry market of China.

**Chow Tai Fook** is the largest jewelry brand in China and mainly engages in gold jewelry, mosaic jewelry, platinum, K-gold and watches. By the end of September 2011, the company had 1,506 sales terminals (including watch stores) which were mainly distributed in mainland China, of which the jewelry outlets hit 1,421 and those in mainland China took 93.9%.

**Lao Feng Xiang** is the largest gold jewelry company in China. It consumed 45 tons of gold for its jewelry products in 2010, accounting for 12.6% of China's total gold consumption and the proportion is expected to reach around 13% in 2011. Moreover, the company actively develops new products and now boasts four new kinds of products including "emerald, jade, pearl and natural gemstone" jewelry, in addition to the traditional four categories of products like "gold, silver, platinum and diamond" jewelry.

**Chow Sang Sang**, the first Hong Kong listed jewelry company, has two well-known brands, namely, Chow Sang Sang and Emphasis Jewelry, and has a number of stores in mainland China, Taiwan, Hong Kong and Macao. As of H1 2011, the company's jewelry stores in mainland China, Hong Kong and Macao, and Taiwan registered 193, 41 and 22, respectively.

**Old Temple Gold and Yayi Gold** are the two successful gold jewelry brands of Shanghai Yuyuan Tourist Mart. The gold jewelry sales of Yuyuan Tourist Mart got to RMB4.197 billion in 2010 and soared to RMB 7.927 billion in H1 2011, far exceeding the full year 2010 level.

## Sales Model Comparison of Major Jewelry Enterprises in China

Enterprise	Brand	Sales Model	Sales Outlet
Chow Tai Fook	Chow Tai Fook	Mainly regular chain and partly franchising	As of Sep. 30, 2011, the number of sales terminals reached 1,506 (including watch outlets), including 1,421 jewelry sales terminals.
Laofengxiang	Laofengxiang	Regular chain, franchising and distribution	Direct-sale stores, franchisees, distributors and general distributors reached 69, 464, 514 and 33 respectively, which added up to 1,080 (as of the end of 2010)
Chow Sang Sang	Chow Sang Sang and Emphasis Jewellery	Mainly regular chain	186 outlets in mainland China, 40 in Hong Kong and Macao and 22 in Taiwan (as of the end of 2010)
Luk Fook Holdings	Luk Fook and Luvina Jewelers	Mainly regular chain	As of Sep. 30, 2011, the company set up 780 retail stores (including brand shops), 738 of which are in mainland China.
Ming Jewelry	Ming Jewelry	Distribution and exclusive sale	639 distributors and 296 counters and direct-sale stores add up to 935 (as of the end of 2010)
TSL Jewelry	TSL and SAXX	Regular chain, distribution and franchising	145 TSL outlets and 23 SAXX outlets (2010)
CHJ Jewelry	CHJ and Venti	Regular chain, counters and franchising	367 outlets (as of the end of 2010)
Eastern Gold Jade	Eastern Gold Jade	Regular chain and franchising	Many franchisees in Hebei, Zhejiang, Wuhan and Kunming
Yuyuan Tourist Mart	Old Temple Gold and Yayi Gold	Regular chain, franchising and exclusive distributor	99 direct-sale stores, 753 franchisees and 489 exclusive distributors add up to 1,341 (as of the end of 2010)

Source: ResearchInChina 'China Jewelry Industry Report, 2011-2012'

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