



The Canadian Jewelry Industry

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July 2014

OVERVIEW

Consistent annual growth in the Canadian jewelry market poses great potential opportunities for U.S. jewelry manufacturers looking to expand their markets. In 2013, the Canadian market for jewelry products reached US\$6.6 billion with U.S. exports accounting for approximately 32% of the total Canadian jewelry imports. The close cultural proximity of the United States with Canada contributes to the success of American jewelry products in Canada as fashion trends and styles remain similar across the border. There continues to be a shifting demand towards lower cost goods which provides American manufacturers with the opportunity to enter the growing costume jewelry segment targeted at younger generations. Overall, Canadian jewelry sales are expected to continue to increase over the next few years and reach US\$7.6 billion by 2018. The growth of the industry and the increase in U.S. jewelry exports to Canada presents favorable conditions for U.S. companies looking to expand their jewelry business operations across borders.

MARKET TRENDS

The overall market trends and consumer demand in the jewelry industry are very closely related to those of the United States. Similar to U.S. statistics, jewelry retail sales in Canada are on the rise, increasing by 3% in both constant value and volume terms in 2013. The increase in sales can be attributed mainly to the younger generations as youth fashion and style trends lean towards jewelry as a personal accessory. These younger demographics tend to prefer costume jewelry over real jewelry leading to a 4% sales increase of costume jewelry in Canada in 2013. Costume jewelry pieces carry an average unit price of close to US\$28 in the Canadian market, the majority of which are sold to consumers between the ages of 15 and 35. Comparable to the U.S. market, wrist wear and earrings are the most popular consumer choice, accounting for approximately 34% of the costume jewelry sales in 2013.

Contrary to the U.S. market, the sales of real jewelry in Canada are expected to see slower growth than costume jewelry products. Real jewelry sales increased by 3% in 2013; however the rising prices of gold have had a significant impact on the growth rate in the segment. Generally, Canadian women over the age of 40 are the main consumers of real jewelry as they tend to prefer prestigious brands and higher quality pieces. The average unit price of real jewelry in Canada is substantially higher than costume jewelry with a price close to US\$321 per unit in 2013. Unlike the erratic unit price movement in the United States over the last few years, the price of real jewelry in Canada has seen a steady increase, rising more than 12% since 2009.

There is a growing trend in both the United States and Canada for personalization and customization of jewelry products. The major retailer Pandora has found great success in both markets by adapting to this demand with their line of charms and charm bracelets. Peak sales seasons mimic those of the United States with the majority of sales occurring during the winter holiday season, Mother's Day and Valentine's Day.

COMPETITIVE LANDSCAPE

The Canadian jewelry industry resembles that of the United States in terms of competitive structuring as it is also highly fragmented. No single company holds more than 4% of the market for real jewelry and no one company occupies more than 10% of the market for costume jewelry in Canada. The two main players in the

Canadian market for real jewelry are the same as those in the United States: Zale Corp (which is represented by two well-known Canadian brands Peoples and Mappins), and Tiffany & Co. The main costume jewelry companies in Canada differ from those of the United States and are Swarovski Canada Ltd, holding 10% market share, and Links of London Inc. Non-grocery retailers including jewelry specialists, department stores, and apparel stores account for nearly 87% of all jewelry sales in Canada, compared to only 78% in the United States. Despite increases in online jewelry purchases amongst American consumers, online sales for jewelry have not proven to be as successful in Canada. Online purchases for jewelry made up less than 1% of all sales in 2013 and are not expected to significantly increase in terms of market share in upcoming years.

Canadian jewelry manufacturers, like U.S. manufacturers, are faced with competitive pricing as foreign imports continue to increase. In 2013, Canada imported over US\$2 billion worth of foreign jewelry products and components. The United States remains as Canada's largest jewelry trading partner accounting for more than 32% of total Canadian jewelry imports. In 2013 Canada imported over US\$640 million worth of jewelry products from the United States with the state of New York remaining the number one state for exporting jewelry products to Canada. China is Canada's second largest jewelry trading partner, accounting for more than US\$311 million of the total Canadian jewelry imports. These Chinese imports act as strong competition towards both Canadian and U.S. manufactured jewelry products due to the low cost nature of the goods. Furthermore, the value of jewelry imports varies greatly depending on the province, with Ontario importing the most goods in 2013. For further information on jewelry imports to Canada please refer to Tables 1, 2, and 3.

Table 1: Jewelry and Silverware Manufacturing Canadian Imports: Top 5 Countries of Origin
(Value in Thousands of U.S. Dollars)

	2009	2010	2011	2012	2013
United States	413,689.20	505,051.59	607,444.13	652,936.60	640,504.22
China	202,978.88	264,502.00	293,166.34	308,144.13	311,491.43
India	141,023.58	195,530.02	218,949.05	214,644.44	226,188.73
Thailand	64,322.14	105,418.34	144,126.15	161,872.26	197,309.27
Israel	93,392.73	106,084.34	104,394.50	126,373.40	116,538.52

Source: Statistics Canada (NAICS 33991)

Table 2: Jewelry and Silverware Manufacturing U.S. Exports to Canada: Top 5 States of Origin
(Value in U.S. Dollars)

	2009	2010	2011	2012	2013
New York	131,880,368	166,695,158	208,996,590	239,599,077	205,631,814
New Jersey	58,581,144	63,076,696	79,986,732	91,444,163	130,778,644
California	59,362,347	74,390,661	83,717,338	95,797,170	79,199,201
Washington	34,397,514	38,414,396	26,940,761	32,216,997	41,542,022
Texas	32,297,743	34,455,280	37,859,561	34,339,973	40,238,638

Source: Statistics Canada (NAICS 33991)

Table 3: Jewelry and Silverware Manufacturing U.S. Exports to Canada: Top 5 Destination Provinces
(Value in U.S. Dollars)

	2009	2010	2011	2012	2013
Ontario	259,721,862	308,963,979	363,908,776	411,060,704	415,074,029
British Columbia	53,197,963	66,017,075	73,955,975	80,842,669	81,097,143
Alberta	33,411,131	42,867,282	67,846,540	69,629,430	62,688,756
Quebec	58,187,746	72,840,094	83,619,205	59,880,073	55,377,015
Manitoba	8,296,422	13,670,496	17,440,015	31,180,975	25,871,274

Source: Statistics Canada (NAICS 33991)

MARKET ENTRY

U.S. jewelry manufacturers can enter into the Canadian market through exportation to direct retail locations, by using a jewelry distributor, or by engaging a sales representative. For more information on working with an agent or distributor in Canada, please refer to Chapter 3 of the [2014 Country Commercial Guide](#), for doing business in Canada.

Exporting jewelry to Canada has become less costly for U.S. companies over recent years. The Canadian Government completely eliminated the Canadian Excise Tax on jewelry as of March, 2009. Prior to that, all jewelry manufactured and sold in, or imported into Canada was subject to an excise tax of 10%. This poses a great opportunity for U.S. jewelry exporters, as it will increase the competitiveness of U.S. products through decreased prices.

U.S. exporters of jewelry to Canada must fully comply with packaging and labeling practices in Canada. All warranties, labels, and other information provided to the consumer must be in both of Canada's official languages- English and French. Refer to the [Consumer Packaging and Labelling Regulations](#) for more detailed information. In the province of Quebec all language printed on packaging and any product related information must be in French only or bilingual (French must be at least equally prominent to any other language).

Furthermore, all jewelry items imported into Canada that are intended for use by children, must comply with *the [Children's Jewellery Regulations](#)* under the [Canada Consumer Product Safety Act \(CCPSA\)](#). These regulations pertain to the importation, advertisement or sale in Canada of children's jewelry items which contain lead. Under this act it is illegal to import, advertise or sell jewelry items intended mainly for children, under the age of 15, which contain more than 600 mg/kg total lead and 90 mg/kg migratable lead.

TRADE SHOWS

-  [Canadian Jewellery Expos Toronto](#), Toronto, ON August 10-12, 2014
-  [Canadian Jewellery Expos Edmonton](#), Edmonton, AB August 15-17, 2014
-  [Expo Prestige](#), Montreal, QC August 24-26, 2014
-  [Ancaster Gem Mineral Bead & Jewellery Show](#), Ancaster, ON September 26-28, 2014
-  [Vancouver Island Bead & Jewellery Show](#), Vancouver, BC October 4-5, 2014
-  [Bead & Jewelry Fair](#), Toronto, ON November 8-9, 2014

OPPORTUNITIES FOR U.S. COMPANIES

U.S. jewelry manufacturers may find many opportunities in the growing Canadian jewelry industry. Although smaller than the U.S. market, the Canadian jewelry market is expected to see continuous steady growth in the upcoming years in terms of sales volume and value amount reaching US\$7.6 billion by 2018. Due to the cultural proximity of Canada and the United States, most fashion trends and styles remain the same across the borders, making cross-border sales much more effective. Furthermore, with the elimination of the Canadian Excise Tax on jewelry in 2009, U.S. exporters will be better able to compete on price with other foreign imports. The Canadian jewelry market presents many opportunities for U.S. manufacturers who are looking to expand their cross-border business operations. The sustainable nature of the jewelry market in Canada means that U.S. companies can expect to find longer term success and ongoing growth, while remaining in a market that holds many cultural similarities.

ADDITIONAL RESOURCES

Canadian Jewelry Associations

-  [Canadian Jewellers Association](#)

-  [Canadian Gemmological Association](#)
-  [Canadian Institute of Gemmology](#)
-  [Jewellers Vigilance Canada](#)

Canadian Jewelry Magazines

-  [Jewellery Business Magazine](#)
-  [Canadian Jeweller](#)

C O N T A C T

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