



# Japan: Precious Metal Jewelry Market

CS Japan  
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## Summary

Japan is the third largest jewelry market in the world after the United States and China. Jewelry retail sales in Japan in 2012 totaled US\$10.16 billion<sup>1</sup>. Imported jewelry accounted for 28.8 percent of the market<sup>1</sup> in 2012. The United States is the largest supplier of precious metal jewelry<sup>2</sup> products, with a 27.8 percent share of imports<sup>3</sup>, and has also been the top supplier of silver and platinum jewelry in recent years. Japan continues to be a highly competitive, but attractive, market for unique and fashionable jewelry products with a good brand image.

The Japanese economy returned to positive growth in 2012, with GDP up by 2%. Consumers continued to be price conscious when buying luxury goods. However, the recovery was supported by an increase in the consumption of goods across many industries after the decline caused by the Great East Japan Earthquake which disrupted the economy in 2011.

## Market Demand

In recent decades, Japanese consumers have experienced major changes in lifestyle, with particularly strong influence from Western cultures. For example, there are many female consumers in their 40s to 50s who grew up in the “bubble economy” who look favorably on imported brands. On the other hand, younger consumers have a preference for fashion items that are not prestigious brands, but rather are unique and with distinctive designs. From luxury brands to fast fashions, an abundant selection of products is available in the Japanese market to meet a broad range of lifestyle and ages.

Shopping environments and sales channels have also been changing in recent years. For instance, the Ginza shopping area in Tokyo, known for its upscale shopping for sophisticated adult consumers for nearly half a century, has experienced an influx of fast fashion brands moving in next door to luxury import brand stores. This diversification has intensified the competitive environment for retailers as well as manufacturers. As a result, brand marketing is increasingly critical.

## Market Data

The estimated size of the retail jewelry market in Japan was 910 billion yen (US\$10.36 billion)<sup>1</sup> in 2012, up 1.8 percent from 2011. The market peaked at 3.0 trillion yen (US\$22.3 billion)<sup>1</sup> in 1991 when precious metals were considerably more affordable and Japan was still in the bubble economy. Since the bubble burst in 1991, the economy has suffered a series of crises; the global economic crisis in 2007-8 and the

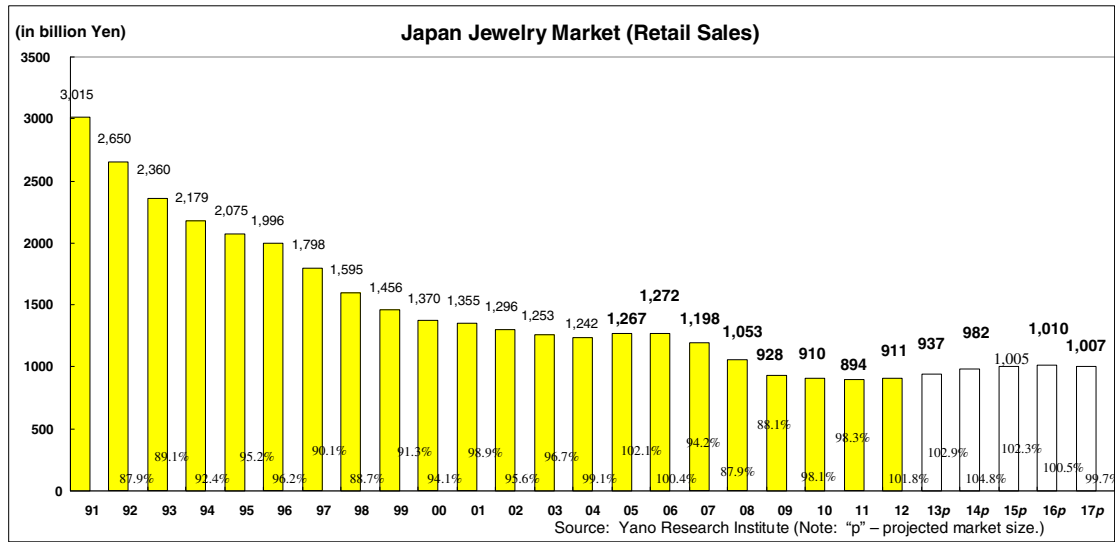
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<sup>1</sup> Yano Research Institute

<sup>2</sup> Jewelry in this report is classified according to the type of precious metal employed, based on the Harmonized System (HS) code classification as follows: HS 7113.11-000 - Articles of jewelry of silver; HS7113.19-010 - Articles of jewelry of platinum; HS 7113.19-029 - Articles of jewelry of gold, excluding chains for watches, spectacles or pince-nez and other ornamental chains worn on person.

<sup>3</sup> Japan Tariff Association

March 11, 2011 (known as the “311 disaster” in Japan) earthquake but the market has shown recovering power each time.



Consumer consumption slowed dramatically immediately after the 311 disaster but the sales of luxury jewelry started to recover within a few months. According to the Japan Department Store Association, consumer spending on luxury goods such as fine art, jewelry, precious metals, and luxury watch products climbed 3.4 percent in 2012 from the previous year and recorded 6 straight months of increase since September 2012. Luxury goods account for 4.5 percent of all sales at department stores<sup>4</sup>. The jewelry retail market in Japan is projected to continue a modest recovery in the next few years.

Both domestic and import brands with good name recognition are generally doing better than many non-brand jewelry products. In response a number of major department stores in the Tokyo metropolitan area have undertaken renovations to expand sales floor space by 10 to 20 percent and increase the number of designer brand products at their stores.<sup>5</sup>

**Domestic Production:**

While Japan produces pearls and cultured pearls Japanese jewelry manufacturers otherwise rely on imports of almost all raw materials, including diamonds, colored stones, and precious metals. Higher precious metal prices are making both domestic and imported jewelry products more expensive. The domestic production of precious metal jewelry has been decreasing since its peak in 1994 (US\$3.6 billion) to about 159.3 billion yen (US\$2 billion) in 2011. As price competition has been intensifying increasing numbers of local manufacturers have been shifting production to lower-cost Asian countries. Many Japanese jewelry manufacturers have been entering international markets to promote their brands and spur growth.

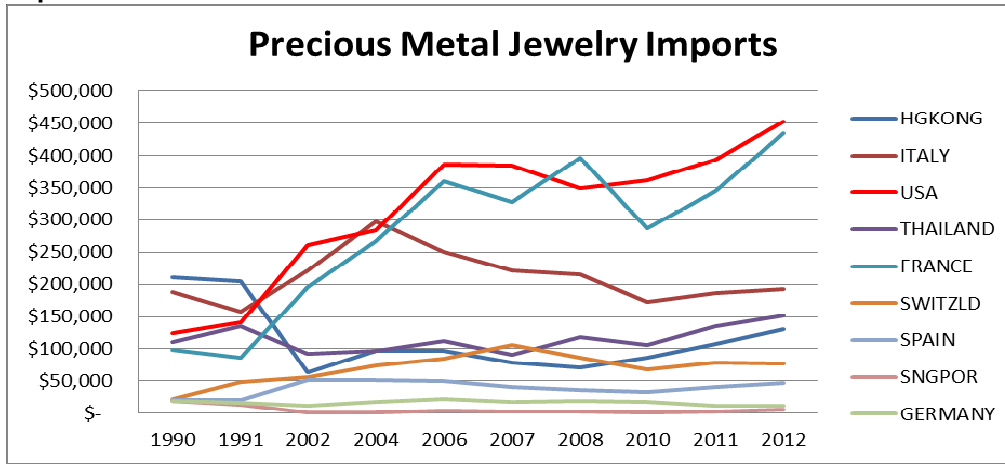
Imported jewelry accounted for 28.8% of the \$3.35 billion<sup>1</sup> retail market in 2012; more than three times the 7.9% share in 1995.

The United States has been the largest supplier of precious metal jewelry products, with a 26.2 percent share<sup>3</sup> of all imports of precious metal jewelry, as well as the top supplier of silver and platinum jewelry for the past several years.

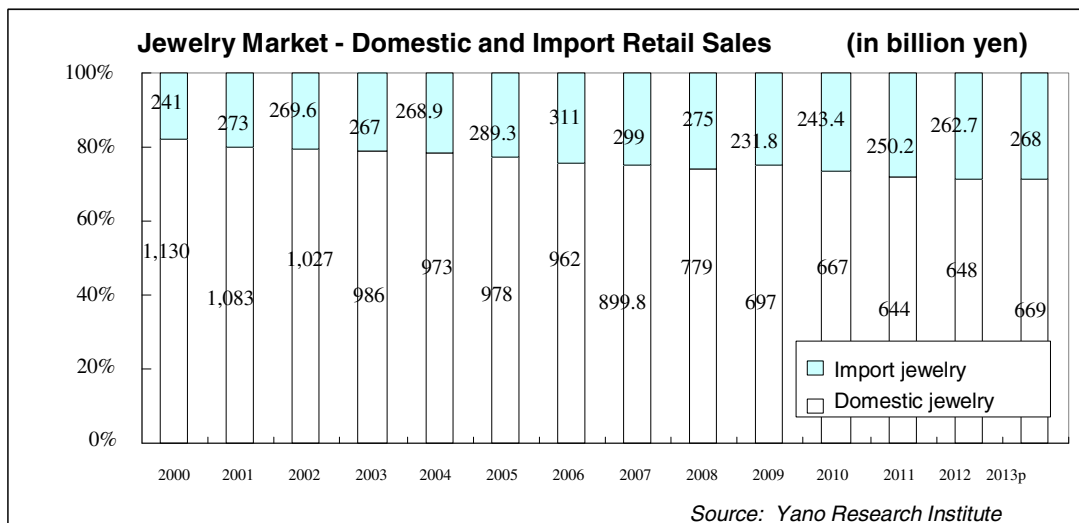
<sup>4</sup> Japan Department Store Association – Annual sales report 2012 by category

<sup>5</sup> March 4, 2013 – Nikkei Weekly

**Import Market**



Source: Japan Tariff Bureau



Jewelry Imports - Precious Metal Jewelry 2008 – 2012

(Volume in tons; Value in US\$1,000s)

			2008	2009	2010	2011	2012
<b>Gold</b>	Total Imports	Volume	21.9	17.1	19.6	17.7	18.4
		Value	\$831,540	\$563,996	\$660,716	\$678,432	\$779,474
	US Imports	Volume	3.3	2.5	2.5	2.1	3
		Value	\$459,600	\$45,588	\$64,597	\$66,713	\$67,911
<b>Platinum</b>	Total Imports	Volume	4.8	5.8	6.3	7	7.7
		Value	\$459,600	\$358,490	\$435,104	\$474,695	\$588,468
	US Imports	Volume	0.9	1.7	1.5	1.7	2
		Value	\$223,654	\$177,287	\$225,131	\$225,003	\$272,501
<b>Silver</b>	Total Imports	Volume	146.5	119.4	101.5	94.7	85.8
		Value	\$234,806	\$194,091	\$197,183	\$190,048	\$194,341
	US Imports	Volume	21.8	22	27.3	24	24.5
		Value	\$74,324	\$66,362	\$68,912	\$62,713	\$69,103

Source: Tariff Association

**Competition:**

The Japanese jewelry market is diverse, well-developed and intensely competitive. Japanese consumers are demanding and value design, small details and quality when they buy jewelry. They admire upscale brands because of their sophisticated designs as well as the high quality and value. Brand marketing and effective sales promotion are therefore keys to success. There are many new imported designer fashion jewelry products from Europe as well as the United States being introduced by leading department stores, specialized retailers, and shopping outlets as sellers struggle to differentiate their products.

Despite the decreasing bridal population each year, many prestigious imported brands report that 20-30 percent of their sales are bridal. Many domestic players have also entered the bridal jewelry market as well. With this high concentration of brand entry, competition is intense. Due to young consumers' changing attitudes about weddings and wedding rituals, engagement rings are becoming less popular and some shakeout of players might be observed in the future.

## Best Prospects

Luxury products are selling well. Here are some niche trends currently observed in the market.

- Men's jewelry.
- Love and peace motifs, as well as motifs symbolizing "Kizuna" (a strong tie/relationship among family, partner, friends, etc.) are selling well in the aftermath of the 311 disasters.
- Lucky charm motif jewelry (charm pieces in designs of various materials from glass beads to silver to be combined into a one-of-a-kind bracelet).
- "Feminine" and "romantic" themes with delicate designs using various nature motifs such as flowers, butterflies, leaves, etc. in combination with color stones or Rhinestonesline stones targeting young female consumers.
- Unisex design jewelry for men, such as large skulls or crossbones motifs, is favored by some female consumers in wider age ranges.

## Key Suppliers

### Domestic:

Key manufacturers and distributors:

Kuwayama	<a href="http://www.kuwayama.co.jp/e/index.html">http://www.kuwayama.co.jp/e/index.html</a>
Nagahori	<a href="http://www.nagahori.co.jp/">http://www.nagahori.co.jp/</a>
Kashikey	<a href="http://www.kashikey.com/top.html">http://www.kashikey.com/top.html</a>

### International:

Key players:

Harry Winston	<a href="http://www.harrywinston.com/">http://www.harrywinston.com/</a>
Tiffany	<a href="http://www.tiffany.co.jp/default.aspx">http://www.tiffany.co.jp/default.aspx</a>

The leading exporters of precious metal jewelry are the United States, Italy, and France. These three countries altogether account for over 60 percent of all imports of precious metal jewelry on a value basis<sup>3</sup>. The United States and Thailand are the largest suppliers of silver jewelry. The United States has been the top supplier of both silver and platinum jewelry in the market.

Top Importers of Gold, Platinum, and Silver Jewelry in 2012

Gold		Platinum		Silver	
Country	Share %	Country	Share %	Country	Share %
FRANCE	34.4	<b>USA</b>	<b>46.3</b>	<b>USA</b>	<b>35.6</b>
ITALY	17.3	FRANCE	20.4	THAILND	20.5
<b>USA</b>	<b>8.7</b>	HG KONG	10.3	ITALY	12.5
CHINA	7.3	THAILND	7.6	CHINA	7.9
HG KONG	6.9	SWITZLD	6.0	SPAIN	4.9

Source: Japan Tariff Association (by dollar value)

While Japanese jewelry products are recognized for their precise workmanship jewelry from other Asian countries have a reputation for affordability. Jewelry products from Europe and the United States are known for their sophisticated and stylish designs. Specifically, the United States is known for wedding rings and machine-made products, as well as high-end handmade luxury products.

## Prospective Buyers

The following are subsets of Japanese consumers with potential purchasing power:

- Fashion conscious male consumers (including retiring baby boomers) for men's jewelry.
- Wealthy consumers, including wealthy travelers from overseas – 1.4 million Chinese visited Japan in 2012.
- Fashion-conscious female consumers.
- Core female shoppers in their 40s to 70s looking to TV shopping channels.

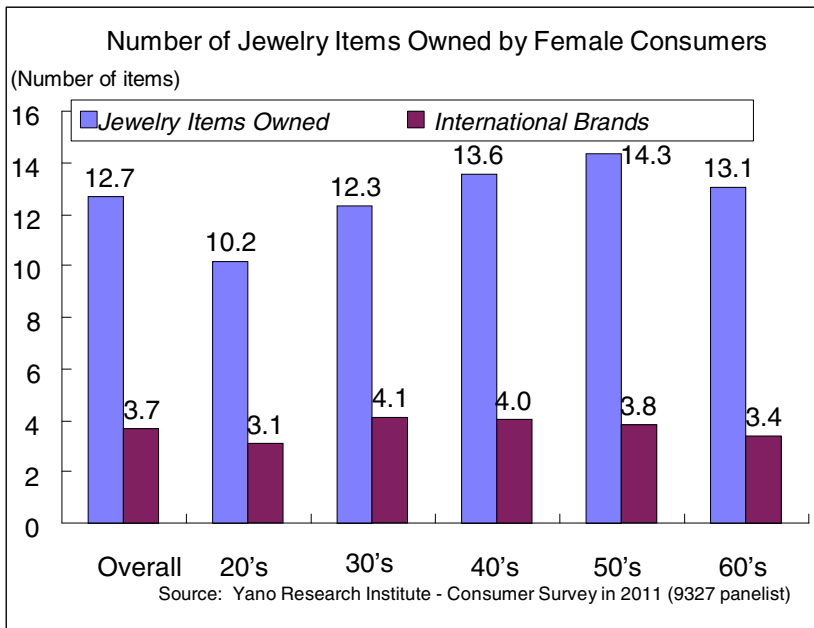
### Men's jewelry:

The estimated size of the men's retail jewelry market in 2012 was 400 million yen (about \$5 million), up 4.2% from 2011<sup>1</sup>. Cool, middle aged men called "Choiwaru Oyaji" became a trend in 2005 when the new fashion and lifestyle market heated up. The trend has broadened to include silver and a wider variety of fashionable jewelry/accessory made in unique designs and materials. Male consumers who grew with the casual American fashion known as "Amekaji" in the 1980s have reached their early 40s to 50s and started to step up on fashion from casual to cool casual.

The estimated 8 million retiring baby boomers are a potential target for high-end and luxury products. Many wealthy male consumers with sophisticated fashion interests have started to buy luxury high-fashion items. Tie pins and cuff links are no longer the only fashion items for them; there is a wide range of fashionable and stylish products available. Isetan Men's in Shinjuku (Tokyo) and Hankyu Men's in Ginza (Tokyo) are carrying a wider variety of fashionable luxury watches and jewelry/fashion accessories targeting men in their 40s and 50s.

The number of "high net worth individuals" (\$1 to \$5 million in wealth) in Japan in 2012 was estimated to be 1.8 million individuals, second only to the U.S. globally.

Japan received 8.3 million foreign travelers in 2012,<sup>6</sup> up 34.6 % increase from 2011. 1.4 million Chinese tourists visited Japan in 2012. Many of the tourists from other Asian countries spend money on luxury goods and jewelry while in Japan to avoid the higher retail taxes of their home countries. Major department stores in the upscale shopping area in Tokyo's Ginza have installed cash dispensers for Chinese travelers as well as bilingual tourist support staff/concierge to promote sales.



<sup>6</sup> Japan National Tourism Organization (JNTO) 2012 data report

## Market Entry

### ***Distribution channels:***

Jewelry distribution channels in Japan are highly segmented and differentiated by the type of product, such as finished jewelry products or raw materials (cut or uncut stones, or base metals), and by price category. The distribution system is multi-layered, with importers, distributors (primary and secondary), and regional wholesalers. Because of the resulting high prices an increasing number of direct purchase and online channels have arisen.

Department stores have a large share of the market in major cities while retail chains have a large share in suburban areas. Traditionally, the department stores have been the first place to test market international brands, but online and new specialized retailers have been increasingly successful at usurping this role. The development of new shopping malls (“Ekinaka”) attached to major transit train/subway stations in metropolitan areas such as Tokyo’s Shibuya, and Shinjuku have given department stores more competition as well.

Many retailers do not handle imports directly and do not stock quantities of inventory. U.S. companies seeking representation in the market will probably need to locate an appropriate importer or specialized distributor who has a targeted sales channel. In many cases, distributors will seek “exclusive rights” to compensate for the risks they take in bringing a product to market.

### ***Online channels:***

In the last three to four years, many jewelry products have been introduced and sold on the Internet or through TV shopping channels. The types of products sold through these channels are different from those found at retail stores; 10-karat, 14-karat, and 24-karat gold are sold through these channels. However, these products started to become available at some retail stores targeting young consumers recently. Higher-priced jewelry has also started to appear on TV shopping channels. It is difficult to find a new distributor interested in taking on a jewelry brand if the products are already generally available online or on TV shopping channels.

***New Media - SNS:*** Women’s fashion magazines have been playing a critical role in introducing the hottest trends and new brand items to the female consumers in the market. But with increasing numbers of consumers using computers and mobile phones, many collect product information online through Social Network Services (SNS) such as Facebook, Twitter, Mixi, etc. The top 30 jewelry brands in Japan have begun market promotions through SNS.

### ***Business Practices:***

Japanese consumers expect high quality workmanship as a general rule. This is true even of the small details such as stone settings. Small retail stores compete by providing repair, resizing, and cleaning, often for free, as part of their sales promotion. Imported jewelry may require repair operations that cannot be performed in Japan so after-sales service may need to be set up in Japan. Timely supply to, and good communication with, the importer/retailer is very important.

Japanese consumers have a strong preference for 18-karat gold. While young consumers (teenagers to 20s) tend to accept lower carat gold material jewelry such as 10-karat, 14-karat for its affordability; 18-karat continues to be the standard for luxury jewelry in the market. Gold jewelry products are available in colors in such as pink gold or green gold in addition to yellow gold.

## Market Issues & Obstacles

### **Customs Duties and Tax:**

Jewelry products are currently subject to the General Tariff Rate as follows:

HS Code 71.13.11-000 5.2%; HS Code 71.13.19-010 5.2%; HS Code 71.13.19-029 5.4%

These rates are applied to all precious metal jewelry items, with or without precious stones. If you have any specific questions, please consult with the Japan Customs and Tariff Bureau, Ministry of Finance. (<http://www.customs.go.jp/english/index.htm>)

A consumption tax is levied on all imports: (CIF+ customs duty) x 5%

### **Import Regulations:**

Japanese laws and regulations prohibit importation of counterfeit coins, products which infringe upon trademarks or design rights, and products made from certain species or containing ivory or coral may be restricted or strictly prohibited under the Washington Convention (Convention on International Trade in Endangered Species of Wild Fauna and Flora, or CITES).

### **Safety Warning on Lead in Jewelry:**

In 2006, Japan's Ministry of International Trade and Industry (METI) and the Ministry of Health, Labor, and Welfare (MHLW) distributed a warning notice to manufacturers, distributors, and retailers through various industry associations, notifying them of the possible risk of poisoning to young children who swallow lead in some jewelry products. Lead in jewelry is subject to the Food Sanitation Law. An outline of the 31<sup>st</sup> March 2008 revision of the preschool children toy regulations based on the Food Sanitation law of Japan in English can be found at: (<http://www.mhlw.go.jp/topics/bukyoku/iyaku/kigu/dl/15.pdf>; <http://www.mhlw.go.jp/topics/bukyoku/iyaku/kigu/dl/16.pdf>)

**Other industry warnings:** (Japan Jewelry Association distributed industry warnings, no English translation available.)

- Radioactive Morganite: (ref: <http://www.gia.edu/gg-general-search?q=morganite>)
- Lead Glass Filled Rubies: (ref: <http://www.gia.edu/gg-general-search?q=lead+glass+filled+rubies>)

### **Labeling:**

Pure gold, platinum, and silver must be labeled 999 instead Pt1000 (for platinum 1000) for accurate labeling requirements since April 1, 2012.

### **Trade Shows:**

Exhibiting at major trade fairs is helpful to understand current consumer trends, tastes, and preferences for jewelry in the Japanese market, and is also an opportunity to test-market the products in Japan.

### **Temporary Import: ATA Carnet:**

Japan is a member of the International Convention to Facilitate the Importation of Commercial Samples and Advertising Materials under the ATA Carnet System. Use of a *carnet* allows goods such as commercial and exhibition samples intended for display – but not for sale - to be carried or sent temporarily into a foreign market without paying duties or posting bonds. A *carnet* should be arranged in advance by contacting a local office of the United States Council for International Business ([www.uscib.org/](http://www.uscib.org/)) or its New York office by phone (212-354-4480) or by e-mail ([info@uscib.org](mailto:info@uscib.org)). Please be cautioned that no other document which will give you tax exemption in Japan other than the ATA Carnet.



**Tax Drawback:**

U.S. companies exporting merchandise to sell in Japan may want to request a refund of duty/tax paid at the time of importation for unsold and re-exported items. Companies must submit additional documentation to Japanese Customs at the time of importation notifying them that part of the products may be "re-exported" back to the U.S. if they are not sold. It is very important that U.S. exporters wishing to do this understand the documentary requirements and provide sufficient identification of the products that may be re-exported. In order to request this, you must have a local representative or importer in Japan to claim the reimbursement. In case you don't have one, some freight forwarders specialized in jewelry may sometimes provide the service on as a temporary importer in case you exhibit at a trade fair. Please consult with the show organizer or freight forwarders when you decide to exhibit to see if they can assist you. Refund processing may take 3-4 months or more.

For more information, please see "Import Clearance 1602 Article 19-3; Import clearance 1606" at: [http://www.customs.go.jp/english/c-answer\\_e/customsanswer\\_e.htm](http://www.customs.go.jp/english/c-answer_e/customsanswer_e.htm). Both forms are only available in Japanese, so you may need assistance from Japanese partners, importers, freight forwarders or service provider who could act as temporary importer. For specific procedures and questions, please consult with Tokyo Customs: [tyo-gyomu-sodankan@customs.go.jp](mailto:tyo-gyomu-sodankan@customs.go.jp)

**Trade Events**

International Jewelry Tokyo (January 22-25, 2014, Tokyo Big Sight) <http://www.ijt.jp/en/About/About/>  
Japan Jewelry Festival Tokyo (August 27-29, 2013, Tokyo Big Sight)  
<http://www.japanjewelleryfair.com/en/index.php>

## Resources & Contacts

Japan Jewelry Association (JJA) <http://www.jja.ne.jp/english/index.html>  
Platinum Guild International <http://www.preciousplatinum.com/output/page12.asp>  
Ministry of Economy, Trade and Industry, Economic and Industrial Policy Bureau (METI):  
<http://www.meti.go.jp/english/index.html>  
Customs and Tariff Bureau/Ministry of Finance: <http://www.customs.go.jp/english>  
Ministry of Health, Labor and Welfare (MHLW): <http://www.mhlw.go.jp/english>  
Yano Research Institute: <http://www.yanoresearch.com>  
GIA Laboratory Japan <http://www.gia.edu/gia-news-press/new-gem-laboratory-japan>  
Brinks <http://www.brinksglobal.com/>  
JTC Japan <http://www.jtc-japan.co.jp/privacy.html>

## For More Information

The U.S. Commercial Service in Tokyo, Japan can be contacted via e-mail at: [office.tokyo@trade.gov](mailto:office.tokyo@trade.gov); or visit our website: <http://export.gov/japan/>

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