Profiling a niche market and establishing an entrepreneurial strategy for a niche brand; the costume jewellery sector in Switzerland

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Abstract: This study of the exclusive Swiss costume jewellery brand *para ti* serves as an example of effectively profiling a niche segment and establishing a growth strategy for a niche brand. The history of costume jewellery goes back to ancient Egyptians, who were the first to produce glass, the major component of *para ti* products. The term 'costume jewellery' was though only first used one hundred years ago and there are now many variants of products within its orbit. The research indicates that Swiss costume jewellery consumers are both price sensitive and quality oriented, with women buying mainly for themselves rather than receiving it as a gift, looking for products that they can wear every day and usually purchasing from boutiques or specialist retailers who care about the jewellery's story. Surveys and interviews were conducted with a sample of Swiss adults and a supplier was interviewed to help better understand the supply chain. Among other observations, primary research found that most of the survey respondents buy one piece of costume jewellery from time to time, with bracelets and rings the most popular. Respondents were willing to pay Swiss Francs CHF50-200 (€45-190; £40-160; $50-205) for handmade costume jewellery. Interviews showed that there is a clear trend towards fine jewellery and new collections, with different styles preferred in summer and winter. The recommendations from the research were that *para ti* should elaborate its brand identity and emphasize aspects of the brand's story through media such as Facebook and Instagram. Since *para ti* imports jewellery from Ibiza, the brand should also take advantage of the ongoing hype around the island. Moreover, *para ti* should clearly position itself as an exclusive costume jewellery brand that offers handcrafted pieces of exceptional design and quality at a reasonable price. The brand should also broaden its focus from millennials to older groups. Strategically, *para ti* could seek to partner with a boutique such as Kowä, relaunch its online store, consider opening its own store in Zurich, offer seasonal and men's collections, explore an expanded supplier base and extend its range to include precious metals.

Keywords: Market; Costume; Jewellery; Switzerland; Entrepreneur.

Biographies:

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Introduction

The aim of the research was to profile the costume jewellery sector and to determine a growth strategy for the brand *para ti* based on primary and secondary research. The brand *para ti* is an exclusive Swiss costume jewellery brand, founded in 2016 by two friends, Patricia and Irene, who were inspired during their travels to Ibiza, where they discovered authentic handmade jewellery pieces. Back in Zurich, the unique designs, made primarily of glass and crystal beads, drew a lot of attention in their social circles and the idea to start their own business was born. After some early successes, the company struggled to further expand its sales and client base.

Key terms used throughout this work include the following:

- **Costume jewellery**: According to Seng (2016), costume jewellery, also known as fashion jewellery, is usually made of non-precious materials such metals or alloys, silver (no sterling silver), semi-precious gemstones, glass or crystals, leather, plastic and other synthetic components. Often, costume jewellery pieces are inspired by fine jewellery designs, featuring gold plated or silver plated metals combined with glass beads or crystals. Costume jewellery can be divided in various price categories where quality varies accordingly.

- **Luxury costume jewellery**: Includes pieces from specific luxury fashion brands (also called fashion jewellery). However, luxury costume jewellery items are made of the same materials as costume jewellery. Examples of brands are Chanel or Dior.

- **Fine jewellery**: Describes all jewellery pieces that are made of precious metals and/or gemstones. The only type of silver that is used for fine jewellery is sterling silver.

- **Luxury fine jewellery**: Includes pieces from specific luxury jewellery brands such as De Beers or De Grisogono. These brands also differ jewellery from high jewellery, whereas high jewellery stands for "*superlative jewellery and exceptional stones*" (De Grisogono, 2017).

- **Bridge jewellery**: Defines pieces that are made of a mix of precious and non-precious materials.

Market profile

The history of costume jewellery goes hand in hand with the history of fashion, since a costume jewellery piece aims to complement style (Mulvagh, 1988) as illustrated in Figure 1. Fine jewellery is usually crafted by goldsmiths and made of precious metals and gemstones, such as gold or diamonds. Costume jewellery was first produced in luxury fashion houses such as Chanel, where unique pieces made of non-precious materials were created, incorporating glass in particular but also steel, ceramic, zircon, titanium, leather, plastic or semi-precious gemstones.

Figure 1: Collar of Neferuptah 1850BC; using glass paste, carnelian, feldspar and gold.

Glass, a composition of silica sand, soda and lime, was first used by the Egyptians thousands of years ago and, due to the complexity in making it, only used to create precious objects for embellishment. These glass-handling techniques were passed on to the Romans and Venetians, who shifted production to Murano, a small island near Venice, where they first produced clear glass, also called 'cristallo' in 1291. Strict laws prevented the secret of glass manufacturing to spread until 1675, when the English started to produce glass with the help of an Italian specialist. In 1780, Mr. Strass invented a glass paste called 'strass' while, a little earlier, around 1600, the Czechs invented the process of cutting and polishing glass into jewellery. Initially they cut semi-precious stones, however, these resources became scarce and a glass-stone-producing industry was born. Alongside Germans who settled in Bohemia, the Czechs became the main producers and distributors of cut-stones, imitation pearls and metal settings, which they exported to fashion ateliers in Paris, Budapest and London. Czechs have the longest tradition of producing glass beads. In 1895, Daniel Swarovski, who had relocated from Bohemia to Wattens in Austria, became the pioneer in mechanically producing jewellery stones. Due to the second world war, Jewish Czechs had to flee to Paris, London or America where they continued with their costume jewellery businesses. In 1848, the Czech industry could resume business and product exports continued to run under one company name, Jablonex. Today, Swarovski in Austria and Jablonex in Czechoslovakia have an oligopoly over the production of glass stones.

Costume jewellery has been worn throughout different epochs but it was not until 1920 that it became linked to seasonal fashion. Elizabeth I, for example, complemented her outfits with different semi-precious gemstones, while German women wore jewellery made of iron during wars under Napoleon. Also, there were times before 1920, where costume jewellery was not accepted in society because it was considered to be imitating something expensive. It was often then deemed tasteless, overdone and vulgar (Mulvagh, 1988; Shields, 1988). Only after Parisian fashion moguls insisted costume jewellery be part of their collections did society start to reconsider. Also, after World War I and in the 1920's, the fashion industry was booming as income levels rose and women could behave and spend money more freely. Additionally, the industrial revolution completely changed production methods, allowing the industry to thrive. In 1933, the word 'costume jewellery' was initially used in New York and this marked the beginning of a flourishing industry.

Costume jewellery in Switzerland

Published research (Euromonitor International, 2016) indicates that the Swiss jewellery market should be worth CHF1.5 billion in 2021 and that, within this, the Swiss costume jewellery market would be valued at CHF0.4-0.5 billion. For fine jewellery, consumers restrict themselves less on price than they do with costume jewellery and usually have a maximum spending limit (Rudolph et al., 2015). They will often buy lower-cost costume jewellery as well as fine jewellery, the latter being considered an investment that may gain value over time. This influenced market leaders such as Pandora and Thomas Sabo to stop their production of purely non-precious products and to ensure that all their items include at least one part made of precious metal. Since then, the distinction between fine and costume jewellery stays has reduced, with many brands presenting collections of mixed materials like leather and crystals, with parts made of precious metals such as sterling silver or rose gold. Types of costume jewellery that feature non-precious as well as precious materials can also be called bridge jewellery. Exclusive costume jewellery brands that follow contemporary designs and unique metal workings are increasingly popular. These trends are reflected in emerging and developed markets with an increase in demand for affordable luxury (Wu, 2015). Another increasing trend with mid-priced jewellery is for women to buy it for themselves and on a more regular basis (Warburton, 2015).

Due to the trend towards fine costume jewellery, the demand for materials such as yellow gold, rose gold (copper mixed with gold) and sterling silver increased (Euromonitor International, 2016). To attract new and repeat customers, fine jewellery brands continue to explore new materials to create new colours and better quality in terms of durability and strength. Tiffany & Co., for example, created its own alloy called 'Rubedo' that looks exactly like rose gold but costs much less. This makes it attractive not only for the brand in terms of lower production costs, but also in terms of affordability for the consumer (Seng, 2016).

Due to a strong Swiss Franc, Swiss citizens often cross the border to surrounding countries such as Germany or France to buy products at a cheaper price. While Switzerland's retail sales are highly reliant on tourists with high disposable incomes who visit big cities such as Zurich and Geneva, these tourists also travel to neighbouring countries to take advantage of the weaker Euro. The number of rich tourists is also declining due to a perceived unstable political situation in Europe (Euromonitor International, 2016), a slowdown in the Chinese economy, and a drop in oil price hindering Chinese, Russian and Middle Eastern people from spending money on travelling as well as on luxury goods. Regarding price, Wu (2015) indicates that the price gap between low and high-end jewellery has grown as expensive jewellery prices increased while low-cost costume jewellery prices fell, paritcularly as fast fashion brands, such as Zara or H&M, entered the market.

According to Euromonitor International (2016), costume jewellery consumers look for jewellery pieces that they can wear daily, reflect their character and offer a chance for "*personalisation*" (Kasriel-Alexander, 2017). Rudolph et al. (2015) researched 30 Swiss women, aged 22 to 50, to highlight that consumers impulsively visit costume jewellery, with 81% of the participants buying a jewellery piece within 30 minutes, 70% doing it spontaneously without any special reason and with 57% preferring to purchase directly from jewellery shops. Furthermore, jewellery clients put great emphasis on the post-purchase and service experience (Rudolph et al. 2015; Kasriel-Alexander, 2017). They also wish for more product information and updates, especially in the costume jewellery sector where clients are price sensitive and trend oriented (Wu, 2015). Swiss costume jewellery consumers also look for positive and emotional shopping experiences, often rewarding themselves with a piece of jewellery. Besides looking at attributes such as price, quality and design, 73% were influenced by external factors such as service, presentation and atmosphere. Additionally, Rudolph et al. (2015) found out that in terms of costume jewellery, 60% of women, buy quite readily. Furthermore, Euromonitor International (2016) indicate that Swiss jewellery consumers place great importance on a product's country of origin, with 'Made in Switzerland' enjoying global credibility.

Research approach

To further explore these features and trends, primary research was completed using mixed research methods. This included quantitative research, in the form of an online survey, and qualitative research, through individual interviews. The quantitative research offers a degree of data reliability (Davies and Hughes, 2007) while the qualitative research provides more natural and interpretive information. Some qualitative material was also obtained from the online survey. In terms of sampling, the convenience principle has been used with the researcher approaching known participants, although not knowing completely who takes part. The online survey, created with Survey Monkey, was open for four weeks and 10 questions gave insights about demographics and the general use of costume jewellery in Switzerland. A sample of 130 Swiss citizens filled out the survey, which was posted on and sent through Facebook, as well as via email. The data spreadsheet was then exported from Survey Monkey was analysed with Excel. Additional to the online survey, individual interviews were conducted, where nine in-depth questions were posed to a sample of 15 Swiss citizens; 13 women and 2 men. Through this mixed method, questions that were too complex to ask in the survey could be asked in the interviews and detailed information about the personal relationship towards costume jewellery could be gathered. After coding each interview, common findings were crystalized and then analysed. In order to gather information about the supply chain, a single interview of 11 questions was completed with the assistant of the supplier based in Ibiza, and this delivered crucial information about where and how the costume jewellery is being produced.

One of the main limitations of this research has been the convenience sampling principle as, since the sample consisted of people who were approached through Facebook, the researcher cannot be sure whether the sample reflects the whole population (Davies and Hughes, 2007). Also, regarding the interviews, there might be a slight bias since the respondents were chosen from the researcher's network. Furthermore, after posting the survey on Facebook, it was mostly people in the age 25-34 who participated and this clearly can bias the responses, so the researcher expanded the age range by requesting a participant with the age of 70+ to ask for help from other contacts in the age range 35-74. Another limitation was that some participants skipped one or two survey questions which slightly biased the answers but this is picked up in the analyses.

Results

The results of the survey are outlined in Table 1.

Profiling

	Number	Gender: Female	Gender: Male	Age range: 18-24	Age range: 25-34	Age range: 35+	Annual household income, CHF: No data	0-50k	50-100k	100k+
OVERALL	130	110	20	28	77	25	4	44	52	30
		85%	15%	22%	59%	19%	3%	34%	40%	23%
Gender	Number									
Female	110	100%	0%	24%	55%	22%	4%	36%	40%	20%
Male	20	0%	100%	10%	85%	5%	0%	20%	40%	40%
Age range										
18-24	28	93%	7%	100%	0%	0%	4%	71%	21%	4%
25-34	77	78%	22%	0%	100%	0%	0%	29%	52%	19%
35+	25	96%	4%	0%	0%	100%	12%	8%	24%	56%
Annual household income, CHF										
0-50k	44	91%	9%	45%	50%	5%	0%	100%	0%	0%
50-100k	52	85%	15%	12%	77%	12%	0%	0%	100%	0%
100k+	30	73%	27%	3%	50%	47%	0%	0%	0%	100%
Comments		Predominantly females and participants in the age range 25-34 with annual incomes of CHF 50-100k, although the survey does extend beyond.								

Research data from 7 survey questions

	Number	Social media platforms used: Facebook	Instagram	Snapchat	Twitter	All of these	Purchase freqency for costume jewellery: No data	Never	Weekly	Monthly	Annually	Now and then
OVERALL	130	120	97	66	11	6	2	11	1	6	28	82
		92%	75%	51%	8%	5%	2%	8%	1%	5%	22%	63%
Gender	Number											
Female	110	92%	73%	49%	5%	1%	2%	5%	1%	5%	18%	69%
Male	20	95%	85%	60%	25%	25%	0%	30%	0%	0%	40%	30%
Age range												
18-24	28	93%	86%	79%	7%	7%	0%	7%	4%	7%	18%	64%
25-34	77	96%	86%	57%	8%	5%	0%	10%	0%	5%	19%	65%
35+	25	80%	28%	0%	12%	0%	8%	4%	0%	0%	32%	56%
Annual household income, CHF												
0-50k	44	95%	82%	70%	9%	7%	2%	5%	0%	7%	20%	66%
50-100k	52	94%	83%	48%	6%	2%	0%	8%	2%	4%	17%	69%
100k+	30	87%	57%	33%	13%	7%	0%	17%	0%	3%	30%	50%
Comments		Facebook, Instagram and Snapchat dominate, especially for under-35s. Twitter more popular with males.					Females buy more items at a time and purchase more regularly. Males purchase more often as a one-off.					

	Number	Usual number of pieces purchased: No data	One	Two or three	More	Types of costume jewellery purchased: Short necklace	Long necklace	Stud earrings	Long earrings	Bracelets	Rings	All of these
OVERALL	130	4	77	48	1	57	58	69	49	86	70	22
		3%	59%	37%	1%	44%	45%	53%	38%	66%	54%	17%
Gender	Number											
Female	110	3%	56%	41%	0%	49%	45%	60%	44%	65%	60%	20%
Male	20	5%	75%	15%	5%	15%	40%	15%	5%	75%	20%	0%
Age range												
18-24	28	0%	61%	39%	0%	57%	43%	61%	36%	57%	50%	14%
25-34	77	3%	57%	39%	1%	47%	44%	53%	36%	73%	57%	19%
35+	25	8%	64%	28%	0%	20%	48%	44%	44%	56%	48%	12%
Annual household income, CHF												
0-50k	44	5%	50%	45%	0%	59%	43%	59%	32%	68%	59%	14%
50-100k	52	2%	62%	37%	0%	37%	42%	56%	40%	65%	58%	23%
100k+	30	0%	67%	30%	3%	37%	47%	43%	40%	67%	40%	10%
Comments						Females are the main purchasers and buy all of the types of costume jewellery cited. Males tend to focus on bracelets and long necklaces.						

	Number	Where purchased from: Markets	Pop-up events	Costume jewellery stores	Boutiques	Department stores	Online stores	Final user: Self	Friend	Girl/boyfriend	Family	Receive as present
OVERALL	130	63	49	70	81	44	45	120	54	24	51	30
		48%	38%	54%	62%	34%	35%	92%	42%	18%	39%	23%
Gender	Number											
Female	110	48%	37%	58%	59%	37%	35%	95%	46%	11%	38%	25%
Male	20	50%	40%	30%	80%	15%	35%	80%	15%	60%	45%	10%
Age range												
18-24	28	57%	18%	46%	54%	32%	32%	96%	50%	14%	39%	32%
25-34	77	49%	48%	60%	69%	36%	47%	94%	44%	23%	39%	23%
35+	25	36%	28%	44%	52%	28%	0%	84%	24%	8%	40%	12%
Annual household income, CHF												
0-50k	44	57%	39%	59%	64%	36%	41%	93%	55%	20%	41%	34%
50-100k	52	50%	35%	50%	58%	31%	40%	94%	37%	17%	38%	23%
100k+	30	33%	43%	53%	70%	37%	20%	90%	37%	20%	43%	10%
Comments		Boutiques and other bespoke outlets are the most popular venues.						Items purchased mainly by females for self, while males tend to buy largely for girlfriends.				

	Number	Prices paid: No data	1-50 CHF	50-100 CHF	100-200 CHF	200+CHF
OVERALL	130	2	16	50	32	30
		2%	12%	38%	25%	23%
Gender	Number					
Female	110	1%	12%	42%	25%	20%
Male	20	5%	15%	20%	20%	40%
Age range						
18-24	28	0%	11%	50%	18%	21%
25-34	77	1%	16%	38%	22%	23%
35+	25	4%	4%	28%	40%	24%
Annual household income, CHF						
0-50k	44	0%	16%	43%	20%	20%
50-100k	52	2%	13%	40%	29%	15%
100k+	30	0%	3%	30%	23%	43%
Comments		Most items priced in the 50-200 CHF range, a positive price link with income and males often paying more per item.				

Market	Overall	Female	Male		
Frequency	2.7	3.0	1.2	2.6	times more frequent purchases by females.
Items	1.5	1.6	1.3	20%	more items purchases by females.
Price	85	79	115	45%	more paid on average by males.
Annual	359	381	175	2.2	times more expenditure by females.

Around 8.7 million population in Switzerland and, if 20% are purchasers, market size, CHF million:	**484**

Female purchases	**331 CHF million**	**68%**
Male purchases	**152 CHF million**	**32%**

Table 1: The survey responses completed by 130 participants.

As outlined in Table 1, the respondents were asked to complete 10 questions in the survey; three concerned their profile and seven their views on costume jewellery. Of particular note were that Facebook, Instagram and Snapchat dominate social media usage, especially for under-35s, with Twitter being more popular with males. Females buy more items at a time and purchase more regularly, while males purchase more often as a one-off. Females are the main purchasers and buy all of the types of costume jewellery cited, while males tend to focus on bracelets and long necklaces as gifts. Boutiques and other bespoke outlets are the most popular venues. Items are purchased mainly by females for self, while males tend to buy largely for girlfriends. Most items purchased were priced in the CHF50-200 range, while a positive price link with income exists and males often pay more per item. As a result, there are 2.6 times more frequent purchases by females, 20% more items purchased by females but 45% more paid on average by males. This means that there is 2.2 times more annual expenditure by females overall. The resultant estimated market size from the survey of CHF484 million (68% of purchases by females; 32% by males) corresponds well with the Euromonitor International (2016) figure of CHF0.4-0.5 billion.

Combining the survey outcomes with those revealed in the interviews highlights several interesting factors. Almost 27% indicated that they buy costume jewellery very spontaneously and approximately 53% that they wear costume jewellery every day and for different occasions. About 67% said that they feel fashionable when wearing costume jewellery and that it complements their fashion style and gives more flexibility. On price, around 25% outlined that they buy costume jewellery when fine jewellery is too expensive or at risk of damage. Other important aspects are buying costume jewellery as a treat and as a cheer up. Importantantly, even when priced relatively lowly, costume jewellery must not look cheap.

On materials, 80% of interviewees claimed that their favourite material for costume jewellery is silver, with close to 50% preferring gold plated pieces and 20% suggesting leather as a preference. Others highlighted products featuring semi-precious stones and for seasonal materials. There are colour preferences for black, grey, beige or brown and, to a lesser extent, blue and red. The majority care about quality whatever the price and providing a warranty is cited as a reason to revisit a store and to buy more as it can help build up a relationship between client and brand.

The majority of interviewees believe that collections are crucial since they like to see new products, especially when it comes to summer and winter seasons. In summer for example, they like big jewellery pieces in bright colours, whereas in winter they want to wear simple designs in silver, gold or basic colours. Most appear to not pay much attention to the country of origin when buying costume jewellery. Costume jewellery is often displayed on stands without any description, although a third of respondents like to hear a story behind a product or a brand, especially if they are able to support people in other countries. On brand communications, most consumers do not like newsletters too regularly via emails, although four times a year is acceptable. Consumers appear to want to visit the stores in person.

The supplier interview revealed the international nature of the costume jewellery supply chain. The designer of the beautifully handcrafted pieces has two manufacturing factories, in Mexico and Guatemala. They produce costume jewellery items made of glass or crystal beads and semi-precious stones are combined with silk or leather. Each winter, the manufacturer travels to Thailand, Czechoslovakia and Italy to buy the raw materials and it can take three specialists a whole day to finish one long necklace. Each year, a new collection is created. Besides *para ti*, there are two other brands that buy products from this supplier, one brand in the Bahamas and another one that sells only earrings in the Netherlands.

Conclusions and recommendations

The research indicates that Swiss costume jewellery consumers aim to achieve a balance between price and quality, with women often buying for themselves and looking for products that they can wear regularly. Among other observations, the research indicates that consumers tend to buy one item of costume jewellery from time to time, with bracelets and rings the most popular, and prices tending to be of the order of CHF50-200 for handmade costume jewellery. There is a trend towards including precious materials and new collections, with different styles preferred in summer and winter. The recommendations from the research are that *para ti* should elaborate its brand identity and emphasize aspects of the brand's story through media such as Facebook and Instagram. Since *para ti* imports jewellery from Ibiza, the brand should also build upon this factor and position itself as an exclusive costume jewellery brand that offers handcrafted pieces of exceptional design and quality at a reasonable price. Strategically, *para ti* could seek to partner with a Swiss boutique such as Kowä, relaunch its online presence, consider its own store in Zurich, and offer seasonal and male collections. It could also explore an expanded supplier base and extend its range to include precious metals.

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