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INTERNATIONALIZATION OF THE PORTUGUESE JEWELRY INDUSTRY

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Abstract

This work project explores how the Portuguese jewelry industry has been performing over the years, mainly how different companies and the industry itself have approached internationalization. This is an industry with many years of tradition in the country that has been developing its own legacy, techniques and concepts on the jewelry making process giving its own personal identity. Having so much potential with already given proofs of its value and quality, this project aims to understand and find strategic methods to improve the visibility of the industry internationally once this growth is not stable and balanced. Hence, the purpose of this study is to make strategic recommendations of how to be successful at worldwide level. The methodology used was mainly based in secondary data, statistical information and previous studies about the topic and a real example of success of internationalization of the footwear industry in Portugal. Collecting all of the information and data was possible to make some strategic recommendations on how to tackle the internationalization process.

Key words: Jewelry, Portuguese, Internationalization, Strategic plan

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Literature Review

The Worldwide Jewelry Industry

Human societies express their socio-cultural identity not only through social organizations, language or rituals but also by craft objects, where jewelry pieces are included. These personal ornaments reflect different culture's traditions and costumes working as a legacy conveyed from generation to generation. With more than the role to beautify the human body, jewels have incorporated throughout times the purpose to qualify social status, religious ideals or even work as talismans. The first materials used to manufacture jewels were sourced in animals or vegetables (Gregoriotti, 2019), if people lived along seashore, a variety of shells or fishbones were used in the production process, whereas if lived inland, they would use animal parts like reindeer antlers, mammoth tusks or animal bones and teeth. As people started to converge into civilizations and settling along riverbanks pursuing natural resources and fertile lands, the discovery of minerals, precious metals (like gold and silver) and gems stimulated the industry (Satpathy, 2017). By the time gold was discovered, its malleability revolutionized the jewelry making process allowing craftsman to develop new techniques and designs.

The first signs of jewelry found emerged 5000 years ago (Ghosh, 2019). In ancient Egypt, the discovery of Tutankhamun tomb exposed treasures of Egyptian sovereignty and mastery of goldsmiths revealing a notorious preference for luxurious pieces made of gold or gems. At this time, jewelry was destined to the upper-class of the society establishing social hierarchy in Egypt, Ancient Greece and Rome, where jewels were made with high precision in details and dynamic figures endowed with a strong functional attribute (e.g. brooches were used to keep clothes together) or even worked as talismans to protect their owner from evil (Gregoriotti, 2019). Likewise, among Aztecs only nobles were entitled to wear jewelry, the more jewels they wore, higher their social status. Golden jewelry was the most common in the Aztec empire, frequently decorated with feathers from Quetzal birds (Satpathy, 2017) showing

how sophisticated the goldsmith's work could be. In Ancient China, jewels were common to all classes in society mainly used as a talisman for protection. The skills of the Chinese craftsman are extremely visible in recent and antique periods, in Shang dynasty (1600 B.C. - 1046 B.C.) bone and ivory hair pins were very popular, nevertheless, the survival in larger quantity of jewelry belong to the Ming dynasty (1368-1644) with a great taste for elaborate figures and floral effects in precious stones intended to exploit its colors. When it comes to India, Mughal reign (16th-19th) is the most significant for the jewelry industry, where jewels had great status within royalty. The *Navaratna* ring had nine gems being a powerful jewel worn by the Maharaja (emperor), working as an amulet that comprised nine different stones: diamond, the most powerful gem, pearl, ruby, sapphire, emerald, topaz, cat's eye emerald, coral and hyacinth (red zircon), with each one of the stones associated with a celestial deity representing the Hindu universe all together (Gregorietti, 2019).

In Europe, the 17th century was distinct for the baroque style, characterized by extensive and extravagant style of ornamentation, that gradually appeared in different countries at different times, conditioned by the improvement of techniques of cutting and treat precious stones together with floral and vegetable ornamentation, achieving the status of the most fashionable thematic at the time. During the 18th century, Brazilian gold and diamonds were imported in high volumes to Europe expanding significantly its usage in jewelry. The dense formats of the baroque style were replaced by a more harmonious and simpler concept, where the gem was highlighted, hiding the metal structure as much as possible. The choker together with the brooch were the most popular jewelry items, however, it arises a very common daytime jewel, the chatelaine, with very refined craftsman work, it is a pendant made of jointed gold components with different sizes secured by a hook to belt or waistcoat pocket where people could fastened important and useful objects permanently available to be used. With the industrial revolution in the 19th century, the role of determine social status attributed to jewels

was disappearing as the market started to develop, mass production and new technologies were emerging, henceforth, jewelry was available at reasonable prices that the middle class could afford. It is when artistic commercial firms started to grow offering high-quality jewelry to satisfy the demanding requirements of the higher class of the society. For example, in 1898 in Paris occurs the foundation of Cartier, a jewelry company of great refinement characterized by its luxurious pieces and considered one of the most famous in the beginning of the 20th century that supplied the Portuguese king as well dukes and princesses of Russia and Wales. A recognized movement of art happens at the end of the century, Art Nouveau, valued for the skills of design and chromatic effects, where vegetables, animals and feminine figures were the basis of the models. Lastly, in the 20th century, after world war I, a new period of innovation begins with non-figurative stylistic trends showing more advanced jewelry creations closely linked to other forms of art. It was not important the difference in value of the different materials, coral could be combined with diamonds as the purpose was to satisfy the requirement of non-figurative styles (Gregoriotti, 2019).

The jewelry market at worldwide level was valued at \$271 billion in 2018 (Statista, 2019), and expected to keep growing along with emerging fashion trends that attract consumers, as well as the rising acceptance of jewelry among men. Furthermore, awareness about metals and gems, prioritizing the authenticity and uniqueness of the materials used is a trend followed not only by manufacturers but also transmitted to the consumers through advertising campaigns influencing growth. This market is expected to develop by the online channel once is a trend observed in almost all industries along with the reality that major key players are focusing their efforts on the improvement of its websites, yet, e-commerce's lack of knowledge on jewelry is still delaying the expansion. In 2018, China, followed by India and US, was the largest consumer of gold, considered the most popular metal in the jewelry making process is also a hard currency, meaning that whoever possesses this metal, have the possibility to convert into

cash during financial crisis or emergencies. On the other hand, diamonds, that are considered one of the earth's most impressive mineral, becoming even more popular as a result of the increase in disposable income (Appendix 1). Platinum is a recognized material in jewelry creation, but it is heavier and more expensive when compared with gold or diamonds and, as another drawback, can easily get scratches yet, can hold diamond and another precious stones very securely (Grand View Research, 2019). The most demanded piece of jewelry in 2018 was the ring with 28,9% of share, driven by the interest of the consumers in intricate designs and details plus the fact that it is perceived as stylish and elegant accessory (Appendix 2). Regarding revenue and consumption, Pacific Asia has the largest jewelry market share of 60,1% in 2018, with the highest demand coming from China and India. Middle East and African markets are likely to grow significantly with United Arab Emirates and Saudi Arabia's jewelry designs being world-famous, adding the presence of gold mines and rise of United Arab Emirates as the largest diamond trading hub (Grand View Research, 2019).

The global market is extremely competitive and fragmented as a result of the presence of key players like Tiffany & Co., Swarovski, Signet Jewels and Chow Tai Fook benefiting from economies of scale and competing more intensively on prices, yet, these companies are facing tough competition from local manufacturers that can be successful by specializing in particular products. Brand loyalty is very important in this market where there are many options being the brand identity the major factor determining how much the client is willing to pay for a determined jewel, validating the fact that most buyers are willing to pay more for a brand name jewelry. Manufacturers are relying on online services to understand clients demand, with websites customized to analyze consumer's purchase and search history adapting the offer to the client's profile. These companies, additionally, offer many after-sale services as the acceptance of returned items or reparation services (Raluca, 2015). For example, Tiffany's and

Blue Nile provide online information on how to maintain the value of the jewel, how to clean it or how to store it.

The Jewelry Industry in Portugal

The jewelry industry in Portugal is notorious for its tradition, with hundreds of years of history, likewise for the level of detail, quality and the different thematic in each piece. The motor for the industry development in the country has its origin with the Portuguese discoveries from where the ship crews were bringing precious stones and metals of their journeys to the middle east, gold from Africa and Brazil or diamonds from African countries.

In the 16th century Portugal, more precisely, Lisbon, was living an era where the society was being influenced by the eastern customs and resources, and the jewelry industry was no exception. Luxury was the source of the fashion trend at a time where the Portuguese crown was one of the healthiest in Europe, however, despite the wealthiness period that the country was living, this lifestyle was exclusive to the upper classes of the society. Contemplating the 17th century, precious stones have dominated jewelry and despite the crisis that was felt in the country, mainly in the last years of the Spanish government in Portugal caused by the innumerable conflicts over the Portuguese crown, the jewelry industry was almost not affected. Religious motifs were the most common, spreading the golden rosaries and the crosses with floral or sacred patterns (Kundisová, 2018). During the 18th century, major quantities of gold were imported from Brazil and given all prosperity originated from trade, the Portuguese crown had the need to exhibit their national wealth in form of luxurious art pieces and jewelry. Henceforth, the industry received a large thrust obtaining recognition as a respectful art and notorious craft which allowed the goldsmith and jewelry masters to upscale their social status, having influence and a good reputation among courts. If in the previous centuries was given emphasis to several and colorful stones, in this new era jewels were more uniform, emphasizing the brightness and color of a single gem. It is when *joia-espetáculo* (show-jewel) came up, with

the purpose to display publicly the ownership of power, wealth or religious belief, for example, the badges of the military orders. The use of floral elements in jewelry accessories was still notorious and gained even more strength in this century once these became more complex, plus, more individuals from the higher classes of the society adopted this fashion trend (Kundisová, 2018). This century was additionally distinct for the growth in men jewelry, namely hat pins, shoe buckles or buttons, mainly characterized by the level of detail and elegance. Along the 19th century, mainly in the last half, floral and animal motifs were on the spotlight of the jewelry in Portugal. Floral designs were more common, mainly because already marked its presence in the previous centuries, nonetheless, the presence of animals in the design of the jewels was growing in popularity within the society. Tie pins with lions or fantastic animals and necklaces representing bunches of grapes are some of the examples of the floral and animal motifs present in jewelry pieces (Sousa, 2018). One of the most famous and prestigious jewelry manufacturer at the time was *Casa Leitão*, turning into a national reference when nominated in 1873 by *D. Pedro II*, Brazilian emperor, goldsmith of Brazilian imperial house, and, in 1887 by *D. Luís I*, king of Portugal, jewelers of the Portuguese crown.

Over time, jewelry started to have more than the purpose to exhibit wealth or work as a fashion accessory, it became a mean to keep value at times of currency fluctuations as it was important to have a reserve of valuable goods that can be sold in times of financial difficulty. Nevertheless, is still visible nowadays the strong presence that the industry had over time through the solid tradition in festivities and pilgrimages, particularly a little all over *Minho*, where between June and September the population proudly wears jewelry that belong to the family for decades (Sousa, 2007). One of the most well-known festivities in the region is the *Romaria de Nossa Senhora da Agonia* (Festival of Our Lady in Sorrow) in Viana do Castelo with the most iconic symbol of the festivities, and the city, being the *Coração de Viana* (Heart of Viana), a piece of jewelry that can be worn as a pendant on necklaces or earrings symbolizing

honesty and generosity (Appendix 3). Another way to preserve the heritage are the folk ranches where women and men wear the region traditional jewelry pieces to celebrate the given legacy.

Entering in the new century, it is in the 60s, with the modernization of the society that jewelry perception as a simple object is adapted, having its own identity with characteristics that the owner identifies with. This new perception emerges when artists started to use new materials and different ways to conceptualize and create jewels. Luis Gordillo and Kukas are two artists known by initiating in Portugal the movement of jewelry as an art object, Luis Gordillo being pioneer in creating jewelry with its own personality, innovating in the creative process, whereas Kukas innovated by integrating precious and non-precious materials in the same jewel. The 90s were noticeable in this industry with the abstraction in the technical and technological fields of the jewelry making process (Carmo, 2007). It is a decade where the world industry got more closer, were organized several congresses and workshops, including international students and artists from all over the world, sharing different ideas, thoughts and techniques. Nowadays, young authors are giving a new life to the industry with new design concepts, original and new approaches to the clients mainly focusing on the digital economy.

In a sector where the annual business value is worth 700 million euros, only 71 million were allocated to international markets in 2018, however, it is a significant improvement when compared to the 2010 corresponding value of 20 million euros (AIECEP, 2019). Although being considerably recent, the internationalization process has shown an accelerated growth, in the last two years, exports' volume increased 53% obtaining 100 M€ in 2017, once positive results were achieved, the ambitious goal is to convert the 100M€ into 150M€ by 2022. The presence of Portuguese companies in international fairs is growing over time and becoming more notorious hence, AORP - Associação de Ourivesaria e Relojoaria Portuguesa (Portuguese Jewelry and Watchmaking Association), has 3 million euros to invest in internationalization (approved under the Portugal 2020 project - financial support for small / medium enterprises

for exports and internationalization) supporting the presence of Portuguese companies in international fairs and conventions. Currently the main foreign trade markets for Portuguese jewelry are Spain, France, Hong Kong, United States, Italy and Belgium however, Asian markets are increasing its importance in this set of countries due to the participation and organization of fairs and industry events.

Fátima Santos, general director of AORP recognizes that the dimension of the industry companies is one of the main concerns, there are less than 11 thousand workers for 4247 companies, translating on average, into less than 3 workers by company (Pinto, 2018). Despite the difficulties, the industry has already proven its value through the quality of the jewels in international markets. Nevertheless, by not having a strong brand with a solid presence worldwide and directing the focus to the internal market for many years, it is harder for the industry to build a strong legacy across borders. To potentialize internationalization, AORP created the “Portuguese Jewellery – Shaped with Love” initiative promoting industry’s visibility with a campaign launched in 2016, that accounted with Milla Jovovich (Appendix 4), an international actress and model with the clear goal of stimulate the industry internationally (Nobre, 2016). Later in 2018, with the campaign “Portuguese Jewellery A La Carte”, AORP promoted the new and modern side of the Portuguese jewelry focusing on the diversity, versatility and innovation presenting pieces for any type of consumer where Sónia Balacó, a Portuguese actress and model, was chosen to represent the initiative. The Portuguese jewelry stands out globally for the way that preserves traditional techniques and processes ensuring the level of detail and quality of each different piece, hence, to pay a tribute and to sensitize the customer to the intrinsic value of each jewel the “Portuguese Jewellery – Shapers” initiative was created at a time where the massive consumerism is a reality. The main objective is to value the work of each craftsman, the passion and tradition behind each different technique and the delicacy associated to each detail. With the purpose to promote new creators, the “Portuguese

Jewellery - Newborn” platform was built, serving as an accelerator to help new authors to grow their own brands, bringing creativity, innovation and renewing the age range of the industry workers as a stimulus to modernize the sector. The platform promotes participations in international and national fairs as well as partnerships with strategic selling points online and offline (AIECEP, 2019).

Lastly, “Portuguese Jewelry Legacy”, AORP’s new campaign intends to raise awareness to the Portuguese jewelry essence, as a legacy of art and memories from generation to generation. The main purpose of this initiative is the sectors’ sustainability, showing how long the life cycle of the jewels can be, opposing to the unsustainable consumerism market tendency. Consequently, AORP wants to motivate companies to follow sustainable policies with the protection of natural resources by recycling and reusing materials, therefore, by using authentic materials, like gold, silver or platinum, and quality metals, manufacturers are guaranteeing resistance and longevity as these are highly flexible and moldable allowing recycling, closing the life-cycle. Eternity and timelessness of the jewels are the key values behind this campaign that intends to connect generations, highlighting the preservation of the traditional techniques and designs (COMPETE 2020, 2019). Nevertheless, it is extremely important to raise awareness within the consumers that by buying national jewelry, they are contributing to the preservation of the national legacy.

The company *Leitão & Irmão* preserves its tradition and legacy as jewelers of the Portuguese crown since 1873 alongside with new challenges imposed by the evolution of new technologies. One of the strategies adopted to compete in the market is the interaction with another art sectors - collaborations with Rafael Bordalo Pinheiro or Graça Costa – is what make them grow according to Jorge Leitão, one of the directors of the brand (Calado, 2018). There is a rising bet by *Leitão & Irmão* and its clients on e-commerce, the growing demand on the online channel is a result of the trust that clients have confirmed by the longevity of the brand.

However, Jorge Leitão secures that the company believes that physical stores distinguish the Portuguese market and attracts foreign clients hence, in the future there will still be place for more than just online. With the constant modernization of the industry, the company has creating new methodologies to stay competitive, the strategy of internationalization is based on the proximity with the client, consequently, embassies, consulates and AIECEP - Agência para o Investimento e Comércio Externo de Portugal (Trade and Investment Agency) have a vital role. For this strategy to be feasible, the company sells online however, has a local physical support, with partnerships in the selected countries (making available the specific jewel or collection) that allows adaptation in the capability with the evolvement of local partners without complicated logistic operations (AIECEP, 2019). This way, the company can minimize possible customs issues and transport costs.

From 2012 to 2018 the Portuguese jewelry industry reborn from a stagnation period in the external market that was, until 1970, essentially exporter. This movement has to do with the fact that national companies started to look outside as a source of inspiration to see what is done at global level in design, processes, techniques and even selling strategies. Despite the value of exports have increased 56% from 2013 to 2017, it is important to highlight that the value of imports exceeds in all the considered years the value of exports (Appendix 5). In 2017 the corresponding value of imports surpassed the exports in 53229 thousand euros. Furthermore, Fátima Santos, general secretary of AORP, defends that the Asian market is very attractive for Portuguese jewelry companies by its growing dimension and importance in financial markets worldwide and additionally, for the growth in its purchasing power as well as the value given to the quality and singularity to each piece of Portuguese jewelry. Those purposes motivate the bet on Asian markets as a privileged destiny of the Portuguese companies (Larguesa, 2018). Therefore, AORP believes that Japan is the next step due to historical relationship between the two countries and the great growing potential.

Methodology

The methodology used to investigate how to support and accelerate the internationalization of the Portuguese jewelry industry was mainly sustained by secondary data. Resorting to several scientific articles as well as newspapers, thematic magazines about either internationalization as well as the jewelry industry and statistical databases were fundamental to not only be aware of the reality as well as motivate recommendations. Additionally, by resorting to working projects about the history of the industry and possible internationalization as well as other Portuguese industry, the footwear, was fundamental to have a solid base of arguments to establish a strategy once the main objective was to understand what is already done at national and international level and how it can be leveraged to support the Portuguese industry internationalization.

Strategic models applied to the Portuguese Jewelry Industry

Strategic models are used to simplify and make better use of the information that may affect positively or negatively a given business or industry. The goal is to understand what is a benefit for the course of action, what can be a threat or damage the business, and what kind of path should the Portuguese jewelry industry follow towards a stable and efficient internationalization.

PESTLE analysis

The PESTLE analysis is a framework that allows the exploration and monitorization of the macro-environment factors that may have an impact in a given organization. In this specific context, the goal is to better understand the challenges that the Portuguese jewelry industry may face.

Political: Portugal has currently around 10 million habitants, it is located in the South-Western Europe, on the Iberia Peninsula being the westernmost country in Europe and one of the

members of the European Union. Recently, in the last month of October, the legislative elections took place in the country resulting in the re-election of the left party, who was in power in the previous term. Once it is member of the European Union, the country is covered by the free trade agreement enabling the free movement of goods between member countries. Nevertheless, the European Union guarantees the possibility to outside countries to establish trade agreements, each one being unique, assuring mutual benefit in the access to the EU market, that can include different benefits, as tariff reductions or rules on certain matters like intellectual property (Europa, 2016). With this type of agreements, European Union encourages companies to grow and develop their business, smoothing the acquisition of raw materials and bureaucracies of the commercial transactions between countries.

Economic: The Portuguese economy was one of the most affected during the last financial crisis of 2007 disturbing severely the country's finances few years later. In 2013 the unemployment rate reached the historic value of 16,2% plus, the GDP value attained the lowest value of the last years in 2012. In the recent years, the Portuguese economy has showing some recovery signals, the Economic and Financial Assistance Program agreed in 2011 with the European Central Bank and the International Monetary Fund was an important step towards the rescue. Nevertheless, the program was important to not only recover the economic situation, but also to correct certain macroeconomic imbalances and implement structural measures in different sectors. Lately, the Portuguese economy has been recovering with unemployment stabilising at 7% in 2018 and the GDP improved to levels higher than what was registered before the crisis. Projections point to a stable, yet inferior relatively to the prior years, expansion along 2019 and 2021, given that in real terms, GDP should grow at 1,7% in 2019 and 1,6% in 2020 and 2021 (Banco de Portugal, 2019). The expected growth for the Portuguese economy is slightly higher than the one anticipated to the euro area together with the external demand to the Portuguese economy growing at an average marginally below of 3% implying a slowdown

in 2019 and consequent recovery in the following years. This expansion relies on the growth of the private consumption, in the business component of the gross fixed capital formation and growth in the exports. Similar to what was observed in 2018, the impact of domestic demand to GDP growth will exceed the exports' value, implying a negative growth in the trade balance after a period of positive values, issue that requires special concern once the external indebtedness of the Portuguese economy remains at a high level translating into a vulnerability.

Social: Portuguese consumers are following the worldwide trend to use digital platforms to shop online. E-commerce is starting to gain the consumer's trust globally, where 94% of the Portuguese population with internet access have already made at least one online purchase. The country stands out relatively to the European average, occupying the 6th place of the countries where the consumption is growing more, with a growth rate of 4,2% compared to the European average of 3,4% (Nielsen, 2019). Moreover, consumers nowadays pay much of their attention to the experience in the shopping journey, customer experience is one of the main factors that lead consumers to buy and to associate themselves to the brands. Besides, customers are nowadays willing to spend more on a given product if it means that it has more quality, durability, with a positive environmental impact, that is unique and more detailed, shifting from the mass consumption to customization. The market is being affected by a green shift, the use of eco-friendly products to reduce the environmental impact is becoming even more a concern in the decision set. Nevertheless, people are more demanding with the products that are buying, looking for transparency on the companies' side when packing and promoting the product.

Technological: Technological advances have many impacts on the jewelry industry worldwide. First of all, with the industrialization and mass production companies were able to adapt the jewelry making process to produce more and faster hence, reducing costs and making pieces affordable to everyone and not only to the upper classes of the society. More recently, new concepts as 3D printing allowed quicker corrections and production times, or augmented

reality facilitating the production process of the jewels. Nowadays, wearable tech is a reality, there are smart bracelets controlling the heartbeat, the kilometers walked or even the quantity of calories ingested in a specific meal. Electroforming is a technique that allow manufacturers to create metal designs strong yet extremely light, ensuring the durability and quality of the jewels throughout time (Tuman, 2019). Once the major concern of the clients is to enjoy the shopping experience, companies are improving the online stores involvement, allowing the client to personalize and create its own jewels, for example.

Legal: By being a member of the European Union, Portugal is affected by the European Union legislation and according to it, manufacturers must be aware that the products intended to be marketed must fulfil European standards depending on what good is being traded. European Union regulates the product safety in General Product Safety Directive intended to reinforce the consumer's trust. The use of some products is forbidden or even with restrict use, for instance the use of specific chemicals, being extremely important to have the correct labelling in each product. There is also the need for the manufacturer or company to detain a license to commercialize jewelry in his establishment (Europa, 2019).

Environmental: In a recent study prepared by the UN, Portugal is in the 26th position of the most sustainable countries, within a group of 162 analyzed, evaluating the fulfillment of the 17 goals of sustainable development established by the UN. Of the 17 sustainable goals, Portugal is better fulfilling the one of accessible renewable energies with the purpose to provide reliable, sustainable and modern energies for everyone. However, according to the report, Portugal still struggles to attain better scores in the fields of sustainable production and consumption, climate action and sea life protection (Agência Lusa, 2019). Nevertheless, as already mentioned, Portuguese consumers as well as international ones, are shifting towards sustainable consumption showing environmental concerns as one of their properties when choosing what to consume. When it comes to Portuguese jewelry, AORP is raising awareness towards a more

sustainable production as well as consumption of the jewels, supporting the legacy and the quality and durability of the pieces.

SWOT Analysis

This type of framework is used to evaluate the competitive position, understanding the risk and potential of a business analyzing its strengths, weaknesses, opportunities and threats helping with identification of the elements that companies can benefit from and the ones that can hurt them.

Strengths: The greatest strength of the Portuguese jewelry industry is the tradition and legacy. The art, experience and techniques of the Portuguese craftsman were preserved throughout times being notorious in the quality and identity of each single piece, hence, the cultural value that jewels carry must be leveraged as major a strength to the industry. Moreover, not only the tradition but also the quality and value must be considered when talking about strengths of the industry. Lastly, the support given by AORP to every company of the sector, regardless of its size, is extremely important to growth and development of the industry, from the participation on several foreign congresses or fairs, to the concern in the preservation of the craftsman work, as well as the initiatives proposed by the organization to dynamize the industry.

Weaknesses: As previously mentioned, one of the major weakness of this industry in Portugal is its dimension, although having several companies, the work force is still reduced to be able to grow and develop stably. Additionally, by not having built over the years a strong presence in international markets, makes it harder for the industry and for each individual firm to establish and conquer market share. Henceforth, it is necessary to keep betting on initiatives that promote the internationalization, once the proofs of the value of the industry have already been given through the quality of the jewels in international markets then, it is important to build a strong and frequent presence on them. Nevertheless, the growing importance of e-commerce

in nowadays consumerism is still a drawback for the jewelry industry in Portugal, companies have not adapted their sales strategies and market approach to this new trend in consumption. There is still highly reliability in the physical stores in a moment where the digital channels are rising its importance.

Opportunities: Online channels and e-commerce must be an opportunity for the industry mainly because are major trends. Nowadays, at European level, e-commerce revenues are expected to show an annual growth rate of 8,5% (Statista, 2019) while in Portugal the growth is projected to be 9,73% in 2019 representing 2,78% of the Portuguese GDP (ACEPI, 2019). Besides, tourism must be leveraged as a driver to internationalization, the growth of the touristic sector in Portugal must be seen as an opportunity to the jewelry industry, in 2018 the number of guests in the country grew 3,8% regarding 2017, where approximately 61% were foreigners, corresponding to an increase of 9,6% in the revenues (Turismo de Portugal, 2019). The industry should make use of all the visibility that the country is gaining due to tourism, spread the word and seize the opportunity to hold and conquer new clients. To invest in internationalization, is also relevant the participation in fairs and congresses at worldwide level to promote and let know the Portuguese jewelry work, mostly by taking advantage of AORP initiatives. Moreover, the predictions of GDP and private consumption growth both in the Europe and in Portugal (Appendix 6) being good indicators for the jewelry industry once people are willing to spend their money and invest in luxurious goods. Not only people buy jewelry pieces with the objective to remain in the family for generations but also to use as a legacy with pride and emotion and these feelings could be used as factors to promote the Portuguese jewelry. Lastly, one big opportunity that the industry must consider are the Asian markets, as previously referred, these are markets where it is observed a growth in the purchasing power that value the quality and singularity of the Portuguese jewelry pieces.

Threats: One of the greatest threats of the Portuguese jewelry industry holds on the lack of qualified and suitable labor force do to the creative and manufacture process, the number of superior degrees focusing on the subject is insufficient to respond to the demand. There is the need to risk and not to be afraid and creative, innovative, get out of the comfort zone to think outside of the box and build new things.

Discussion and Recommendations

First of all, it is important to mention AORP's role on the internationalization process so far, the industry have already attained good results in international markets however, given the whole potential of the industry and the already given proofs of its quality, the Portuguese jewelry can and should reach better results. The jewelry industry has been growing not only in value but also in importance in the past few years, hence, should exist a strong bet by Portuguese professionals in this industry as it is attractive, filled with quality and tradition.

Let us consider a successful example of the internationalization process of the Portuguese footwear industry a few years ago. At a time of crisis, the industry was thriving and successful mainly because of the efforts made to cope with the defined strategic plans pointing out to a course of actions and specific goals. These plans were implemented in different stages, adapting to the economy's evolution, market tendencies and sector's necessities. The strategic plan in force from 1984 to 1993 highlighted the importance of the growth in productivity based on a good use of resources as well as cautious management by the company's' side. Moreover, one of the main pillars of this strategy was the reinforcement of the external image of the Portuguese footwear industry and exploitation of external market opportunities with the creation of new mechanisms of participating and financing international events culminating in the creation of a brand that represents the industry, transmitting quality and guaranteeing the origin, it is when the industry plays as a whole. Under the brand "Portugal Quality Shoes" aiming to strategically and together with the different players of the industry, make this brand

leader of the sector in a European base view. The cooperation between rival companies proved to be the most proper way to not only increase business competitiveness but also to stimulate new innovative products as well as the internationalization (Pereira, 2015).

Taking in consideration what has been discussed so far, I believe that the best way to have a greater impact in international markets, being efficient and grow within, is to strategically play as an industry instead of the different companies make their ways separately. As previously seen with the example of the footwear Portuguese industry, strategy that have generated very positive results when it comes to the internationalization, play as an industry to succeed in foreign markets can be an approach to follow, building a similar approach to the one observed in the footwear industry. However, with this type of strategy, does not mean that the companies should not compete with each other within the same industry, a healthy competition should result from this tactic, allowing companies to grow and make themselves better than before, learn from each other, yet, contemplate that the main goal is the success of each individual business. The Portuguese jewelry industry is still considered small and heterogeneous in the size, level of importance, popularity, labor force, skilled manufacturers and level of internationalization that, to thrive at a worldwide level, companies should get together, embrace what values each one can differently bring to the industry and leverage the support of each other. Take advantage of the already implemented AORP's initiatives is fundamental as well as keep implementing new ones, inspire companies to play as a team spreading their knowledge and experience. Nevertheless, it is important to add that for this strategy to be feasible, there is the need to have an entity responsible for the transformation and representation of the industry, whereas, since AORP is presenting good results and initiatives, I believe that this association could be the responsible entity.

As a consequence of what has been discussed so far, with the aim to make the best recommendation for a possible structured strategy to tackle internationalization of the

industry, it will be used the TOWS matrix framework (Appendix 7) to combine internal and external factors, coming from the SWOT analysis, to develop new strategies. The strength-opportunity strategy uses the internal strengths to maximize external opportunities, the strength-threat strategy leverages internal strengths to avoid or minimize external threats, whereas weaknesses-opportunity strategies aims to improve internal weaknesses by using external opportunities and lastly, weaknesses-threat strategy works as a defensive situation aspiring to minimize both threats and opportunities.

Strengths – Opportunities: One of the main strategic approaches to the internationalization development should rely on the allusion to the legacy and tradition that the industry has in the country, consequently, initiatives like “Portuguese Jewellery Legacy” promoted by AORP should have more relevance, importance, attention and investment since not only emphasize the work of the Portuguese craftsman, sustainability of the industry but also the legacy and feelings conveyed in each jewel. By adopting this approach, companies and the whole industry are appealing for people’s emotions reverting to the need that consumers have to experience and feel part of something bigger when making a purchase. Resorting to storytelling as a marketing strategy to grab client’s attention and establishing an emotional connection by selling them much more than just a simple piece of jewelry but an experience, will not only make consumers to feel more attached to the company, as well will make them identify themselves with the purpose and encourage brand loyalty.

Given the existing growth in tourism in Portugal, the industry should leverage this opportunity together with the already existing, and possibly new initiatives, to spread the word and let foreigners know about Portuguese jewelry. The initiatives should be adapted to this reality, mainly taking advantage of the experience and quality, as well as the legacy and tradition behind each piece, considering the promotion of those values in strategic touristic places, like traditional markets and stores. Furthermore, initiatives such as the “Portuguese

Jewellery – Shaped with love” must have priority among the agenda of communication, to bring large-scale visibility at global level and get new investors to the industry. It must be shown what the best is done in the country alongside with the quality guaranteed by, for example, resorting to personalities that bring confidence to the clients. As previously seen, the continuous growth of the Asian markets and the great interest in the Portuguese industries represents an appealing opportunity to invest in there with the internationalization process. These markets are not only growing its importance due to the increasing of purchasing power but are, as well, rising the involvement in international fairs and congresses. However, the most important factor for the Portuguese industry is the value given by these economies to the quality and singularity of each jewelry piece, so, all of these factors together motivate a strong bet from the Portuguese jewelry industry in the Asian markets.

Lastly, the willingness to spend triggered by the increase in the disposable income verified not only in the Portuguese consumers but also at a worldwide level, must be leveraged by the industry to grow its business. As previously mentioned, we are entering an era of customization contrary to the mass production testified in the last decades on the different industries. Clients are willing to pay more for a unique and customized product with authentic materials hence, the industry must take this factor in consideration. “Portuguese Jewellery - Shapers” is an AORP’s initiative that values the authenticity and quality of the jewels as well as the work of each individual manufacturer and the delicacy present in each different detail. Taking advantage of the willingness to spend showed by clients, this opportunity should be taken to satisfy customer demands as well as increase the industry value, reason why initiatives like this one must be a priority, incentivize both companies and clients to pursue authentic jewelry pieces. Another important factor stated by Jorge Leitão, one of the directors of *Leitão & Irmão*, is that the collaboration with other art forms is what make the business grow. Therefore, one recommendation would be to encourage companies to make strategic

partnerships with other art forms or even industries, for instance, the fashion industry, once jewelry is seen as a personal adornment item and a fashion accessory, it makes sense to establish partnerships with fashion brands to gain visibility and possibly to get new client segments. These partnerships can bring a competitive advantage for the industry increasing not only the competitiveness but carrying innovation and a new perspective that would bring visibility, ideas and commercial alternatives that would allow the industry to reinvent itself. To make this possible, a new initiative by AORP could be created to help companies to find the strategic partnerships that would fit better its identity or even promote workshops to let companies know how to adapt to a partnership and if it makes sense to a given brand.

Weaknesses – Opportunities: The investment on digital channels as well as on e-commerce must be a priority once, as already discussed, e-commerce is growing at large rates, attaining clients' loyalty as consumer's consumption trends are directed to convenience provided by online shopping. The improvement of websites functionalities and online channels to make them more user-friendly - like presenting clients with what they would like to see, an easy shopping procedure or relevant information to the maintenance of the jewel, for instance, how to clean it - is essential to offer customers a good shopping experience and succeed in the market nowadays.

Additionally, the presence in international fairs is fundamental, to not only expose what is being done in Portugal but to learn with other companies how to innovate and make new and different approaches to the business but most importantly, to fight the lack of approach to external markets by the Portuguese jewelry industry for many years.

Strengths – Threats: Despite being extremely important to rely on the tradition and legacy, it is fundamental that the industry also keeps reinventing itself. Never forget about what has been done, nevertheless, there is a need to follow-up new trends and developments that occur daily internationally. The industry must invest in these two strands by incentivizing companies to do

it, and for that reason, the participation in international events is fundamental for innovation, to learn what is being done, new methodologies, techniques and designs that will allow Portuguese companies to transform themselves. Relying on the quality and experience in this industry is essential for companies to take this step forward and not to be afraid to risk, once they already have the skills and knowledge to create new jewelry and approaches to the market. Moreover, by strategically competing as an industry internationally, companies must rely on what is done the best by each other, to see the rivalry as a stimulus to become better as well as learn and adopt new methodologies.

Weaknesses – Threats: Finally, it is extremely important to invest in the education and formation of young people that will be responsible for the development of the Portuguese jewelry at a time where there is lack of qualified labor-force to cope with the growth observed in the industry. It is fundamental to bring new, ideas, knowledge and ways of conceptualizing each different jewel. There is a need to bring new blood to an industry that has been surviving for many years, young people make it possible to follow-up what has been done and reinvent themselves.

Once the main pillar of this strategy is to compete as one internationally, I believe that the best path is to encourage companies to split efforts to a better internationalization process, to leverage on the best that each one of this companies has to offer, as observed in the footwear industry. The main goal must be to succeed internationally, to create value for the industry and different companies henceforth, the strategy has to rely on leveraging the strengths and opportunities that the industry is facing yet, at the same time, understand how to convert threats and weaknesses in favorable factors or how to deal with them and this is what is purposed in this working project.

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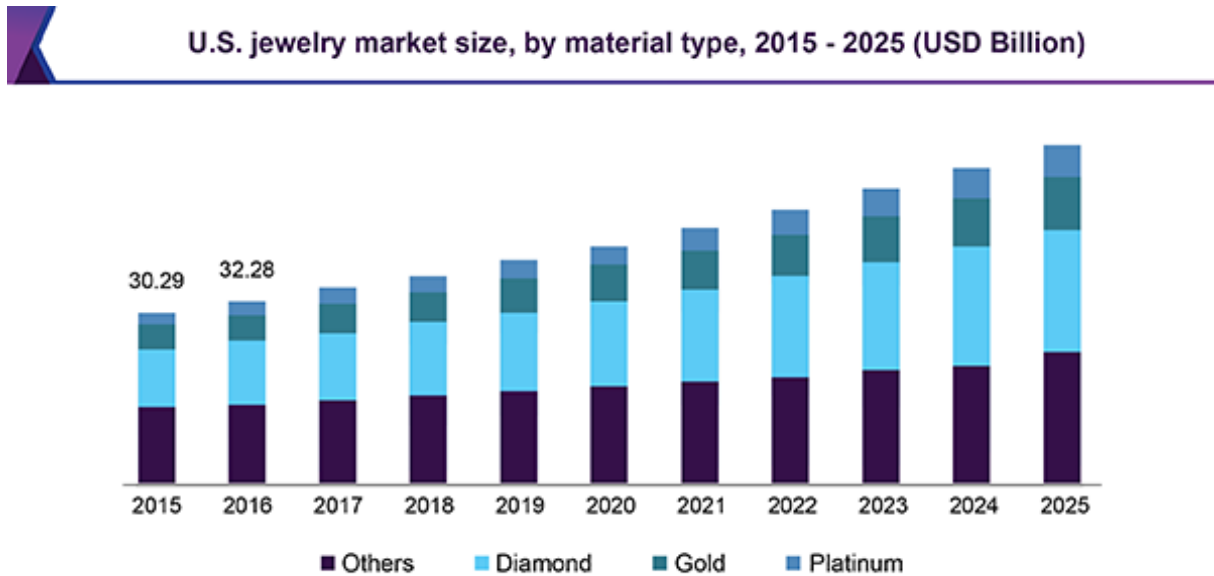
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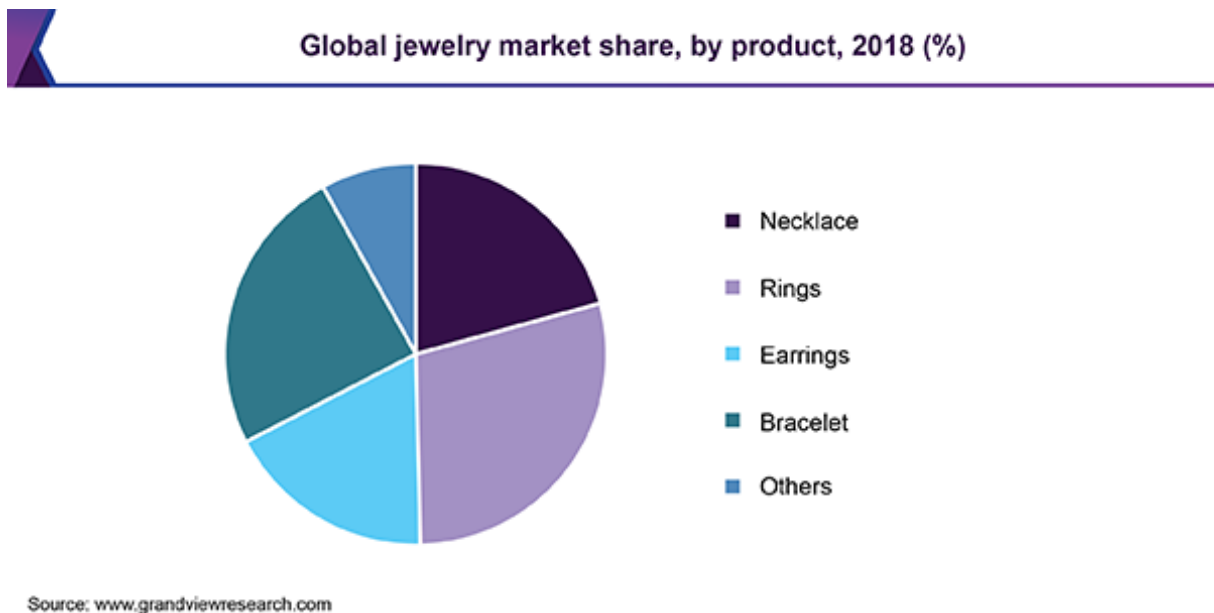
Appendices

Appendix 1: Material type used in the jewelry making process over the years.



Source: Grand View Research, 2019.

Appendix 2: Global jewelry market share by product 2018 (%).



Source: Grand View Research, 2019.

Appendix 3: *Coração de Viana* jewelry.



Source: *Alma e Coração Jóias em filagana*

Appendix 4: “Portuguese Jewellery – Shaped with love” campaign.



Source: AORP

Appendix 5: Ficha de Comércio Externo – Total subsetor joalheria e ourivesaria

Ficha de Comércio Externo - Indústrias da Joalheria, Ourivesaria e Relojoaria (Moda)

Indústrias da Joalheria, Ourivesaria e Relojoaria (Moda) (continuação)								2.
Caracterização da Indústria (continuação)								2.a.
Quadro Resumo	Unidade	2013	2014	2015	2016	2017	Tx Var. % (2017/2016)	
Exportações de bens	Milhares €	58 071	67 523	59 731	65 147	90 463	39%	
Total Subsetor Joalheria e Ourivesaria (Moda)								
Importações de bens	Milhares €	97 357	102 837	112 930	119 579	143 692	20%	
Saldo (Exportações - Importações)	Milhares €	- 39 286 ↑	- 35 314 ↓	- 53 199 ↓	- 54 432 ↑	- 53 229		

Source: *Direção-Geral das Atividades Económicas*

Appendix 6: Projections for unit annual change in percentage for GDP, Harmonized Index of consumer prices and private consumption in Portugal and European Union.

Projections for Portugal updated on: 10 October 2019

Projections for Euro Area updated on: 12 September 2019

Unit: annual change, in percentage

		2018	2019 (p)	2020 (p)	2021 (p)
Gross domestic product	 Portugal	2.4	2.0	-	-
	 Euro Area	1.9	1.1	1.2	1.4
Harmonized index of consumer prices	 Portugal	1.2	0.4	-	-
	 Euro Area	1.8	1.2	1.0	1.5
Private consumption	 Portugal	3.1	2.3	-	-
	 Euro Area	1.4	1.3	1.3	1.3

Source: Banco de Portugal, 2019.

Appendix 7: TOWS matrix

<p style="text-align: center;">Internal</p> <p style="text-align: center;">External</p>	<p>Strengths</p> <ul style="list-style-type: none"> - Tradition and Legacy - Quality, Experience - AORP initiatives 	<p>Weaknesses</p> <ul style="list-style-type: none"> - Small Dimension - Not looking for external markets for many years - Not accompanying the growing importance of the e-commerce
<p>Opportunities</p> <ul style="list-style-type: none"> - Online/digital channels - Growth of tourism in Portugal - Participation in fairs and congresses - Willingness to spend by consumers - Feelings transmitted through the usage of jewelry - Growth of Asian markets 	<ul style="list-style-type: none"> - Allusion to the tradition and legacy with AORP initiatives to appeal to client's feelings - Take advantage of the growth in tourism with initiatives promoting quality and experience. - Leverage the tradition, quality and experience with the growth of Asian markets - Collaboration with other art forms and industries 	<ul style="list-style-type: none"> -Investment in digital channels - Active presence in international fairs and markets
<p>Threats</p> <ul style="list-style-type: none"> -Lack of qualified and suitable labor force - Not to be afraid to take risks 	<ul style="list-style-type: none"> - Make use of the quality and experience to reinvent the industry 	<ul style="list-style-type: none"> -Formation of new professionals