

PRECIOUS AND SEMI-PRECIOUS STONES

VOLUME I



EU STRATEGIC MARKETING GUIDE 2002

PRECIOUS AND SEMI-PRECIOUS STONES

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December 2002

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New CBI Publication with new format and contents, partly replacing CBI market survey 'Precious and semi-precious stones', June 1998.

Photo courtesy:

Information Centre for Diamond, Jewellery and Watches,
Thaigem Global Marketing Unlimited.

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INTRODUCTION

This EU Strategic Marketing Guide offers a practical handbook for exporters engaged, or wishing to engage, in exporting precious and semi-precious stones to the European Union. It aims to facilitate exporters in formulating their own market and product strategies through the provision of practical information and a methodology of analysis and ready-to-fill-in frameworks.

Chapter two offers a “Business Guide” or checklist for exporters wishing to engage in exporting precious and semi-precious stones to Europe. The guide consists of three parts: Product profiles (in which a few interesting products will be highlighted), a market opportunity analysis to determine suitable sales channel(s), and a checklist for building up a trading link.

Statistical market information on consumption, production and trade, and information on trade structure and prices and margins, which is required for the ready-to-fill in frameworks, can be found in the matching EU Market Survey ‘Precious and semi-precious stones’. The EU Market Survey also includes contact details of traders and brokers, trade associations, and other relevant organisations.

Market research

This EU Strategic Marketing Guide and the EU Market Survey together serve as a basis for further market research: after you have read the market survey and filled in the frameworks in this strategic marketing guide it is important to further research your target markets, sales channels and potential customers.

Market research depends on secondary data (data that have been compiled and published earlier) and primary data (information that you collect yourself). An example of secondary data is the EU Market Survey. Primary data are needed when secondary data fall short of your needs, for example when researching your specific type of consumer about the acceptance of your specific product. Sources of information are among others (statistical) databanks, newspapers and magazines, market reports, (annual) reports from branch associations, but also shops in target countries, products or catalogues from your competitors, and conversations with suppliers, specialists, colleagues and even competitors. After you received/collected your information, you should analyse it. In order to judge the attractiveness of the market, sales channel or customer you should use/develop a classification or score system.

For more detailed information on market research, reference is made to CBI’s Export Planner (2000).

1 DOING BUSINESS IN THE EU: REQUIREMENTS FOR ACCESS

1.1 Non-tariff trade barriers

1.1.1 Quality and grading standards

There are no EU and national quality and grading standards applicable to precious and semi-precious stones. Quality and grading standards applicable to diamonds are set by the International Diamond Council (IDC).

Diamonds

Several strict quality and grading standards apply to diamonds. The various standards are very much alike except for some differences in names of qualities. Quality is always determined according to a combination of:

- Colour
- Clarity
- Cut
- Carat weight (1 carat = 0.2 grams)

Other precious and semi-precious stones

No official quality and grading standards exist for this group. Each species has physical properties such as hardness, which can be exactly measured. However, colour can only be described in rather vague terms as 'dark', 'intense' or 'bright'.

Therefore the goods must usually be shown before business is done. Especially for the more valuable stones, it is very useful to have a gem certificate or gem report issued by one of the following independent gem laboratories:

- Hoge Raad voor Diamant (Diamond High Council) in Antwerp
- Nederlands Edelsteenlaboratorium (Netherlands Gem Laboratory)
- The Gem Testing Laboratory in London

The certificates of the above mentioned gem laboratories are well recognised globally.

1.1.2 Trade-related environmental and health measures

Environmental aspects of products have become a major issue in Europe in recent years. Depending on the product group in question, environmental aspects may play a vital role in preparing for exports to the European market. Besides governmental actions (legislation and regulation), a strong consumer movement is noticeable especially in the northern parts of the EU (Scandinavia, Germany, The Netherlands and the United Kingdom). "The environment" is more than a trend. It is a lasting issue seen for all products and, presently, even services. Therefore, growers and manufacturers have to view their products and production processes, for instance mining, not just by

looking at traditional aspects like price, quality, customer demands and standards, but also at the environmental aspects. It is the objective of this section to briefly highlight several aspects that currently play a major role in the EU.

Exporters in developing countries should be aware of the environmental and health considerations of EU consumers and governments alike, as this will have an impact on the product requirements of precious and semi-precious stones imported into EU countries.

Sustainable development for businesses

The concept of sustainable development, adopted by nearly all the countries in the world which participated in the 1992 Rio de Janeiro Conference, represents the philosophy that economic development should automatically take into account the issue of the environment, recognising the fact that polluting activities now will have great (negative) impacts on the way future generations can live. In this respect all parties, including the general public but also growers and processors, are asked to accept their social responsibility and minimise the environmental impact of their activities.

Environmental labels and standards

Environmental labels and standards do not apply to precious and semi-precious stones. Precious and semi-precious stones are products of nature. Therefore almost all specimens of stones are completely harmless to the environment. Environmental issues arise in the case of mining, chemical treatment of stones, packaging and transport.

Mining

Mining partly takes place under strict international regulations involving environmental and social restrictions. However, in many cases, standards on these subjects are neglected. The result is that landscapes will be permanently destroyed if no precautions are made. Labour conditions, especially the issue of child labour, are of great concern to the consumers in the EU.

1.1.3 Packaging, marking and labelling

EU requirements relate to health and environmental aspects, facilitating re-use and recycling of packaging material to reduce waste. In order to harmonise the different forms of national legislation, the EU issued a directive for packaging and packaging materials (Directive 94/62/EC) in which minimum standards are regulated. The Directive sets maximum levels for heavy metals used in packaging materials.

Packaging requirements should be discussed with the importer. Precious cut stones are usually packed in small lots, labelled with name and weight in carats. Rough stones are usually packed per 1, 5, 10 or more kg in plastic bags. Larger quantities of rough stones are usually packed in big bags, in metal drums or in wooden crates. Cardboard boxes need to be kept dry.

When rough stones are transported loose in metal drums, there is a risk that the drums get wet. The result is that the inside of the drum starts to rust and the stones become stained with iron oxide. To prevent this, the drums need to be insulated with plastic, or the stones need to be sealed in plastic.

For fragile stones, like minerals for collection, careful and appropriate packaging is of great importance. Sufficient soft material should be used for shock absorption. Big stones packed in boxes or crates should be firmly fixed to prevent the minerals from shifting.

Beads that are already drilled to be used in necklaces and bracelets are usually temporarily strung on a nylon thread for transport.

Because the choice of packaging usually aims for transport of bulk quantities, the importer/wholesaler must re-package the goods. It is still rare that minerals are packed individually in sophisticated boxes, ready for retail sales. This service can be of extra value to the importer, but the design should be discussed in advance with the importer.

Maximum weight per unit is important for shipments of smaller packages, for example shipment by mail. In many countries packages are not accepted when the weight exceeds 20 kg. Heavier packages should be consolidated on a pallet or container that can be handled by a forklift. A 'Euro pallet' measures 120 x 80 cm.

Labelling and marking

The contents of the shipment need to be labelled, especially when different products are sent in one parcel. Names, addresses and contact details of both shipper and importer should be clearly visible. An accurate packing list, matching the labels, should always be included with the documents. This makes checking by both Customs and importer much easier.

Apart from protecting the merchandise against damage, safeguarding against theft is another important purpose of careful packaging. The goods are often stored in poorly secured warehouses in harbours and at airports. This should be kept in mind when marking the drums or crates, so as to avoid tempting indications as to the value or the contents.

It is advisable to use waterproof markers and/or waterproof labels.

Packaging waste

The European Commission presented the Export Packaging Note in October 1992, in line with the effort of the European Union to harmonise national measures concerning the management of packaging and packaging waste. A Directive followed the packaging note in December 1994 (94/62/EC). The directive emphasises the recycling of packaging material. No later than 30 June 2001, the member states (excluding Ireland, Portugal and Greece) were supposed to reprocess between 50 and 65 percent of the packaging waste. Member states are allowed to set higher percentages as objectives, as long as intra-EU trade is not hampered.

Exporters in developing countries targeting the European market should be aware of these agreements and take appropriate measures, in order to become or remain interesting trade partners for European businesses. The environmental requirements will be transposed to the exporter. This means that packaging (transport packaging, surrounding packaging and sales packaging) materials should be limited and be re-usable or recyclable. Otherwise, the importer will be confronted with additional costs, thus reducing the competitiveness of the exporter.

Since changes in the environmental policy follow each other at a rapid pace, exporters are advised to ask the importer about the latest regulations and/or requirements related to packaging. For more information about environmental regulations concerning packaging methods, please also refer to ITC.

1.2 Tariffs and quotas

In general, all goods entering the EU are subject to import duties. External trade conditions in the European Union are mostly determined by EU regulations. The level of the tariffs depends on:

- country of origin
- product.

In order to support exports from developing countries, the EU operates the Generalised System of Preferences (Regulation 2820/98/EC). However, no import duties apply to the imports of precious and semi-precious stones into the EU.

The only exceptions are the HS code 7116 20 19 00 and 7116 20 90. The general import duty for these groups is 2.5% and under the GPS 0%. However, the last one does not apply to imports from Brunei, Kazakhstan and Thailand.

A list of GSP countries can be found in Appendix 10 of the EU Market Survey 'Precious and semi-precious stones'.

Apart from the GPS countries, a number of Least Developing Countries (LDCs), countries belonging to the Andes Group and countries belonging to the Central-American Common Market can export their precious and semi-precious stones at zero tariff to the EU. The countries belonging to this group are mentioned in Appendix 10 of the EU Market Survey 'Precious and semi-precious stones'.

The third group enjoying preferential import tariffs is the ACP countries (African, Caribbean and South Pacific). These countries have, on the basis of the Lomé agreements, the possibility to export a great number of industrial and agricultural products, i.e. precious and semi-precious stones, to the EU at zero tariff. The countries belonging to this group are mentioned in Appendix 10 of the EU Market Survey 'Precious and semi-precious stones'.

Financial instruments in the EU

Besides legislation, one of the instruments of the EU to promote environmentally sound products is the awarding of (tariff) preferences or the levying of so-called 'environmental taxes' on products.

An example of preferential systems is the General System of Preferences (GSP) encouragement regime. Under the GSP, developing countries are exempted from the main WTO principles of reciprocity and non-discrimination (see Section 1.2).

Since May 1998 the current GSP, which covers the period 1999-2001, includes an encouragement regime to stimulate developing countries to establish and implement trade-related social and environmental policies (Regulation EC 1154/98). Import tariffs for countries, producing in an environment-friendly and humane way, may be reduced by 15-35 percent for a selection of products. For countries that already receive maximum preference, the encouragement regime may not prove to be a direct incentive. Please refer to CBI's Guide 'Exporting to the European Union' for more details on GSP.

The EU is trying to promote cleaner production through the awarding of financial incentives. On the other hand, in the EU, and in some member states in particular, various financial instruments are being used to discourage the entrance of polluting products in the market. This happens through the establishment of specific taxes. A very specific tax is the so-called 'ecotax', which is placed on energy consumption. These taxes can apply to both private households and to companies.

A complete overview of EU Environmental Legislation can be found at <http://europa.eu.int/scadplus/leg/en/s15000.htm>. A list of environmental taxes in the EU, plus Norway and Switzerland, can be found at www.europe.eu.int/comm/environment

Value Added Tax (VAT)

The VAT is levied *ad valorem* on all imported goods from non-EU countries. The current VAT rates for both precious and semi-precious stones imported into the EU are as follows:

| Country | VAT name | Standard VAT rates |
|-----------------|-----------------|--------------------|
| Austria | Mehrwert Steuer | 20.0% |
| Belgium | BTW/TVA | 21.0% |
| Denmark | MOMS | 25.0% |
| Finland | ALV | 22.0% |
| France | TVA | 19.6% |
| Germany | Mehrwert Steuer | 16.0% |
| Greece | FPA | 18.0% |
| Ireland | VAT | 21.0% |
| Italy | IVA | 20.0% |
| Luxembourg | TVA | 15.0% |
| The Netherlands | BTW | 19.0% |
| Portugal | IVA | 17.0% |
| Spain | IVA | 16.0% |
| Sweden | Mervärdeskatt | 25.0% |
| United Kingdom | VAT | 17.5% |

Source: EU DG Taxation

2 TERMS OF TRADE AND TRADE PROMOTION

2.1 Terms of trade

2.1.1 The contract

Details that must be mentioned in a contract are:

1. The contract parties: The seller, the buyer, the brokers and/or buying/selling agent. Of course all names and addresses must be correctly spelled.
2. The quantity in kg and the price per kg/carat in the agreed currency, net delivered weight, must be sufficiently specified, so that no misunderstandings can arise. The quality at the time of shipment and at discharge must be mentioned.
3. The delivery terms are mentioned according to the description specified in the Incoterms 2000 (please refer to www.iccwbo.org/home/incoterms/the_thirteen_incoterms.asp).
4. The payment and shipping documents must be spelled out in detail.
5. The declaration of destination is a vital piece of information on which the seller and the buyer will have to agree.
6. If one of the parties has negotiated special conditions, this has to be mentioned in the contract.

Trading relations between exporter and importer are based on trust and can only be built up by meeting the high expectations of the importer. If an importer finds that the product does not meet his expectations, this will immediately backfire on the business relationship with the exporter.

2.1.2 Payment methods and delivery terms

The determination of payment conditions for a regular export transaction is part of the package of negotiations between seller and buyer, who actually have more or less opposing interests.

The seller wants to have the largest possible guarantee of financial coverage for the goods he has to supply according to his sales contracts. The buyer wants to be sure about availability, quantity and quality of the goods he buys, before he pays the agreed price.

Transfer of payments depends very much on the payment practice of the EU country in question. In general, northern European countries apply a period of 30 days, while southern European countries pay on 60 days or longer. A Letter of Credit is common practice, but is often considered cumbersome and expensive and prevents the option of retaining the money if the consignment does not prove to be as good as expected. When relations are established, cash against documents (CAD) is often used.

Letter of Credit (L/C) and Cash against Document (CAD) are payment methods commonly used in the trading of precious and semi-precious stones. After the sale is concluded, the importer can determine the levy with the Customs, and pay a deposit. If the products are not imported within two months after this has been done, the fixed levy is no longer valid anymore and the importer loses his deposit. This means that on time delivery is vitally important. Another possibility for the importer is to pay the current levy at Customs clearance.

General methods and terms of payment

Letter of Credit (L/C)

The irrevocable confirmed L/C is very often used in the beginning of a business relationship when the importer and exporter do not yet know each other very well. The L/C is irrevocable and the issuing bank guarantees payment providing the documents required are in accordance with the ones mentioned on the L/C. The costs are higher when compared to the CAD method. This method is widely used in the European Union when dealing with exporters in non-European countries.

Cash against Documents (CAD)

The buyer takes possession of the goods only after payment. It is safe and the costs are relatively low. One can also make use of a 'documents against acceptance of a bill of exchange'. However, the bill of exchange does not guarantee that the bill will be paid; it is less secure than CAD.

Clean payment – open account

The process is fast and reliable, depending on the credit worthiness of the importer. The bank carries out the transactions through swift electronic data system and the transfer costs are not very high. This is the most frequently used method when parties know each other well.

Bank guarantee

The buyer's bank will present a bank guarantee for the amount of the invoice.

Cheques

Bank guaranteed cheques are generally not a problem though cashing may take some time, up to six weeks. Not all personal cheques are accepted.

Advance payment

Although this method provides maximum security for the exporter, it is usually not acceptable to importers. This method is hardly ever used in the trade of precious and semi-precious stones.

It is recommended that quotations to European customers should be made on a CIF basis. However, supplier and importer are free to negotiate and agree whether quotations and subsequent trade are based on CIF, C&F or FOB prices.

Most common delivery terms:

- **FOB** (*Free On Board*): The buyer arranges for transportation and insurance. FOB must specify the port of departure.
- **CFR** (*Cost & Freight*): The exporter pays the freight, the buyer arranges for the insurance.
- **CIF** (*Cost, Insurance & Freight*): The exporter pays the freight and the insurance.

Insurance

Due to the value of precious and semi-precious stones, it is advisable to insure goods in transport. It is important to investigate whether insurance actually covers all the risks that a shipper wants to be covered. Insurance policies issued in the shipper's country are very often of no or insufficient value for the importer. For this reason, many importers have their own insurance that covers all imported goods. In this case, there is no need for the shipper to take out insurance. The importer prefers in this case to work with a lower C&F or FOB price.

2.1.3 Business practice

Although the EU is working on harmonising rules and regulations and already applies uniform import tariffs, there are vast differences in the cultural aspects of doing business in EU countries. Below, a summary is given of the business culture in the EU countries most important for the import of precious and semi-precious stones.

Germany

Germans are very formal in their business dealings. They like to be addressed by their surname, preceded by Mr. (Herr), Mrs. (Frau) or Miss (Fraulein). When your partner has a title, it is important to address him/her with his/her title as well, e.g. Herr Doktor Schmidt. When you have an appointment with your German counterpart, make sure you are punctual and be there right on time. It is advisable to come straight to business, as appointment schedules are usually tightly planned and full. As in most northern EU countries, your trade partners will be quite direct and clear in their communication.

France

The French are quite formal in their business dealings. It is advisable to dress well and conservatively. Hand-shaking takes place before and after the meeting. Do not refer to your partners by their first names, but as Mr./Mrs./Miss.

The Netherlands

Dutch business partners are quite open and direct in their communications. They are less formal compared to German and French business partners. Business is usually discussed in the office and much less during lunches and dinners. English is widely spoken.

Italy

It is advisable to make appointments well in advance. Business is often conducted on the basis of a personal relationship and is less formal and direct than in the northern EU countries. English is not as widely spoken and it is advisable to check on the language aspect in advance. Often it is common to use an interpreter. Bureaucracy is well ingrained in Italian society.

United Kingdom

Business entertainment is done more often at lunch than at dinner. British business partners are quite formal in their communications and famous for their understatements. British humour is unique and full of self-irony and mild sarcasm. Pub life is very active, which is where many businessmen meet after work.

2.1.4 Travelling in the EU with merchandise

Travelling with merchandise in the various countries of the EU poses no problem, providing the quantities carried are not too large.

When larger quantities are involved, it is advisable to provide for appropriate Customs documents before starting the trip. The most practical document to use for business samples is the 'A.T.A. carnet'. This carnet is designed for international meetings, trade fairs and exhibitions. It shows a list of the merchandise taken along; description of the goods, quantity and value; all of this can be checked by Customs.

When any of the items is sold, one should declare this and pay the applicable VAT when leaving the country. The 'A.T.A. carnet' is issued by Chambers of Commerce in all the countries belonging to the 'A.T.A. Convention' and can be used to travel through these countries.

Because the list of member countries is updated almost every year, it is advisable to get exact information from the Chamber of Commerce in your country.

2.1.5 Importing small amounts as business samples

It is of great importance in the trade of stones to show the goods on the spot. This means the stones have to be sent or taken along by the seller.

The latter can cause difficulties, as several dealers have got into troubles at Customs because they were accused of trying to smuggle the goods into the country.

Therefore, the following advice avoid such problems: When a Customs officer wants to check your luggage, you should mention the presence of the goods before he/she opens your luggage. Explain to the officer that the goods are samples.

Often, the Customs officer accepts this explanation and the goods can be imported without paying duties. In case the officer doubts your explanation, you may be forced to declare the goods officially. This involves a rather complicated and time-consuming procedure. When a Customs officer decides that the goods should be declared, do not try to do the paperwork yourself. Ask for a local Customs broker to clear the goods on your behalf. You have to pay VAT that can be refunded upon leaving the country. Moreover, the Customs broker will charge a fee for his services.

2.2 Trade promotion

2.2.1 Trade fairs

Visiting trade fairs can be useful to evaluate current trends and competition. However, visiting trade fairs is not the most effective way to contact the larger importers/wholesalers. The dealers present at trade shows are there to sell their stones and are generally not interested in buying. Moreover, trade fairs are a very public event. All competitors are present and watch each other carefully. The stone trade is a business based on personal contacts. Therefore the best way to contact potential business partners is by contacting them after trade fairs.

Contact details are listed in Appendix 6 of CBI's EU Market Survey 'Precious and semi-precious stones'. For additional information on trade fair participation, please refer to CBI's Handbook "Your Show Master – a guide for selection, preparation and participation in trade fairs".

2.2.2 Trade press

The following are the main (inter)national trade magazines which can be relevant for exporters, who want to develop a better insight into the EU markets. Please refer to Appendix 7 of CBI's EU Market Survey 'Precious and semi-precious stones' for the names and addresses of the publishers.

2.2.3 Assistance with market entry

Before approaching organisations abroad, an exporter should first check with the local trade promotion organisations, Chambers of Commerce and foreign representatives in his/her country whether the information required is readily available. There is a great number of organisations in the EU and in other European countries which are important in the field of general representation, promotion and public relations activities for exporters in developing countries.

Business Support Organisations

In most EU countries, there are organisations which support imports from developing countries through specific export promotion programmes. The services of a Business Support Organisation can include:

- information:
 - statistics and publications about the national market
 - regular news bulletins
 - databases of importers
 - product market opportunities
- individual assistance:
 - management training
 - product testing/exhibitions
 - product adaptation services
- establishing contacts:
 - collective trade fair missions
 - selling missions.

| Trade fair | Location | Month/year | Subjects |
|-------------------------------------|----------------------------|------------|--|
| Vicenza Ore I | Vicenza, Italy | January | Jewellery, loose stones |
| Inhorgenta | Munich, Germany | September | Jewellery, loose stones |
| Bologna Mineral Show | Bologna, Italy | March | Loose stones, jewellery, decorative stones |
| International Mineral & Fossil Show | St.Marie-aux-Mines, France | June | Minerals |
| Vicenzaoro II | Vicenza, Italy | | Loose stones, jewellery |
| Intergem | Idar-Oberstein, Germany | September | Loose stones, jewellery |
| Mineralientage München | Munich, Germany | October | Minerals, loose stones, jewellery |

| Magazine | Country | Language | Subject |
|--------------------------|-----------------|----------|-------------------------|
| Edelmetaal | The Netherlands | Dutch | Jewellery |
| Gem and Jewellery news | United Kingdom | English | Diamonds |
| The Journal of Gemmology | United Kingdom | English | Precious stones |
| Lapis | Germany | German | Minerals for collection |
| Mineralien | Germany | German | Minerals for collection |

Branch organisations/trade organisations

In some European countries (or at EU level) producers and wholesalers are organised in branch organisations. These organisations can be of use to new exporters to the EU, for the gathering of information about the market and for identifying potential trade partners. Contact details of Trade Promotion Organisations and other organisations, which can be of assistance in entering the European Union market, can be found in Appendix 8 of CBI's EU Market Survey 'Precious and semi-precious stones'.

3 MARKETING GUIDELINES

This Chapter offers a “Business Guide” or checklist for exporters wishing to engage in exporting precious and semi-precious stones to the European market.

The Business Guide aims to facilitate exporters in formulating their own market and product strategy, through a methodology of analysis and ready-to-fill-in frameworks.

The Business Guide consists of three parts:

- 1. Product profiles, in which a product will be highlighted.**
- 2. A market opportunity analysis to determine the most suitable target market(s) and the most appropriate sales channel(s) for your company’s range of products**

Market opportunity analysis:

1. Country evaluation
2. Sales channel assessment
3. Company assessment
4. Supply and demand comparison

- 3. A checklist for building up a trading link**

Building up a trading link:

1. Reviewing the products and the product range
2. Identifying a suitable trading partner
3. Drawing up an offer
4. Handling the contract
5. Sales promotion

Please refer to the CBI EU Market Survey ‘Precious and semi-precious stones’ for statistical market information on consumption, production and trade, and information on trade structure and prices and margins, which is required for the ready-to-fill in frameworks in the “Business Guide”.

The EU Market Survey also includes contact details of importers, trade associations, and other relevant organisation

3.1 Product profile

| PRODUCT PROFILE Unworked diamonds | | |
|--|--|--|
| 1. Product name: unworked diamonds | | |
| 2. Market requirements: <u>European quality standards:</u> not applicable <u>International Diamond Council quality standards apply to:</u> <ul style="list-style-type: none">– colour– clarity– cut– carat weight <u>Transport standards:</u> EU Directive 96/3 refers to sea transport <u>Import regulation:</u> The general import tariff for unworked diamonds ranges from 0 – 2.5% Relevant import documents: <ul style="list-style-type: none">– AWB or Bill of Loading– Commercial invoices– EUR 1 form for ACP countries– FORM A for other countries | 3. Market structure: <u>Average prices:</u> US\$ 255 – 285 per 1 carat CIF Antwerp <u>Main markets:</u> The main EU markets for unworked diamonds are Belgium and United Kingdom <u>Market trends:</u> growing in the main EU markets | 4. Main suppliers: The leading supplying countries are South Africa, Congo Democratic Republic, Angola, Botswana. Leading EU diamond cutters and polishers are members of: Antwerpsche Diamantkring, Belgium Beurs voor Diamanhandel, Belgium Diamantclub van Antwerpen, Belgium Vrije Diamanhandel, Belgium The London Diamond Bourse and Club |

3.2 Market analysis

This section analyses a market opportunity conducted through a methodology of ready-to-fill-in frameworks. The analysis consists of four parts:

1. **Country evaluation**, to identify suitable target countries and markets for selling precious and semi-precious stones
2. **Sales channel assessment**, to estimate the requirements of potential sales channels in respect to product standards, logistics and marketing.
3. **Company assessment**, to assess your company's performance in respect to product standards, logistics and marketing.
4. **Supply and demand comparison**, to compare the requirements of the sales channels with your own company performance, in order to identify the most suitable sales channel(s).

The basic questions a future exporter has to ask himself are:

- Is there a market for my products?
- Can I reach this market?
- Can I offer my product at an acceptable and competitive price?

3.2.1 Country evaluation

The country evaluation helps to quickly determine particularly attractive markets. Exporters can complete the ready-to-fill-in framework for each country to which they intend to export. Markets are assessed on five criteria:

1. Market potential
2. Product standards
3. Trade situation
4. Export conditions
5. Exporting experience

- There are three possible answers to each question, which are awarded 1, 2 or 3 points each. If there is no exact answer to a question, it should always be awarded 2 points, to avoid distorting the statistics of the overall results.
- The points awarded for each criterion and the total points awarded are entered in a table for the final results.
- The total points awarded give a ranking for the markets analysed (top ranking for the country with the highest number of points, etc.).
- Finally, the markets can be evaluated relatively (ranking) and absolutely (each market individually), in order to assess the opportunities and constraints within each market.

| Subject evaluated | points |
|--|--------|
| 1 Market potential | |
| 1.1 What is the estimated market size for your products? | |
| large (3 pts.) average (2 pts.) small (1 pt.) | — |
| 1.2 How has the market volume developed during the last 3-5 years? | |
| grown (3 pts.) unchanged (2 pts.) declined (1 pt.) | — |
| 1.3 How have imports of your products developed during the last 3-5 years? | |
| grown (3 pts.) unchanged (2 pts.) declined (1 pt.) | — |
| Evaluation of the market for precious and semi-precious stones | |
| 2 Product standards | |
| 2.1 What standards are set on the quality of your products? | |
| low standards (3 pts.) medium (2 pts.) high standards (1 pt.) | — |
| 2.2 To what degree are regulations in force? | |
| low (3 pts.) medium (2 pts.) high (1 pt.) | — |
| 2.3 How high are the standards demanded on packaging methods? | |
| low (3 pts.) medium (2 pts.) high (1 pt.) | — |
| 2.4 How high is the demand on environmentally sound production methods ? | |
| low (3 pts.) medium (2 pts.) high (1 pt.) | — |
| Evaluation of product standards | |
| 3 Trade situation | |
| 3.1 How high is the demand for new suppliers? | |
| large (3 pts.) average (2 pts.) small (1 pt.) | — |
| 3.2 How many producers (sellers) are there in the country concerned? | |
| few (3 pts.) average (2 pts.) many (1 pt.) | — |
| 3.3 What is the average price level for your products? | |
| high (3 pts.) medium (2 pts.) low (1 pt.) | — |
| 3.4 Is there a clear trade structure allowing for easy identification of trade partners? | |
| very clear (3 pts.) rather clear (2 pts.) not at all (1 pt.) | — |
| Evaluation of the trade situation | |
| 4 Export conditions | |
| 4.1 Are there import restrictions which limit sales opportunities? | |
| none (3 pts.) few (2 pts.) many (1 pt.) | — |
| 4.2 How high are the import duties? | |
| low (3 pts.) average (2 pts.) high (1 pt.) | — |
| 4.3 To what degree is the domestic industry subsidised? | |
| not at all (3 pts.) somewhat (2 pts.) strongly (1 pt.) | — |
| 4.4 Can I reach the market easily (cost of freight)? | |
| competitive (3 pts.) possible (2 pts.) difficult & expensive(1 pt.) | — |
| Evaluation of export conditions | |
| 5 Exporting experience (of potential exporter) | |
| 5.1 What is the level of information available on this market? | |
| high (3 pts.) average (2 pts.) low (1 pt.) | — |
| 5.2 Do (or did) trade relations exist with the country concerned? | |
| yes, at present (3 pts.) yes, in the past (2 pts.) no, never (1 pt.) | — |
| 5.3 Is language a problem? | |
| not at all (3 pts.) somewhat (2 pts.) very much (1 pt.) | — |
| Evaluation of exporting experience | |
| Total evaluation of the individual market | — |

| points | appraisal |
|--------|--|
| 18-29 | Either there are certain difficulties in trading with these markets or countries, or their attraction rating is under-average. Examine individual cases to see whether special circumstances might have a positive effect on trade with some markets or countries. |
| 30-41 | These markets or countries have an average attraction for trade. Examine individual low-rating criteria to see whether, in special cases, they might have a decisive influence on building up a trading link. |
| 42-54 | These markets or countries are highly attractive. Building up or expanding trade relations could prove to be worthwhile. |

3.2.2 Sales channel assessment

After evaluating the prospective countries and markets, the particular sales channels within these markets must be assessed. After assessment of the performance of your own company (next section), comparison of the requirements of the sales channels with your company's performance will enable you to identify the most suitable sales channel(s) (3.2.4).

Each sales channel is appraised on three criteria:

1. Product standards
2. Logistics
3. Marketing

The final evaluation of the sales channels takes place after the evaluation of your own company performance.

| | | | |
|---|--|---|--------------------|
| 1 Product standards | | | |
| 1.1 What quality standards does this sales channel demand? | | | |
| <input type="checkbox"/> low | <input type="checkbox"/> average | <input type="checkbox"/> high | |
| 1.2 What package sizes does this sales channel demand? | | | |
| <input type="checkbox"/> no specific sizes | <input type="checkbox"/> standard packaging sizes: | <input type="checkbox"/> specific sizes | |
| | | | |
| | | | |
| 1.3 What packing materials does this channel demand? | | | |
| <input type="checkbox"/> not specific | <input type="checkbox"/> specific packing: | | |
| 1.4 What are the requirements of this sales channel regarding production techniques and certification? | | | |
| <input type="checkbox"/> no special requirements | <input type="checkbox"/> country-specific regulations | | |
| 1.5 What product groups does this sales channel demand? | | | |
| <input type="checkbox"/> no specific requirements | | | |
| <input type="checkbox"/> specific requirements: | | | |
| | not required | required | products required: |
| unworked diamonds | <input type="checkbox"/> | <input type="checkbox"/> | |
| cultured pearls | <input type="checkbox"/> | <input type="checkbox"/> | |
| natural pearls | <input type="checkbox"/> | <input type="checkbox"/> | |
| rubies | <input type="checkbox"/> | <input type="checkbox"/> | |
| sapphires | <input type="checkbox"/> | <input type="checkbox"/> | |
| bracelets, necklaces | <input type="checkbox"/> | <input type="checkbox"/> | |
| 2 Logistics | | | |
| 2.1 How often does this sales channel normally require deliveries? | | | |
| <input type="checkbox"/> seldom | <input type="checkbox"/> average | <input type="checkbox"/> often | |
| (once a year) | (once per quarter) | (more than once per quarter) | |
| 2.2 What formalities does this channel demand from the exporter? | | | |
| <input type="checkbox"/> none | <input type="checkbox"/> complete shipping documents without Customs declaration | | |
| | <input type="checkbox"/> complete shipping documents including Customs declaration | | |
| <i>continued</i> | | | |

3 Marketing

3.1 Where do negotiations for this sales channel take place?

- in the producer country in a third country:
 in the country of destination

3.2 Which persons influence business contacts in this sales channel?

- head of company/ general buyer product group buyer sales manager marketing manager

3.3 How often does this sales channel expect a personal visit from the exporter?

- seldom once a year more than once a year

3.4 What cycles of delivery does this channel demand?

- none seasonal emphasis equally distributed throughout the year

3.5 What quantities are demanded by this channel?

| | not required | lowest quantity | normal quantity |
|----------------------|--------------------------|-------------------|-------------------|
| unworked diamonds | <input type="checkbox"/> | g per year | g per year |
| cultured pearls | <input type="checkbox"/> | kg per year | kg per year |
| natural pearls | <input type="checkbox"/> | kg per year | kg per year |
| rubies | <input type="checkbox"/> | kg per year | kg per year |
| sapphires | <input type="checkbox"/> | kg per year | kg per year |
| bracelets, necklaces | <input type="checkbox"/> | kg per year | kg per year |

3.6 What sales support material is necessary for business contacts with this sales channel?

- none price list sales statistics
 sales brochure company brochure

3.7 What promotional material is necessary in this sales channel for the further sale of the products?

- none product information
 product sample
 other:

3.8 Which references are needed to guarantee my payment?

- none usual strong references

3.9 Which are the usual methods of payment? (see Section 2.1.2)

- letter of credit document against payment other:

3.10 Which are the usual terms of payment? (see Section 2.1.2)

- FOB CFR CIF

3.2.3 Company assessment

In order to identify the most suitable sales channel(s) for your company in the paragraph below, it is important to evaluate your company's performance on the same three criteria as applied in the sales channel assessment:

1. Product standards
2. Logistics
3. Marketing

1 Product standards

1.1 What quality standards do your products fulfil?

- low average high

1.2 What package sizes and materials do you use?

- standard sized specific sizes:

1.3 What packaging materials do you use?

- none usual ones specific packing:

1.4 What requirements on production techniques do you fulfil?

- no special requirements sales country-specific regulations

1.5 How comprehensive is your product range in each product group?

| | not produced | one variety | several varieties |
|-------------------------|--------------------------|--------------------------|--------------------------|
| unworked diamonds | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| cultured pearls | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| natural pearls | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| rubies | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| sapphires | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| bracelets and necklaces | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

2 Logistics

2.1 How often are you able to deliver?

- seldom average often
(once a year) (once per quarter) (more than once per quarter)

2.2 What formalities does this channel demand from the exporter?

- none complete shipping documents without Customs declaration
 complete shipping documents including Customs declaration

3 Marketing

3.1 Where do you hold your sales negotiations?

- in the producer country in a third country:
 in the country of destination

3.2 Which persons do you know who influence business contacts?

- head of company/
general buyer product group buyer sales manager marketing manager

3.3 How often do you visit your customers personally?

- seldom once a year more than once a year

3.4 What cycles of delivery apply to your products?

- none seasonal emphasis equally distributed throughout the year

3.5 What quantities do you generally produce?

| | not produced | lowest quantity | normal quantity |
|-------------------------|--------------------------|-------------------|--------------------|
| unworked diamonds | <input type="checkbox"/> | g per year | g per year |
| cultured pearls | <input type="checkbox"/> | kg per year |kg per year |
| natural pearls | <input type="checkbox"/> | kg per year | kg per year |
| rubies | <input type="checkbox"/> | kg per year | kg per year |
| sapphires | <input type="checkbox"/> | kg per year | kg per year |
| bracelets and necklaces | <input type="checkbox"/> | kg per year | kg per year |

3.6 What sales support material is available for your product?

- none price list sales brochure
 campaign brochure

3.7 What promotional material is available for the further sale of the products?

- none product information
 product sample
 other:

continued

continue

- 3.8 What is my financial availability for meeting the proposed terms of payment?**
 good acceptable insufficient
- 3.9 Which are my usual methods of payment? (see Section 2.1.2)**
 letter of credit document against payment other:
- 3.10 Which are my usual terms of payment? (see Section 2.1.2)**
 FOB CFR CIF

3.2.4 Determining the most suitable sales channel(s) and opportunities for strategic alliances

Using the checklists in the previous sections, you can now compare the corresponding checklists of the sales channel assessment and the company assessment, so as to identify the most suitable sales channel(s) for your products.

- Use the table below to record the number of answers for each sales channel, which agree with one another and those that do not.
- The sums of corresponding and non-corresponding answers show which sales channel is the most suitable. Non-corresponding answers represent problems that must be solved, before you can sell your products through a particular sales channel.

| | conditions agree | conditions disagree |
|---|--------------------------|--------------------------|
| 1 Product standards | | |
| 1.1 Quality standards | <input type="checkbox"/> | <input type="checkbox"/> |
| 1.2 Package size | <input type="checkbox"/> | <input type="checkbox"/> |
| 1.3 Packaging materials | <input type="checkbox"/> | <input type="checkbox"/> |
| 1.4 Production techniques | <input type="checkbox"/> | <input type="checkbox"/> |
| 1.5 Product range | <input type="checkbox"/> | <input type="checkbox"/> |
| 2 Logistics | | |
| 2.1 Delivery frequencies | <input type="checkbox"/> | <input type="checkbox"/> |
| 2.2 Formalities | <input type="checkbox"/> | <input type="checkbox"/> |
| 3 Marketing | | |
| 3.1 Place of negotiations | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.2 Decision-makers | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.3 Frequency of visits | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.4 Delivery cycles | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.5 Quantities required | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.6 Sales support material | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.7 Sales support material for further sale | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.8 Guarantee | <input type="checkbox"/> | <input type="checkbox"/> |
| 3.9 Payment terms | <input type="checkbox"/> | <input type="checkbox"/> |
| | conditions agree | conditions disagree |
| Number of answers | | |

3.3 Building up a business relationship

The Business Guide for building up a trading link consists of five sections:

1. Reviewing the products and the product range:

- (a) specifying range, width and depth;
- (b) specifying the product characteristics;
- (c) packaging design.

2. Identifying a suitable trading partner:

- (a) filling out a contact exchange form; and
- (b) evaluating the information.

3. Drawing up an offer:

- (a) drawing up a general offer;
- (b) drawing up a specific offer; and
- (c) general remarks.

4. Handling the contract:

- (a) contract terms; and
- (b) contract fulfilment.

5. Sales promotion:

- (a) advertising and communication;
- (b) sales organisation; and
- (c) participation in trade fairs
- (d) Internet.

3.3.1 Reviewing the products and the product range

Specifying range, width and depth

Definition

A product range consists of several product groups (range width), each with several different products (range depth). **One product** can consist of **several varieties**.

Example:

- A product range consists of semi-precious stones (**range width**).
- The products for sale are rubies, sapphires and emeralds (**range depth**).
- The sapphire **varieties** are dependent on colour and size

Reasoning

A supplier can only select a suitable business partner if he/she knows exactly what range he/she can offer.

A precise review of the product range, therefore, aims at identifying the most suitable candidate(s)

Specifying the product characteristics

Enter in the list below all products you produce, together with their characteristics. Furthermore, state their packaging, the period in which you are able to supply and the packaging method:

Special remarks:

- The reviews must enable potential customers to make an appraisal of your complete product range.
- The reviews must therefore always be kept up-to-date.
- The products and the range should be flexible so that adjustments and changes can be made, if the need arises.

Transport

It is necessary to ensure that precious and semi-precious stones arrive in perfect condition at their destination. Transport packaging should take the following into account:

- Drums to be insulated with plastic
- Stones to be firmly fixed to prevent shifting
- Soft material to be used for shock absorption

The following questions aim at assisting you in ensuring suitable transport conditions

Proper transport

(1) Have your importers ever complained about the quality of your products?

Possible causes:

- shifting of the stones during handling of the packaging
- no insulation with plastic

| product | characteristics | quantities to supply | specifications | availability |
|---------|-----------------|----------------------|----------------|--------------|
| | | | | |
| | | | | |
| | | | | |

3.3.2 Identifying a suitable trading partner

Definition

Among the many potential customers, you must identify a trading partner who matches your own company profile and product range and is therefore potentially most suited for building up a trading link.

Check your potential buyers' financial status and credibility.

At the end of the identification phase, the supplier should have selected the names and addresses of suitable trading partners.

Contacting one or more sources of information

In the **producer country**:

- The foreign-trade chamber of commerce of the country of destination.
- The Economic Affairs department of the official representative (Embassy or Consulate) of the country of destination.

In the **country of destination**:

- Trade promotion organisation
- Trade associations
- Your own country's public and private trade promotion bodies
- Your own country's diplomatic and consular representatives
- Chambers of commerce
- Trade fair organisers (catalogues)

Points of attention:

- Many sources of information only answer written inquiries!
- As a general rule: a concise but detailed inquiry improves the chances of precise identification.

Evaluating the information

Evaluate the names and addresses you receive, using the following criteria:

- Is the information complete?
 - full address;
 - telephone and fax number, e-mail;
 - name of the person to contact.
- Is the importer active in the country you have selected?
- Does the importer focus his activities on the corresponding product groups?
- Do I have enough sound information about the reliability of this partner?

Using these criteria, draw up a priority list of the contact addresses you have received.

3.3.3 Drawing up an offer

There are two different kinds of offers:

1. a general offer;
2. a specific offer.

Drawing up a general offer

- The purpose of a general offer is to make the first contact with potential trading partners with whom the supplier is not yet personally acquainted.
- A general offer consists of sending a short profile of your own company and a summary of your product range.
- In a personal letter, briefly introduce your company and tell what you have to offer.

Drawing up a specific offer

A specific offer is legally binding for a certain period of time. You must therefore be capable of fulfilling the terms of contract. You should make up a specific offer only when you know the business partner personally or after you have made the initial contact.

When sending a specific offer, it should consist of two parts:

(1) **written offer**:

- Name of the person responsible in your company;
- Exact description of the goods offered (preferably using an internationally valid quality standard specification);
- Price of the goods offered in accordance with the Incoterms 2000 (ICC publication);
- Possible delivery date and terms of delivery.

(2) **product samples**:

- Product samples must correspond to the goods available for delivery (if they do not, this can have a lasting negative effect on business relations);
- State the production methods used (if possible, provide quality certificates from an internationally recognised inspection organisation and send a reference list of existing customers).

General remarks

Recommendable action for both kinds of offer:

- A telephone call to ask whether the offer (and the samples, if applicable) has/have arrived.
- An invitation to visit your company.
- Possibly propose a visit to the country of destination. In that case:
 - If necessary, hire an interpreter.
 - Ask your own consulate or other intermediaries for assistance.

3.3.4 Handling the contract

When handling the contract, you should consider the terms and the fulfilment:

Contract terms:

- Conclude the delivery conditions according to international guidelines (e.g. Incoterms 2000)
- When delivering for the first time, it is usual to deliver the goods free on commission and freight paid.

Contract fulfilment:

- Procure the delivery documents in good time.
- Comply strictly with all parts of the supply agreement.
- If you cannot comply with any part of the agreement (e.g. delivery delays or quality problems), inform the customer clearly and in good time, ask if he is prepared to accept this unforeseen deviation.
- Co-operate on a partnership basis and seek a common solution, even if conflicts arise.
- Fulfilling the contract should have a high priority, particularly when delivering for the first time.

3.3.5 Sales promotion

Sales promotion measures relate to developing and expanding the following:

- customer relations;
- supply quantities.

Developing customer relations:

- Take good care of existing customers. This includes, for example, expressions of thanks to business partners, regular information on the product range, etc.
- Brochures on your company and the product range can be useful for promoting sales.
- Ask existing customers for letters of reference. Such recommendations are particularly important when initially approaching new contacts.

Expanding supply quantities:

- In some cases, you may be able to increase supply quantities to existing customers.
- The product range should be guided by the demand. Changes to the product range may become necessary.
- If you can increase the present quantities produced, you could look for new sales outlets.
- You can use your existing export experience to trade with other importing countries.
- Always answer a letter of inquiry. If you cannot supply this contact, say so, explaining that you will get in touch with him if/when the supply situation changes.

Advertising and communication**Definition**

Advertising refers to communication measures with the aim of increasing the sales of your products. The prerequisites for successful communication measures are:

- A clearly defined target group → “Who buys my products?”
- A well formulated message → “What do I want to tell the customer?”

Costs and dispersion losses

Two parameters are used to measure the costs of any communication measure:

- Cost per contact → “How much does it cost to convey the message to one target company/person?”
- Total costs → “How much does the whole campaign cost?”

It must be borne in mind that not all messages sent actually reach the addressees (target persons). The costs for messages that do not reach the right addressee are called dispersion losses.

| Criteria | Target group | Amount of planning and Co-ordination | Cost per contact | Total costs | Dispersion losses |
|--|---|--------------------------------------|------------------|-------------|-------------------|
| Measures | | | | | |
| Standard printed matter (letterheads etc.) | Existing customers | + | + | + | + |
| Telephone and mailing campaigns | Existing and potential customers (known by name) | ++ | ++ | ++ | + |
| Advertising in trade journals | Existing and potential customers (partly unknown) | ++ | ++ | ++ | ++ |
| Promotion through an Internet site | Existing and potential customers (partly unknown) | +++ | + | ++ | + |

+++ = high ++ = medium + = low

Recommendations

It is advisable to commence with communication measures that only require a small amount of planning and co-ordination, such as revising the company's standard printed matter:

- Standardise all **printed paper** used outside the company (letterheads, visiting cards, fax form, etc.).
- Prepare long-term **sales documentation** (company brochure, product range reviews, etc.).
- Prepare product-specific **sales folders**.

If your company has an Internet site, you can make sales documentation and folders available electronically. By making sales documentation available electronically, you can reduce the amount of printed documentation you need to send, as well as the related costs.

Constant, prompt and reliable communication is a vital prerequisite for maintaining a long-term business relationship with a customer.

Sales organisation

The term "sales organisation" refers to the organisational system that carries out the sales of the company's products and pursues quality control. A sales organisation usually consists of office personnel and a field force.

| Office personnel | Field force |
|--|--|
| <ul style="list-style-type: none"> • Handling correspondence • Handling offers and orders • Issuing forwarding instructions • Issuing and checking invoices • Controlling schedules • Keeping customer records • Expediting product samples • Keeping sales statistics • Evaluating markets • Dispatching goods • QUALITY CONTROL | <ul style="list-style-type: none"> • Selling • Visiting customers • Presenting new products • Discussing and implementing campaigns • Discussing listings • Holding yearly reviews with customers • Implementing selling prices |

Organising sales

Business with partners overseas is often concluded on the telephone, by fax or by e-mail. A well-functioning sales department is therefore an absolute prerequisite for successful market participation.

- The essential tool used in the sales department is a detailed and up-to-date customer database. The customer data base contains the following information:
 - Basic data on the customer (e.g. long-term data such as name, address, telephone number, e-mail, etc.);

→ Changing data on the customer (data resulting from business with the customer such as telephone calls, offers, sales statistics, etc.).

- The customer database gives a sales person a quick review of the most important customer data when planning to contact the customer whether by telephone, fax or e-mail.
- If possible, the customer database should be computerised, because this simplifies changes, updating, sorting and selection procedures, etc. If computerisation is not possible, the customer data should be kept on file cards (see samples).

| Customer Data Sheet | | | | |
|----------------------------|---|-------------------|-------------|---------------|
| Company: | | | | |
| Company: | Customer No.: | | | |
| Street: | Customer class*: <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C | | | |
| P.O. Box: | First contact date: ___/___/___ | | | |
| Postal code: | Sales person: | | | |
| Town: | Customer type: | | | |
| Country: | (agent, importer, manufacturer) | | | |
| Tel.: | Sales last year: | | | |
| Fax: | Sales planned this year: | | | |
| E-mail: | Method of payment: | | | |
| Internet: | Delivery conditions: | | | |
| Bank: | Remarks: | | | |
| Bank address: | | | | |
| Account No: | | | | |
| Business partners: | | | | |
| 1 | Title: | First name: | Name: | |
| | Function: | Tel.: | Fax: | E-mail: |
| 2 | Title: | First name: | Name: | |
| | Function: | Tel.: | Fax: | E-mail: |
| 3 | Title: | First name: | Name: | |
| | Function: | Tel.: | Fax: | E-mail: |
| 4 | Title: | First name: | Name: | |
| | Function: | Tel.: | Fax: | E-mail: |

* Classify customers by importance to your company (sales, quality of relation, etc).

| Customer contact record | | | |
|--------------------------------|----------------|---------------|----------|
| Date | Contact person | Topic / Offer | Contract |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |

Participation in trade fairs

Participation in national and international trade fairs can be a useful sales promotion tool in the trade of precious and semi-precious stones. This aspect requires comprehensive and detailed examination because of its complex nature, comprising:

- selection of a suitable trade fair and preparations for participation
- participation
- follow-up.

Trade fairs, in the same way as a promotion campaign, need thorough preparation, viz.:

Before the trade fair:

- up-date your customer files
- prepare all documentation (business cards, company brochures, product range, etc.)
- make a preparatory mailing, informing your present and potential customers of your booth number and inviting them to visit you in the booth and/or propose to visit them (i.e. the existing clients).

During the trade fair:

- register all contacts

After the trade fair:

- enter all your contacts in a database
- answer the contacts to thank them for their visit and send the information (product specifications, trade-offer, samples, etc.) you promised
- you can make a second mailing several months after the first one, to remind your contact that you are at his disposal to answer any inquiry.

Business Support Organisations in the European Union can be of help in providing information about relevant trade fairs. They can also advise and/or assist the exporter with participation in a trade fair.

For more information about this subject, please refer to Section 2.2.1.

Internet

Internet is generally considered to offer many opportunities as a means of communication between people and organisations.

The advantages of the Internet are:

- low cost of communication
- fast delivery
- independence of distance and timeline
- hardly any limits in size
- multimedia possibilities
- etc.

Besides one-to-one communication, Internet offers opportunities for presentation, (market) research, distribution, sales and logistical improvements. If your

target group consists of importers/industries in overseas countries, you can advertise for (new) clients on your Internet site, showing your product line and indicating the conditions. A good Internet site can present your company to every potential client in any country with access to the Internet. You must realise, however, that your organisation must be thoroughly prepared to receive inquiries and requests from all over the world.

To find the right site offering the right product is very time-consuming. Internet users are increasingly looking for sites that offer a line of products around a certain theme or area of interest. Consequently, unlike traditional marketing, export marketing through Internet should focus on themes or areas of interest. It may also be useful to present your organisation's name at several search engines on the Internet.

When using Internet you will have to look at complementary products and products fulfilling the same demands. Internet sites of Standard Organisations and Trade Associations (see respectively Appendix 3 and 5 of CBI's EU Market Survey 'Precious and semi-precious stones') provide good information on guidelines, services, news and events.

If you include links to other interesting sites on your site to other interesting places on the Internet, your site might add value as well. If other sites put a link to your site, you will also attract more visitors.

As each customer decides by himself where he browses on the Internet, it is important to address him personally. Internet offers many opportunities to personalise your offer. You need to keep in mind that Internet is a 'pull medium' so you have to attract the customer to your site with a good offer. The visitor will choose his own way in the structure of your site. Therefore, you have to facilitate this through easy access to your message, by adding the most important issues to your homepage and providing easy-to-use search engines, good keywords for your database selections and a fast but attractive lay-out. By adding 'cookies' (small software tools that register and recognise a customer when he comes back) you can give your customer a personal welcome.

Besides the Internet, there are other electronic media, which can be used in export marketing such as video, CD-ROM and diskette. In the box below, an overview of the value of a number of carriers is presented. For further information about electronic media in export marketing, please refer to the CBI News Bulletin No. 263 of March 1999. Information on setting up an Internet site can be found in the CBI Bulletins No. 273, 274, 275 and 276 issued in 2000.

| Value Carrier | Multi-media | Inter-activity | Multi-lingual | Capacity bility | Compati-of market | Penetration | Price |
|---------------|-------------|----------------|---------------|-----------------|-------------------|-------------|-------|
| Diskette | ++ | ++ | ++ | -- | + | ++ | + |
| Video | - | -- | -- | + | -- | ++ | 0 |
| CD-rom | ++ | ++ | ++ | + | ++ | + | - |
| DVD | ++ | ++ | ++ | ++ | - | -- | -- |
| Hard disc | ++ | ++ | ++ | ++ | ++ | ++ | 0 |
| Internet | + | ++ | ++ | ++ | ++ | + | + |

DVD: Digital Versatile Disc
++ very good; + good; 0 reasonable; - average; -- poor
Source: CBI News Bulletin, No. 263, March 1999

CBI puts you in touch with the markets of Europe

CBI, the Centre for the Promotion of Imports from developing countries, is an agency of the Netherlands Ministry of Foreign Affairs. Since its establishment in 1971, CBI operates within the policy framework set by the Minister for Development Co-operation. Its mission is to contribute to the economic independence of developing countries. To fulfil this mission, CBI aims at strengthening the competitiveness of companies in those countries on international markets, primarily the West-European market, by improving conditions in enterprises and business support organisations. CBI considers social values and compliance with the most relevant environmental requirements to be an integral part of its policy and activities

CBI offers various programmes and services to its target groups:

Market information

- CBI News Bulletin (6 times annually);
- CBI guide "Exporting to the European Union";
- Market surveys and strategic marketing guides covering the EU including The Netherlands;
- Manuals on subjects such as, trade fair participation, Fashion Forecast etc.;
- CBI's extensive Web site at www.cbi.nl providing general information about CBI, details about CBI programmes, CBI publications (downloadable free-of-charge) and the AccessGuide database on European non-tariff trade barriers;
- CBI's Trade Documentation Centre offering demand-related information such as market information, trade magazines, address books of European companies etc.

Matching services

CBI's computerized exporters' and importers' databases, containing regularly updated company profiles, are instrumental in providing buyers and suppliers with relevant company data on potential trade partners.

Export development programmes (EDP)

Step-by-step approach providing intensive assistance to selected exporters in developing countries in order to obtain a firm and lasting position on the EU market. Made to measure, demand-driven and flexibility are combined with fixed elements such as:

- pre-selection of candidates based on written documentation;
- technical assistance during company visits and distance guidance by CBI branch experts;
- export marketing training (for instance through the EXPRO seminars);
- market entry (for instance via participation in European trade fairs);
- market consolidation by way of follow-up support, further technical assistance and/or repeat market entry activities.

Human resources development

- BSO MARKET INTEL: five-day seminar in Rotterdam for relevant middle management staff of BSO's, aiming at supporting BSO's in establishing or improving a Market Information Service (MIS);
- CAPITA: two-week seminar in Rotterdam for specific industry & trade associations. Aims to provide -through their associations- specific industries or sectors in developing countries with tools to engage in business relations with importers and/or manufacturers in the EU;
- BSO-FAME: two-week seminar in Rotterdam for project managers of BSOs focusing on practical knowledge and applicable tools in export promotion to international markets in general and the European market in particular;
- IntFair: two-week seminar in Rotterdam for BSO staff members on the organization of collective participation in European trade fairs;
- Expro: seven-day seminar in Rotterdam on export marketing and management for selected exporters participating in a CBI export promotion programme;
- Workshops in developing countries: 2-4 days for BSOs and/or exporters, focussing on general export marketing and management, a specific product sector or on specific subjects.

Multilateral co-operation

CBI co-operates with the International Trade Centre (ITC/WTO) to globalize trade promotion and with other European import promotion organizations to increase efficiency and effectiveness by combining efforts.

Please write to us in English, the working language of the CBI.

Centre for the Promotion of Imports from developing countries
Centrum tot Bevordering van de Import uit de ontwikkelingslanden


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