Trade Fair Participation: Inhorgenta

Documentation on the support activities carried out and the observations made

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1. BACKGROUND AND OBJECTIVES

Trade Promotion Programme (TPP) is implemented under the guidance of the Government of Nepal, Ministry of Commerce and Supplies (MoCS) and supported by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, acting on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). The Programme supports the Nepalese government and the private sector to implement the Nepal Trade Integration Strategy (NTIS) more effectively.

Trade fairs have been recognised as one of the most effective means for market linkage. That is why one important focus of the Trade Promotion Programme is on supporting the participation of Nepalese companies in local and international fairs. The purpose of this report is to support an effective participation of Silver Jewellery entrepreneurs at Inhorgenta 2015. The Programme hired Mr. Lex van Boeckel from Searce to conduct capacity-building measures. These measures are part of the global access strategy which aims to improve the competitiveness of the jewellery sector which can be achieved by joint promotion activities to:

- **Make Nepali jewellery more visible to buyers.**
- **Show more diversity in jewellery making** in addition to the traditionally designed items.
- **Make the jewellery sector more export-oriented** based on future growth prospects for handmade jewellery. Modernize the sector in tune with the access requirements and technical standards.
- **Identify market segments for handmade jewellery***:* Generation X (35-55 years), Baby boomers (55^{+}) and Generation Y (20-35 years) and recognize the USPs of Nepal jewellery for these segment.
- **Have companies creating their own jewellery collections, possibly in co-design** with artists/schools in export markets.
- **Identify the right trade channels** (importers, jewellers, department stores and on-line sellers).

This report is the documentation of the support activities carried out and observations made during the fair.

2. ACTIVITIES AND SUBJECTS

The activities of the collaboration between GIZ and searce insights research are:

A. Coaching of companies individually for trade fair participation.
B. Preparation and conducting of trade fair seminar.
C. Coaching companies during the Inhorgenta.

A. COACHING OF COMPANIES FOR TRADE FAIR PARTICIPATION

After the market study 'Handmade silver jewellery in Nepal' was completed in 2014 being followed by workshop held in Kathmandu in May 2014, the next step in the project was an in-company coaching session for 11 selected companies to prepare for participation at the Inhorgenta in February 2015. The objectives of the coaching of the companies were to (i) assess their performance, strengths & weaknesses and (ii) to give recommendations towards preparing their individual marketing and communication plans and (iii) to develop an attractive collection for the European market.

In their preparation for the Inhorgenta the companies were recommended to consider the following issues:

- **Target.** To formulate their target segment and right trade partner/buyer.
- **Identity/USP**. To define their identity or USP that can be clearly recognized.
  (e.g. special technique, traditional with modern twist, special designers' signature, symbolic meaning, elements from nature, fusion East-West, special stones, fashion etc.).
- **Product.** To create their jewellery collection in a typical design and to display their jewellery items clearly and attractively. Some photos were shown of collections displayed by other countries (Afghanistan, India).
- **Sustainability**. To find out to what extent each Nepali company is sustainable (recycled material, employing people in villages, training...) that supports their identity - and is a basis for storytelling. From the interviews, it became clear that more than half of the companies have their jewellery made by local artisan families in the Kathmandu valley.
- **Access requirements**. In the competitive German market, buyers are very demanding. Therefore, Nepali companies were advised several times on how to deal with important market access requirements (nickel, cadmium) including the purity check of silver and gold.
- **Place**. Trends in German jewellery distribution, how to select the right trade channel, advantages/disadvantage of each channel.
- **Promotion, gathering information and follow up**

  Before the Trade fair. What ideas on promotion material to send to current and new prospective buyers e.g. mailings, invitations, small leaflet/folder. Press release to trade magazines, press centre of the Inhorgenta.
  - Other presentation material e.g. business card, announcement website etc.
  - To link their promotion to the *'Handmade jewellery from Nepal' theme* of the Nepal Pavilion at the Inhorgenta.
  - To make a list of information to prepare answers to queries from buyers.
  - **Organisation**. Set up a team of English-speaking crew who will be at the Trade fair.

During the Trade Fair: How to start a conversation with visitors, how to engage them,

how to discover what they want, how to inform them without pushing (5-step process).

- How to collect information - via researching competitors and visiting trade seminars (free of charge at Inhorgenta) collecting ideas for new product development.
- Filling in a contact form, selecting trade partners, checking their site and credibility.

After the Trade fair**:** How and when to follow up, and how to follow through.

B. TRADE FAIR SEMINAR

The target of the seminar was to answer to the following questions:

- How can Nepali companies successfully participate in regional and international fairs?
- How can they sell their silver jewellery to buyers from Germany and other countries?
- What kind of marketing before, during and after the fair will be needed?
- Documents that are needed and what kind of queries will come from potential buyers?

During the seminar, most of the points mentioned under 1) Coaching of companies were discussed. In the second part of the seminar, the preparation for the Inhorgenta, the importance of a joint stand, how to attract visitors as well as logistical and practical issues were discussed and an action plan was made for the period November 2014 - February 2015. Some activities e.g. sending the samples to München, travel arrangements were taken care of by the some of the companies where we had to intervene afterwards.

C. COACHING DURING INHORGENTA

- **Assisting GIZ in the preparation for the Inherent fair** (stand location, briefing to and selection of stand makers, stand design, checking promotion material, negotiation press/journalists) as well as practical assistance (hotel booking, logistics samples etc.).
- **Coaching of companies during the Trade fair,** including translation, discussions and organise daily meetings (evaluation, troubleshooting), liaisons with key persons incl. press and design schools.

3. OBSERVATIONS AND OUTCOME FROM THE COACHING SESSIONS

PROFILE AND OBSERVATIONS

Most of the 11 companies were small-medium sized family businesses.

- **Export sales.** With a total estimated export sales of € 203,000 by 7 companies, in 2013 these companies represented almost 12% of the total registered Nepali exports of silver jewellery of 1.7 million (source: ITC). Information of export sales by the other 4 companies is either not available or their export sales is still low.

- **Employees and families.** Altogether, the companies employ 160 own staff/workers and have their jewellery made by an estimated 150 artisans/families in the Kathmandu valley.

- **Companies with most experience** in exporting and presenting themselves were participating as well as other companies which were enthusiastic developing their capacity for exporting to the European market further.
- **Supplies are to retailers**. Most companies' export business is on a small scale and concerns small quantities of various different jewellery items. Sales are direct to retailers. Enquiries are by email where retailers send pictures of the traditional jewellery they like which are adapted/ modified to their needs.
  Other retailers visit various shops, manufacturers in Kathmandu and buy small quantities which they ship them with DHL or Fedex. Direct delivery to retailers is beneficial but involves much time/handling.

- **Finding and understanding trade partners**. The distinction between importer (consumer focussed) and wholesaler (product focussed) is not very clear to companies. Most of the companies still have to find potential trade partners who can keep items in stock. Advantages/ disadvantages of each trade partner were explained during the company coaching sessions and the seminar.

- **Jewellery is also sold to Nepali residents** living abroad who buy jewellery for their bride and family for their wedding.

4. OBSERVATIONS AND OUTCOME DURING INHORGENTA

- **Participation in shows**. For 7 companies it is the first time to be at International trade shows. Most companies take a careful approach step-by-step) instead of booking immediate orders, which is the right approach. Besides, Germany – Nepali companies wanted to get in touch with buyers in Austria, Switzerland, Italy, France, UK and Poland.

- **Mainly silver jewellery**. Most companies offered a silver jewellery collection with

coral, turquoise or a variety of other stones. Some companies showed their skills in craftsmanship incl. fine filigree work. Some companies spread their risk by showing Buddha statues or offering woollen clothing or handicrafts. Some also sold golden amulets and Tilbari jewellery were shown.

- **Product presentation.** It was suggested to show groups (bracelet, neckwear, ring, earring, pendant) according to themes from Nepal as basis with inspiration from the Trendbook. This needs to be achieved step-by-step. Even if there were companies who displayed more than 100 items in one showcase, other companies did not overfill their displays and even considered to slightly change their display every day.

- **Company presentation has improved**. During the company coaching session, only 3 companies had a website and were very product focussed. As it was explained several times that a good web site is a must in export markets, this was picked up well as now 9 companies have a website. Further improvements on their website can be achieved with the help of some suggestions that were given in the market report (site a very low cost) and example sites e.g. www.amrapalijewels.com or http://www.buddhapearls.com

- **There was a clear identity of the Nepal pavilion at the Inhorgenta** that has set Nepal apart from its Indian Chinese or Indonesian competitors. This identity was shared by all companies and the atmosphere between companies was excellent and not competitive at all.

- **Promotion folders and brochure were more professional** and adapted to the usual presentation of collections showing models (Nepali or Western). At least 7 companies had their promotion well-prepared. One company used a give-away pouch to visitors.

- **Number of visitors was low**. The Inhorgenta is the second largest jewellery show in Europe. Some companies had interesting contacts although the show was fairly quiet because of a reduced number of visitors (from 31,000 to 26,000) – which was also felt by our neighbour stands. The location of the Nepal Pavilion

was in hall B2 ('Lifestyle jewellery') with the advantage that there were few competitors from other Asian countries and the pavilion was opposite the 'Buddha Bar'.
Nevertheless, the number of visitors during the first 3 days was far too low. The last day was a Sunday with some more retailers from the München area visiting the show.

- **A few interesting visitors** were :

  - **Ms. Josephine Wilka of Contigo** (www.contigo.de) - importer of fair trade products with 30 shops in Germany and an online shop. Contigo is a more flexible than the official Fair-trade organisation in Germany and they are willing to contribute to the capacity of their suppliers in developing countries. They already buy jewellery from Nepal (more than 100 items) from various companies for many years - see their online shop. They are looking for new suppliers offering innovative modern jewellery. Josephine has seen all companies in the Nepal Pavilion and picked up all available information. I sent her a thank-you mail and she will keep us informed about their planned visit (March/April) to Nepal.

  - **Mrs. Ulrike Hofmann** (www.tiger-gold.de) - a jewellery designer and consultant for GIZ in Eschborn and Tajikistan (https://www.giz.de/en/worldwide/24174.html). She is involved in a GIZ capacity-building programme for handicraft companies from Tadjikistan and will go there soon. She is considering to organise a joint stand at the Inhorgenta similar to our Pavilion. Although the level of Tajikistan companies is much lower than our participating companies, she is open for any cooperation or exchange with us.

  - **Mr. Alexander Dubois - a German consultant** for jewellery and organising large mailings who is interesting for further collaboration, but his mailing is very expensive. He came up with an application for mobile phones (www.bridgem.com), a network for the international jewellery industry where companies can get in touch with each other, promote their jewellery items and set up meetings with other companies. The application procedure was explained to all companies. As this is new, it is still a free of charge service. Still Mr. Dubois could be interesting for

future mailings because he has a large database with all German retailers, importers. Although a competitive price level should be negotiated with him.

- **Mr. Friedrich Scherer - a German consultant providing trainings in jewellery design**. He currently does trainings for Indian companies such as Ganjam in Bangalore (www.ganjam.com) and other companies. His wife gives training to companies (jewellery and clothing) in Dacca (Bangladesh). Mr. Scherer is willing to provide training in creativity techniques (East meets West). He is willing to provide some examples of his work/ projects and if he keeps designs exclusive for the countries he is working for.

- **Mailings and promotion on the spot did not generate enough visitors** to the Nepal Pavilion. 250 buyers have been invited by e-mail in Germany, Austria and Switzerland to the Nepal Pavilion with free entry tickets. Some companies have invited their own clients. In addition, brochures were handed out at the entrance 'Eingang West'.

- **The actual results depend on the response of the questionnaire.** The actual results and new contacts generated will be clearer after the questionnaire is filled in by the 11 companies. Despite the low number of visitors, companies were still very motivated to continue and take a longer-term view – which is very positive.

- **Companies could get new ideas** from visiting the other halls. The participants were taken in small groups to the design hall (C2) where they became more familiar with simple and contemporary designed jewellery and how collections are presented in a chic and simple way. We also visited a seminar on future trends in jewellery.
  Because most companies has at least 2 staff members, one person could look around e.g. in several halls to see what kind of machine-made and hand-made jewellery is offered on the European market. In addition, the latest techniques in hand- and machine made jewellery could be observed in hall A2 where some contacts were made with German wholesalers (e.g. Bahl).

5. RECOMMENDATIONS

Many of the visitors were baby boomers (50+) some of whom had a strong sympathy with Nepal and who recognised and appreciated the Tibetan and typical Nepali designs. Other visitors passed by because they were in a hurry - only visiting their selected stands, or were not attracted to our jewellery because they already know its style and generally most products offered were not innovative or modern enough. Therefore, the following areas of intervention will be necessary to

make handmade jewellery from Nepal more pronounced and attractive to buyers.

- **New product development**. There is flexibility in new product development, even if it is handmade, although understanding of Western creativity needs further improvement, especially if we want to reach younger consumers (Generation X and Y). Some Nepali designers get inspiration from Western soap series or magazines from the 80s or 90s at Nepali TV, which are quite outdated. Companies were interested in products shown in the Trendbook 2016, but there is further need to train on:

  - **Using inspiration sources from Nepal** with a different interpretation (mandala, religious animals, 8 auspicious symbols) traditional with a twist, mixes East meets West, the young Nepal.

  - **Developing their own unique design identity.** They should be encouraged to focus their efforts on a specific target customer and specific trends in the target country. Design trainings can be done in cooperation with a specialised trainer to be identified and selected.

  - **Developing more refined and simplified forms** of the Nepali designs. Jewellery is an item to be worn daily and it should be comfortable to wear regularly - *see example of simplifications of traditional Nepali jewellery designs in Appendix 1.*
    Other examples of simplified jewellery from Nepal can be found at a site of Dhan Schroeter, a young Nepali who grew up and lives in Germany: https://de-de.facebook.com/DhanHandicrafts

  - **Moving away from the jewellery = souvenir idea**.
    For the many people who have not visited Nepal, jewellery as a cultural 'souvenir' is not interesting for regular use. In this respect, the Inhorgenta was key for many people in its influence on colour, designs and more simplified and refined jewellery.

  - **Developing further their collections** more specifically according to themes and further determine if additional design staff in Nepal may be necessary with the collaboration of Fenegosida training center and other training centres in the Kathmandu valley.

  - **Fusions of Nepali and Western** designs to be achieved by co-design with students who just graduated from the Gewerbliche Schule (www.gs-gde.de). We had a contact with Florian Faerber who knows our stand and to whom an advertisement will be sent

that will be on the bulletin board at the school. Details about the number of students, briefing, costs etc. should be further discussed.

- **Communicating their identity** or USP answering questions such as:
  - → What does the jewellery piece expresses (symbol, message, protection, feeling, attitude etc.)?
  - → The inspiration or soul of the creative person in the company (creative signature).
  - → What are the history and the story behind the making of their jewellery collection?
  - → What makes the jewellery item 'timeless', 'sophisticated' or 'special'?

- **Product quality improvement.** All companies assured not to use cadmium, nickel or lead in their silver jewellery. Although for some, it is still difficult to control this. Items are made, by families being good for the preservation of the jewellery sector. But there can be slight differences when items for the same order are made by different families. This could happen in case artists decide to work abroad (in the Middle East or for Chinese jewellers).

  Cadmium problem. From a Swiss wholesaler Thomas Büchli who mainly imports jewellery from Yak & Yeti, we heard that the testing methods in Europe have become much stricter where jewellery is analysed in the same way as in food. Even if the tests by the Nepali laboratory show that there is no cadmium, testing in Europe shows a presence of cadmium above its allowed level of 0.01%.
  This is a problem to be solved with the European Chemical Agency (REACH workgroup), the Nepali companies and the importers in Europe. The contact details of the department concerned were given to Thomas and the problem could be further discussed if he does not receive any reply.
  The presence of cadmium remains a problem in some export markets such as Switzerland where the regulations are extremely strict. Nepali companies have to look again more seriously into their suppliers/workers to be 100% sure that no cadmium or recycled copper is used, and check the cadmium content in the finding, locks or clasps. One option could be to use copper coating on the inside of a ring which is the part that is in contact with the skin of the wearer. Other coatings could be considered as well (rhodium or other metals).

  To reduce the risks companies from Nepal are advised to introduce gold jewellery, jewellery with pearls or costume jewellery as well. In this respect, all jewellery from Nepal should be promoted instead of only silver jewellery.

  Last but not least, finding and locks of a good quality must be used which might be a cause of cadmium or other chemical substances in a jewellery items. More importantly, the locks should open & close well and do not break down. This still seems to be a problem in some cases.

- **Even if the promotion was already quite professional, it can be improved by:**

  - **More attractive Eye Catchers**, Demo's, screens with fashion show and jewellery making in Nepal. Linked with the mailings to buyers, a small lottery could be organised as an extra teaser to attract them to the stand.
  - **Modified stand design** with different showcases (illuminated) and not in an L-shape as most visitors only looked at the front showcase. The idea of an open stand was good. Some companies mentioned to have the future pavilion in a round shape being closer to Nepali architecture (stupa, mandala). Lower chairs and lower meeting tables were also preferred.
  - **Further improving the joint brochure.** The pictures were already improved showing the product and a model. Still the quality of the pictures should be better and the language and tone of voice need improvement. Now, most companies talk about themselves and their products. There is very little about how their jewellery would be attractive to their (target) consumers, what are their themes, or how do they contribute to sustainability (working with families).
  - **Timing of the press material to** journalist of trade magazines at least 2-3 weeks before the show starts in order to be in the special trade magazine (Goldschmiede Zeitung). Although we had an advertorial in the Inhorgenta daily paper.

- **Is the Inhorgenta the right show for jewellery from Nepal?** The show primarily focused on fine precious jewellery and innovative contemporary designed gold and silver jewellery. As most of the selected companies showed silver jewellery of which the designs are already known from other Asian countries, the Inhorgenta is 'above our level'. Although there is one hall with companies from India, China and other Asian countries with a more trading character and thus more direct competition with filigree jewellery from India being offered in bulk package.

  In future, we should consider trade shows that are more focused on silver and costume jewellery, or on jewellery shows that combined with handicrafts, gifts or fashion accessories. Some examples could be the Bijoutex or Tendence in Germany, the Bijorhca or Ethical Trade Show in France, the Spring Fair in the UK, or Ambiente in Germany. More research on the best appropriate shows needs to be done. Perhaps trade shows in Scandinavia could be considered as well.

- **Organisation and logistics should be improved**

  The most important reasons for several trouble-shooting at the last moment were due to the:
  1. Inexperience of participating companies and service providers in Nepal.
  2. Bureaucratic procedures of the Inhorgenta organisation and their linked service providers.
  3. Low level of service of German stand builders - as we wanted to go for the cheapest with the consequence that one has let us down one month before the trade show.
  4. Unfamiliarity within all service providers of the GIZ procedures and proposal writing.

To overcome such problems in future shows, we should keep in mind to:

→ **To plan participation well in advance** and to start up the preparation with the companies 6 months in advance so that they have enough time to make special collections.

→ **Shipments of samples should be controlled by 1 company in Nepal and 1 company** in the destination country that is linked/ recommended by the trade show organiser and who knows when and how to deliver the samples to the stand and can keep them in stock safely. It should not be 3 different brother & sister companies from Nepal.

→ **To explain the procedures in writing** to the related service providers including the tax preferential rules. For example, Kuehne + Nagel have clear descriptions on what to prepare and when in order to send the samples safely, cheaply and in time. This should be clear to the Nepali forwarder who can organise how to send the samples at lower cost, for example by making 1 shipment for all companies with 1 proforma invoice (instead of 9).

→ **The procedures and contact persons about visa** and invitation letters could be easily found out by the Nepali travel agent as this was explained at the Inhorgenta website.

→ **To dedicate more time to such a project** with a regular coordination both in Nepal and in Europe to ensure that things are progressing by follow up calls and e-mails.

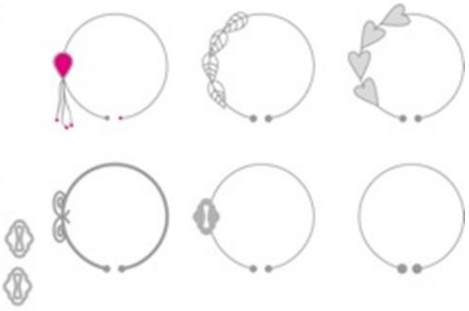
→ **Not to select the cheapest providers** (standbuilders, forwarders) who often turn out to be expensive in the end. We better use a recommended standbuilder that is close to the exhibition.

ANNEX 1 EXAMPLE - SIMPLIFICATIONS OF TRADITIONAL NEPALI JEWELLERY DESIGNS

Examples of old traditional jewellery and new, modern interpretation

An earplug, rarely seen today, represents an ancient Asian prototype
At right: ideas for pendants or -earrings

A Dolpa woman, with a silver *aylong* set with turquoise beads
At right: ideas for lighter earrings



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