

ASSESSMENT OF THE JEWELLERY MARKET DEVELOPMENT IN UKRAINE

Skubilina A.V.

Assistant Lecturer,

Donetsk National University of Economics and Trade
named after Mykhailo Tugan-Baranovsky

Volovyk V.M.

Student,

Donetsk National University of Economics and Trade
named after Mykhailo Tugan-Baranovsky

In the unstable socio-economic conditions, demand structure of jewellery market in Ukraine changed toward cheaper goods, which is confirmed by the dynamics of trade turnover of jewellery and watches for the period of 2007–2016 years. Thus, turnover of jewellery and watches had a steady growth and reached a maximum in 2012 but, during the period of 2013–2016 years, held a sharp decline in demand for jewellery and watches.

Ukraine has no its own production of precious metals that accordingly causes a total dependence of Ukraine on the exchange rate and suppliers. Thus, the jewellery market development basically depends on the price of precious metal. Monitoring of the dynamics of the last years shows constant fluctuations in the general trend of growth.

Illegal import of jewellery is also a deterrent to the development of domestic jewellery manufacturers. In general, jewellery import in Ukraine exceeds by several times its export, according to official data.

An analysis of data on the cost of precious metals for the period of 2013–2017 determined that the price of silver, gold, platinum, and palladium are constantly increased, which was caused by the devaluation of the Ukrainian currency.

The main causes of global price increases for jewellery precious metals and their alloys are:

– exhaustion of natural resources;

– volatility of energy prices in world markets;

– inflation of major world currencies, primarily the US dollar.

The main players in the domestic market of jewellery are:

1. The trading company “Ukrzoloto” – a national network of multi-brand jewellery chains, represented by 16 stores in 8 cities of Ukraine.

2. PAT “Kyiv Jewellery Factory” – leading enterprise of Ukrainian jewellery industry with a market share in 2015 of 43.7%.

3. Jewellery Factory “Zoloty Vik” – one of the largest manufacturers of jewellery in Ukraine. Assortment collection of the Jewellery Factory is constantly updated and has more than 5 thousand items. The plant has its own shops partners in more than 100 Ukrainian cities.

By the characteristics of the domestic jewellery market, there is the fact that it is dominated by large manufacturers and powerful trading companies with a significant potential for competition. This situation leads to a decrease in the total number of entities operating in this market.

Also, the industry had a strong sense of the introduction in Ukraine since January 1, 2015, at jewellery marking with state hallmarks at state-owned enterprises of assay control at the rate of 10% of the value of the precious metal in the alloy at prices of NBU.

Thus, we can summarize that the current development of the domestic market for jewellery products is affected by such negative factors as:

- rapid growth in the world prices for precious metal jewellery;
- depreciation of the national currency;
- reducing purchasing power;
- individual tastes of consumers;
- increase in the import of illegal and sub-standard imported jewellery products;
- a lot of pressure from large companies;
- no state aid to small- and medium-sized companies;

– unstable environment.

Ways to solve the above problems are: combating shadow jewellery sale, promoting scientific and technological developments in production, development of state programs to support small businesses in the jewellery industry, changing customs and tax system in favour of domestic producers, adopting positive international experience in state regulation of the jewellery industry, improvements of marketing policy of domestic enterprises, focus of Ukrainian producers of jewellery on the world market.