

ADVERTISING AND PROMOTION

The importance of communications for acquiring a brand image and increasing sales has been growing for companies in the gold and silver sector too.

Further increases in advertising have been confirmed for 2001. It is estimated on the basis of Nielsen figures that the overall increase was 10% over 2000 when there was an upward leap of 35%.

The detailed figures indicate investments in advertising amounting to almost 251 million euro, almost trebled during the last four years. The companies involved are prevalently jewellery ones. But advertising investments have been growing recently in other areas of the gold and silver sector.

The lion's share has been taken as always by weekly magazines which gathered 58.3% percent of the total advertising budget of gold and silver businesses in 2001. These were followed almost equally by monthlies and dailies with 17.5% and 16.4% respectively.

Radio and television lost advertising share from the jewellery sector to the advantage of other media.

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In a rapidly evolving scenario, increasingly strong links are being forged with the world of fashion and entertainment in the pursuit and promotion of trends. There is an increase in marketing initiatives such as: competitions, publications, birthday parties and so on.

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A broad range of media is used for advertising, from traditional to emerging ones. But a problem is being complained of from many directions: lack of skills. "There is a shortage of specialised journalists in the editorial offices to inform readers properly," maintains Nicola Giglio (features editor with Pratica).

Supporting publicity for jewellery are fair events which provide venues for obtaining orders, feeling the pulse of present and future trends, and learning about products and sales strategies, also thanks to the many seminars held during shows, as is the case in Vicenza.

Distribution of advertising investments in the traditional media in 2000

| TYPE OF MEDIA | MILLIONS OF EURO | IN % OF TOTAL |
|----------------------|-------------------------|----------------------|
| Dailies | 41.1 | 16.4 |
| Weeklies | 146.2 | 58.3 |
| Monthlies | 43.8 | 17.5 |
| Television and radio | 18.5 | 7.4 |
| Others | 1.0 | 0.4 |
| TOTAL | 250.6 | 100.0 |

Source: Elaboration of Nielsen data

**ITALY'S COMMERCIAL DIPLOMACY
FOR THE PROMOTION OF EXPORTS
AND INTERNATIONALISATION OF BUSINESSES**

From the policy of convergence with the Maastricht parameters to the subsequent policy of stability, to achieve "commercial diplomacy".

The first two steps along the Community path have been completed; the entry of the Euro is done. The third step is in progress and is particularly important for protecting the market shares of Italian businesses around the world (and in Italy too). This is an aim of considerable importance for the whole industry so as to encourage the consolidation of

Italian export quotas, through increases in systemic competitiveness, which has been assailed in recent years by the physiological expansion in sales from emerging countries.

"Commercial diplomacy" is a policy which other important exporting countries (including Japan, the United States, our European partners and others, to mention just some of the most important) have undertaken for some time and with effect. Italy started late but, in recent years, it laid the basis for increasing the role of the "country system" in the framework of world competition. The process began two years ago with the restructuring of the Foreign Trade Institute and continued with the new Executive (July 2001). One of the aims was and is the accentuation of the operative action of trade associations for promoting the image of Italian products abroad and seeking new markets.

The drive towards the internationalisation of the sector has been boosted and enlarged during the last year with the constitution of the "gold table" (which joins other "tables", especially for fashion) around which the institutions and representatives of operators (producers and distributors) decide on the respective actions to take. In particular, the "gold table" aims at co-planning and co-funding a program of actions – in a synergic strategy of public and private initiatives – for establishing of the gold and silver industrial and craft work in foreign markets."

"What we have in practice," the Minister has specified, "is an understanding which must be fleshed out with jointly chosen contents and with two aims: the creation at national level of a coordinated program of promotional activities carried out by different interested entities while finding solutions for the needs of the industrial and craft firms; the development at international level of Italian-made ware, with the coordination of supply with demand from abroad, and the promotion of our presence in individual markets with initiatives to support cooperation in production and trade."

In reality, the program extends to industrial policy in its entirety. That is why the development activities of the Ministry for Production Activities also interest and involve structural aspects of Italian industry:

1. – encourage companies to grow in size (also by renouncing some of the incentives for micro-enterprise structures which hinder competition);

2. – facilitate the access of external capital into exporting companies to allow them to make the appropriate investments;

3.- stimulate the modernisation of the banking system perception of the business (both in terms of products and geographical areas);

4.- promote company reorganisation so as to enable businesses to tackle market globalisation successfully (using the price advantages offered by the devaluation of the euro to consolidate market shares, and so on, to increase company profits);

5.- stimulate the realisation of everything that can create structural systems starting from the spread of one-stop offices for companies which want to export;

6.- encourage the continuity and reinforcement of the general economic policies already implemented in the past;

7.- carefully analyse all promotional measures (auditing the results and proposals for changes of direction).