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Comparative Study between the Thai and Hong Kong Fine Gold Jewelry Export Industries

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Abstract: The Thai fine gold jewelry export industry is a subsector of the gem and jewelry industry that is Thailand's third most important export category and the leading sector of the creative industry. This industry creates little pollution, is in line with the nature of the Thai people, brings foreign currency into Thailand and creates both high value added and much employment. The growth rate for exports in this sector has decreased due to the economic downturn, fluctuating raw material costs, the unstable political situation in Thailand, lack of investment in technology by Thai manufacturers and the arrival of new entrants from China and India. It is important for Thai exporters to understand the situation they face so as to remain competitive. This paper reports on research conducted by in-depth interviews to identify key issues uniting and dividing Thai and Hong Kong Fine Gold Jewelry Exporters. It is shown that, in terms of new product development, Thai manufacturers should focus more on the marketing orientation rather than personal judgment. Only products that come with the right concept benefit from value added. Thai exporters should focus on product development, networking, be risk takers and foster cooperation between Thai organizers for international gems and jewelry fairs, while also lobbying for a long term government support plan.

Keywords: G*old, jewelry, exporting, Thailand, Hong Kong*

1. Introduction

The gold and fine jewelry industrial sectors are closely connected. Research has demonstrated a strong positive correlation between demand and prices for the two (Batchelor and Gulley, 1995) and it has become clear that the price of gold as a commodity has been rising relentlessly over recent decades because of the demand from consumers in developing Asia (Ogden, 2005) and the Chinese government (Branigan, 2010), as well as a recent movement of funds into secure commodities in the wake of the ongoing economic crisis. Mining for gold and other precious minerals and stones has long been an important economic activity in the Mekong region and for Thai miners and investors and the fine gold jewelry sector has been identified as the leading sector in Thailand's prospective knowledge-based economy. However, the sector has historically suffered from a lack of transparency and the desire to avoid official auditing to reduce taxation requirements that have contributed to the comparatively low level of high technology, value adding activities in the industry (Poapongsakorn *et al*., 1997). The gold and jewelry industry has also become prominent for the ways in which it has contributed to a cluster or network of small and larger businesses working together in relative proximity in ways which bring positive externalities to the local economy as a whole (e.g. Gaggio, 2006). The need for the Thai economy to escape from the middle income trap (Gill and Kharas, 2007) and find ways to move towards higher income status has become glaringly evident over recent years. Some literature proposes additional benefits to be derived from the sector, including comparatively low levels of pollution and congruence with Thai working practice characteristics (Kawsaard, 2002) and direct and indirect employment of up to 1.3 million people (Chombudha, 2001). Be that as it may, according to information gathered from The Gem and Jewelry Institute of Thailand (Public Organization), the portion of the export Thai fine gold jewelry within the overall industry has declined from 52.4% in the year 2005 to 26.2% in 2010. If the performance of Thai fine gold jewelry does not improve in the near future, the number of fine gold jewelry manufacturing companies will decrease and many jobs will be lost.

The research reported on in this paper attempts to answer the question, therefore, of how Thailand's fine gold jewelry industry can improve its level of competitiveness and sustain it at a higher level in the future. In

searching for answers, a comparison has been drawn with Hong Kong, which is known to be a global leader in this sector. Its leadership intensified with political reunification with the mainland, which enabled Hong Kong investors to establish numerous factories in and around Shenzhen and other convenient, low-cost locations. These factories divide labour with the Hong Kong experts providing creativity and advanced manufacturing knowledge and the local labour offering low price competitiveness (ICE HK, 2005). The advantage of this low labour cost competitiveness is leveraged further by the operation of excellent international networking by Hong Kong organizations through international fairs and trade and related activities. This paper continues with an evaluation of the methodology used to compare the Hong Kong and Thailand gold fine jewelry industries and then continues with analysis, conclusions and, finally, recommendations. As a leading sector in Thailand's creative industries, jewelry occupies a strategic position in the country's economy and its hope to be repositioned for subsequent future growth. Further, this is an important internationalized industry that builds upon historically long-standing network connections and reproduces them for contemporary capital accumulation. Contributions to knowledge of how this is achieved are necessarily of considerable interest.

2. Literature Review

Ethnic Chinese have migrated to Southeast Asia for millennia in a variety of situations. Some travelled as merchants, some as indentured or coolie labour and some as family members (Gambe, 1999). Once arrived overseas, individuals tended to join the tongs or mutual support groups that united people from certain ethnic or tribal groups for the purpose of remittance of money, personal support and communications in both the commercial and social spheres (Skinner, 1957). Mutual ties provided enhanced trust and, consequently, reduced transaction costs and that made the connections viable competitive advantages for those involved (Faure, 2006). This in turn promoted the use of joint stock ventures for particular projects or more permanent commercial relationships. This situation had a spatial element as it meant that the ethnic Chinese involved tended to gather together in the urban areas which benefited trading activities and communities have often become localized (Evers and Korff, 2000).

In the modern age, such internationalized networks can form clusters of related industries in specific situations. In the case of Chinese entrepreneurs (among whom much work of this kind has been done), it has been found that such clusters are characterized by self-reliance, diligence and professionalization (Selvarajah and Masli, 2007). The fine gold jewelry industry is also known for its clustering in mainland Southeast Asia, where the raw product may be mined and where communities have, historically, specialized in single economic activities. The use of gold is suitable for international trading networks in that it is a small and portable but high-value product that yields many opportunities for advanced value-adding work (cf. Scheel, 2002). However, while the literature on the cluster concept and the ways in which it might be put into practice to meet a variety of state and regional level development goals has continued to grow (see, for example, Wilk and Fensterseifer, 2003), the concept of intra-cluster competition has not been widely addressed. That cooperation can supplement competition has been taken by some authors to indicate that it will in fact supersede that competition. The original conception of the cluster idea (Porter, 2000) posed the initial paradox that globalization both devalorized and revalorized the importance of place in industrial location and identified this issue as a central one in the study of economic geography. This research paper hopes to contribute towards the exploration of these issues by mapping the nature of competition within competing parts of the fine gold jewelry clusters in Thailand and Hong Kong. Under conditions of globalization, the connections between regions or cluster locations outweigh in complexity and importance the connections between those regions and the other parts of a state (Martin and Sunley, 1997).

3. Methodology

An initial period of secondary research and literature review established the parameters for this research, which was then conducted through in-depth personal interviews. This was supplemented by additional data collection with selected key informants through such media as instant messaging and Skype telephoning. The purpose of the interviewing was to identify the key performance between the Thai and Hong Kong fine gold jewelry export industries and to locate these within current and future competitiveness in the industry.

A content analysis method was used to interrogate the data. Notwithstanding inherent problems in the content analysis process, it is argued that the attempt to overcome them is justified by the value of findings and analysis that can be obtained from the method (Kondracki *et al.*, 2002).

The period of interviewing was from November 2009 to February 2011 and a total of sixty interviews were conducted. Although a larger number of interviews would of course have been preferable, a total of sixty people represent a significant proportion of knowledgeable people within the industry and the researchers are confident that an accurate and fair representation of the industry has been gained. Respondents were selected on the basis both of personal knowledge and also through the snowball method; the latter can be problematic in that it has a tendency to create a sample that is overly homogeneous. However, since the population of the industry is not very large, it is considered that this problem has been contained. It is also the case that, owing to the limited population size, non-response bias has been avoided. Further, it has been shown that appropriate and thoughtful adaptations to the snowball method can cater for most of the problems apparently created by its use (e.g. Sadler *et al*., 2010). The respondents had occupations such as exporter, show organizer and jewelry wholesale buyers. Interviews were conducted in English or Thai as required and extensive note-taking was conducted for subsequent transcription and analysis.

4. The Thai and Hong Kong Gold Fine Jewelry Industries

There are some similarities between Thai and Hong Kong gold jewelry executives, largely because of the importance of ethnic Chinese in the Thai industry. Many of the people in both countries hail originally from Chaozhou (潮州) province, which is called 'Teochew' in Thailand and 'Chiuchow' in Hong Kong. Around 90% of Thai executives and 40% of Hong Kong executives have this background. It has become quite well-established that ethnic Chinese people customarily prefer to do business with people with some aspect of similarity with themselves according to the guanxi concept. Trust inspired by a similar background helps to reduce transaction costs and, hence, provides a competitive advantage for those involved in the partnership. The Chaozhou people have a reputation that they consider themselves superior international traders because their home province was opened to trade at a very early stage. They are often considered to be good negotiators but to pursue zero-sum game strategies with outsiders. As ever, some kernel of truth is hidden within the stereotypes perpetuated by this kind of comment.

When it comes to organizational culture, the Thai companies tend to be more collectivist that the Hong Kong ones, which are more individualistic and suffer less from dealing with ambiguity. In Hofstedian terms, they would be categorized as having lower levels of uncertainty avoidance (Hofstede, 2001). These factors seem to contribute to the greater levels of flexibility and ability to respond quickly which were seen at the Hong Kong exhibits at international trade fairs compared with those of the Thai firms involved.

International Fairs: The fine jewelry sector is thoroughly internationalized, since both suppliers and customers are regularly drawn from across borders. For example, for both Thai and Hong Kong producers, precious stones are most commonly sourced from India and Sri Lanka, with which companies may have longstanding links and which have a presence in the markets of the jewelry producers. Similarly, meeting customers and intermediaries is regularly conducted through international fairs. The leading fairs are Bangkok Gem and Jewelry Fair and the Hong Kong Jewelry and Watch Fair. The latter is considered to be the premier event and, during the current economic downturn, a large number of participants dropped out of the Thai event but continued to attend the Hong Kong one. Although the Bangkok Gem and Jewelry Fair is considered to be one of the major gem and jewelry fairs in Asia, the performance of the fair in recent years has been problematic because of economic and other problems. Further, Thai exporters have not invented new designs and so the show has become uninteresting, so that buyers now feel that Thailand is only strong in gems and not in jewelry and they feel that Chinese products are cheaper than Thai ones. Thailand's location is also a little distant from some buyer countries. According to interviews, some buyers do not attend the jewelry fair in Thailand due to the long travel distance and the language barrier for foreigners in Thailand. The major advantage for the Thai gem and jewelry industry is the abundance of gem resources in the past that led Thailand to become a major global stone trading hub. However, that abundance has

depleted and Thailand has had to start relying on imported rough stones from overseas (SMEs Sectors Analysis and Warning Center, 2007).

Hong Kong enjoy the benefit of four international jewelry show in Hong Kong plus the show in Macau and China which considered the same country. Visitors found it more convenient to visit the show in Hong Kong due to better infrastructure and less communication barrier. Companies from both Thailand and Hong Kong use fairs to keep in network contact with existing clients and, also, to search for new customers. However, research indicated that the Thai approach is rather passive compared to the Hong Kong one: Hong Kong participants will use the events actively to seek out contacts with new potential customers and establish relationships with them. However, it appeared that the Thai companies were more likely to believe it sufficient merely to be present at the event and wait for others to seek them out and approach them. Hong Kong representatives were also more likely to conduct direct visits to overseas partners to maintain relationships and discuss various business issues.

Human Resource Issues: In terms of human resources, it appeared in general that Thai employees were better qualified in terms of educational certificates but less highly skilled. For example, for the sales staff of export companies which represent the central focus of this research, most of the Thai employees involved had undergraduate or even master's level degrees, while the Hong Kong employees were generally high school graduates or diploma holders. Cultural factors and the higher tuition costs in Hong Kong were said to be the reason for these differences. One practical implication of this difference is that Hong Kong employees, at the same age as their Thai counterparts, tended to have an additional five to six years of working experience and to have entered the company at the bottom and gained experience along the way. In addition, few Thai employees were able to speak Mandarin, especially in comparison with their Hong Kong counterparts. Mandarin is becoming increasingly important in the contemporary jewelry industry as China is becoming not only the world's largest producer of gold but is also its largest customer at the state level and its aspiring middle class citizens the new and future customers for fine jewelry. In common with aspiring Indian citizens, Chinese consumers tend to see gold and jewelry as not just valuable in their right as products for consumption (i.e. being worn as ornaments) but also as a means of saving for the future when professional institutions are not always trusted. It is also important to be able to communicate with the sub-contractors and other members of the supply chain located in China. These companies are benefiting from economies of scope and scale and so it is important to establish relationships with them sooner rather than later.

Hong Kong salaries are higher than in Thailand, including Bangkok, while office costs are also significantly higher. Consequently, office sizes in terms of physical space and number of people involved tend necessarily to be smaller in Hong Kong. This has the effect that Hong Kong staff tends to have to become generalists, especially in comparison to Thai employees, who are likely to be free to concentrate on specific functions and ignore other responsibilities outside of their own. In practical terms, then, in the Hong Kong firm a single person can deal with an enquiry from a customer and then contact the potential supplier factory directly. This reduces the possible problems arising from lack of communication but has the problem of placing responsibility on one person. No pattern of responsibility is really unproblematic.

Thailand has expertise in manufacturing and exporting fine gold jewelry with genuine gems when compared with competing countries due to the skilled work force that is specialized in setting techniques, especially for invisible setting. Employing skilled goldsmiths can reduce the damage that may occur during the jewelry setting process. With the advantage of skilled goldsmiths, foreign companies from such as Hong Kong and Israel have been encouraged to invest directly in or subcontract with Thai jewelry factories (Sahaiwaong, 2007). This research has indicated that the ability to make invisible settings may no longer represent a competitive advantage for the Thai fine gold jewelry industry, since the trend is moving to micro pave setting and enamel. Thai goldsmiths do not feel comfortable with the micro pave setting since it can affect their eye sight. As a result of this problem, the cost of micro pave setting in Thailand comes to THB 15 per stone, while the same thing can cost only CYN 1 (THB 5) in China. Traditionally, a gold ring with micro pave setting may require approximately 200 stones and that makes the cost of setting in Thailand THB 2,000

higher than it would be in China. Interviews indicated that Thailand has the highest minimum wage levels among jewelry factories in Asia, followed by Turkey, China and India.

Hong Kong has higher labor cost when compare with Thai, however fine gold jewelry company in Hong Kong positioning themselves as trading company and push all production activities to China which they can enjoy the benefit of lower costs of production. Hong Kong staff has lower education level when company with Thai however, they have better communication skill both English and Mandarin.

Production Issues: In terms of production, most Thai companies tend to have their own factory and use subcontracting to deal with issues of variable supply when necessary. Meanwhile, Hong Kong companies tend to use Chinese mainland factories as sub-contractors, maintaining an arms-length relationship and reducing both costs of production and the numbers of employees.

The majority of fine gold jewelry manufacturers in Thailand are small and medium-sized enterprises. They have limited capital and knowledge on about financial management (Kawsaard, 2002). According to the research, in the past fine gold jewelry manufacturing was a sector in which companies rarely borrowed money from financial institutions because of their credit terms. Normally, buyers placed a 50% deposit before production and the remainder before delivery. Thai fine gold jewelry manufacturers still enjoy credit terms from diamond and stone suppliers and this enables then to run factories with less capital. On the other hand, with high competition having emerged during the past few years from new competitors in Hong Kong and India who have penetrated the market aggressively by giving credit and consignment to jewelry buyers, the traditional credit norm has become obsolete. This has led to financial problems for Thai fine gold jewelry actors at the present time. Hong Kong fine gold jewelry company has indirectly strong support from Indian suppliers. From interview with several companies in Hong Kong showed that average credit term that Indian diamond supplier offer to Hong Kong firms is about 3 – 9 months, while the average credit term Hong Kong companies issued to customer is just 0 – 6 months.

The fine gold jewelry industry is one industry that relies on new technology development. The research discovered that Thailand has been lagging behind in terms of research and development in this area. The study of K. Sahaiwaong (2007) indicated that Thailand uses traditional jewelry making techniques. Most of the machines and technology used need to be imported from overseas. Thai goldsmiths are able to use machines because of manuals and training provided by sellers. By contrast, Italy is able to invent new machinery and technology, while the machine industry is a major source of support for the Italian fine gold jewelry industry. Italian goldsmiths can apply the technology to create a variety of fine gold jewelry designs. In the case of India, it is an innovator of jewelry design programs such as JCAD (Jewelry Computer-Aided Design). Indian goldsmiths tend to lag behind those from competitor countries. They are not able to apply machines and technology to produce a variety of fine gold jewelry designs as happens in Italy. Hong Kong produces jewelry in China using imported machines and technology. China is able to copy machines and reproduce similar quality of product with lower cost. The quality of Chinese goldsmiths is improving, although in general they are not yet as creative as Italian goldsmiths. In terms of product development, Thai fine gold jewelry manufacturers do not pay much attention to creating new designs. Most of the designs produced in Thailand appear to be similar to one another. Records indicate that, for the last few years, most Thai fine gold jewelry products have had similar designs with invisible settings and pave settings combined with multi colour stones. This has resulted in much less interest and demand in these products from buyers. Branding and innovation are important. However, most Thai fine gold jewelry producers conduct business by copying existing well-known brands instead of creating their own.

Hong Kong has move production plant to China for long to gain competitive advantage in term of labor cost. In order to increase competitive advantage in other aspect Hong Kong company also use newest technology for production, which imported from oversea and some produced in China. According to the research some Hong Kong company such as Universal send their jewelsmith to Europe to learn jewelry technique or conduct in house training to let jewelsmith up to date with the recent technology. Morever, by intensive direct visit with oversea customer give Hong Kong company more borader about the trend and the technology that they need to do R&D.

Thailand has a complete range of supporting industries for the fine gold jewelry industry from materials, production and all others. For materials, Thailand is a major world stone trading hub, which means that Thai fine gold jewelry manufacturers have more chance to gain access to a variety of stones at reasonable prices. However, since Thailand now lacks raw materials, manufacturers have to rely predominantly on imported materials. In terms of production, only large enterprises such as Beauty Gems and Pranda have full length production lines with advanced technology, proper investment and R&D. On the other hand, the majority of factories, usually small and medium-sized, use traditional jewelry-making techniques with some outsourcing for some part of their production process, followed by standard quality control. In short, they are making jewelry based on the crafts-oriented production and then selling them on a mass production basis (SMEs Sectors Analysis and Warning Center, 2007). Thailand also enjoys benefits from other supporting industries, including packaging, gold refinement, casting, jewelry parts, casting, rubber mould making, wax creation and GIT (*ibid.*). China has provided a complete range of supporting industries for Hong Kong fine gold jewelry. Moreover, Hong Kong association is considered one of the best jewelry associations in the world, which provide the good services and opportunity for member to attend international jewelry fair around the world.

From the interviews conducted, it appears that demand conditions in Thailand are different from other export markets in criteria such as percentage of gold used and design techniques. Local demand for jewelry export products in Thailand is only 20% of overall production (Sahaiwaong, 2007). Major local buyers are tourist shops in Bangkok and major tourist attractions such as Pattaya, Phuket, Krabi and Chiang Mai. “K” or Karat is the standard for gold purity. 24K gold is the national standard for pure gold while 18K gold contains 18 parts gold and 6 parts of other metals, making it 75% gold. 14K gold or 58.3% is the gold standard in the United States, while 18K gold is the standard in Europe and 10K gold is the standard in Australia. Thailand is the only country in the world that uses a purity of 96.5% or 23K gold. According to the research reported on here, the accepted norm for fine gold jewelry in Thailand is a large diamond or other precious stone surrounded by high quality diamond(s) with a traditional design. Thai consumers pay more because of the quality of material and the purity of the gold rather than design, which is different from the European and American markets where design is the main priority. Markets with similar product preferences to Thailand are Vietnam, Cambodia and Indonesia, although these are not major export markets for Thai fine gold jewelry. Meanwhile, Hong Kong exporters have achieved success through using 18K gold and in the jade industry, since this latter stone has a long tradition of association with China and has been accepted in the European market for many years.

The majority of Thai fine gold jewelry exporters are limited in size and jewelry fairs, both local and overseas, are principal distribution channels for them. According to the research, Thai fine gold jewelry producers do not feel that direct visits to customers should be their main sales activity. Even for the local market, only a few jewelry companies do direct visiting. This is different from Hong Kong and Indian companies, which pay attention to this strategy and penetrate jewelry markets aggressively. In addition, it appears that there are several foreign jewelry companies such as New Concept, Startlight, Royal King and Bestline which do directly visit local buyers in Thailand. Thailand has only one jewelry association, the Thai Gem and Jewelry Trader Association, which runs the international jewelry fair in the country. While this association has become a monopoly in the Thai market, main competitor Hong Kong has two associations. There is the Hong Kong Jewelry Manufacturers’ Association (HKJMA) and the Hong Kong Jewellery and Jade Manufacturers’ Association (HKJJA), both of which run international jewelry shows in Hong Kong. Hong Kong jewelers benefit from an oligopoly situation with more aggressive marketing campaigns run by the two associations to attract buyers and visitors. Benchmarking between two parties has resulted in continuous improvement in fairs and other support activities such as international jewelry fairs, jewelry information provision and training. This evidence suggests that the level of competition in Thailand is low and leads to Thai jewelry makers lacking aggressiveness in marketing compared with competitors.

The Role of Government: The Thai government does pay attention to the gem and jewelry industry and there are many projects that support exporters. Thai customs has reduced import duty and tax from time to time to help Thai exporters. For example, the diamond import tax was 8.2–16.2% for the year 1995 and only 1% in the year 1999.From a factsheet provided by the Department of Export Promotion, the major activities that government will urgently support including developing Thailand to be a global stone trading hub,

finding new sources of raw materials, developing new technology to support productivity, human resource development to serve the expansion of export markets, building the image of Thai jewelry, helping Thai exporters to penetrate new markets and facilitating Thai exporter in their exporting activities (Bureau of Export Promotion Services activities Department of Export Promotion of Thailand, 2009). However, the problem of Southern violence, the coup d'état in Thailand on 19th September 2006 and the violent and illegal occupation of government buildings and Suwanaphumi and Don Mueang airports in September 2008 by the anti-democracy PAD movement, as well as the abandonment of the ASEAN leaders' summit in Thailand on April 11th, 2009 and other events in 2010, have together severely damaged the reputation of and confidence in Thailand and caused discontinuities in government policy. In contrast, in Hong Kong the political environment is considered to be stable. The Hong Kong Trade Development Council (HKTDC) has played a major role in promoting Hong Kong companies in many aspects. Furthermore, the state government has ensured that the Hong Kong dollar is tied to the US dollar and this has represented a considerable advantage over the Thai baht, for example, which Hong Kong government has tied Hong Kong dollar with US dollar to facilitate all the Hong Kong exporters.

5. Discussion and Recommendations

The research indicates that the competitiveness of the Thai fine gold jewelry industry is declining when compared with Hong Kong. This is due to the lack of research and development, new product development, increased labour costs, unstable politic conditions and lack of raw materials. Labour costs in Thailand are more expensive than China and India, while the quality of merchandise produced is not much different. According to an interview with an Italian goldsmith, "Chinese goldsmiths and Italian goldsmiths use the same jewelry tools; the only difference is in the ideas. Once Italian companies give them ideas or Chinese designers come up with their own innovative ideas, then the results will be similar and Italian goldsmiths will lose their jobs since our labour costs are higher." Local demand does not support the export industry and Thai fine gold jewelry exporters pay insufficient attention to markets with similar preferences to the Thai market such as Cambodia, the Philippines, Vietnam and Indonesia due to low demand and the language barrier. At the same time, competition in the industry as a whole is increasing owing to the entry of new players in China, Singapore, Malaysia and India. These countries are obtaining advantages from improving labour productivity, continuous improvement of management and mostly coherent government support.

Notwithstanding the degree of competitiveness of individual firms within the industry, it seems clear that the Thai fine jewelry industry is not making much ground in creating synergistic relationships within the economy as a whole. The firms act as individual players organizing themselves as entirely individual units quite discrete from the rest of the economy. The public sector has yet to manage to organize network activities that would link jewelry producers and exporters with universities, research institutions and other bodies involved in integrating traditional knowledge with new techniques and materials and able to place a focus on customer demand both broadly and in the case of important, specific market segments. Further, although Thai companies have been described as collectivist internally, appear to remain uncooperative externally.

Recommendations: It is time for the Thai fine gold jewelry industry to realize that it is lagging behind its competitors. Being labour intensive is no longer a competitive advantage and manufacturers should pay more attention to technology, innovation, design and branding. Thailand as a whole has to shift from being an original equipment manufacturer (OEM) to becoming an original design manufacturer (ODM) or an original brand manufacturer (OBM). Producing only commodity-level merchandise according to buyer demand does not guarantee survival for the industry in the long run. There are no longer any loyal customers in this industry and, once they can find a better source of supply, there is no reason for them not to switch. Networking is another issue to which producers need to pay attention. Networking can help in information-sharing between buyers and suppliers, as well as between exporters. In terms of production networking with Chinese factories, there is the problem of incompatibility of Thai gold styles and, so, Thailand has missed an opportunity to access the cheap labour cost advantage in China in the way that Singaporean and Indian companies have, even though Thailand is a nation that has a large population of ethnic Chinese people. In terms of selling Thai fine gold jewelry, it is important to consider other ASEAN

markets, since they have similar product preferences to Thailand, the perception of Thai merchandise is good and the reduction of import tax among ASEAN member can also promote intra-regional exports.

The education background of sale staff is another issue that requires further research. This study has shown that higher levels of education are not a principal factor for company success. Instead, communication skill, work experience and starting work at an early age all seem to be important contributors to company success. Organizers of both local and overseas international jewelry shows need to be meeting up and reorganizing their strategy. They should conduct activities in the same direction with the same purpose of building a good perception towards Thai fine gold jewelry with the same theme and decoration concepts and assist export activities. Government policy should be more stable and prepared for the long-run. Exporters should exhibit in international fairs to get ideas of what buyers want. Overseas shows are critical for the survival of this industry. It is time for producers to knock on customers' doors instead of waiting for them to visit. What it is that customers want is the key factor. Producers who understand this can add more value to earn more profit. However, producers who lack such understanding should probably avoid trying to add value to products as this will just make them more expensive and risky.

In short, the key success factors for the Thai fine gold jewelry industry are to understand what customers want, do more networking, be more risk taker and collectivism, pay more attention to innovation, product development, and brand building. For gem and jewelry fair organizers, they should cooperate more with each other. The government should provide appropriate policy with long term support, especially when this can contribute to inter- and intra-industrial linkages that will stimulate the creation of synergistic relationships and positive externalities.

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