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# Demand for jewellery: The main drivers

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## Abstract

Jewellery made of precious stones and metals is a luxury item, referring to goods with excessive consumer properties. At the same time, the sphere of turnover of precious metals, precious stones (PMPS) and products made from them is of strategic importance for the formation and development of the state economy. Businesses operating in this sphere are subject to compulsory registration in a special state register. The government is interested in supporting the jewellery industry and increasing its turnover, which is directly dependent on the population's demand for PMPS products.

Popular demand, in turn, depends on many factors that have their own specificities in relation to the area under study. An assessment of the factors based on expert opinion, conducted by the author with interviews of a group of consumers, the study of scientific research materials and journalistic articles from various Internet resources, indicates the acceptable superiority of offers of jewellery made of precious stones and metals, focused on the potential increase in the possibilities of sunlight.

The conclusions presented in the paper on the factors influencing demand are recommended for use in the development of business development strategies and may be useful in making decisions on state regulation of the sale of jewellery made from PMPS.

**Keywords:** demand, supply, precious stones, precious metals, jewellery, government regulation, the needs of the population.

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# 珠宝制品需求：主要影响因素

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## 简介

贵金属和宝石制成的珠宝制品是奢侈品，属于具有超额消费属性的商品。同时，贵金属、宝石及其制品的流通领域对国家经济的形成和发展具有战略意义。在该领域从事业务的企业必须进行特殊的国家登记。国家支持珠宝业务、增加其营业额感兴趣，这直接取决于公众对贵金属和宝石制品的需求。

公众需求依赖于许多因素，这些因素在研究领域中具有其特定的特点。基于作者通过对广泛消费者群体的采访、研究科学研究材料和各种互联网资源的文章所获得的专家意见，对这些因素的评估表明，贵金属和宝石制成的珠宝首饰的供应量允许超过需求，目的是潜在地增加需求。

本文中关于影响需求因素的结论建议在制定业务发展战略时使用，并在国家对贵金属和宝石制成的珠宝制品流通的监管决策中提供参考。

**关键词：**需求因素、供给因素、贵重珠宝制品、国家监管、公众需求。

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## Introduction

Economic theory as a science has long been recognised by society. However, it does not offer ready-made solutions to specific situations, but rather proven economic laws for independent application. This can be explained by the purpose of the economy - to satisfy people's needs, which, as we know, are different for everyone. According to economic theory, needs create demand, which in turn directly regulates supply. The state is interested in increasing the volume of production, consumption, and the overall turnover of goods and services because it is focused on 'creating conditions that ensure a decent life and the free development of a person'<sup>1</sup>. Increasing the turnover of goods and services is, in turn, the basis for replenishing the state budget.

One of the government's roles is to support industries whose products are in demand by the majority of the population. At the same time, there are different opinions about how much demand there is for jewellery products and how much real income corresponds to this demand. 'The state corrects this imperfection, which the market itself is either unable to deal with or the solution will be ineffective. To

this end, the State assumes responsibility for creating a level playing field for entrepreneurship, protecting competition and limiting the power of monopolies'<sup>2</sup>.

It is necessary for the state to be involved in the regulation of the consumer market. Without a comprehensive assessment of the quantities required, it is difficult for companies to create a supply that meets demand, which is why situations of shortage or overproduction regularly arise. It is not always possible to apply the law of supply and demand in a preventive way. To solve this problem, the theory of economics and management is based on the interest of the state in supporting and maintaining a company in a situation of reduced profits. In the case of jewellery sales, a comprehensive scientific analysis is required to assess demand. Products made from precious stones and metals are not considered essential items; they are, by definition, luxury goods. At the same time, their circulation is regulated by the Federal Law 'On Precious Metals and Precious Stones'<sup>3</sup>, which makes the analysis of supply and demand for this group of goods interesting from the point of view of government involvement. The article aims to identify the main factors influencing the formation of population demand.

<sup>1</sup> Article 7 of the Constitution of the Russian Federation. <http://ivo.garant.ru/#!/document/10103000/paragraph/52419:0>.

<sup>2</sup> Kisilinskikh Yu.V. (2016). State regulation of the economy: a textbook. Komsomolsk-on-Amur, Publishing House of the Amur State Pedagogical University.

<sup>3</sup> Federal Law No. 41-FZ of 26 March 1998 'On Precious Metals and Precious Stones' (as amended and supplemented). <https://base.garant.ru/12111066/>.

## 1. Research methods

The work uses the methods of scenario development and trend extrapolation, the case study method - situation analysis (due to the lack of statistical data allowing for comparative analysis), as well as the method of expert assessments based on the results of interviews and random questionnaires in various professional and social Internet communities in different regions of the Russian Federation. The survey was conducted using a Google form. All 251 respondents are adult citizens - direct consumers of goods and services - who independently determine their purchasing needs.

The survey questionnaire segmented potential consumers by gender, income, and age. Among the respondents there were more women - 79%, which can be explained by their greater involvement in the theme of jewellery. The income dividing line was set at 50 thousand roubles - the median salary<sup>4</sup>, according to 'SberIndex' laboratory data<sup>5</sup>: 'In the summer of 2023, the median salary in the Russian Federation was 52,269 roubles.'<sup>6</sup> Monthly incomes above 50 thousand roubles were reported by 36.5% of respondents, which (taking into account the average subsistence minimum per capita in 2023 of 14,375 roubles<sup>7</sup>), methodologically classifies a third of respondents as able to take consumer loans and thus buy expensive durable goods. In terms of age, the criteria were determined by market segmentation based on expected consumer behavior informed by interviews with jewellery retailers:

1) young people under the age of 30 with an expected low income level, mostly not focused on buying and wearing jewellery, potential consumers with possible deferred demand - 22.5% of respondents;

2) working age 30-60 - the age of highest income, possible real consumers of jewellery - 58.6% of respondents;

3) 60+ is the age of 'achievement', saving, and giving - 18.9% of respondents.

The distribution of respondents by age is more representative of the second group of consumers, which is important for the study of demand. It is to this group that the main production should be directed in order to obtain the maximum profit at the present time. The opinions of potential consumers in other age groups should be taken into account when implementing a long-term sales policy. Shoppers are the experts on all goods and services, and they vote with their wallets.

In evaluating the expert opinions obtained as a result of the survey, the author of this work relied on open data from the jewellery industry, government regulatory agencies, and the opinions of fellow researchers gathered during the analysis of a wide range of periodical literature and information from various Internet sources. In this way, the article reflects the entire empirical cycle of demand assessment, starting with observation, collecting and grouping facts, forming a hypothesis, and ending with the evaluation of the results.

## 2. Forming a hypothesis

The hypothesis formulated on the basis of a review of periodical and scientific literature and assessments of the conclusions of the implementation of the technical assignments of the Ministry of Finance of the Russian Federation for 2022-2023 on state regulation of the studied area with the direct participation of the author: there is a clear excess of supply of precious jewellery over demand. An examination of the factors influencing demand will allow this hypothesis to be confirmed or refuted. Let us take a look at the main factors identified by researchers that can be applied to the creation of demand for jewellery. Thus, E.V. Kovaleva and M.V. Tsymbalyuk highlight institutional, demographic, psychological, and economic factors in the list, while classifying the 'covid' crisis as an economic change that 'forces us to rethink the problem of stimulating consumption as a factor of economic growth' [Kovaleva, Tsymbalyuk, 2023, p. 104]. M.S. Shakhova also notes a change in consumer behaviour after prolonged isolation during the COVID-19 pandemic, characterised by a 'qualitative leap "into digital" (increased adoption and use of online platforms) [Shakhova, 2021, p. 131]. The benefits of digital commerce are undeniable, but a lack of digital literacy among the population can be a barrier to purchase. This conclusion is confirmed by the work of E.I. Brichka and Yu.S. Evlakhova: 'The level of digital literacy, including knowledge and use of Internet services for work and life, skills in effective use of technology, as well as the basics of security in the Internet space affect the participation of the population in placing orders for financial services via the Internet' [Brichka, Evlakhova, 2023, p. 103]. G.G. Ivanov and co-authors note that the effectiveness of the implementation of various forms of product promotion depends on management decisions, which is also a factor influencing demand. 'Practice shows that enterprises and organisations, including those in the trade sector, can have an identical material and financial base. At the same time, the results of their activities will be different: some enterprises will develop successfully, others will be forced to leave the market' [Ivanov et al., 2021, p. 61]. Successful management is the key to fair competition for the consumer. 'In modern conditions, consumer demand is formed in accordance with the laws of competition and is a key element of the market' [Glukhova, 2019, p. 34]. Most demand researchers still define the main factor as citizens' income, which in its real measurement directly depends on the inflation rate. 'High inflation will affect the redistribution of spending in favour of the purchase of essential goods and the reduction of spending on food in restaurants, the purchase of equipment and recreation' [Trachuk, Linder, 2016, p. 62]. Inflation is important to the jewellery business in two ways: refusal to buy and buying as an investment.

The state policy of the Russian Federation aimed at reducing the poverty level of the population is a positive fac-

<sup>4</sup> The level of pay received by the same number of employees (50% above, 50% below).

<sup>5</sup> At the time of writing, Rosstat data on the median salary were published only for 2022 - 40.3 thousand roubles. <https://gogov.ru/articles/median-salary>.

<sup>6</sup> <https://www.banki.ru/news/lenta/?id=10993096>.

<sup>7</sup> <https://www.garant.ru/news/1589280/>.

tor in curbing inflation and increasing consumer demand. 'One of the directions in this connection is the reduction of excessive income differentiation and the level of poverty of the population' [Kusurgasheva, Chernovol, 2023, p. 106]. The factors listed are changeable. The impact of most of them on demand is only relevant in the present. To determine the profitable volumes of jewellery production, as with any other commodity, demand analysis must be carried out on a regular basis.

### 3. Factor collection and grouping

The hypothesis of an excess of supply over demand cannot claim to be reliable without a corresponding market analysis from the point of view of jewellery manufacturers and retailers. With the aim of increasing sales, almost all jewellery manufacturers conduct market research through their retail chains.

For example, the reporting data for the 2023 results were published by the '2022 sales leaders' - Sunlight, 585\*Golden, and Sokolov (1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> in the NFOLine rating respectively). The NFOLine rating included 11 retail chains whose total sales volume grew by 9.8% last year to 148.8 billion roubles. Moreover, more than 73% of this amount was contributed to the market by the top three sellers<sup>8</sup>. Sunlight forecasts a 49% increase in total revenues to RUB 78 billion by 2023. 'Sunlight's share of total sales in the Russian jewellery market will increase by 5 percentage points to 22% in 2023, compared to the chain's share of 17% in 2022'<sup>9</sup>. The 585\*Gold chain reports an increase in sales in physical terms (in pieces) compared to 2022 of precious 'products with semi-precious stones'<sup>10</sup>: earrings by 44%; rings by 57%; pendants by 70%. According to the same network, sales of items with precious stones<sup>11</sup> also increased, but not as significantly: pendants by 23% and rings by 27%. Premium gold watches also entered the market with the same annual growth rate (+27%)<sup>12</sup>. Another company - a sales leader - the Sokolov brand retail chain reports a 47% increase in sales for the first half of 2023 compared to the same period last year - up to 19.8 billion roubles. 'Wholesale sales grew by 67%, while online and offline retail sales grew by 42%'<sup>13</sup>.

The sales growth statistics of the listed companies do not refute the author's hypothesis, as the jewellery market is generally represented by a much larger number of manufacturers and sellers. Moreover, even among the 11 leaders of the given rating, there are companies whose sales in January-June 2023 showed a negative result as a percentage of the previous year. For example, the company 'Adamas' of

the Belgorod jewellery factory - -3%, 'Liniya Lyubvi' of the Kostroma jewellery factory 'Topaz' - -5%<sup>14</sup>.

A possible confirmation of the growth in sales is the increase in production volumes announced by the Russian Ministry of Finance for 2023. In 2022, 26 million items were hallmarked, weighing 48.5 tonnes. By 2023, this had increased to 30.8 million items, with a total weight of 55.5 tonnes. Thus, the production of gold items in pieces increased by 18.5% per year<sup>15</sup>. The phrase 'possible confirmation' is related to different measures of calculation: the state counts the volume of production in units, while business counts it in roubles. Additionally, the volume of hall-marking does not always indicate an increase in production; inventory stock could have been sent for hallmarking.

Unfortunately, there are no consolidated official statistics on the range of jewellery sold, and information from retail chains is contradictory. When analysing sales, experts from the 585\*Gold chain note an increase in the sale of gold products, which they explain by the desire to protect savings in a period of economic uncertainty. 'It should be noted that in 2023, sales growth was largely influenced by the fact that gold and jewellery began to be perceived as an investment.'<sup>16</sup> This statement is controversial: when gold items are pawned, resold, or otherwise redeemed, they are valued at the price of precious metal scrap. 'Stones are a completely different matter. Even if they are genuine and part of a piece, no one in our market will pay a fair price for them in a buy-back or pawn shop. Unfortunately, there is no secondary market for jewellery stones in Russia - neither semi-precious nor precious'<sup>17</sup>. There is undoubtedly a segment of consumers who find it worthwhile to invest their savings in buying jewellery. In this case, due to the current situation on the secondary market for precious stones, you will need to buy products without inlays, made only of precious metal. 'By the end of 2023, sales of this type of investment-attractive jewellery - heavy gold chains and bracelets - have grown significantly. Moreover, in certain categories, sales growth in the autumn of this year looked quite impressive: gold chains - +51%, gold bracelets - +81%'<sup>18</sup>. In any case, the conclusions of the 585\*Gold chain, based on its own statistics, do not reflect the level of demand in the industry as a whole.

Nevertheless, statistics from individual companies allow us to evaluate and extrapolate promising trends for the jewellery industry as a whole. For example, the Sokolov brand network, increasing production volumes and understanding the limited demand for PMPS products (precious metals and precious stones), is actively promoting its products, developing a partnership on the franchise model, expanding

<sup>8</sup> <https://www.forbes.ru/biznes/489893-dragocennyj-retejl-krupnejsie-uvelirnye-seti-rossii-natorgovali-na-149-mlrd-rublej?ysclid=lr9i9osd12239102338>.

<sup>9</sup> <https://www.retail.ru/news/sunlight-po-itogam-2023-goda-obshchiiy-obem-prodazh-vyros-na-49-12-fevralya-2024-237583/>.

<sup>10</sup> Semi-precious stones: natural topaz, garnet, amethyst, chrysolite, amber, agate, quartz and others.

<sup>11</sup> Precious stones: diamonds, sapphires, emeralds, rubies and pearls.

<sup>12</sup> <https://salt.news/ekonomika-i-biznes/yuvelirnyj-rynok-predvaritelnye-itogi-2023-goda-i-prognozy-na-god-2024-j/?ysclid=lr9hug0crs515538912>.

<sup>13</sup> <https://sokolov.ru/blog/company-news/press-release-24-07-2023/?ysclid=lsbk7kyo8992602143>.

<sup>14</sup> <https://www.kommersant.ru/doc/6350454?ysclid=lrtepbzvf215542323>.

<sup>15</sup> [https://minfin.gov.ru/ru/press-center/?id\\_4=38812-kommentarii\\_zamestitelya\\_ministra\\_finansov\\_alekseya\\_moiseeva\\_o\\_situatsii\\_v\\_yuvelirnoi\\_otrasti\\_po\\_itogam\\_2023\\_goda](https://minfin.gov.ru/ru/press-center/?id_4=38812-kommentarii_zamestitelya_ministra_finansov_alekseya_moiseeva_o_situatsii_v_yuvelirnoi_otrasti_po_itogam_2023_goda).

<sup>16</sup> <https://salt.news/ekonomika-i-biznes/yuvelirnyj-rynok-predvaritelnye-itogi-2023-goda-i-prognozy-na-god-2024-j/?ysclid=lr9hug0crs515538912>.

<sup>17</sup> <https://uvelir.info/news/yuvelirku-pod-upravlenie-ministerstva-schastya/>.

<sup>18</sup> <https://salt.news/ekonomika-i-biznes/yuvelirnyj-rynok-predvaritelnye-itogi-2023-goda-i-prognozy-na-god-2024-j/?ysclid=lr9hug0crs515538912>.

wholesale: more than 4,5 thousand wholesale partners and franchisees by the end of 2023<sup>19</sup>.

The modern forms of doing business that have made it possible to increase sales are not available to everyone. Given the mechanism of demand mobility and the factors that generate it, it is logical to assume that the increase in sales of the leading companies is offset by a decrease in sales of their potential competitors: there is no point in producing a product that cannot be sold. According to the Federal Tax Service, 'the number of small jewellery businesses has decreased by 35% since the beginning of 2023. Approximately seven thousand small manufacturers have closed or gone underground, and many of those that remain have reduced their production volumes and workforce<sup>20</sup>. Experts in the industry objectively link the reduction in production volumes among small jewelry businesses to the 'cancellation of the simplified tax system (STS) for small jewelry businesses, and the introduction of mandatory digital monitoring on the platform of the state integrated information system (SIIS) for controlling the turnover of precious metals, gemstones, and products made from them at all stages of this turnover (PMPS SIIS)'<sup>21</sup>, rather than with a drop in demand. Statistics from the Federal Tax Service confirm that small companies could not withstand the competition. The vacated niches also allowed the leading distributors to increase production.

In any case, the consumer of jewellery remains the same, as does the volume of demand. An analysis of the statistics and expert opinions available shows that the visible abundance, with constant marketing promotions and discounts, perceived from the buyer's point of view as overproduction or overstocking, is, according to the laws of the market, supply in proportion to demand. There are many reasons why it is possible to maintain volumes and even increase produc-

tion in the face of growing demand: jewellery made from PMPS does not become obsolete, does not deteriorate, does not require maintenance or large storage areas, etc.

The conclusion about the low demand for jewellery is confirmed by the data collected by the author during the survey. Almost half - 46.8% - of the respondents to the author's Google Form survey have not bought jewellery in the last three years (see the figure).

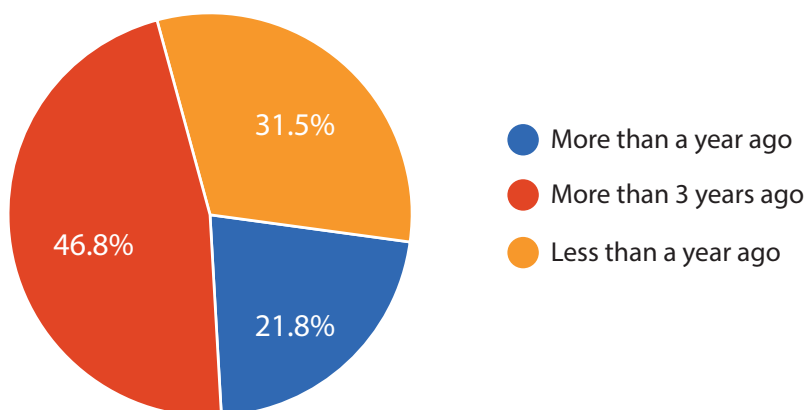
Moreover, according to the results of the research carried out, there is not even a hidden demand, i.e. the presence of desire in the absence of money. To the question: 'If you suddenly had 100 thousand roubles, would you spend it on jewellery?' - 69.6% answered 'No'.

The only exception when it comes to determining demand is for wedding rings. 'Gold wedding rings have an enviable stability, as their demand is completely independent of exchange rate fluctuations, gold prices, and all sorts of trends. Classic models of wedding rings for happy newlyweds are traditionally among the top 5 most popular jewellery items in Russia'<sup>22</sup>. At the beginning of 2024, according to Rosstat, wedding rings will be the only product from a wide range of precious jewellery items included in the structure of consumer expenditure. At the same time, the share of expenditure on wedding rings in the structure of consumer expenditure of the population is only 0.003% (product code 7503), which is the same level as in previous years, confirming the hypothesis of a consistently low, limited demand for the analysed group of goods<sup>23</sup>.

Nevertheless, the preservation of traditions is an important demand factor. The degree of influence of the tradition factor can be seen in the distribution of jewellery sales in the country. According to Rosstat, in 2021 'Russians bought jewellery for 365.4 billion roubles - about 2,500 roubles per

Fig. Correlation of respondents' demand for jewellery by date of purchase (% of respondents)

When did you buy the jewellery?  
248 answers



<sup>19</sup> <https://sokolov.ru/blog/company-news/press-release-24-07-2023/?ysclid=lsbzk7kyo8992602143>.

<sup>20</sup> <https://rg.ru/2023/10/17/reg-szfo/serebro-uhodit-v-podval.html?ysclid=lsd29m94pu60157483>.

<sup>21</sup> <https://rg.ru/2023/10/17/reg-szfo/serebro-uhodit-v-podval.html?ysclid=lsd29m94pu60157483>.

<sup>22</sup> <https://salt.news/ekonomika-i-biznes/yuvelirnyj-rynok-predvaritelnye-itogi-2023-goda-i-prognozy-na-god-2024-j/?ysclid=lr9hug0ers515538912>.

<sup>23</sup> <https://rosstat.gov.ru/statistics/price>.



person per year, 29% of sales being in Moscow. However, on a per capita basis, Dagestan residents spend the most on jewellery: in 2021, jewellery sales in the republic amounted to 10,425 roubles per person. Yakutia is in second place with 8,580 roubles, and Moscow is only third with 8,401 roubles<sup>24</sup>. Thus, a region without the highest incomes but with a strong tradition of wearing gold and silver jewellery confirms the importance of this factor in shaping demand.

There are a number of regions in the world where gold jewellery is traditionally in demand, with developed domestic production and a market that no one is in a hurry to abandon. Increasing global consumer demand for PMPS jewellery is a long-term task that the government is trying to help companies solve. A number of strategic directions for the development of international cooperation were adopted, including the expansion of trade relations: Main directions of economic development of the EAEU until 2030<sup>25</sup>, Declaration on the further development of the Association until 2030 and for the period until 2045 ‘Eurasian economic path for the development of the EAEU until 2045’<sup>26</sup> etc. The documents provide for the expansion of trade relations with partners in the EAEU and jointly with countries such as Iran, India, and China.

Joint market entry in a highly competitive environment is complicated by a global decline in demand caused by a fall in savings. According to the head of the European Central Bank (ECB), K. Lagarde, at the beginning of 2024 ‘the volume of “excess” savings is declining all over the world, especially in the developed economies, and has now fallen to almost zero, although it was previously at the level of 10%’<sup>27</sup>.

Comparing global and Russian trends of shifting demand towards essential goods, it is necessary to note changes in fashion: the quality of modern costume jewellery corresponds to this factor. During the survey, 58.9% of respondents admitted that they could not tell the difference between precious and non-precious jewellery. The high level of technology puts even specialists in a difficult position, who clearly state that they need the right equipment to determine quality. In the case of modern man-made, synthetic diamonds, laboratories confirm that ‘the result is a stone that is also 100% diamond’<sup>28</sup>.

Thus, an important factor in maintaining and increasing demand for Russian jewellery made from precious metals and gemstones is hallmarking and testing, and from March 1, 2024, physical marking of products will also be required to confirm the authenticity and quality of the jewellery.

#### 4. Prospects for increased demand

As I mentioned, there is always a segment of consumers who are not fashion-conscious, who respect tradition, and who have a consistently high income. All these parameters can be shaped. ‘The state, which is concerned with the welfare of the population as a whole, does not aim to reduce the supply of jewellery. On the contrary, in the interests of citizens, conditions are created for the expansion of the commodity market and the replenishment of the state budget’ [Ivanova, Umgaeva, 2023, p. 16].

The creation of demand at home in order to maximise profits should go hand in hand with the search for potential consumers abroad and the creation of offers that meet their expectations. ‘Two sets of factors influence this decision. These are push factors, caused by the lack of opportunities for business development in the local market due to some restrictions. Secondly, these are pull factors, which are caused by better conditions for business development abroad’ [Volodin, Podkovyrov, 2018, p. 21]. In the case of Russian-made PMPS jewellery, push and pull are mutually significant reasons for seeking buyers abroad.

This conclusion also applies to the expansion of the online sales market. According to research by 585\*Gold and Sokolov, the growth of the share and importance of online sales is a trend for 2023. At the same time, the expansion of online commerce should be seen as a potential for increasing demand and a direction for working with consumers. For example, the interviews revealed that virtually no one was aware of the SIIS PMPS mobile application for checking the authenticity of marked jewellery. The general reluctance to use online applications to check the authenticity of goods was also confirmed by the survey: 75% of respondents do not check barcodes when shopping via applications.

In the case of marking jewellery, it can be assumed that ordinary buyers are unlikely to download the authentication app en masse, let alone use it. Among the reasons: the information about the product is on its label and packaging; a Russian piece of jewellery is necessarily engraved with the manufacturer’s name, and there is a hallmark of the Federal Assay Office. Therefore, it is necessary to take into account the acceptance factor when making various proposals.

In general, all the factors listed indicate a close interdependence between the economic categories of ‘demand’ and ‘supply’ and the need to take them into account when designing a production plan and developing a sales strategy for jewellery.

<sup>24</sup> <https://journal.tinkoff.ru/jewelry-stat/?ysclid=isc1xtvjrw92694301>.

<sup>25</sup> [https://eec.eacunion.org/comission/department/dep\\_makroec\\_pol/oner2030.php?ysclid=lqpg9v8cxd949226154](https://eec.eacunion.org/comission/department/dep_makroec_pol/oner2030.php?ysclid=lqpg9v8cxd949226154).

<sup>26</sup> <https://rg.ru/2023/12/25/lidery-stran-eaes-utverdili-deklaraciiu-o-razvitii-do-2045-goda.html?ysclid=lqtvqvjisp101000295>.

<sup>27</sup> [https://dzen.ru/news/story/Lagard\\_obem\\_izbytochnykh\\_sberezenij\\_snizhaetsya\\_osobennno\\_vrazvitykh\\_stranakh--7c9326b000c091b9207f77be01669c22?lang=ru&rubric=business&fan=1&stid=Sox&t=1705662389&tt=true&persistent\\_id=2769250206&story=137a8802-8579-5b7a-8725-a44ad742ee71&issue\\_tld=ru](https://dzen.ru/news/story/Lagard_obem_izbytochnykh_sberezenij_snizhaetsya_osobennno_vrazvitykh_stranakh--7c9326b000c091b9207f77be01669c22?lang=ru&rubric=business&fan=1&stid=Sox&t=1705662389&tt=true&persistent_id=2769250206&story=137a8802-8579-5b7a-8725-a44ad742ee71&issue_tld=ru).

<sup>28</sup> <http://j-r.ru/news/analitika/vyrashhennye-v-laboratorii-brillianty-spros-na-nih-rastet-no.html>.

## Conclusion

The dependence of supply on demand for a given product is an immutable law of economic theory. The state's participation in market regulation is necessary when there is an obvious shortage of products to meet the urgent needs of the population, when there is illegal trade in goods and services, and when there is a need to solve strategic tasks of the state. The analysis of open statistical data of leaders of the jewellery business in Russia indicates the existence of sufficient demand to maintain the volume of production and sales of products made of PMPS. Competition as a factor in business development has certainly redistributed jewellery production in the country in favour of large companies. There was also a redistribution between them: 73% of the total sales volume in 2023 was accounted for by the top three (they were also the sales leaders in 2022).

Without government support, small jewellery companies are disappearing from the market. It has not yet been possible to increase the demand for jewellery from Russian manufacturers on the world jewellery market, although some groundwork has been done. With the support of the state, which guarantees the free movement of goods to a number of countries, including those with a strong tradition of wearing jewellery, we can expect to see an increase in the number of consumers of jewellery products abroad and a corresponding increase in sales volumes.

State support is an important factor in creating demand for quality products. The introduction of a system of state testing and marking of products is aimed at pro-

tecting both producers from unfair competition and consumers from counterfeits. An analysis of the opinions of experts and respondents who took part in the survey confirmed the author's assumption about the significant influence of various factors on demand, primarily the level of income of the population, fashion, traditions, and the development of technologies, including digital ones. The combination and influence of the above factors on demand is significant, but for jewellery products, according to the analysis carried out, this demand will always remain stably low in the total volume of consumer demand due to the classification of the studied group of goods as luxury items.

Jewellery made from PMPS is a way for a certain segment of buyers to save money, but not an investment option. Identifying and expanding the potential consumer segment is the task of jewellery manufacturers and sellers. For the state system of regulating the circulation of PMPS and products made of them, the task has been defined: to maintain a sufficient supply of jewellery products and to develop measures that support fair competition in the fight for the consumer.

In general, all the factors analysed suggest that the oversupply is being offset by a reduction in production and sales by firms that have been unable to compete. The study confirms the hypothesis that while there is an oversupply of jewellery made from precious metals and gemstones in the Russian Federation market, this oversupply is minimal and is positioned to stimulate potential demand growth.

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