

THE RETAIL JEWELER

The Jewelry Business Magazine • Volume 2, Issue 7 • October 2011

Buy American


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Ostbye
Page 20



Heather Moore
Page 21



**"There were two
guys in hooded
jackets. The first
shoved a gun
into my chest and
pushed us back
into the store."**

Dave

DAVE PAGE
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Publishers

Andrew Kohler 973-263-2498 ext 18 • andy@theretailjeweler.com
Edward Coyne 908-637-8461 • edcoyne@theretailjeweler.com
Frank Dallahan 267-229-2475 • frank@theretailjeweler.com

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Buy American: Create Our Own Better Future

By Frank Dallahan

Nearly everyone agrees the state of our union is not good and in great economic and political difficulty. The twenty-four hour news cycle that runs seven days a week keeps reminding us that the employment picture is bleak, that the Republicans and Democrats are unable to work together to address the policy issues that divide them on taxes, spending, and entitlements. All the while, there seems little, we individually, can do to fix the problems facing us today.

Many, including your humble correspondent throw up our hands in disgust and anger with the antics of our political class in Washington and our respective state capitols. What are we to do? What can we do? The feeling of powerlessness just adds to our level of frustration. You can write letters, send emails, and call your representatives' offices. What do you get? You get a nice letter or email thanking you for taking the time to write on a particular issue facing the Congress. The response continues by restating your concern and then transforming your concern into something positive the representative thinks he has done to address the problem. Enough!

A proactive suggestion, that will in the aggregate, positively influence business, employment, cash flow, taxes and attitude right here in the USA is Buy American. Buy from suppliers who operate in the US. These firms may have factories elsewhere in the world, but at the very least they have offices and personnel right here in the States. These are individuals and firms large and small located from Maine to Maui from Seattle to Sarasota. When you buy from a domestic supplier you are indeed making a contribution to our personal and national wealth and well-being. You support tax-paying businesses right here in America. You, through your purchases, also positively influence employment in our industry right here.

There is a part of this discussion that every jeweler will recognize. It is the importance of customer service. Good jewelers work very hard to provide the kind of service that will result in their customers return to their stores. And, better yet, have these customers, through word of mouth, spread the jeweler's reputation in the local community.

The very same principle applies to your suppliers. It may well be fun and exciting to travel to Basel, Vicenza, Hong Kong, Thailand, and South America to purchase product for your store. The marketing rationales in support of these ventures can be compelling from a business perspective. Lower cost product from Asia, perception that products from Italy, France, or Switzerland represent better quality and add to your store's image appeal. They can mean greater revenues and margins coming from product only your store offers. At first blush, there is some truth to these points. There are, however, some equally compelling reasons that go the other way. Have you

ever tried to resolve a quality problem when dealing with a foreign supplier with no offices, inventory, or people in the United States to fix such a problem?

Foreign governments also complicate the matter by providing financial incentives to their local manufacturers that complicate the return of goods whether the return is for a quality problem or a return that is based on poor sales results. The bottom line in many cases is that "the planes only fly one way" as one supplier, told me. Returns are just not possible.

Another "complication" has to do with payment and terms. More often than not payment is required before the goods arrive in the United States, unless you have credit history with the firm. Unlike American suppliers, foreign suppliers want payment, literally, immediately. Terms? As they would say in New York Fagetaboutit!

We in America may have a somewhat naïve attitude on the topic of terms because we (retailers and manufacturers) have engaged in giving and getting terms for a very long time. When you try to change terms or stop offering terms as a manufacturer you worry about losing business. If you are a retail jeweler, you know, or at least think you will be able to get terms from another manufacturer. Foreign suppliers generally do not offer terms. They want the cash just as fast as they can get it.

Ultimately, decisions are made on what benefits accrue to the person buying the goods. I am not suggesting that retailers only buy from American suppliers because they are in America. No, the quality, service, design, support personnel all have to play important roles in the decision making process.

What I am suggesting is preferential treatment for American Suppliers so long as they measure up on all of the important buying criteria. If all 21,900 retail jewelers took this position and focused on spending more money with American based suppliers we would all be better off.

As a friend of mine said recently, "Buying products from USA suppliers will help us all create our own better future."

TRJ



Frank Dallahan

co-publisher of The Retail Jeweler
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YOU'VE GOT TO BUY RIGHT TO SELL RIGHT

By David Brown

“

There's an old saying in the stock market and real estate circles – you don't make your money when you sell;

**YOU MAKE IT
WHEN YOU BUY.**

”



So what exactly does this mean? The point being made is this; if you choose the right thing to buy, at the right time, at the right price, then making money from it becomes a simple process, - a natural result of the wise decision made. If the purchase is done well then the law of supply and demand will come into play, you will have more people wanting to buy it (the house or stock) than product available.

The same process is true of your inventory. An item you carry doesn't sell for you because it either isn't the right style, or it's at the right time, or you don't have it at the right price.

So how do you stack the odds of getting this right in your favor?

Play the averages. Here's an example. You've got new dinner guests coming. You want to make a good impression. You're brilliant at making Duck a l'orange and know it will be

a hit. Do you give them this (and you've heard they like duck) or chance it all on a complicated beef cannelloni recipe you've never tried before? Don't know about you but if you want a good result I'd go for the duck.

So why not do the same with your inventory? If your 5 stone straight set 1carat diamond ring sells every time you get it back then why would you replace it with something else? Why take the risk when all the signs are telling you that you've already got a winner? Sadly we're creatures who like variety – we become easily bored. This doesn't mean our customers are though. Have you ever had a customer comment that they keep seeing the same ring in your store? Chances are you haven't but then if they have why should you care? Never apologize for carrying product that sells well.

Find a winner from someone else. Let's say you don't have a duck a l'orange recipe. Should you try the beef cannelloni you've never made (and don't know anyone who has) or try the neighbor's recipe for that fantastic fish dish you had at their place two weeks ago (the one that everyone loved and wanted the recipe. I know what I'd do



Again take a lesson from this with your inventory. If you don't have a winner already the best place to find one is from someone who does. With modern technology this is easier to do. There is information available such as our AdvantEDGE reporting system, that will show you what items are selling well elsewhere – a clear pointer towards what's likely to work for you.

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It's a Bird!

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IT'S SUPER JEWELER! , ,

By John Politi



Faster than a high-speed steel bur!“! More powerful than a Beche Double-Active Drop Hammer!“ Able to leap tall tower display cases in a single bound! We’d all like to think of ourselves as anything but mere mortal men and women. Truth be told, as shared by the Council for Disability Awareness (CDA), “one in four of today’s 20-year-olds will become disabled before they retire.” In terms of its negative financial effect on your family and business, long term disability is more severe than death. Why? Well, let’s think about for a moment what you most likely consider to be your biggest asset – your home, retirement portfolio, stable of thoroughbreds? Not even close, it’s your income, and oftentimes it is uninsured or underinsured. Look at it this way – the earning capacity for a thirty-year-old earning \$50,000 a year with a three percent salary increase each year for the next 35 years is more than \$3,000,000. Not everyone’s home or retirement plan comes even close. So tell me why then almost two-thirds of the US workforce is without private disability insurance (DI). It’s expensive!

Definition of Disability

The best text book definition of total disability is “the inability of the insured to engage in his or her own occupation. The next best definition of total disability makes it harder to claim benefits – “the insured is unable to engage in any occupation for which he/she is qualified by reason of training, education, or experience.” The

aforementioned is called a modified any-occupation (or may be called modified own-occupation). Some policies even use the first definition (own) and the second definition (modified any). This could be called a dual definition or split definition.

For example, for years 2-10 the definition may be own; thereafter, for the remainder of the contract, the definition may be modified any-occupation. Then we have the Social Security definition – are you ready, “the inability to engage in any substantial gainful activity by reason of any medically determined physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.” Some policies even abandon



the effort to define disability, and instead focus on the result - loss of income. If you can afford it, try to secure a policy referencing the first definition – more specifically, your own occupation.

The “Tax” effect

Many jewelry firms offer disability insurance as an employee benefit. Group policies such as these tend to be less expensive than individually issued ones mainly because the underwriting is much simpler than individual policies. Most employers’ disability policies are not as comprehensive as personal disability policies, and these policies tend to have conflicting definitions of disability and other restrictive provisions. Still, this is a good starting point both for you and your employees. Generally speaking when the premiums are paid with after-tax dollars the benefits received will be tax-free. If the company is paying for the benefit then it may be taxable. Consider for a moment that you’re disabled and that the monthly benefit is \$3000 per month and that the employer pays the premium. The \$3000 benefit is taxable income just like your earned income. If we assume a 25% tax bracket, the actual benefit you’ll receive will be \$2250. Before you incurred this disability

>> Continued to Pg 12

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It's a Bird!

It's a Plane!

IT'S SUPER JEWELER! ”

you were earning \$8000 per month, and taking home \$6000 after taxes. Ouch! Few can absorb a \$3750 pay cut. This example highlights how the definition of income and the subsequent taxation can significantly impact your take home disability income benefits.

You must take into account that for you in particular as the business owner, this will probably not be sufficient coverage, and it will only at best be a Band-Aid for the short-term.



Determining Your Financial Needs

Personal disability policies can insure many sources of income including salary, bonus, commission, and even sometimes retirement plan contributions. Neither group nor personal disability insurance policies will cover 100% of your income. Both will usually insure between 60-70% of income, but beware because the group policy is usually much less rich and usually includes a maximum monthly benefit. The CDA has a neat calculator on its website (disabilitycanhappen.org) to help you make sense out of everything. Please keep in mind that many disability claims start off as a partial disability or transition from a total disability to a partial disability. If your personal policy does not provide for partial disability benefits, consider revising it. If your group policy does not cover partial disabilities, consider obtaining a personal policy to supplement your group coverage. A disability can last for decades resulting in a tremendous loss of personal income. When researching an insurer the two of the most important criteria to consider are the policy types offered, and the insurer's A.M. Best rating.

DI Policy - Continuance Provisions

It is very important that you understand each of the following continuance provisions. You will have to decide which to include in your policy - where it will be in force for the duration of the contract. This is one of those "planning forward" moments. Remember, we're not going to be 29-years-old forever. Noncancellable DI contracts guarantee that you can keep the policy in force by paying the premium and that the premium will not increase (normally renewable to age 65). Guaranteed renewable DI contracts guarantee that you can keep the policy in force by paying the premium, but the premium may be increased on a

class basis, not on an individual basis (normally renewable to age 65). This is an option rather than a noncancellable policy if you need to reduce the premium expense for the same benefits. Bear in mind again that the premium would not be guaranteed for the life of the contract. A conditionally renewable contract allows a noncancellable or guaranteed renewable policy to continue beyond age 65. This policy usually only has a 2-year benefit, and the premium is adjusted for benefits and age. Also, it can only be extended if you are still an active employee.

Policy Provisions (Riders)

The Legal-Dictionary at www.freedictionary.com defines a Rider as, "...an attachment, schedule, amendment, or other writing that is annexed (added) to a document in order to modify it." Let's review some of those you need to be familiar with regarding your DI policy. "Partial disability benefits are included by many carriers for free. The insurer's motivation is to encourage you to return to work as soon as possible. A fairly expensive, but well worth the cost rider is the residual disability benefit. Benefits can start immediately after a total disability. Benefits under this provision are payable for the maximum benefit period of total disability under the basic contract. The benefit is payable in proportion to the insured's reduced earnings (20-80% range). A guaranteed insurability option permits the insured the right to purchase additional amounts of coverage without proof of insurability. The increased coverage is subject though to financial underwriting, and subject to an additional premium. You will also need to consider including the Cost-of-living-adjustments (COLA) within your contract. They provide either a fixed-percentage increase or floating-percentage increase reflecting an inflation index. Lastly, you should be aware of the Social Insurance Substitute (SIS) Benefit. For a total disability, the monthly benefit will be equal to the SIS shown on the policy schedule page less any social insurance benefit received in that month.

Reducing the Premium Expense

When determining your needs and what you can afford, consider that DI policies can provide benefits for a relatively short duration of 2-5 years (some policies have shorter benefit periods for disabilities of a mental or drug and alcohol nature) or pay benefits until age 65. This refers to the maximum length of time for which benefits will be payable - referred to as the Benefit Period. In most cases,



the longer the waiting period (elimination period) the lower the premium will be also. This is the length of time during which one must be disabled before benefits accrue. Most policies written today have a 90 to 180-day elimination period. This is what I refer to as "self-insuring" yourself for a period of time – it also acts like a "deductible." Some insurer's also offer contracts with graded premiums. You have the advantage of starting off with low premiums and gradually increasing the premium expense each year. More times than not, you can convert this to a level premium policy at some point down the road. It would be wonderful if there were more ways to make this insurance more affordable. I recommend that you research those companies offering DI policies and begin to compare apples-to-apples, and take a realistic look at your own personal financial position. This is an excellent opportunity for you to discuss your financial planning needs with a Certified Financial Planner.

Without a doubt one's ability to earn an income is their greatest asset. A friend of mine likes to analogize himself to being an ATM of sorts. He wants to be adequately insured so that he doesn't run out of money at the most inopportune time. It is generally advisable for one to purchase the maximum amount of Disability Insurance that their budget allows. Since I began educating myself on this topic I now realize that no one can ever have too much insurance when they become disabled.

Author's Note: Please consult with your CFP®, CPA and/or Estate/Tax/Eldercare Attorney when discussing your financial needs and developing the appropriate personal/business financial plan.



John Politi

John honed his professional career as a business owner, CEO and Director with some of the industry's most prestigious organizations. John's experience spans precious metal manufacturing, quality assurance testing as well as diamond

certification. During his tenure as a Board Director for the JBT, John gained greater insight and sensitivity for the "small business owner." John is currently a member of the Financial Planning Association, Financial Management Association, NYSSA and 24 KT Club of New York.
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Countdown to
Christmas

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How to Get the Most Out of Your Staff This Holiday Season



By Suzanne DeVries, staffing expert

The critical holiday season is fast approaching – and in this uncertain economy, it has never been more important for you to get the most out of the season and out of your staff. Unfortunately, shoppers have more choices than ever to purchase their jewelry. To secure their business this year, and get your staff operating on all cylinders, here are four tips that can help your salespeople “supercharge” their holiday sales efforts.

1 **Get your staff motivated with holiday incentives.**

Nothing maximizes productivity like implementing a holiday incentive program. Your program should be performance-based, with ambitious, yet reachable goals. Meet with your people before the season kicks off to determine the type of incentives they would value the most, i.e. cash awards, prizes, store credit or discounts, gift cards, gas cards, theater/event tickets, free dinners, weekend getaways, extra paid days off, free or discounted products and services, etc. The type of incentives you can include in your program are virtually unlimited and do not have to cost you a ton of money – particularly if you can hook up with another non-competing local retailer or service provider on a cross-incentive program where you can swap discounted products/services for your respective staffs (such as a health club or gym, spa or beauty salon, restaurant, car dealership, car wash, landscaping service, auto maintenance shop, etc.) Your key vendors also may be willing to offer your people incentives for reaching specific holiday goals in selling their product.

When structuring a holiday incentive program, it is always a good idea to include both individual and store-based goals, as well as goals related to specific positions, to ensure that part-



time/seasonal salespeople and administrative/non-sales staff can participate and be rewarded for their exceptional efforts along with your regular, full-time salespeople.

Holiday incentives can be based on reaching and exceeding daily, weekly or monthly/seasonal goals. Some of the most common types of holiday-related individual sales goals we have seen jewelers implement include most items sold, largest single dollar sale, largest add-on percentage, largest turnover percentage, largest diamond sold, most 1 carat diamonds sold, most Rolex watches (or other key watch brand) sold, largest average sale, most credit applications, and most customer compliments. Talk to your people beforehand and let them have input on developing a list of goals that are relevant and realistic for their positions and for your store. Their participation in structuring the incentive program will ensure everyone understands the goals they need to achieve and the incentives they can obtain – and get them on-board and excited about the program.

2 **Be “proactive,” not “reactive.”**

Too many retailers figure that, since the holidays are their primeselling season, they can sit back and wait for business to come to them. You can never assume that clients will just “show up” at your door, particularly in this still-challenging economy. To rev up your holiday sales, make sure your salespeople are actively contacting clients well in advance of the holidays (preferably, before Thanksgiving). This is what I call clientelling. Such proactive sales strategies can include:

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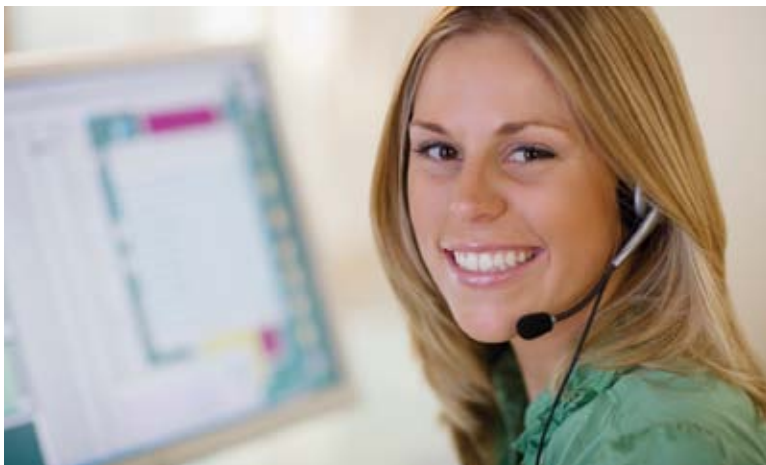
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How to Get the Most Out of Your Staff

This Holiday Season



- Calling preferred clients to set up special appointments. After all, you want to make sure your best clients come into the store at a time when you (or your key salespeople) are available to serve them, and you can set aside items you know they will be interested to see. .
- Sending key clients a hand-written, personal invitation to come into the store. Make it worth their while: offer them a discount, a first look at new merchandise, or some other type of incentive to get them in the door. When mailing a catalog, insert a personal note inviting them to contact you or their regular salesperson directly should they wish to place an order. Follow up with a phone call to ensure they received the mailing.
- Making “house calls” by visiting busy key clients at their homes or offices. This is another great way to boost your holiday sales. Bring along merchandise you think your clients would like based on their previous purchases, as well as your catalog. This kind of personalized service will set you apart from your competitors and help forge lasting relationships with your most important clients.



- Utilizing “direct” sales. Direct sales can be very effective for generating extra business during the holiday season. If a key client is too busy to come into the store, set up a phone appointment where you can go through your catalog or Web site with them and find something they would like to see. You can even e-mail images of special merchandise you have that you know they would love. Sweeten the deal by offering free shipping, free gift-wrapping, or even personal delivery by you or your salesperson right to their home or office. The other major benefit of direct sales via phone, catalog and Web site is that you can use this opportunity to develop a “wish list” that you can later send to their significant others for gift ideas for the holiday season and beyond.

- Offering “personal shopper” services. A personalized shopping service for preferred clients – whether conducted via phone, catalog or Internet – will help ensure their business during the holiday season. This can be particularly effective for busy clients who do not have time to shop, or during inclement weather so clients do not have to brave the elements.



- 3 Maintain a high level of service right to the finish.** An excellent way to make your store and your people stand out from your competitors during the holiday season is to offer the best service around. Some of the previously mentioned strategies – clienteling, direct sales efforts, personal shopper services, home delivery, free gift wrap, etc. – are an excellent start. However, it is imperative for your service to be exceptional in the store as well, especially when dealing with the mad rush and big crowds typical of the holidays. This means designating someone to meet and greet clients immediately when they enter the store. It means having enough help on hand (full-time as well as part-time/seasonal) to ensure clients are serviced quickly and smoothly. It means having your people well-versed and well-trained on store policies and procedures as well as selling skills and product knowledge – especially for newer or holiday merchandise you just brought in for the season. It means ensuring that your people are cross-trained so that if things get overwhelming in one area, you have people ready to help out and pick up the slack. It means having your store festively decorated, with food, drink and seasonal music for clients to enjoy while they are waiting to be served.

It also means giving 11th hour shoppers who come into the store the last few days before Christmas the same excellent level of service your clients received earlier in the season. Yes, the holiday season can be long, hectic and exhausting for you and your staff; however, do not lose sight of your goals down the home stretch. Last-minute holiday shoppers typically are on a mission to buy and will not want to walk out of your store without a gift in their hands. They have very limited time and want to get in and out fast. Your salespeople need to be able to get to these time-pressured shoppers right away, establish an immediate rapport with them, determine what they are looking for and get jewelry into their hands quickly. And because last-minute shoppers often are impulse buyers, they present a great opportunity to make add-on sales. If you keep them waiting, you can be assured that they will move on to your competitor without hesitation.

4 Keep the momentum going after the holidays. Many jewelers make the mistake of "easing up on the gas" right after the holiday season instead of continuing to "strike while the iron is hot." Post-holiday sales and promotions are a great way to keep customers coming into your store in January and beyond. Another effective strategy is to send hand-written thank-you notes inviting holiday clients to come back into the store to exchange merchandise, trade up, make an add-on purchase, get older jewelry cleaned or repaired, or preview new spring merchandise. The key is to maintain contact with your clients after the holidays, make them feel appreciated, and offer them the same exceptional level of service they received during the season.

These simple strategies will help ensure your staff and your store has a great holiday season; they also will enhance your reputation, and help generate strong client loyalty and repeat business for many seasons to come.



Suzanne DeVries

Suzanne DeVries is president and founder of Diamond Staffing Solutions Inc., one of the jewelry industry's leading placement firms. Diamond Staffing Solutions is an official AGS sustaining member.

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LIGHTING AND COLOR-GRADING FLUORESCENT DIAMONDS

By Annette Matlins and Teri Newman-Brossmer



The Accredited Gemologists Association Conference in Las Vegas presented a report on the status of Lighting and its effects on color grading fluorescent diamonds. Ann Simpson-Settlage, Chair of the AGA task force as well as an engineer with Dazor Manufacturing Corporation presented the most recent findings related to the on-going research of the task force on whether or not to allow UV emissions in the lighting used to color-grade diamonds. She presented the latest data on new lighting technologies, in short, types of lighting now available that comply with gem industry standards with the added benefit of not emitting sufficiently strong UV to stimulate any fluorescent reaction in any diamond.

The issue the task force has addressed is that the current lighting used for color-grading diamonds does allow UV emissions sufficiently strong to excite a fluorescent reaction in diamonds with medium, strong, and very strong fluorescence. Since approximately 40% of diamonds fluoresce, and of those, approximately 98% fluoresce blue, this represents a significant number of diamonds that could be over graded in terms of color. The AGA research has shown that grading immediately under a UV-emitting light source results in a grade that represents a color rarely seen by the buyer, the color shown only when the fluorescence is excited. This color is not the same color normally seen, when the diamond is not fluorescing. Research undertaken by the AGA, and others since the formation of this task force, has shown that the inherent body color and the color on diamond grading reports can have a disparity of up to four (4) grades. Settlage also referenced the article by Michael Cowing that has just appeared in the current issue of the Journal of Gemmology, published by the Gemmological Association of Great Britain (Gem-A). The article is about research done on color-grading fluorescent diamonds using UV-emitting light; Cowing's findings reflect the findings of other research conducted by the AGA task force.

Fluorescence has also been identified as a factor in inconsistent color grades when fluorescent diamonds are graded by other labs, and even within the same lab at some future time. Inconsistency in grading, the fact that the color seen in a fluorescent diamond will normally not be the color indicated on the diamond grading report, over-grading and over-pricing (even when discounted) has resulted in a strong negative bias against them.

The conclusion of the task force is that color-grading diamonds in lighting without UV emissions strong enough to excite a fluorescent reaction in a fluorescent diamond would enable

the grader to determine the stone's inherent body color (that is, the color the diamond remains when its fluorescence is not being excited). Indicating the inherent body color of fluorescent diamonds would improve color-grading consistency, reverse the prejudice against fluorescent stones (blue fluorescent diamonds were once highly sought and blue fluorescence considered a "benefit"), and result in more accurate pricing. On reports, there could also be a comment indicating that blue fluorescent diamonds may look whiter when seen outdoors during daylight, or in some lighting environments, turning what is now a negative into a positive.



Grading the inherent body color of any fluorescent diamond is essential since this will be the color the wearer is most likely to see in any indoor environment as well as at night

It was also acknowledged that with LED lighting—which does not emit sufficient UV to excite any fluorescent reaction, even when the hand is immediately beneath the light source—will become the lighting of the next few decades. Grading the inherent body color of any fluorescent diamond is essential since this will be the color the wearer is most likely to see in any indoor environment as well as at night. New members to the AGA Task Force on Lighting and Color-Grading Fluorescent diamonds include Diane Flores (American Gem Society) and Manfred Eickhorst (Eickhorst Lighting). The AGA welcomes others interested in participating on this task force; please contact Ann Settlage at: Asettlage@dazor.com.

Antoinette Matlins and Teri Newman-Brossmer

Antoinette Matlins is an internationally respected gem and jewelry expert and well-known author and lecturer. Often seen on CNN, ABC, NBC, and CNBC offering important consumer information, Matlins devotes much of her work to education and consulting within the trade. She is the author of many highly acclaimed books on gems and jewelry, including *Jewelry & Gems: The Buying Guide* (now in its Sixth edition).

Teri Brossmer holds a Graduate Gemologist diploma from the Gemological Institute of America. She is the secretary for the Accredited Gemologists Association, a Senior Member and Master Gemologist Appraiser of the American Society of Appraisers, and has an independent gems and jewelry appraisal practice located in Glendora, California. She has been in the jewelry industry for over 30 years.

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Proper Pricing Equals Increased Profits




By Don Greig

This is Part Two in a three-part series discussing the steps you need to take to be sure that you have the most profitable Christmas season possible.

As we head into the Christmas buying season, there are some things that you should be doing to help get your store in the best shape possible to maximize profitability during this critical sales period. Last month we discussed how to deal with your dead stock and how to use cash from that to get new faster-selling stock into the store. This month you should be watching to be sure that the new stock gets into the showcases and when one of those items sells, you need to order another one (or two). This month you need to continue getting your stock in line so that you are completely prepared for the Christmas season.

As a side note – it is the Christmas season. As much as everyone wants to move toward the politically correct “Holiday Season,” studies have shown that consumers like to have the season addressed as the “Christmas Season” and those who do not celebrate Christmas are not offended. I would encourage you to embrace Christmas by planning on having your staff wear Santa hats – even consider putting an Elf or Santa-themed hostess outside the store to give people a big, cheery, greeting. I will cover this more in depth in next month’s installment.

We now need to focus on three things:

	Pricing
	Price Points
	Sales Percentages by Category

When pricing the stock in your store, use rounded-off pricing. We see price points that are really strange, due to using a mathematical formula based on mark-up percentage (for example we see diamond rings priced at \$1935). If you have an item that is priced at \$1935, make it \$2000. Your customers see through the psychological pricing. Remember, your customers want to buy (and show off) a fine jewelry item – not a discount jewelry item. When you go through your store to make these adjustments, be sure that you are increasing the price of your gold and diamond jewelry to account for the increase in their replacement cost. If you purchased a gold ring for \$500 in the past, that same ring will cost you \$800 to replace when you sell it. By increasing the prices based on their new replacement



costs you will ensure that your revenue isn’t absorbed by the new stock that you purchase. Your initial thought may be that sales will drop due to higher prices, but our clients who have employed this increased pricing structure have not seen any drop in sales.

As you are going through and making these adjustments, remember that you will generally have some part-time help working during this busy season. They won’t know which items are fast sellers, so give them a list of the fast sellers and have them find them in the store. Once they find and identify them, have them put a green dot on the price tag so that everyone knows that the item is a fast seller and they can be sure to show that to the client first.

Run a report on your stock showing their retail prices. Look at the fast selling (new) stock only and determine if you have the right distribution of price points. You will probably find that you have rings priced at \$750 and \$1000, but don’t have another new item until you hit the \$5000 price range. There may be dead stock there, but that doesn’t count (remember – dead stock only has a 6% chance of selling). Make sure that this month you order items that fit into the \$1250, \$1500, \$1750, \$2000, and \$2500 price ranges. Remember, we want customers to be able to ‘cash and carry’ from your store.

Finally, be sure that you are ready for the gift-giving season. During November and December the sales of diamond pendants, bracelets, and earrings will double – especially in the lower price ranges. Be sure that you are reviewing your stock and ordering accordingly.

Next month we will discuss ways to keep your staff motivated throughout the Christmas buying season and how to make sure that you always have the best Christmas selling season ever.



Don Greig

Don Greig is the Founder and President of Focus Business Management Institute, the industry leader in retail jewelry consulting. Over the past 30 years Focus has developed benchmarking standards using nearly a thousand retail stores, and they have

found that regardless of the sales volume of the store these percentages remain constant. The team at Focus can provide you with a crystal clear roadmap of what steps need to be taken to maximize your profitability. Visit the Focus website for more information (www.FocusBMI.com) and be sure to ask for a complimentary business analysis.

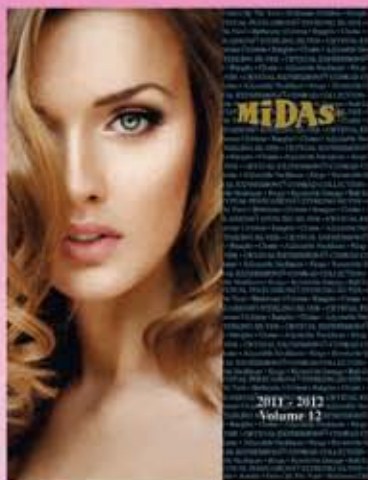
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SIMPLE STEPS TO MANAGING YOUR STORE... AND YOURSELF

By David Brown



Often when times are tough for retailers, it is a shortage of inputs that can make a business struggle. An absence of cash flow, a shortage of customers, a lack of resources, to name but a few.

But if there is one thing that no business will lack for, it's ideas and strategies that can be implemented that can drive the business forward. Even in the toughest of times there is still just as many good ideas to lift your business as there is when times are better... more so sometimes, as necessity is the mother of invention – people are compelled to come up with more ways to drive their business when times are tough, than what they do when things are easier.

Q So despite the many and varied opportunities available why don't more stores achieve a better result using the information that is available?

Sadly the fault often rests with the owners.

Many are guilty of not completing the tasks they start. Truth be known, the average business owner would find it difficult to get away with their "lack of follow through" if they were working for somebody else... but when they are self employed

they are not accountable. Most staff do as they are told, but who is there to tell an owner what they must do? Human nature makes it tempting to be distracted and not focus on that which doesn't have to be dealt with immediately.

Often the problem is a lack of objective or a tangible goal. It's very easy, when you've been in a seminar or positive environment, to be focused on your future and motivated to take yourself forward and achieve your goals. Sadly however, in the daily repetitive grind of producing an income, you get caught focusing on the mundane activities that have to be done, and less on your purpose behind doing them.

A strong goal is necessary in order to achieve this. A goal can be either positive or negative, and, sad as it may be, a strong negative emotion can be a lot more powerful, than a positive one...no matter how strong! Ask members of a group to take action to gain \$20,000 and you'll get a mixed reaction depending on who is in the group. Face these same individuals with the risk of losing \$20,000 they already have, and you'll see a much stronger desire to take action. Human nature dictates that we will do far more to save losing something than we would do to gain it.

“
SADLY
THE FAULT
OFTEN RESTS
WITH THE
OWNERS.”

Q So what can a store-owner do to make the task of following through much more compelling?

Set aside regular planning & thinking time.

Preparation is the secret to achieving results and planning your important tasks will make the follow through job that much easier

Be clear on your purpose and goals.

If you know why you are doing something it makes it much more motivating to achieve your outcomes

Remind yourself often, is this the best use of my time right now.

You only have time once! Spend it on the highest value task that gets you the best results.

>> Continued to Pg 31



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NEW AND NOTEWORTHY

Silver Promotion Service Appoints DellaFemina Advertising

The Silver Institute's Silver Promotion Service (SPS) announced that it has appointed DellaFemina Rothschild Jeary & Partners as its new advertising agency. One portion of the multi-tiered assignment will be to brand anything having to do with 25 as a 'silver event', whether it is a 25th anniversary, 25th birthday or 25th reunion.

Commenting on the announcement, Michael C. Barlerin, SPS Director said, "When it was decided that the SPS would be one of the sponsors of this year's 25th Anniversary of 'The Miracle on Madison' event on December 4th, we realized we had an opportunity to develop a special communications program. We wanted a special talent to work with on the strategy, and Jerry DellaFemina definitely provides what we were looking for."

Barlerin went on to add, "I couldn't be happier about the opportunity to be working with Jerry again. The work we did together previously for World Gold Council was exceptional. In these exceptional times for silver, I feel we have a unique opportunity and we want to maximize it."

DellaFemina commented, "I'm thrilled to be able to work with Michael on silver. He is a great, creative client who is a pleasure to work with. I so believe in the value of silver that on behalf of the agency, I have asked for our fee to be paid in silver."

DellaFemina Advertising is a fully integrated advertising and marketing communications agency based in New York City. Current clients include Valley National Bank, McGraw Hill, Standard & Poors, and Liv Vodka among others.

The Silver Promotion Service is a marketing initiative introduced in 2008 by the Washington DC based Silver Institute. Its objective is to develop and implement programs designed to enhance the image of and stimulate demand for silver jewelry in major international markets.

Lieberfarb Men's Sterling Silver Wedding Bands

Silver continues to grow in market value alongside other precious metals, yet its approachable price point appeals to retailers looking to regain lost sales and lagging profit margins.

Lieberfarb introduced its new sterling silver men's wedding band collection earlier this year and it was immediately

embraced by retailers. President Mark Schonwetter explained, "It was important for us to build on Lieberfarb's heritage as a precious metal manufacturer and that is why we chose to introduce sterling silver into our collection. Silver combines the durability and inherent value of a precious metal with the affordability and profit margin of an alternative metal. Our customers also like the metal's versatility because their jewelers can repair or size silver rings with ease."



The collection of men's bands features a range of style options, from classic simplicity to modern designs highlighted by 14-karat yellow or pink gold accents and black diamonds. With MSRP's ranging from less than \$70 to \$1,070 the line has something for every budget. The collection is presented in a branded Lieberfarb display. To find out more about the men's sterling silver wedding band collection, contact Rachel Taliaferro at rachel@lieberfarb.com or 1-800-631-7898.

Jewelers Vigilance Committee Publishes New Guide on FTC Platinum Amendments

The Jewelers Vigilance Committee (JVC) has released The Essential Guide to the U.S. Trade in Platinum Jewelry (Essential Guide) to clarify Federal Trade Commission's 2010 amendments to the Platinum Section of the Guides for the Jewelry, Precious Metal and Pewter Industries. This Essential Guide explains these revised standards, and what they mean in practical terms for those who manufacture, promote and sell platinum jewelry. This Essential Guide is the newest addition to JVC's series of Essential Guides and was underwritten by a grant from Platinum Guild International USA.

The Essential Guide includes legal standards for platinum, glossary of terms, frequently asked questions and two platinum tolerance charts, explaining how to stamp and describe both traditional products and platinum products containing a minimum 500 ppt platinum alloyed with base metal.

>> Continued to Pg 28

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NEW AND NOTEWORTHY

Cecilia Gardner, JVC President and CEO, comments: "This Essential Guide explains fairly complex FTC amendments for the marketing and stamping of products containing platinum. This tool gives practical guidance on how to compliantly market and describe these products."

"We are delighted that the JVC has taken this initiative to help the jewelry industry understand and implement the recent amendments to the FTC Jewelry Guides on Platinum by publishing The Essential Guide. By doing so, the JVC ensures greater clarity and peace of mind for those producing selling and buying platinum jewelry," said Huw Daniel, President of Platinum Guild International USA.

To view and download the Essential Guide online, visit JVC's website, www.jvclegal.org and Facebook page and Platinum Guild International's website, www.platinumguild.com.

R•Findings Releases New Catalog

Over 1,000 new and updated items are featured in R•Findings' new catalog. As the Findings Specialists for 60 years, R•Findings has been stocking the kind of high-quality classic components jewelers use in 80% of their bench work. They

also continue to add innovative products to help retail jewelers become more profitable, such as the Swing Guard and new Flip Guard ring sizers, and the InterLock modular component system for creating custom three-stone rings. Volume 12 of their catalog has been completely redesigned to make it easier to find the products you need. Section tabs have been added with a complete alphabetical listing of the items appearing in that section, as well as essential information relating to specific products. Sterling Silver component options have also been vastly expanded.

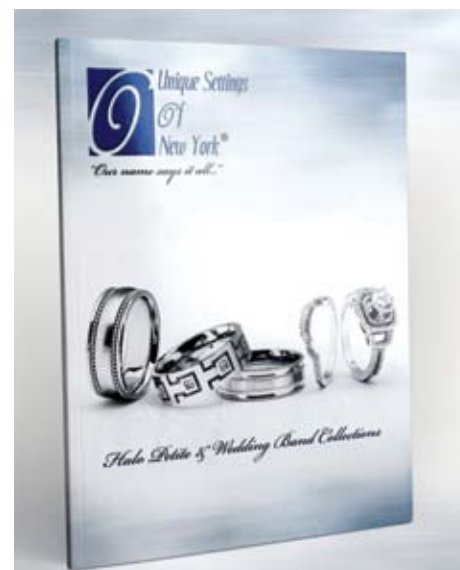
If you are a current active R•Findings customer, you should have received your complementary catalog in early September.



Otherwise, you can preview the catalog by going to the new R•Findings web site at www.rfindings.com, or call them at 800-422-7624 for more information about the full range of products and services they offer the professional jeweler.

Unique Settings Launches New Ring Styles Catalog In Time For The Holiday Season

Since 1998, Unique Settings of New York has been known for offering beautiful, eclectic and highly fashionable ring styles – and the 2011 holiday season looks to be no different, thanks to their new style catalog. Building on the success of their November 2010 catalogs, the



Unique Settings 2011 Halo Petite & Wedding Bands Catalog looks to cement their reputation as a proven provider of bridal jewelry. The catalog – which was launched at the end of August – includes 350 new styles that are sure to please jewelry retailers.

"Our new catalog will help our retailers grow their business with a selection of new trendy styles that their customers are expecting," says Naz Aksu, Director of Marketing for Unique Settings. Added jewelry style lines include new halo petite engagement ring sets, wedding bands and lightweight wedding bands, in addition to Unique Settings' outstanding collection of solitaire engagement rings, wedding bands and petite collections. Thanks to this new catalog offering, Unique Settings is expected to increase sales by 10% for the last quarter of the year. The timing of the Unique Settings catalog is perfect for retailers who are looking to increase their stock in time for the holiday season, when special family gatherings spark an influx of engagements, weddings and other special moments.

Call Unique Settings of New York at 800-466-4900 for your copy of this new catalog.

YOU'VE GOT TO BUY RIGHT TO SELL RIGHT

Start with the retail price and work backwards.

When you first view an item, work out what you think it would sell for, before you look at the wholesale price. Divide the retail you think you can get for it by your minimum required mark up to reach the optimum price you would pay to buy it – then check the wholesale and see if it is less. If it's more then your chances of selling it for a good profit are slim. Say a gold bracelet looks like it could retail for \$1995 and you work on keystone. If the wholesale is less than \$1000 (\$1995/keystone) then you're in business – more than this and the margins become slim. Too often an item is purchased, and only when it is being priced up in-store does the buyer realize it wasn't an economic purchase



Negotiate an exchange at the time of buying. This is your escape clause – if it doesn't sell you know you can swap it for something else that might. You have a much better chance of negotiating this while making the initial purchase and the vendor is keen to get your business, then to try and do it later when the money has gone cold.

Know the downside. Dale Carnegie, the father of modern positive thinking used to say "Imagine the worst that can happen from a decision, decide if your prepared to live with it, then immediately set about improving on this worst possible case." This is sage advice for your inventory buying. What's the worst that can happen when you buy an item? Decide if you can live with this – then get on with improving the odds in your favor by whatever means possible.

Smart selling comes from smart buying – get the initial decision right, and the rest will follow.



David Brown

David Brown is President of the Edge Retail Academy, an organization devoted to the ongoing measurement and growth of jewelry store performance and profitability. For further information about the Academy's management mentoring and industry benchmarking reports contact Carol Druan at carol@edgeretailacademy.com or Phone toll free (877) 5698657

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NEW AND NOTEWORTHY

Robert Grey Taylor Wins Mort Abelson Designer Award

Robert Grey Kaylor's REALSTEEL™ jewelry line received national attention when Kaylor was awarded the Mort Abelson New Designer of the Year Award. Robert was one of ten new designers selected from hundreds of artists across the nation to attend the JA New York Show. The award is the highest honor a jewelry artist could receive at the show.

Robert's REALSTEEL™ jewelry line appeals to a wide variety of audiences and age groups. The blackened steel brings out the color in the faceted diamonds and sapphires, making it both elegant and environmentally friendly. Each steel key, nail and railroad date nail has a history, and Robert gives these items a new purpose each time he creates a ring, bracelet or necklace using these discarded objects.

Robert has new design ideas and more techniques to try, making this a line with endless possibilities. According to Robert, "this is a line unlike anything else out there, which is one of its greatest appeals." From railroad workers to antique collectors to the environmentally conscious, this jewelry does what only art can do: connect people from various backgrounds with a common appreciation for the truly innovative minds in our world today.

All of Robert's jewelry is handmade in his state-of-the-art shop in downtown Boise. Call Robert Grey Kaylor at 208-385-9337 for more images and information about his REALSTEEL™ jewelry line.



Gold Price Makes Platinum a Bargain

The price of gold has soared recently to record highs, well surpassing \$1,800 an ounce in August and topping the price of traditionally more expensive platinum. In light of this price parity, platinum offers a great opportunity for retailers and manufacturers looking for sales growth in the bridal market. Long regarded for its superior qualities, platinum now offers customers even better value.

Craig Rottenberg of Long's Jewelers, Burlington, MA notes: "This is an extraordinary time to be buying an engagement ring because you can get platinum, the best material available to protect your diamond, at such an incredible value relative to gold. We expect platinum sales, which have been very strong this year, to get even stronger." Platinum sales have been trending upwards since 2010, in response to the closing price gap between gold and platinum.

More consumers are taking notice, choosing platinum over white gold for their engagement rings and wedding bands. Retailers around the country report consumers are aware of these price trends and view the price of platinum as a major selling advantage in their stores. Seventy-nine percent of Platinum Guild International's preferred RetailPartners mentioned positive factors affecting sales of platinum, price being the most commonly mentioned factor after product features (GFK Independent/Small Chain Jewelry Retailers Sentiment Study of Platinum Bridal Jewelry, 2011).

Due to platinum's unique qualities it has always represented true value, but even more so now, according to Tommy Aucoin, Aucoin Hart, Metairie, LA: "Gold is inflated and platinum is an incredible value. Our industry has a window to capitalize on adding value to fine jewelry".

Joel Weiss of Carrera Casting, telephone 800-360-2339, has noted that for the first time in 35 years of casting designer bridal jewelry, he delivered more ounces in platinum than gold during June of 2011. "We know that the vast majority of consumers ask for platinum, especially now that it's affordable and hot," says Weiss. To help demonstrate platinum's incredible value, visit platinumlearning.com for a quick refresher course on platinum's unique attributes.

>> Continued to Pg 32



SIMPLE STEPS TO MANAGING YOUR STORE... AND **YOURSELF**

Make appointments with yourself ... and keep them.

You don't let others down so don't do it to yourself. Promise yourself you will do what needs to be done

“
PREPARATION
IS THE
SECRET
TO ACHIEVING
RESULTS...”

Start with a small, achievable 'To Do List' and add to it.

You can't train for a marathon by starting with a 4 hour run. Start off small and make the habit before increasing the load.

Remember that Delegation is not Abdication. Follow up a measure whether the result you are seeking is being achieved.



Reward yourself when you complete an Important Activity.

Take a moment to pat yourself on the back. You deserve it! Have a drink, a massage, a weekend away, whatever it takes to make the effort all seem worthwhile.



David Brown

David Brown is President of the Edge Retail Academy, an organization devoted to the ongoing measurement and growth of jewelry store performance and profitability. For further information about the Academy's management mentoring and industry benchmarking reports contact Carol Druan at carol@edgeretailacademy.com or Phone toll free (877) 5698657

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NEW AND NOTEWORTHY

DMIA Joins Forces With The Peace Project To Support Operation Rise In Sierra Leone

The Diamond Manufacturers & Importers Association of America (DMIA) announced that the organization is supporting The Peace Project's social effort in Sierra Leone called Operation Rise. The announcement was made after Lisa Shultz, CEO and Founder of the Project, addressed DMIA's members and guests during its General Membership Meeting on September 7.

The Peace Project is a grassroots social movement that seeks to help shift people's beliefs and show that peace is possible if people work together - starting in Sierra Leone with Operation Rise. Operation Rise targets those disabled, diseased and truly disadvantaged in Sierra Leone. This effort represents the most dramatic social effort in the country's history, which is also home to over 20% of the world's amputees. Already, Operation Rise is mobilized to contribute and fit 10,000 pairs of crutches to those in need throughout Sierra Leone on World Peace Day, September 21, 2011. This focused effort is a step in the direction of what Ms. Schultz refers to as a movement and belief that "together we can change the world."

Following Lisa Schultz' presentation, members of the DMIA board made a personal pledge to contribute financially toward funding Operation Rise in an effort to make a tangible contribution to the project. Leading by example, the board members hope to encourage the DMIA membership as well as other members of the New York diamond and jewelry business community to join this fundraising effort and provide financing for Operation Rise.

"I am proud of this moment in the continuous growth of our Association and our contribution to the betterment of humanity," stated Ronald Friedman, President of the DMIA. "It is an honor to have my name and that of the DMIA associated with The Peace Project and Operation Rise."

To learn more about The Peace Project and Operation Rise, visit www.thepeaceproject.com

Jewelers Ethics Association

■ An Organization for All Facets of the Trade – Even Consumers

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and gemstone industry. The Jewelers Ethics Association (JEA) is an organization, established in September 2009, to promote and support ethical business practices within the trade by providing information, education and mediation for consumers and the industry. Membership is open to all members of the trade, as well as consumers,

Over the past few years a widening gap has formed between consumers and the trade regarding information and knowledge. No medium such as a consumer reporting organization exists for our industry, and there is very little enforcement of the FTC guidelines. The JEA's goal is to help bridge this gap by bringing the industry and consumers together in the same organization.

■ Who Can Join?

JEA membership is open to all areas of the gemstone and jewelry industry. Anyone who provides goods and/or services related to, or is actively working in, a gem or jewelry related occupation or business may join as an Industry Member. Student Memberships are available to qualified students at a discounted rate. Consumer memberships are affordably priced and open to anyone with an interest in gems and jewelry.

JEA industry members must agree to do business in accordance with the JEA's strict Code of Ethics. They will receive frequent updates regarding the latest advancements in treatments and synthetics, as well as educational tips to help train their employees.

■ Complaint Resolution Services

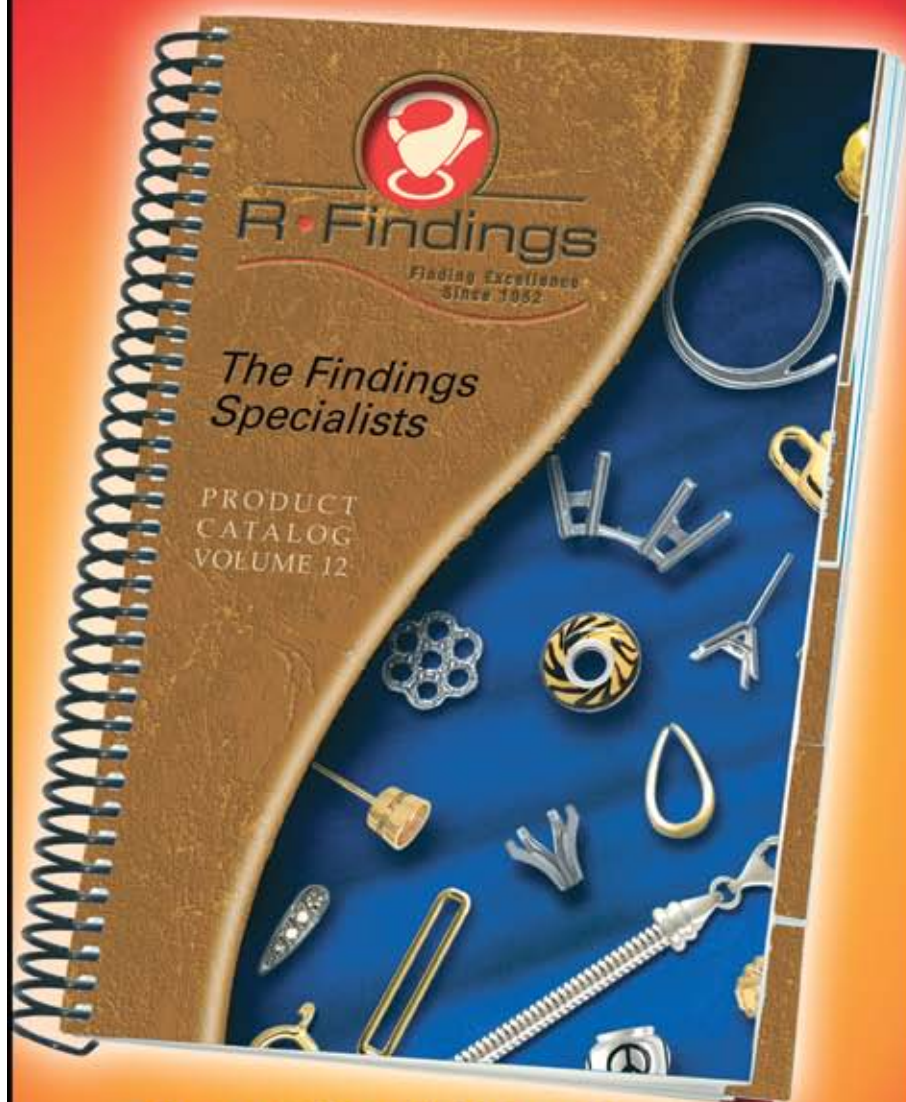
The JEA is very strict about the types of complaints they will pursue. The JEA does not charge a fee to review a complaint, and neither party must be a JEA member. They do, however, require the consumer contact the seller or service provider directly first to try resolve an issue before filing a complaint. JEA will pursue valid complaints at no cost for JEA members.

■ News and Information in an Interactive Environment

The JEA employs multiple methods to share news and information with its members. In addition to the bi-weekly newsletters, the education section of the JEA website offers lots of basic information for consumers, and the JEA forum allows members and non-members alike a place to discuss a variety of gem and jewelry related topics.

>> Continued to Pg 34

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GENTS

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■ Educated Customers are Better Customers

JEA believes that an educated customer is a better customer, and they believe that providing unified information to both retailers and their customers will foster better relationships and ultimately increase profits.

Interested?

Contact Cynthia B. Reuschel or Lisa Brooks-Pike through the JEA's website at www.jewelerethicsassociation.com.

Contribute to a Great Cause and Attract Customers at the Same Time

R•Findings, the Findings specialists, is offering retail jewelers an opportunity to leverage the national awareness campaign in the fight against Breast Cancer and contribute to the cause while doing so.

The October Breast Cancer Awareness Month promotion is for a Limited Edition GemOro Sparkle Spa® Pink personal ultrasonic jewelry cleaner. For each unit sold, \$4 goes directly to the Susan G. Komen for the Cure®, which funds ongoing awareness, education and early testing to help reduce the millions of potential victims and increase survival rates dramatically.



In addition, R•Findings has added three new pink ribbon items to promote the cause. The slide pendant, charm and earrings all are Sterling Silver with pink crystal pave. Earrings are sold in pairs complete with ear nuts. R•Findings Bead Creations

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line also has a number of items that relate to the Get Pink awareness theme.

Take advantage of these special items and the national awareness campaign, and know that you are aiding a very worthwhile cause.

For more information about these items and the full range of products and services R•Findings offers for the professional jeweler, call them toll-free at 800-422-7624.

More News from SPS Silver Promotion Service Participates in London International Jewellery Seminar Program

The Silver Institute: Silver Promotion Service (SPS) chaired a panel at the International Jewellery London (IJL) show as part of the IJL Seminar Program. The participants in the silver seminar, entitled "Silver's Sales Surge: The Reasons and Implications" were Michael Barlerin, SPS Director; Raymond Hak, President,

Raymond Hak Couture; and Andrew Marshall, CEO, Links of London. Both are part of the SPS Savor Silver program (www.savorsilver.com). The panel discussed the multiple reasons for the recent dramatic increase in the sales of silver jewelry and its long-term implications for the industry. They did so from the perspective of design, manufacturing, retailing and marketing.

In commenting on the SPS participation at IJL, Barlerin said, "The SPS had multiple objectives in being in London. In addition to the panel, during which we continued to explain to the industry that the surge in silver sales is not just about the gold price, I identified several additional future Savor Silver program participants that will be announced this fall."

He went on to add, "I was struck by the absolute number of silver jewelry exhibitors. The IJL directory listed 259 in the silver category; with over 575 total exhibitors, that is probably the highest percentage of silver at any show I have attended. I was also struck by the fact that there was a great deal of higher price point silver product being exhibited, both designer and

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branded lines. The move towards higher price point silver was featured in a three page article entitled 'Silver Takes Center Stage' in the IJL show daily."

The Silver Promotion Service is a marketing initiative started in 2008 by the Washington D.C. based Silver Institute. Its objective is to develop and implement programs to enhance the images of and stimulate demand for silver jewelry in major international markets.

Joseph Abboud® Partners with Aston Luxury Group on Men's Jewelry Line

Iconic American designer brand Joseph Abboud® and Aston Luxury Group (ALG) announced that ALG had acquired the exclusive license and distribution rights for Joseph Abboud® Collection jewelry. ALG is the new identity for the US division of Gitanjali, the Mumbai-based international conglomerate of diamonds, jewelry and lifestyle brands. ALG offerings, in addition to REVV, the market leader in men's alternative metal jewelry, include Passion Stone, Canadia Diamonds, and the recently launched Love Universe Collection. The new line, which will be marketed as "Joseph Abboud® by REVV," will be designed by the Joseph Abboud® creative team, now under the direction of Bernardo Rojo, and manufactured by ALG.

Aston Luxury Group President Jon Mitchell said, "The entire Aston team could not be happier about this new relationship. In addition to the exceptional business opportunity it has for both organizations, it represents another significant step in Aston's brand-based growth strategy." JA Brand Group President Kenton Selvey added, "The combination of skills, resources and vision of our two organizations is an exceptional strength. The potential for Joseph Abboud® by REVV is very significant."

Initial distribution will be to both REVV's and Joseph Abbouds respective North American customer base. International distribution is planned for 2013 and 2014. Retail sales projections for the five-year term of the agreement are \$140 million.

About Aston Luxury Group

Aston Luxury Group, a division of Gitanjali USA is a New York based jewelry manufacturer and wholesaler known for its innovation, world-class design, and signature brands. In addition to REVV, the ALG portfolio includes Passion Stone, Canadia and the recently introduced Love Universe brand. **TRJ**

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Starting in the Fall, JFC is launching a consumer ad campaign to make jewelry customers aware of the industry's generosity. Be prepared for consumers to come into your stores asking how their purchases can help support JFC's efforts.



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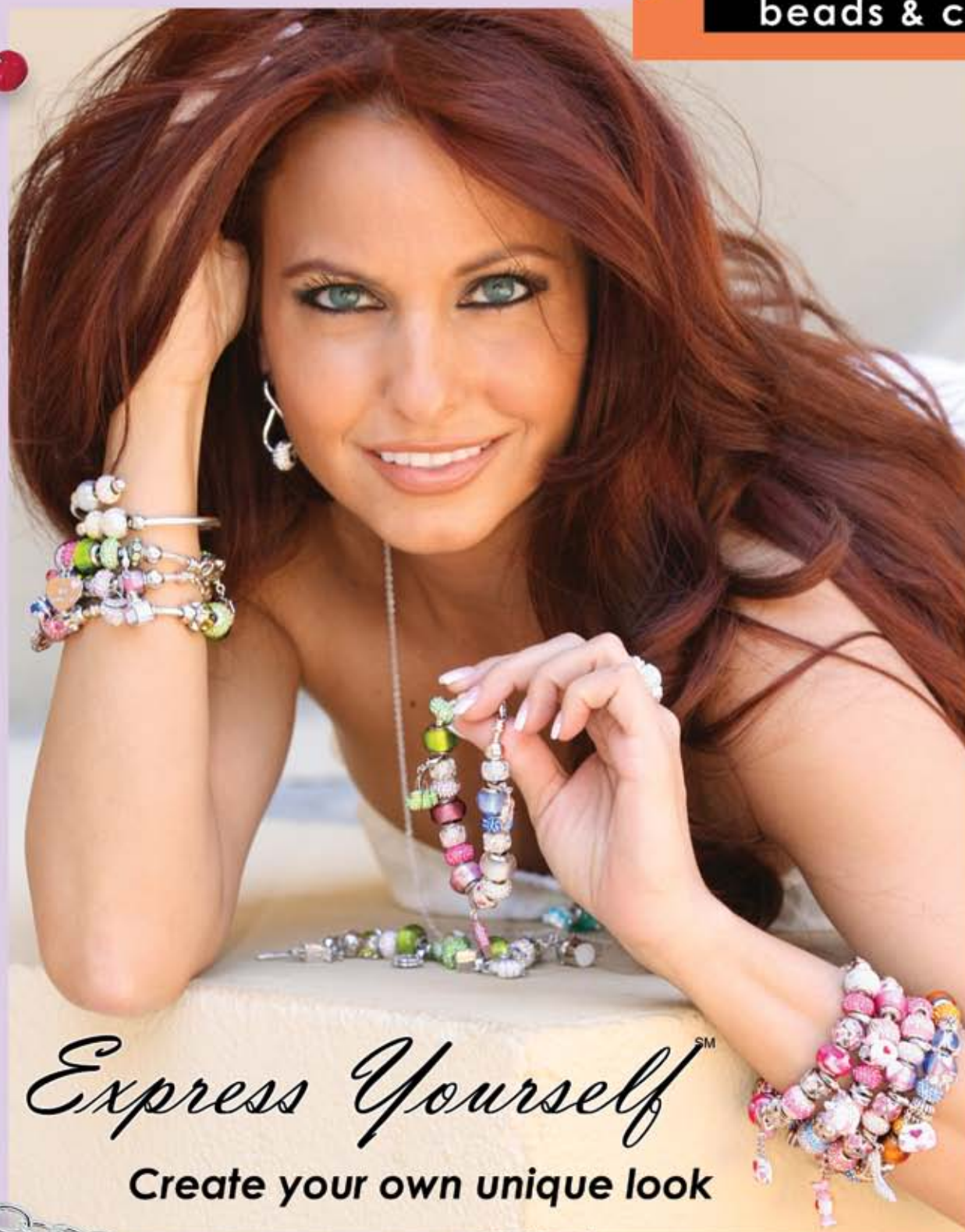
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