

Greater Profits Linked to Showing Platinum First

Just One of the Essential “Best Practices for Platinum” Aimed at Boosting Sales



Learn more about the business practices top platinum sellers use to make more money. Platinum Guild International's "Mystery Shopping Survey 2007-2008" reveals what works and where companies fall short.

Platinum wedding bands are by Christian Bauer.

Mystery Shopping Results 2007 - 2008

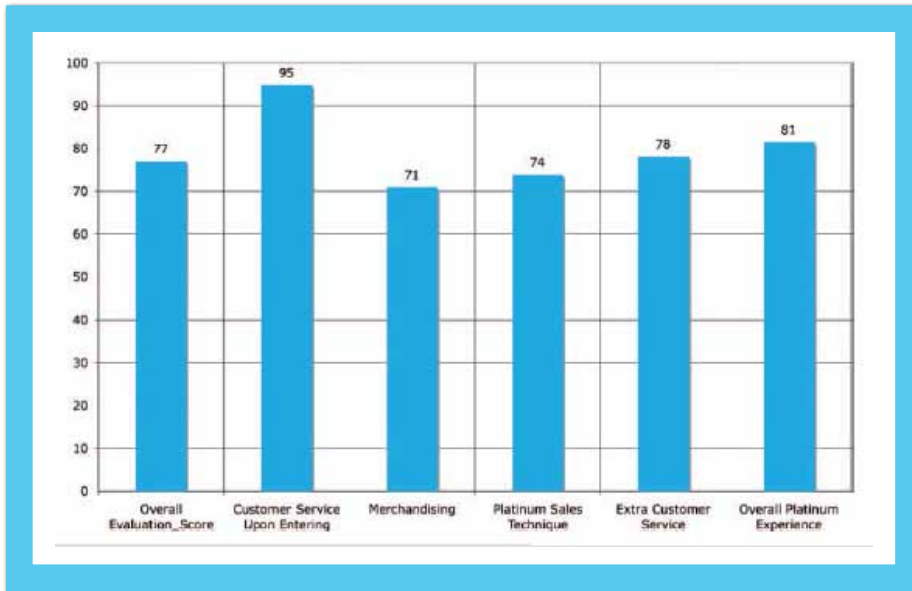
This analysis is a consolidation of 857 mystery shopping reports done for PGI by an outside source (Secret Shopper Surveys) from April 2007 - Jan 2008. All stores that were shopped sell platinum jewelry.

Executive Summary

- Retailers who scored above average on PGI's Best Practices have a 92% chance of selling platinum and are almost certain (99% likely) to have a platinum customer return to their store.
- Retailers who score below average are almost 25% less likely to sell platinum and will probably lose 50% of their platinum customers. These stores represent 37% of all stores shopped.
- Consumer desire for platinum bridal jewelry consistently measures high in surveys, and yet retail sales continually fall short of turning this desire into sales ("The Opportunity Gap").
- When shoppers know the facts about platinum and experience it, they say they want to buy platinum.
- Retailers can capitalize on platinum's high consumer desire and recognition simply by inventorying a selection of platinum products and differentiating it in-store with signage. Retailers need further help in merchandising platinum to remind consumers of the choice.
- Sales associates who sell via "starting at the top" with platinum, giving customers the opportunity to feel it and try it on have an increased potential to increase the transaction size of their sales, therefore making higher commissions and increasing store profits.
- Sales associates who know their product's features and benefits and who can speak to why platinum is so desirable, have increased potential to sell more platinum products, thereby increasing their transaction sizes.
- Many sales associates do not take the initiative of bringing up platinum as an option, even when the retailer carries significant platinum inventory. Underperforming stores show an attitude problem toward platinum that is counter-productive to the stores business.
- Sales associates who use the engagement ring sale as an opportunity to link 2 wedding bands are likely to increase sales significantly when they sell 2 platinum wedding bands.
- Stores that provide expert information and extra customer service (introductions by name, giving of business cards, cleaning and inspection of customer's jewelry) are more likely to build a dedicated and loyal customer base (and increase shopping time in the store). Stores are not consistent in this area.
- Sales and product training is a valuable tool to ensure that sales associates sell "top down," use "features and benefits" selling techniques and "ask for the sale."

Consolidated Mystery Shopping Scores - 2007, 2008

While the scores are reasonably good overall, and customer service appears good upon entering a store, once in the store the customer's positive experience falls short. There is definite indication for needed improvement in the clear visual merchandising and Platinum Sales Technique categories.

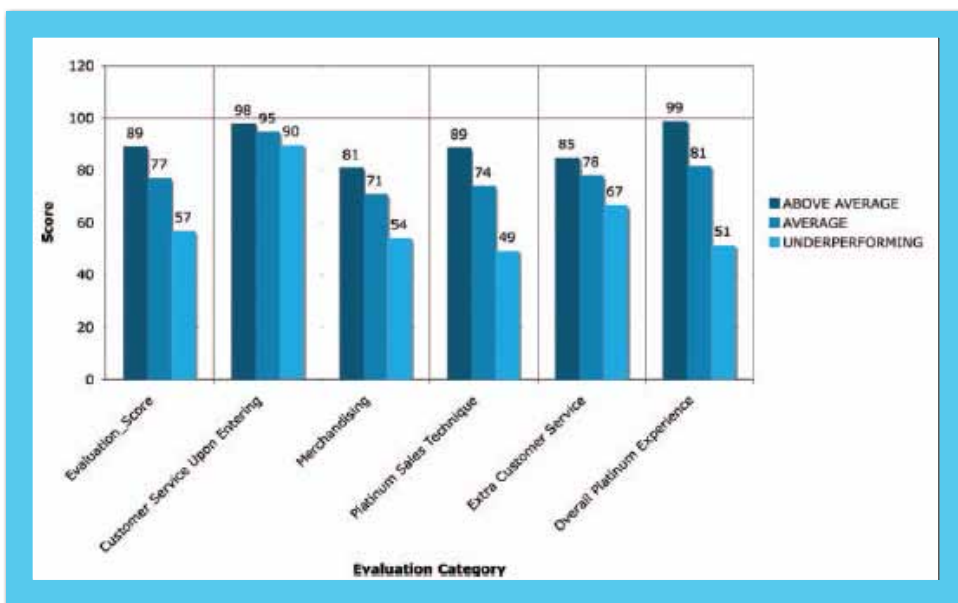


Above Average Stores Versus Underperforming Stores

Thirty-seven percent of all stores were “underperforming stores” (UPPS) and below the average overall evaluation score for the entire sample. This chart highlights how many stores fall short in overall customer experience past the initial positive customer service upon entering. Additionally it underscores an opportunity for improvement especially in platinum visual merchandising and in sales technique.

All stores surveyed carried platinum inventory, representing a stock investment in the category by their owners.

Furthermore, the shoppers were 50% more likely to want to return to the underperforming stores.



Best Practices for Platinum

FIRST IMPRESSIONS (PAGE 4)

- Greet or acknowledge customers within 30 seconds of entering.
- Offer help when the customer seems to expect it.
- Be friendly, enthusiastic and genuinely interested in helping the customer.
- Show an eagerness to present the customer with jewelry.

GENERAL CUSTOMER SERVICE (PAGE 5)

- Make sure the customer feels comfortable browsing.
- Make the customer feel important, like a decision maker, worth spending time with.
- Introduce yourself and ask for the customer's name.
- Offer to clean and inspect the customer's jewelry.

GENERAL MERCHANDISING (PAGE 6)

- Make the store appealing to the eye: clean, uncluttered.
- Make sure the store projects a professional environment (no food, drink, personal calls, etc.).
- Make sure all the jewelry is nicely merchandised (organized logically, uncluttered, pleasing).

PLATINUM MERCHANDISING (PAGE 7)

- Make sure there is a wide range of platinum bridal merchandise.
- Clearly label bridal platinum merchandise as being platinum.
- Make sure your platinum signage is visible.
- If possible separate platinum merchandise from other metals.

SHOWING PLATINUM (PAGE 8)

- Offer or show platinum merchandise first.
- If platinum was not the customer's first request, offer it before they mention it.
- By all means, if the customer asks for platinum, be enthusiastic to show it.

BELIEF IN PLATINUM (PAGE 9)

- Inspire the customer's confidence in platinum.
- Be enthusiastic about platinum.
- DON'T try to sell down to an alternate metal.
- Position platinum as "The Best."
- Position platinum as "Worth the Price."

PLATINUM SALES TECHNIQUE (PAGE 10)

- Know the merchandise well enough to distinguish platinum from other metals.
- Encourage the customer to try on and touch platinum merchandise.
- Overcome the customer's objections to platinum.
- Plant the seed for platinum wedding bands.

PLATINUM SALES TACTICS (PAGE 11)

- Link platinum features with benefits to the customer.
- Mention platinum's purity.
- Mention platinum's rarity.
- Describe platinum as "eternal": always white, heirloom quality, durable, loses little metal, etc.

PLATINUM AUTHORITY (PAGE 12)

- Be an authority on platinum and project that authority to the customer.

CLOSING WITH THE CUSTOMER (PAGE 13)

- Ask for the sale.
- Thank the customer as they depart.
- Offer your business card without being asked.
- Encourage the customer to come back.

Above—and Below—Average Retailers

Retailers who score above average (77%) on PGI's Best Practices have a 92% chance of selling platinum and are almost certain (99% likely) to have a platinum customer return to their store.

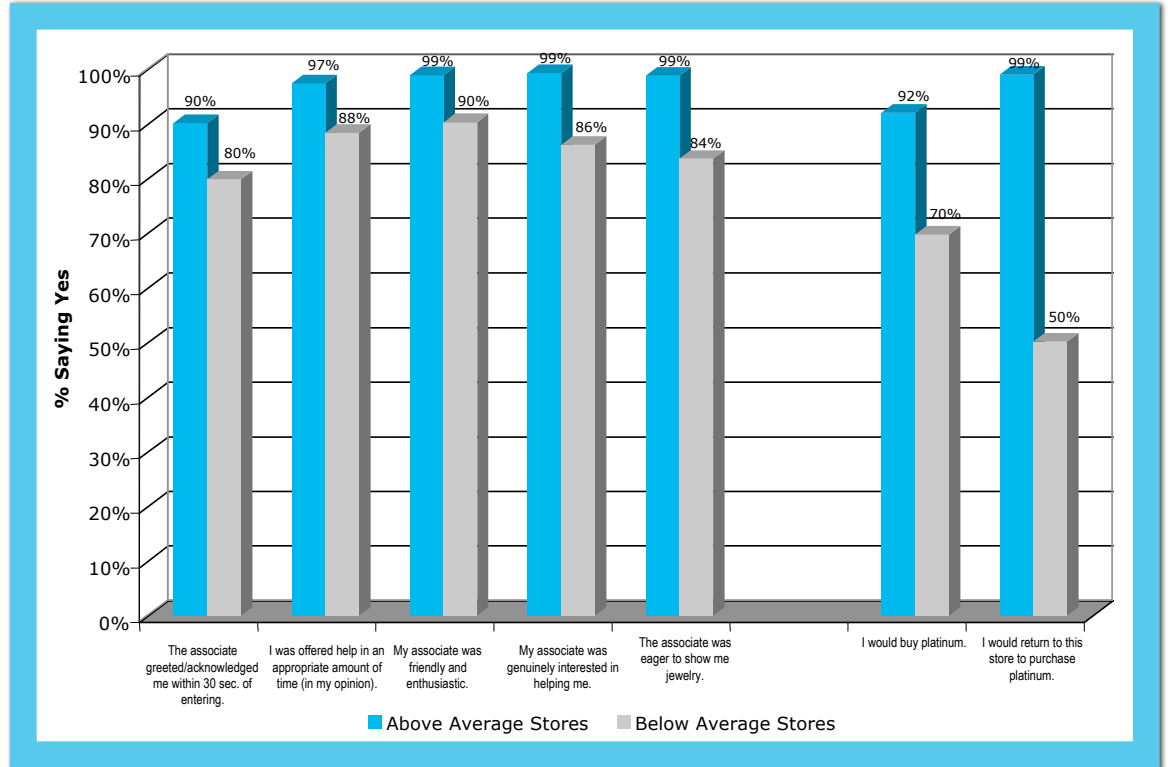
Conversely, retailers who score below average are almost 25% less likely to sell platinum and will probably lose 50% of their platinum customers.

Best Practices for Platinum were tested and quantified from 857 mystery shopping visits to platinum retailers throughout the U.S. during 2007. Mystery shoppers were provided by Secret Shopping Services and completed extensive, detailed reports, with yes or no questions and narratives. The grades were calculated for each section by the service based on the shoppers' answers to the yes or no questions. The average grade for all sections for all retailers was 77.

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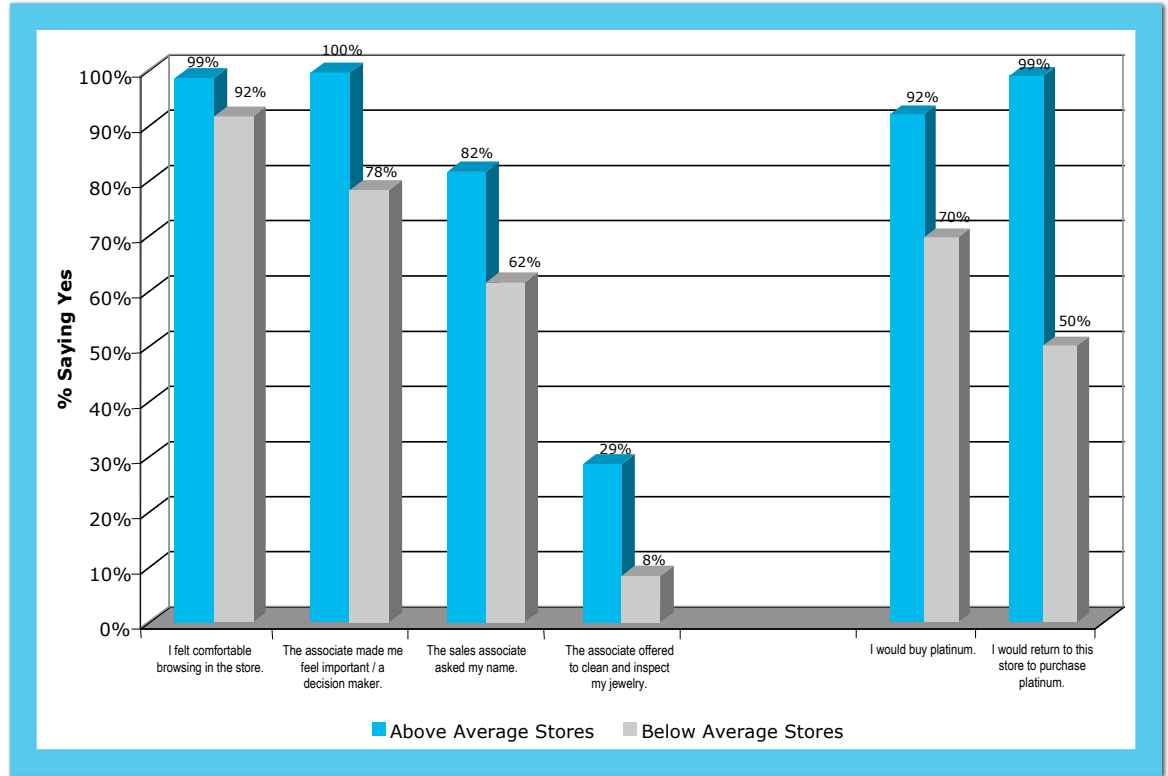
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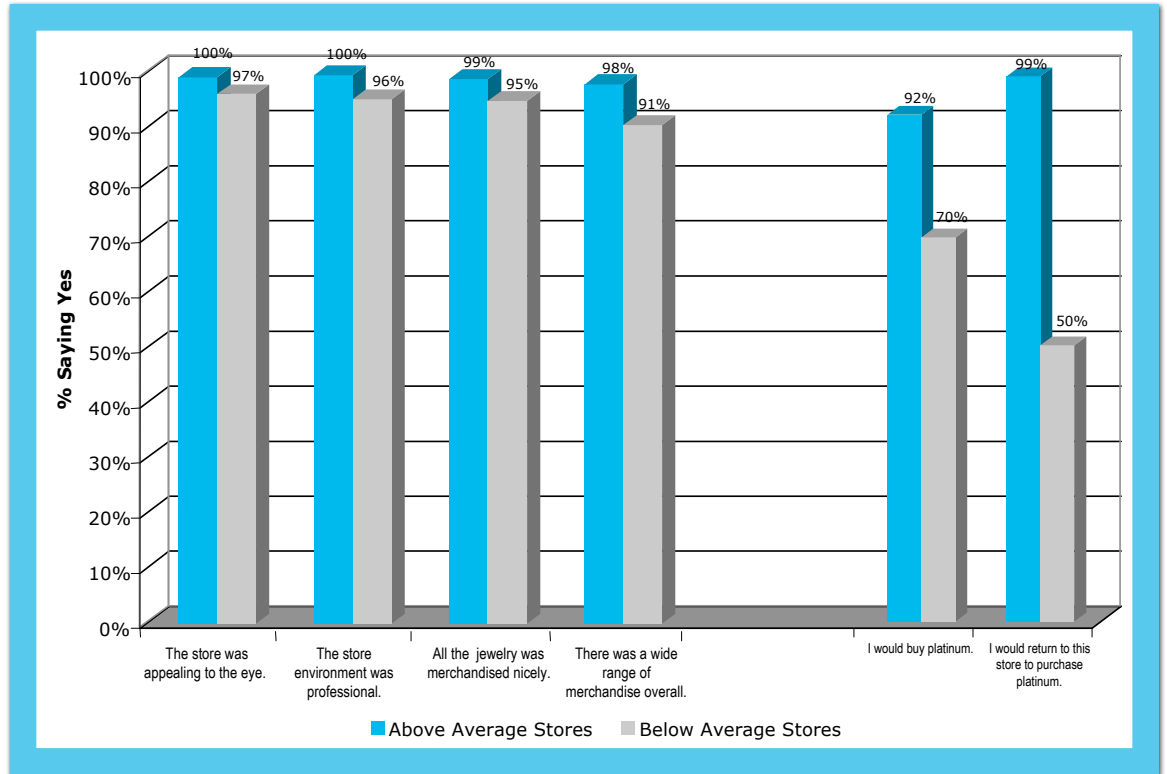
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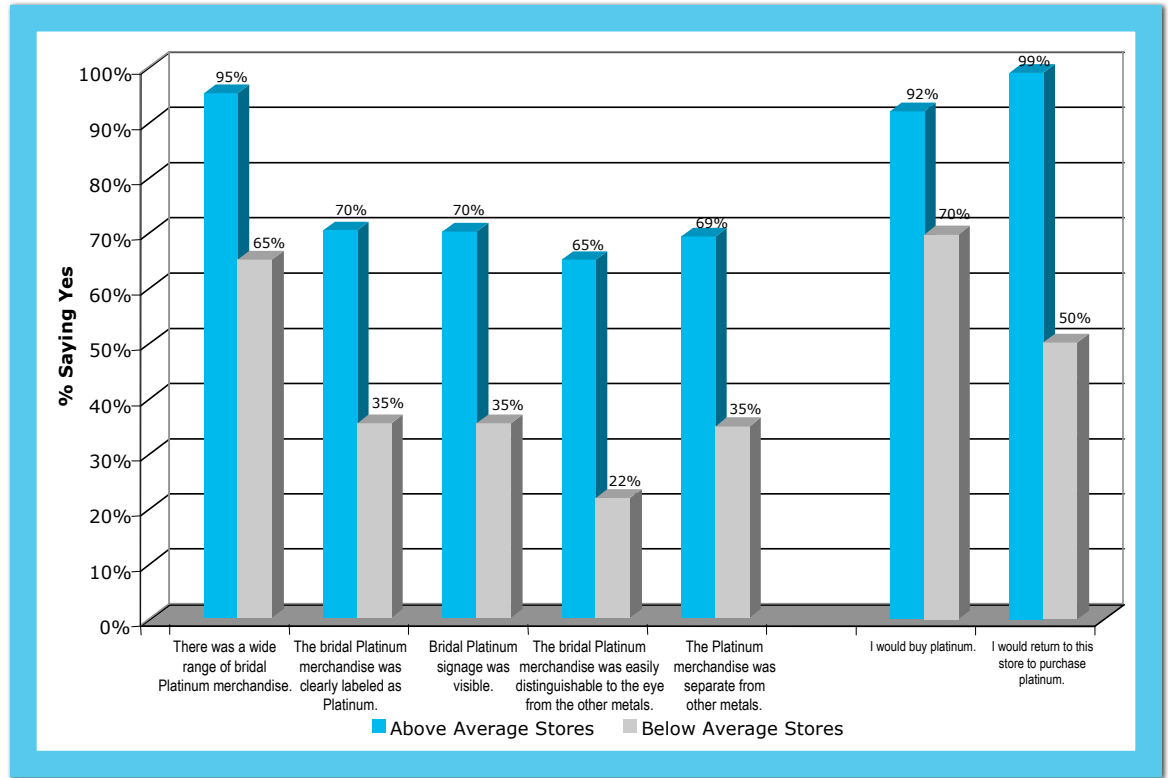
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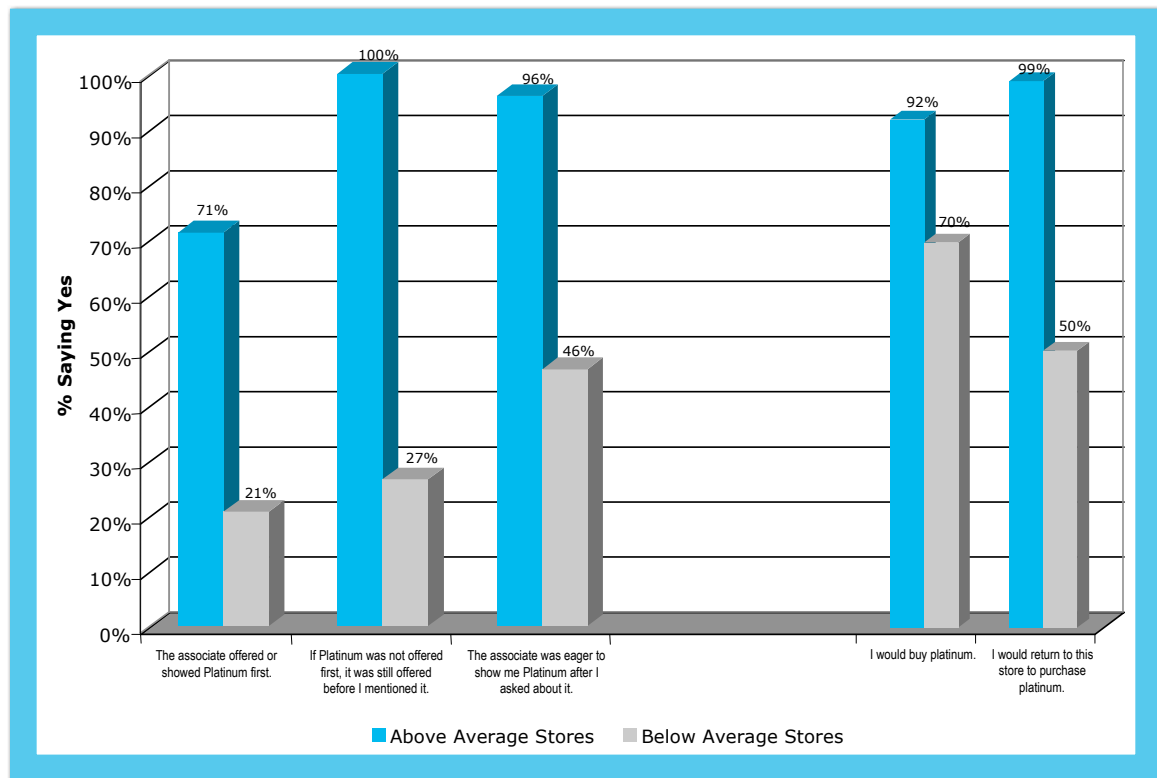
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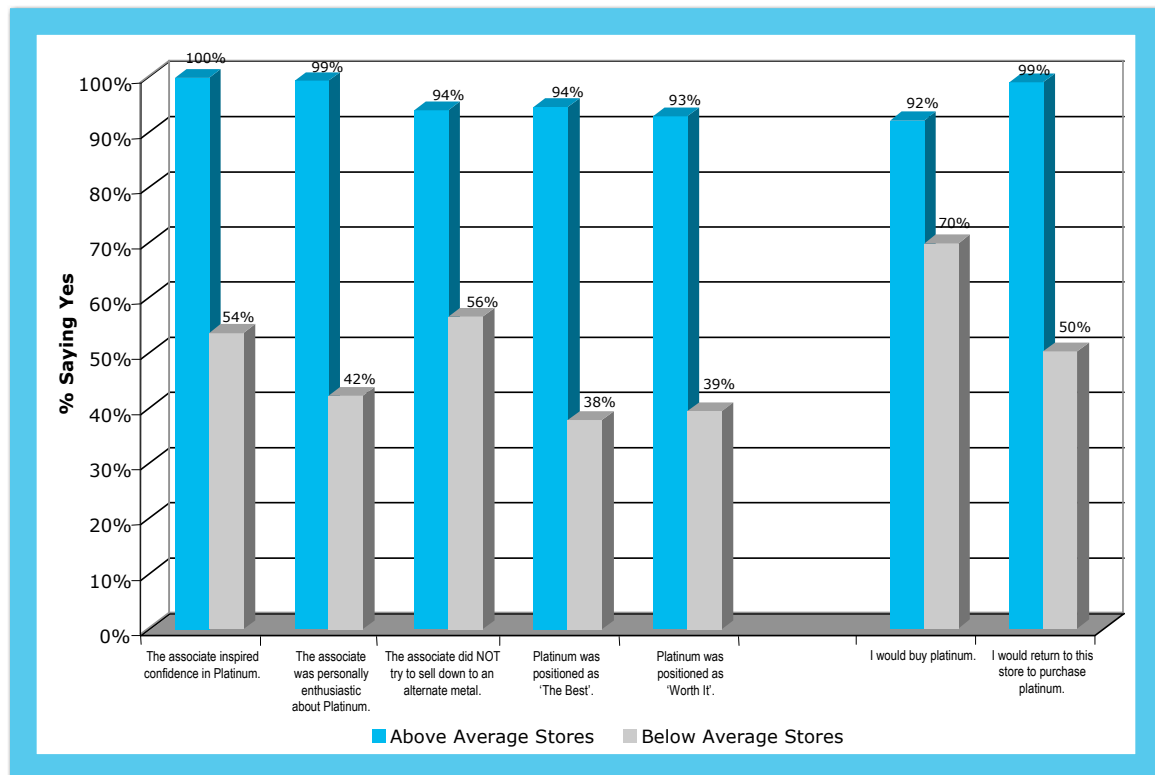
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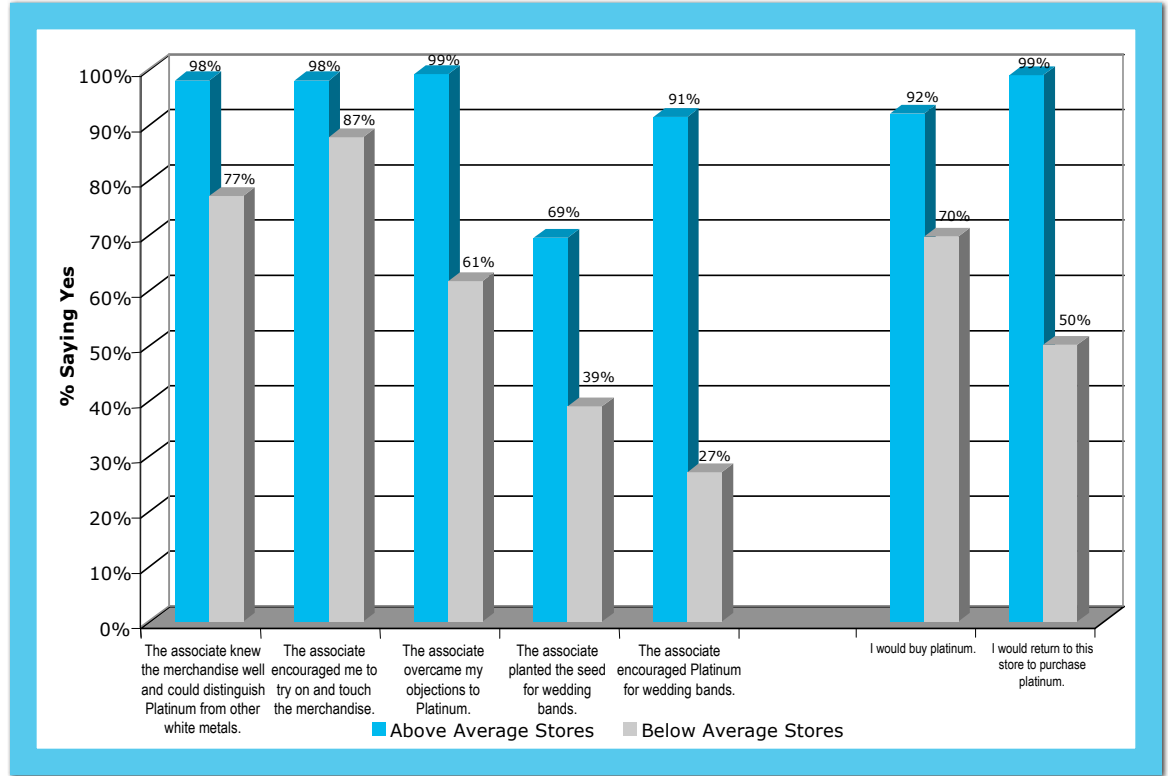
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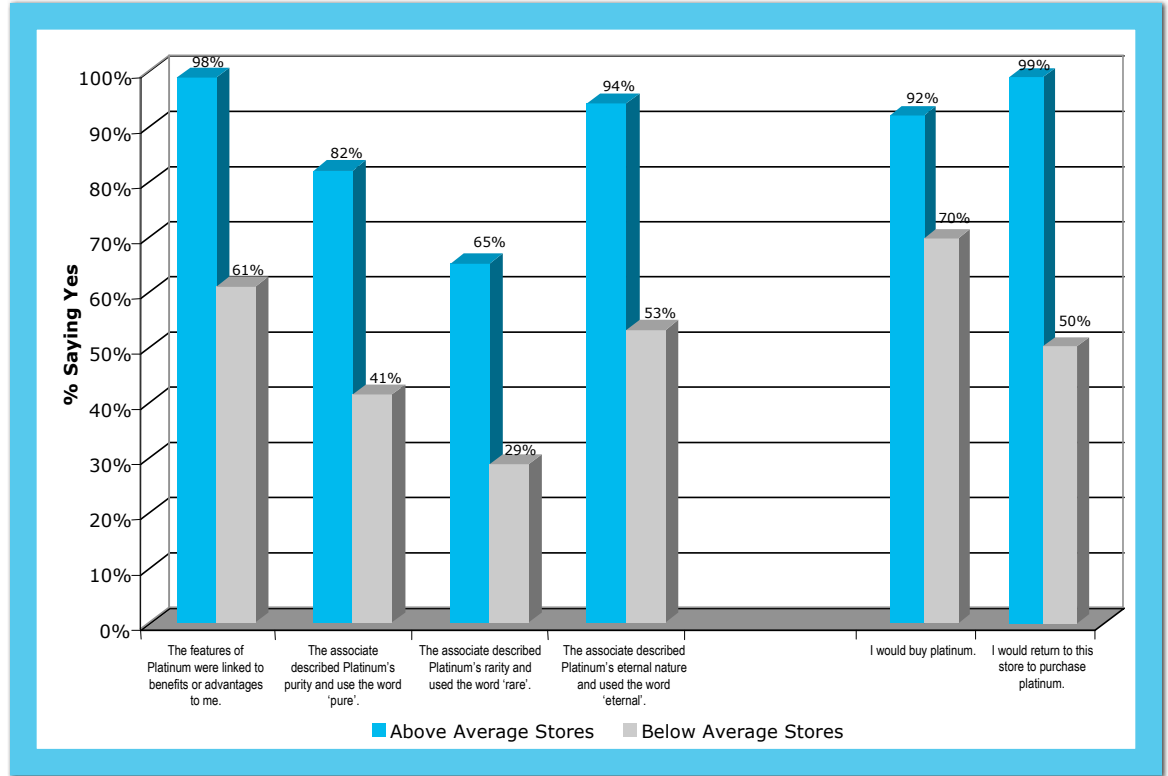
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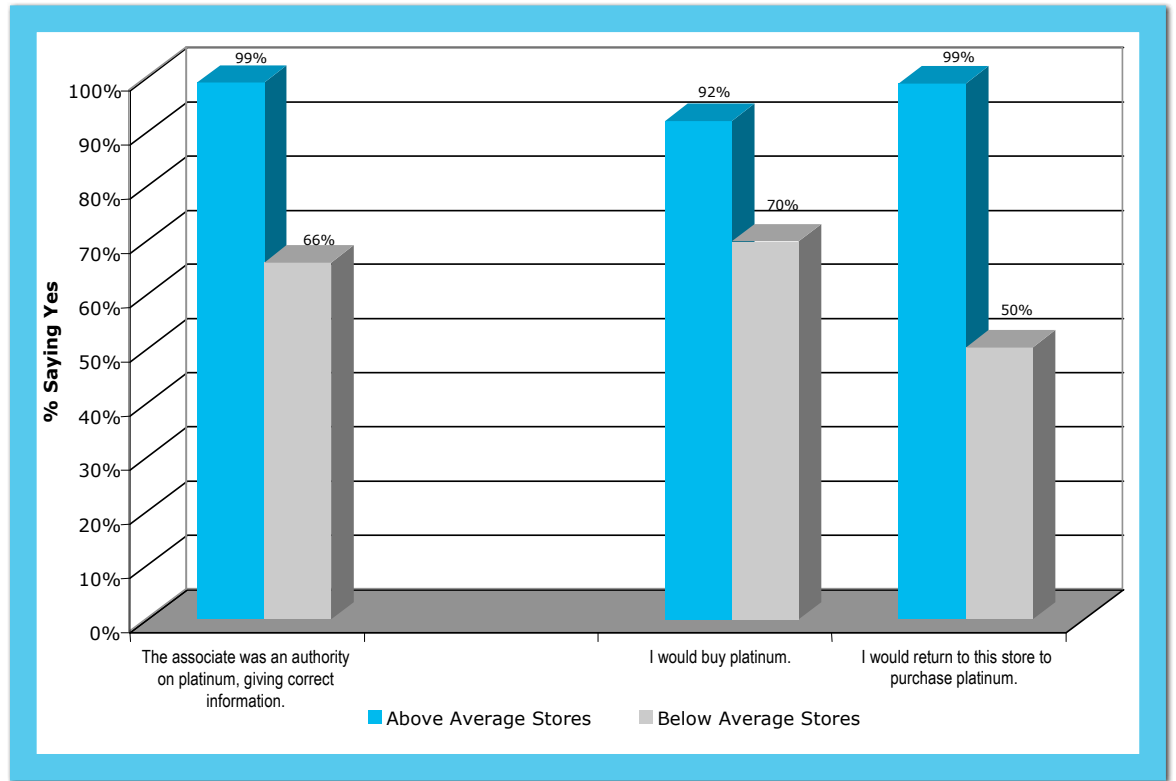
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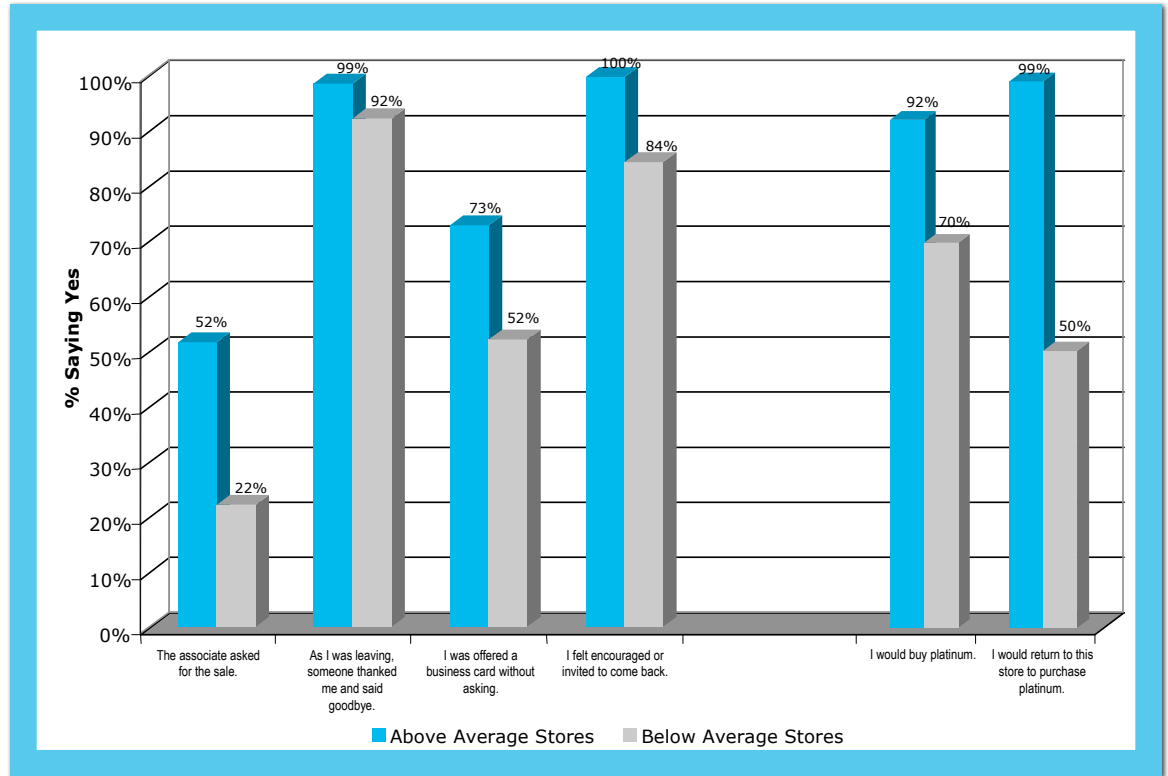
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Some Additional Points to Ponder

WEDDING EXPENDITURES ON NON-JEWELRY ITEMS:

When couples get married they enter into one of the most “heavy-spend” periods of their life. Is the retail jeweler making the most of this sales opportunity? Many other industries are maximizing the wedding with most of the costs for weddings being spent on items that will be lost after the day (invitations, flowers, cake, reception, etc.)

- Spending on weddings has doubled in the past 15 years and in 2006 was \$27,852 (Conde Nast Wedding Study 2006).
- Since 2002 the rise in spending has been over 23% (Conde Nast Wedding Study 2006).
- Destination weddings have grown 400% in 10 years with the average cost being \$25,806 (Conde Nast Wedding Study 2006).
- Average cost of a 4–6 hour wedding reception in 2006 was \$9,573 (Conde Nast Wedding Study 2006).
- Average cost of a honeymoon in 2006 was \$5,111 (Conde Nast Wedding Study 2006).
- Average spend on a rehearsal dinner in 2006 was \$1,030 (Conde Nast Wedding Study 2006).
- The average bride spends approximately 40% of her total wedding budget (of \$27,000) on the caterer (food, cake, and alcohol), 3% on the facilities for the reception, 8% on flowers, 10% on entertainment, 14% on clothing, 7% on a photographer, 4% on invitations and other printed supplies, 4% on gifts, 2% on transportation, and 8% on miscellaneous items (About.com: Financial Planning).
- Average cost of flowers for the day is approximately \$2,160 (About.com: Financial Planning).
- Average cost of paper invitations is approximately \$1,080 (About.com: Financial Planning). Wedding bands are one of the few wedding expenditures that a couple will have and wear for the rest of their life. Additionally, the wedding band is an important piece of precious jewelry that is the most important signifier of a couple’s commitment to each other.

THE INTERNET: WHAT THE WEB MEANS FOR JEWELERS

While many brick and mortar retailers are experiencing flat or marginal growth during these economic times, the internet continues to post double-digit increases yearly. Are retail jewelers helping fuel this growth?

- 71% of all adult Americans use the internet, including 91% of all those making over \$75,000 per year (Ken Gassman).
- On a typical day, 20% of all Americans look online for information about a product (Ken Gassman).
- Sales associates and the internet are tied (44% and 43% respectively) when it comes to the most influence on the groom’s engagement ring decision.

CASE STUDY: BLUE NILE

- Largest online jeweler in the U.S -- sales of \$319 million in 2007, a 26.9% increase over 2006.
- Generates an estimated 90% of its sales from diamonds and diamond jewelry versus a typical independent jeweler with 50% sales mix of diamonds.
- Average ticket is \$1,450, almost five times the industry average of \$300.
- 72% of sales are engagement rings, more than double the typical independent jeweler.
- Sells an estimated 4%—approximately 35,000—of all the engagement rings in the U.S.
- Average ticket for a diamond engagement ring is \$6,200 (up from \$5,700) versus industry average for independent jewelers of \$3,210.
- 50% of all first-time male shoppers become repeat customers.