Join us in looking back at 2008, the year that pushed the economy from bad to meltdown, pulled gold up to record prices, and culminated in a historic presidential election.

Out of the spotlight, though, behind the showcases, jewelers continued to learn and grow by getting back to the basics of doing good business, by devising innovative marketing ideas, by rethinking their inventory and by buying from — as well as selling to — their loyal customers.

We learned new words for recession, watched big names in the industry collapse and gazed at stars modeling flawless jewels on award-show runways. We applauded up-and-coming designers, said goodbye to cherished friends and continued to share our best ideas with one another.

This month, we’ve asked experts to predict how the shadows thrown by the faltering economy will affect the industry into 2009, and how best to weather the downturn — “Promote your brand,” “Exceed customer expectations,” “Become an expert,” were a few of the responses we heard.

We’ve also compiled some highs and lows from 2008 for your edification, reflection and amusement. And we will point you in the right direction of fashion trends and hot sellers most likely to carry you and your customers into the new year.

Need inspiration? Andie Weinman, president of Continental Buying Group, says this year more than ever, nothing will compare with the excitement of unwrapping a box on Christmas morning and finding a gift of jewelry.

Surprise is a luxury everyone needs this holiday season.
The Year of the Crunch

Experts weigh in on the best strategies to survive the financial meltdown — and even thrive.

Joe Long, vice president of marketing for the Shand Group, an advertising agency specializing in luxury marketing, says recessions — even this one — don’t last forever. It might seem crazy right now to look at such a dramatic downturn as an opportunity, but that’s exactly what Long and other experts recommend.

“It’s an opportunity to balance your inventory, unload old stock, imprint your brand on your community’s consciousness, and embark on a reinvention — of your store, your website, your party planning, your customer service and your attitude.”

Long says a recession signals a time of consolidation that ends with survival of the fittest brands.

“How do you make it to the other side? Consider your business fundamentals — efficiency, inventory, customer loyalty, ingenuity, access to capital and your personal determination and fortitude.

“Make the most of this time,” Long says. “You may find that when the economy picks up again your new-found strengths will have placed you at the top of your game, and perhaps in a whole new league.”

1. REGINA LEADEM
Sales Leader, Luxury Industry, GE Money

The jewelry industry is not tied to housing as some other markets are, such as furnishings or flooring. And because jewelry can be a self-purchase, as well as a gift, it is a bit more resilient and likely to get back on course faster as the economic environment improves. Focus on the fundamentals and be competitive. To earn the sale, give customers options to stretch their budget further (i.e. financing options and merchandise choices) and differentiate yourself by providing the best possible service.

2. JOE MURPHY
COO, Continental Buying Group
AND ANDIE WEINMAN
President, Continental Buying Group

MURPHY: It’s a very challenging holiday season and most retailers are running 5 to 15 percent off from last year. When the economy does take a downturn a buying organization becomes more important. In an economy like this, it’s good to know they don’t have to go it alone.

WEINMAN: Communicate with your people and communicate with your vendors. The minute you hide, people think that something is desperately wrong. Clientele, clientele, clientele. Don’t ever let them forget you are there.

3. RICK SEGEL
Retail Sales Consultant

Specialty retailers do very well during recessionary times. Jewelers who do well will do well because they have inventory, they have merchandise, they have a stronger core of customers. It still comes down to making emotional connections with people, and you have to understand the whole issue of expertise and education. The No. 1 retailer per square foot is the Apple Store. Why? The Genius Bar. It’s expertise. That is the thing that works. Sell your expertise.

4. DAVID GELLER
Author and Consultant

This will be a price-point Christmas. If you need some lower price points and don’t want to buy some, take some of the higher pieces and retag them into a lower price point. Put signs in your showcases showing ranges of prices; under $99, $100 to $199, $200 to $299, etc. Also, you’ve been reading forever here in INSTORE to unload old merchandise. Those who have done so have something some of you don’t: Smaller debt, a larger bank account and credit or cash available to buy fresh, new and exciting inventory. So get rid of inventory for sure if it’s over 18 months old, even if you have to scrap it.

5. KATE B. PETERSON
President and CEO, Performance Concepts

It seems that the toughest times are in the stores where the panic level is the greatest. What I am seeing is a lot of business owners and salespeople willing to use the economy as an excuse for a lack of energy and innovation in their stores. Even in the worst of times, people still get engaged and married. They still celebrate birthdays, anniversaries, births, achievements and love. The fact is, though, that if your typical customer spent $2,000 last year, he may spend only $1,000 this year. Recognize that the smaller average sale means that you need that client and his best friend. Innovative client development and active pursuit of referral business will be the hallmarks of success.

6. JAMES ‘JIMMY’ WEST
Executive Director, Leading Jewelers Guild

What I’ve seen from our group of 32 family-owned independents is that those who aggressively embrace new ideas are the ones who will not only weather the storm, but thrive. One example is buying gold off the street; Leading Jewelers Guild members pooled their expertise earlier this year to create a manual on how it’s done. Today, many of our 150 stores are making their numbers, not by selling jewelry, but by buying gold. Now we’ll
see how many gold sellers can be converted into customers for the holidays.

7. DR. PETER VANDERHART
Professor of Economics, Bowling Green State University
The economy always comes back. It may take a couple of years, but before that things will be back to some semblance of normalcy. I would try to hang onto the assets that would be useful when things come back. If you have employees who are productive, even if they may not be fully utilized, hang onto them. When times are good, it’s hard to find good people. If you get some loyalty built up by keeping them floating during the bad times, they may not jump ship during the good times. I wouldn’t make a rash decision now.

8. ABE SHERMAN
CEO, Buyers International Group and Balance to Buy inventory management program
Consumers from all economic groups will be overly cautious in their spending. Entry-level and modest price points should be planned into everyone’s merchandise mix and kept in stock at all times. Older inventories should be re-priced to fit the holes in your merchandise mix without having to buy new inventory. Introduction of new styles should be more strategic — meaning items are bought to fit into specific price points. The credit crisis will affect suppliers’ inventories. Don’t expect suppliers to be keeping huge back-stocks of inventory as they had in the past. Their banks won’t allow it. Therefore, retailers should be far more diligent about stocking their basic merchandise, backing up their multi-sellers and reordering fast-selling product at least once a month.

9. KEN SIMON
Managing Director, Loughlin Meghji & Co.
The tight credit markets mean that retailers not only have less credit available to buy inventory, but also are facing lower credit limits and tighter terms. So the inventory they buy must be turned over even faster. Tight credit markets have simultaneously affected a trio of key players in retail: lenders, vendors and spenders. I would do everything I could to minimize my operating expenses. I would carefully go through my payroll and look at peak and non-peak selling times, and I would suggest cutting back on hours during the non-peak time to save those payroll dollars. I would carefully review my inventory; the last thing I’d want to do is be overstocked in items. I may take a little more risk. I might be more liberal in terms of markdowns, advertising and promotions.

10. JOE LONG
Vice President of Marketing, The Shand Group
As a retailer or a manufacturer, if you do not consider your business a brand, you may be faced with an even greater problem than the economy. Many companies cut marketing and advertising budgets as a reaction to tighter consumer spending. But by weakening your marketing and advertising, you’re leaving the kitchen when it gets too hot, and when things get easier, it will be harder to regain your stature in the new landscape because of the stronger or newer players who’ve taken your spot. The market will be moving on while you stay still.

‘R’ WORD ALTERNATIVES
1. “The current climate.”
2. “Cap’n Crunch.”
3. “Pause in recovery.”
   — Jimmy Carter
4. “Sideways waffle.”
5. “Once-in-a-century credit tsunami.” — Alan Greenspan
6. “End of the beginning of the upturn of the downturn.” — Dwight D. Eisenhower
8. “Meaningful downturn.”
10. “Foreclosapalooza.”

THE BRAIN SQUAD SPEAKS
“Pretend it doesn’t exist. No, seriously, you have to think positively.” — Daniel Spirer; Daniel R. Spirer Jewelers, Cambridge, MA

“Buy light and stick with proven winners. No experimenting with silver bullets.” — J. Dennis Petimezas; Watchmaker’s Diamonds & Jewelry, Johnstown, PA

“Count on your loyal customers to pull you through.” — Connie Kasper; Phillip Randolph Jewelers, Corpus Christi, TX

“I’ve never been a penny counter. I always paid more attention to the dollars. There is a time when both strategies are right. Currently, we’re in a penny-counting mode.” — Steven B. Goldfarb; Alvin Goldfarb Jeweler, Bellevue, WA

“Market that part of the business that still brings in business during the hard times — repair, restoration, and custom.” — Teri Vogan; Vogan Gold & Silver Works, Colorado Springs, CO

“Retire.” — Sandy Severt; Gloria’s Jewelry, St. Paul, MN

“Continue to plan for better days. Be ready when the market reverses.” — Lee Krombholz; Krombholz Jewelers, Cincinnati, OH

“Put on a happy face! Don’t let customers or fellow businesses know you are hurting. Why would anyone want to buy from you if you tell them you aren’t selling anything?” — Stephen B. Goldfarb; Sami Fine Jewelry, Fountain Hills, AZ

“Advertise more. Stock fewer impulse products. Stick to core. Keep your people in touch with your regulars more often!” — Danielle Fritz; Centerville Coin & Jewelry Connection, Dayton, OH
20+ Tips to Bust the Slump

With some economists predicting one of the weakest Decembers since 1991, retailers who falter could face a cold winter. Here are some of the slump-busting tips we featured in the magazine this year, along with a few others our readers suggested along the way.

TARGET AUDIENCE. Teenagers and single young professional women are being singled out as two recession-proof demographics. In the first case, the reasoning is that even as parents tighten their belts, they still spend freely on their children. And if you can get kids in the door (Pandora promotion?), Mom will end up buying something as well. In the second, well, she's one of the few consumers out there with little in the way of money worries or obligations.

CHANGE THE STORY. “When times are good, buying things is a sport. It’s a reward. When things aren’t so good, we need a new story to tell ourselves,” marketing expert Seth Godin noted on his blog. Marketers have to figure out how to change the story their customers can tell themselves, he says, citing the example of how a $4 cup of Starbucks coffee can change from becoming a trivial indulgence in good times to a reward for a significant financial sacrifice, like trading down on a rented apartment. “It all adds up to a perception.”

SPARE A DIME, BOSS? A “recession era” tip from consultant Gene Marks, writing in The New York Enterprise Report: Forget the company picnic this year. Keep things festive in your store instead and give some of the saved cash to your employees as an added bonus.

FEEL THE PAIN. That’s the money-management advice of business guru Tom Peters, who argues that the “ouch factor” of paying for anything goes up by “an order of magnitude” when you’re handing over twenties or any smaller-denomination notes. Peters suggests you choose a month, and pay in cash whenever possible. “After paying the office supply bill in $20s, I’d bet a pretty penny or 10 that the next month would inaugurate an era of tighter purse strings,” he noted on his blog at TomPeters.com.

DO LUNCH. Free for lunch next Tuesday? Abe Sherman of the Buyers International Group advises you take your banker out for a bite to eat. “If you have a line of credit, get a feeling about where (your bank) stands right now. Ask about their overall debt-to-equity position and how much pressure they are under to raise capital or cash,” he wrote in the October BIG Times newsletter. He also suggests scheduling a chat with your accountant, who will likely know what your bank is doing with other clients.

KEEP INVENTORIES LEAN. “We will order more frequently to fill in and keep up the appearance of being fully stocked, but overall we’ll make lower dollar purchases,” says Rochelle Klieger of Ruby & Sons Jewelers in Binghamton, NY.

PUT IT ALL OUT THERE. Take a cue from large chains that display as much merchandise as possible on the floor, rather than holding inventory in the stockroom.

DO THE MATH. Run sales reports by price point, by margin, by category, by every metric. Stay on top of your data. “The biggest reason that businesses fail is because they are managed based on opinions rather than facts,” says sales trainer Brad Huiskens. And don’t stop at the financials. Monitor the other aspects of the business too: personnel, marketing,
finance, buying and merchandising.

DO A MONTHLY CASH FLOW PROJECTION, says INSTORE columnist Laurie Owen. It will help you avoid nasty cash crunches, and your banker will look more kindly on you when you come looking for a loan.

FOCUS ON MARGINS. Too many jewelers think that cost-cutting is the best way to stay competitive. But offering automatic discounts and screaming “50 percent off” cheapens this luxury product, and destroys margins, says Ken Gassman of the Jewelry Industry Research Institute. “During a downturn, you are likely to have fewer customers, but that doesn’t necessarily mean fewer dollars,” adds David Brown, president of the Edge Retail Academy. “Concentrate on conversion ratio (doing more with each customer), average ticket value (if your volume drops by 20 percent, your average retail value needs to increase by 20 percent), and profit margin.”

WORK WITH FEWER VENDORS. You will be spending more money with each of them, and therefore becoming more important to them, says Nick Failla of Premier Consulting Innovations. Adds Huisken: “But deal only with vendors that offer some type of vendor partnering program. Protect yourself against investments that cannot be traded in or stock-balanced.” See if the vendors have co-op advertising and even if they don’t, see what marketing materials they have. This is not the time to reduce your advertising budget.

CLEAN UP YOUR CUSTOMER BASE, advises Jewelers of America’s director of education David Peters. Your bottom 30 percent of customers — the “scavengers” and “crooks” as Peters calls them — contribute less than 5 percent of profit and take big chunks of your time. Focus on your “loyal” base — the 20 percent of customers who account for 80 percent of profit.

RETHINK YOUR STAFFING LEVELS AND HOURS. You want to be able to staff the peak hours — that’s the evenings and weekends for most two-income families.

SALES THAT SYMBOLIZED 2008

A lady and her husband came in on a Thursday afternoon that was her birthday. After about an hour of looking she decided on a 7-carat tennis bracelet. Ten minutes after opening the following day she shows up and wishes to return it. She said that when she went home that night, she watched CNN and was so depressed with the economy that she couldn’t keep it. Thank you, Wolf Blitzer!

Randy Williams
W.R. Williams Fine Jewelry, Phoenix, AZ

We put together a layout of large Old European cuts to make earrings to match a period necklace for a client and wife who are well-off physicians (They joked that they would probably sell a car to buy the earrings). Then they decided that even though it was perfect and they loved it they would pass and address the issue again when they felt more confident. They said if we knew anyone who needed spinal surgery to send him their way so they could buy the pieces sooner!

David Goldsmith
Manfredi Jewels, Greenwich, CT

I had an expensive sapphire ring sold with money down. The woman had picked it out herself and the husband gave his excited approval. The week the stock market crashed the sale was canceled. I’ve never had that happen before. I am sure it was not a great conversation between that husband and wife when they were deciding whether to cancel the order.

Steven B. Goldfarb
Alvin Goldfarb Jeweler, Bellevue, WA

One wedding, three custom design pieces (his, hers and a toe ring), a $15,000 sale … The wedding is delayed until next year, pieces are in layaway with no deposit.

Jim Ellis
Ellis Jewelers, Frankfort, IN

In an oil-rich province of Canada, 2008 was characterized by young men (early 20s working in the oil industry making $100,000+) coming in and buying 1.5 carats and up in engagement rings, every month of the year. I have never seen that kind of spending before, and it has of course ceased now that oil prices are plunging.

Lisa Corbin
Tompkins Jewellers, Lethbridge, AB

We lost five custom jobs we had in the works because of Hurricane Ike — and part of our building.

Connie Stagner
Wedgewood Village Jewelers, Friendswood, TX

“Adjust your staffing and inventory-buying according to your sales — just like you would in an economic upturn.” — Richie Kluesener; Gold In Art Jewelers, Mount Dora, Fl
The credit crunch is likely one of their major strengths — the ability to hurt chains more than independents as you remember you when the times are good again.”

Customers will repair instead of buying new. If you treat them well, they will offer a well-priced, quick repair service. In a challenging economic environment, there are always opportunities that we’ve had since malls were built to turn a lot of these shoppers into your customers.”

“TIGHTEN THE SHIP. There are always places to cut in order to run a tighter ship,” says RJO member Mike Pribyl of Cahill-Pribyl Jewelry and Gifts in Keokuk, IA. Combine special orders to save on shipping, turn the air conditioning up a couple of degrees, clean your own carpets, turn the diamond lights on only when needed, patch your own roof, negotiate terms that work for you, stock price points, rather than more expensive items.

“KEEP YOUR EYE ON THE FUTURE. What goes up goes down, and vice versa. Maintain a positive attitude and focus on the good times that lie just around the corner.”

OFFER A WELL-PRICED, QUICK REPAIR SERVICE. IN A CHALLENGING ECONOMIC ENVIRONMENT, CUSTOMERS WILL REPAIR INSTEAD OF BUYING NEW. IF YOU TREAT THEM WELL, THEY WILL REMEMBER YOU WHEN THE TIMES ARE GOOD AGAIN.” — Rosanne Kroen, Rosanne’s Diamonds & Gold, South Bend, IN

VICTIMS OF THE CRUNCH

**Friedman’s Inc.** The third largest jewelry retailer in the U.S., collapsed under a pile of debt and was ordered to sell off all its assets amid charges of accounting irregularities. CEO Bradley Stinn was later jailed for securities fraud and conspiracy. Michael Hill International, New Zealand’s largest specialty jewelry retailer, agreed to buy 17 of Friedman’s 455 stores, in Illinois and Missouri.

**Whitehall Jewelers** filed for Chapter 11 bankruptcy protection in June and received court approval to liquidate $750 million of inventory held at its 373 stores, which were also put on the block. Among the Chicago-based retailer’s assets were 78 stores it had purchased only months before from Friedman’s. **Fortunoff Fine Jewelry & Silverware**, a century-old New York fixture, was sold to a private equity fund in March after running into financial difficulties and filing for protection from creditors. The new owners, NRDC Equity Partners, which also control the Lord & Taylor department store chain, announced plans to open new stores under the Fortunoff brand.

**Jewelry Channel** went off the air in August, with the loss of more than 100 jobs. The Texas-based 24/7 shopping channel was owned by VGL Group of Jaipur, India. It had started in April 2007.

**Diamond company M. Fabrikant’s** Chapter 11 liquidation plan was approved in May, triggering a battle for assets and accusations that its previous owners, the Fortgang family, had stripped it of assets. The five Fortgang heirs battled back and were granted monthly personal allowances of up to $40,000 each to tide them over in the interim.

Some of **Fred Leighton** Jewelry’s finest pieces were sold off at one of Christie’s biggest auctions of the year in April to repay some of the bankrupt jeweler’s creditors. Convicted inside trader Peter Bacanovic, now Fred Leighton’s president, has vowed to bring the retailer out of Chapter 11.

**LID** filed for protection from creditors and liquidated its loose-stone and jewelry inventory and sold off its 29 stores. Its parent company, LID Israel, is a one-time DTC sightholder that had also entered receivership.

**House of Taylor** quietly closed its doors, leaving behind about $11 million in debt. Elizabeth Taylor and Kathy Ireland, who were among the principal shareholders, terminated their licensing agreements, making any salvage operation pointless.

A string of prominent independents was also swallowed up by the credit crunch or related financial problems, including **Alpha Omega** in Boston, MA, **Foland’s** in Royal Oak, MI, **David Nygaard Fine Jewelers** in Norfolk, VA, and **Derco** in San Francisco, CA.
Designers on the Year Past

Eight designers share their thoughts on celebs, trends, retailers and what they learned in 2008.

JAMIE WOLF

Which celebrity had the best jewelry style on the red carpet this past year?
My eyes were completely drawn to Jessica Alba’s ears during the Oscars. She was wearing this pair of chunky-chic gold hoops. As stunning as I think jewelry is, it’s rare when jewelry is the first thing I notice. But her hoops made her entire look work.

Which celebrity would you have wanted to wear your pieces?
I’d have loved to see Jessica Alba in my jewelry.

Which designer has won your respect in 2008 and why?
I loved Philip Crangi’s work with Gap because he absolutely stayed true to his aesthetic, while making it available to so many more people.

What was the most important event in your business this year?
After hiring a partner, I finally had the time to make the design process my entire focus. With that freedom, I discovered that design is such an organic process that it really requires daily attention, rather than scheduled time. So now, rather than working on the collections seasonally, I truly work on them all the time. When I’ve clearly run out of creative juice, I set the pieces aside and come back to them the next day, and usually this results in the pieces evolving with my thinking. It’s like I live with the pieces for a full six months before I send them out into the world.

What were the most important stones/materials you worked with this year?
I was so fixated on color. And my affinity for particular colors was very seasonal. I thought about what women want to put against a scarf on a winter day, and then I thought what makes bare skin glow for summer.

What did you like best about the way your retail stores worked with you and what would you like to see change?
I love working with stores that understand the importance of merchandising, how to balance a case with the standout pieces and the styles that you want to wear every day, how to best showcase the cohesiveness of the colors and the textures. Many retailers do this, but I’d love to work even more closely with stores as they sell through pieces, so the collection is always presented in the best light.

What did you learn this year?
To make some time to concentrate on the other aspects of my life that make me happy and peaceful and playful. It’s never easy to take time from a project that is so close to your heart and such a piece of you, but it’s truly inspiring to find some balance.

What was your favorite purchase this year?
A Derek Lam top that I wore to probably 20 trunk shows. Something about it perfectly reflected how I feel when I wear my designs, and how I want women to feel when they wear my jewelry, too.

TODD REED

Which celebrity would you have wanted to wear your pieces on the red carpet?
The fact that I missed all the events is unfortunate because I love Anne Hathaway and am sure she had great style. I want her in Todd Reed.

Which designer has won your respect in 2008 and why?
Ruff & Cut, the new, socially responsible raw diamond jewelry company. It has a great cause, with a great strategy to help the people of Sierra Leone as well as inspire education and compassion through jewelry.

What was the most important event in your business this year?
My company went through several transitions. I think the best thing is that we have really gelled as a studio and office. The team is fabulous. I added a couple of new positions here and love watching this growth happen within our infrastructure.

What were the most important stones/materials you worked with this year?
I got to work with some fascinating diamonds. The market was competitive to get diamonds, so I used a lot of my “old stock,” my best old specimens that I have been hanging on to.
What did you like best about the way your retail stores worked with you and what would you like to see change?
I would like to see more commitment. The presentations and selling are both part of the larger umbrella of “relationship.” There should be more communication, even when times are hard. On the obvious side: better lighting, sexier cases, fewer props, more staff education.

What did you learn this year?
The high road is a lonely one. And I relearned the old saying, “I know what I have given ... I know not what you have received ...”
What was your favorite purchase this year?
My 1951 Sunbeam. This is a fabulous little motorcycle.

And, which celebrity would you have wanted to wear your pieces?
I’d love Reese Witherspoon to wear my jewelry. She encompasses glamour yet she seems very down to earth, so her image somewhat represents the woman for whom I’m designing.

Which designer has won your respect in 2008 and why?
Sevan, because his pieces are magical and tell a story. They transport you into another place and time.
What was the most important event in your business this year?
Expanding our geographic representation and building a successful sales team that works extremely well together.
What were the most important stones/materials you worked with this year?
Different shapes of diamonds and some spectacular Tahitian pearls
What did you like best about the way your retail stores worked with you and what would you like to see change?
We have worked very well with our stores. However, I would like to see new merchandising in some of the stores so there is no overlap with generic collections and designer jewelry.

What did you learn this year?
Photography is also a passion of mine and I have learned how to use my new view camera.
What was your favorite purchase this year?
My Armani jacket!

Which celebrity had the best jewelry style on the red carpet this past year?
Angelina Jolie continues to have natural beauty and style in every public appearance.

And, which celebrity would you have wanted to wear your pieces?
Angelina. Again. She has worn Gurhan jewelry in the past and I would like to see her continue to wear my jewelry.

Which designer has won your respect in 2008 and why?
I continue to have respect for Alishan and Alex Sepkus, as they are true jewelry designers who work directly from the bench.

What was the most important event in your business this year?
The economic changes have been the most important event. It has actually had a positive impact on our business as it has forced us to streamline our strategy as well as inspired new designs. While customers have always been extremely important to us, now we are even more focused on their needs. I also have been experimenting with different metals, like silver and bronze.

What were the most important stones/materials you worked with this year?
I have been quite excited by incorporating the stone pietersite in my designs. I am always drawn to unusual stones that I can highlight with pure 24K gold. The different patterns and colors in each pietersite stone create a one-of-a-kind piece.

What did you like best about the way your retail stores worked with you and what would you like to see change?
I would like to see more retailers participate in an automatic replenishment program. It would keep the top-selling core styles in their cases and allow for more time and dedication to be spent on my concept collections, which feature a cohesive assortment of one-of-a-kinds.

What did you learn this year?
Mindful Meditation and how to apply it to everyday life. This includes living in the present and not stressing about things beyond my control.

What was your favorite purchase this year?
My husband Jay and I fell in love with a pencil drawing of a filly, named Lily, by Karmel Timmons. It is so meticulously drawn that at first I thought it was a photograph.
BARRY KRONEN

Which celebrity had the best jewelry style on the red carpet this past year?
Jennifer Garner. She has grace, elegance and timeless beauty.

And, which celebrity would you have wanted to wear your pieces?
We would love to make Oprah a Babylicious charm pendant of her beloved dog that passed away ... something for her to cherish.

Which designer has won your respect in 2008 and why?
Van Cleef & Arpels continues to create beautiful classical and endearing designs.

What was the most important event in your business this year?
We have just completed a new website we are very proud of: www.barrykronen.com. It has finally come to fruition!

What were the most important stones/materials you worked with this year?
Diamond slices, due to the uniqueness of the cut and the natural beauty of the diamond, which lends itself to amazing affordable designs. We created our “Diamond Rocks” by Barry Kronen collection to highlight them.

What did you like best about the way your retail stores worked with you and what would you like to see change?
We have very good relationships with our stores, but definitely more branding of Barry Kronen designs.

What did you learn this year?
That these clichés make total sense and really mean something in these particular times: “Batten down the hatches.” “Move forward.” “This too shall pass.”

SARAH GRAHAM

Which celebrity had the best jewelry style on the red carpet this past year?
Charlize Theron wears jewelry in unexpected ways, and she looked great at every single event and premiere she attended.

And, which celebrity would you have wanted to wear your pieces?
Natalie Portman, because her style is edgy and ladylike at the same time.

Which designer has won your respect in 2008 and why?
Todd Reed has always had my respect, but this year I saw him move to a whole new level. He not only specializes in raw diamonds, but really is becoming the leader in this niche market. He has access to the most rare and highest quality raw diamonds available by paying fair prices and insisting on fair working conditions from his suppliers, gaining him admiration and appreciation by his suppliers, retailers and collectors.

What was the most important event in your business this year?
This year marked our solid entry into the fine jewelry store market. For the first time our sales were evenly split between galleries and fine jewelry stores. We now have the opportunity to reach a much broader clientele as well as the challenge of competing with much larger companies. Building our brand has become paramount, as has stepping up the breadth and sophistication of our designs.

What were the most important stones/materials you worked with this year?
Of course our Blackened Steel continues to be our most important material, as it is our signature. But I also purchased some significant stones from the Munsteiners, which pushed me to design one-of-a-kind pieces that inspired creativity in me that has long been dormant.

What did you like best about the way your retail stores worked with you and what would you like to see change?
I would like to see more of our retailers take advantage of the opportunity that occurs when they bring in a new designer and new merchandise. There is a short window within which to build the most excitement. They should immediately add the designer profile and new items to their website, send out mailings or e-blasts, and notify the press.

What did you learn this year?
To ride my bike without hands, so I can change songs on my iPod.

What was your favorite purchase this year?
Our new home on Telegraph Hill in San Francisco.

JESSICA FIELDS

Which celebrity had the best jewelry style on the red carpet this past year?
Cate Blanchett always has incredible style, and her bold necklace at the Oscars did it for me. As if being extremely pregnant wasn’t enough of an accessory.
And, which celebrity would you have wanted to wear your pieces?
Katie Holmes. She has that adorable bob haircut and classic styling, which would pull off my jewelry perfectly.

Which designer has won your respect in 2008 and why?
I have admired Dana/David’s marketing and design. They have really found themselves an untapped niche, which seems more and more difficult to do these days.

What was the most important event in your business this year?
I have begun to focus more on bridal jewelry, which has always been one of my stronger areas. Not only do I really enjoy designing wedding rings, but bridal is also a safer classification during a slower economy.

What were the most important stones/materials you worked with this year?
I teamed up with the Tanzanite Foundation and recently made a trip to Tanzania, where I visited the Tanzanite mine and taught jewelry making to local school children. Tanzanite is a beautiful blue-violet stone that’s found in no other country but Tanzania. The discovering of Tanzanite in 1967 has given the people in Tanzania so much opportunity: money, schools, roads, jobs and tourists buying their wares. It’s great to know I’m involved in promoting a socially conscious gemstone and purchasing it gives so many the opportunity to live better lives.

What did you like best about the way your retail stores worked with you and what would you like to see change?
I love all of our retailers. Since we qualify our accounts, we only end up working with stores we completely trust. There has been so much change in the world, I feel fortunate to work with such a fabulous group of stores.

What did you learn this year?
Just because the newspaper says panic, it does not mean that the world is ending and everyone is going out of business. Staying focused on the important things in life such as family, friends, my art and my company keeps me grounded and our sales reflect that. I have also been taking language lessons, which has been spectacular. I just finished beginning German and also plan to learn Swahili to be able to speak the native tongue when I return to Africa next year.

What were the most important stones/materials you worked with this year?
I teamed up with the Tanzanite Foundation and recently made a trip to Tanzania, where I visited the Tanzanite mine and taught jewelry making to local school children. Tanzanite is a beautiful blue-violet stone that’s found in no other country but Tanzania. The discovering of Tanzanite in 1967 has given the people in Tanzania so much opportunity: money, schools, roads, jobs and tourists buying their wares. It’s great to know I’m involved in promoting a socially conscious gemstone and purchasing it gives so many the opportunity to live better lives.

What did you learn this year?
I got married, and I learned firsthand that weddings are a total racket. People (such as me) lose all sense of sanity and control, which is always good for business, but bad for maintaining a reasonable bank balance!

What was your favorite purchase this year?
My new Honda CRV!
Oversize looks, square cases and intricate, intriguing complications continued to dominate the watch trends for 2008. But the major emphasis going forward for the New Year is on the styling, movements, design and technical details for which leading watch brands are renowned. “The past year was about these ongoing trends as well as longstanding companies doing what they do best,” explains Danny Govberg of Govberg Jewelers in Pennsylvania. He also forecasts that times are changing for 2009 and we will see more classic, midsize and ultra-thin cases. Two watches captured our attention in the sporty and more dressed up classifications:

**TURNING BACK THE CLOCK**

BLANCPAIN’S large 45mm Fifty Fathoms Flyback Chronograph is shown here in red gold with date and small seconds-hand, black dial and unidirectional bezel. This vintage-inspired watch, which is self-winding, is based on the ultra-modern diver’s watch that Blancpain first made famous in 1953. The company, known for its complications, revisits its legendary roots in nautical sports and watchmaking.

**TIME AND TIME AGAIN**

Also in keeping with tradition and history, JAEGER-LECOULTRE’S Duomètre à Chronographe expresses the ultimate art of chronograph making. It’s crafted for purists and collectors whose priority leans toward engineering and technology. Jaeger-LeCoultre Dual-Wing movement is a genuine micromechanical work of art featuring two independent power reserves — one of them entirely dedicated to a chronograph offering unique performances: hour, minute and seconds hands, a minute-unit indicator and a jumping seconds hand with reset function.

**BEST SINGLE ITEM**

**Bangle Bracelets**

We saw them piled on the wrists of celebrities at red-carpet events, on top models in runway shows and even on actresses in films. We saw them multiplying in widths, motifs and textures in the studios of independent and luxury brand designers. We saw them in a mix of 18K yellow, rose and white gold, in white and fancy colored diamonds, in diverse finishes and encrusted with cabochon and faceted gemstones. We see them going forward into 2009, combined in varying sizes and shapes, worn with wider cuffs or flexible bracelets.
Trends That Took Off

The predominant looks this year ranged from trend-worthy items and stones to all-inclusive themes and moods. Here are the directions that will continue to make an impact in 2009.

1. Designers went natural, with organic textures of leaves, trees, bark, twigs and branches, as in this JOAN HORNIG bracelet.

2. Creatures were the theme of some collections. Insects and reptiles such as spiders, snakes, and dragonflies came alive in diamond-encrusted rings, earrings and pins. STEPHEN WEBSTER’S Fly By Night collection of bats and moths was perhaps the most inspired.

3. Cuff love continues to be a strong direction as we head into 2009. Wide cuff bracelets heralded a return to streamlined stand-out jewelry. These styles such as the IRENE NEUWIRTH cuff with Labradorite and small bezel diamond are meant to be worn as a singular piece.

4. Much hoopla surrounded the hoop earring. The news was in the fresh shapes and/or openwork texture, which updated this quintessential basic. Prevalent was the marquise shape, such as this DEBORAH PAGANI version with diamond accents.

5. The black trend caught on at the retail level, and more and more designers black-rhodium-plated white gold or added oxidized silver to set off 18K yellow. Set off with pavé diamonds or regal-colored stones, the look has an heirloom feel as in ANDREA FOHRMAN’S blackened silver, pink gold and diamond locket.

6. Unexpected one-of-a-kind and irregularly shaped diamond slices in hues ranging from white to gray — with the inherent beauty of natural inclusions — were crafted into pendants, rings and earrings like this pair from NINA RUNSDORF.

7. Natural colored diamonds became the gems to watch. Women are not only asking for more yellow and pink in their engagement rings; they were also taken by brown, champagne and cognac tints shown in floral motifs for earrings such as MANAK COUTURE’S Enchanted Garden chandelier styles.

8. Styles with symbolic motifs and personal monograms delivered the message in pendants in 2008. Pieces like MARIAN MAURER’S initial pendant with a circle of diamonds will go forward into the New Year, as well.

9. Wonder Woman and Greek goddesses became the inspiration for bold jewelry that’s at once empowering and feminine. Cuff bracelets on each wrist as well as elaborate bib necklaces such as this 24K gold GURHAN style were key to this look.

10. Raw and rough cuts provided an individualistic approach to colored stones like this refreshingly unconventional three-stone ring by DARA DUBINET.
From the moment retailers saw her debut collection at the 2008 Couture Show, New York-based Deborah Pagani was recognized as the designer who brought high fashion back to fine jewelry. Her streamlined and ultra-chic looks are singular statement pieces that have what Pagani describes as a contemporary Cleopatra feeling. “I’m designing for strong, independent women who, like the Egyptian queen, know and feel comfortable with who they are,” she says. “They are powerful yet feminine in their approach to both their personal tastes and their lifestyles.” Pagani references the past, present and future in her designs, which find expression in ultra-wide cuffs, stacks of matte, textured and diamond-laden bangles, marquis-shaped, pave-accented hoops, bib necklaces and oversize pendants. They possess a sensual modernity that exudes effortless confidence and glamour. Her pieces are fabricated in both 18K yellow and 18K white gold. The gemstones she works with reflect her eye for detail in tonal stone and metal combinations. Pagani, who worked in the beauty industry for 12 years as a top Manhattan colorist, developed a keen sense of what women want in their jewelry, by talking with her clients, some of the city’s most influential and stylish women. “Personally, I have always been obsessed with bolder, adventurous pieces that were hip but not too trendy and I was having a hard time finding them,” she says. “I set out to create a collection that would fill a niche of what I believed was missing in modern women’s wardrobes and what we could wear for all occasions.” Pagani’s very first design, which has become her signature, is a dragon medallion, inspired by a family heirloom. “It’s the only piece of jewelry my grandfather brought with him from Cuba,” she explains. “It was passed down to him from his father and ever since I was a little girl I wanted to elaborate on it. There is something very special about pieces that are meaningful to you and your family as well as jewelry that withstands the test of time. I hope the pieces that I’m designing will have an impact on today and be pieces that my consumers, and perhaps their children, will want to wear over and over again.”

The Year in Review

BEST NEW DESIGNER

Deborah Pagani

BEST CELEBRITY DESIGNER — AWARDS SHOWS

Lorraine Schwartz’s name was on every A-lister’s lips this year as her pieces dangled, encircled and hung from stars’ ears, arms and necks. Her beautiful jade and diamond butterfly drops swung from Heidi Klum’s ears at the 60th Annual Primetime Emmy Awards. Her pendant earrings dripped from Kelly Preston’s lobes at the 80th Annual Academy Awards. Also seen at the Oscars — her blackened platinum diamond encrusted bangles climbing up Cate Blanchett’s wrist. Schwartz’s antique-inspired and authentic period pieces also showed up on the following stars at various award ceremonies: Hilary Duff, Calista Flockhart, Eva Mendes, Jennifer Lopez, Beyoncé, Ashanti, January Jones, Lucy Liu, Tina Fey and Oprah.

Kelly Preston in Lorraine Schwartz diamond pendant earrings.
Amrapali was the name that kept cropping up at worldwide premieres and events this year. Based in Jaipur, Amrapali is one of India’s premiere fine jewelry companies. Launched in 1978 by Rajesh-Ajmera and Rajiv Arora, it has become renowned for its beautiful, modern interpretations of India’s longstanding and noble heritage in fine jewelry, based on techniques and craftsmanship that date to the 16th century. Bold diamond-embellished and high-karat gold cuffs were worn in 2008 by such celebrities as Marisa Tomei, Hillary Swank, Lucy Lui and Selma Blair. Jada Pinkett-Smith chose an armful of bangles to wear to the Los Angeles premiere of The Women, while Jenna Fischer, Rachel Bilson, Vanessa Hudgens, Kate Beckinsale and Kristen Bell all wore Amrapali’s timelessly regal yet trendsetting earrings, necklaces and rings.

Those of us who were glued to the six-year television run of the HBO series showed up in droves to watch the 2008 film, Sex and the City: The Movie. Not only were we eager to see what happened to our favorite characters: Carrie, Charlotte, Miranda and Samantha four years later, but we anticipated the show’s other lead characters: fashion and jewelry. The television seasons had launched horseshoes, layering, cocktail rings and gold name plates, to name a few. But, the film’s baubles outshone anything we had seen during the series. Costume designer Patricia Field and her staff know how to create trends and looks that women will want to own; they also know how to find the right mix of luxury brand houses and small independent designers to create a versatile mix of styles. Some of the most influential pieces consisted of antique and vintage necklaces, brooches, bracelets and earrings by Fred Leighton, Chanel, Cartier, Kenneth Jay Lane and Vedura. There were feminine and delicate styles by Van Cleef & Arpels (predominately worn by Charlotte (Kristen Davis)) and large modern looks by Carol Tannenbaum, Masha Archer, Roberto Cavalli, Jamie Rodriguez and Yossi Harari. Then there were the pieces that got tremendous air time and were positioned to create the new looks to watch in pearls, black diamonds, cocktail rings, large layered gold link retro links and big brooches. Particularly influential was Mikimoto’s opera length Akoya cultured pearl necklace, which Carrie (Sarah Jessica Parker) wore throughout the film, and which got prime placement in a scene in which she climbs into bed with Mr. Big. Also featured were her simple black diamond bead necklace by Itay Malkin and her vintage store find of textured outsized link necklaces. Also influential were Samantha’s (Kim Cattrall) Tres Jolie floral ring she bids on at a Christie’s auction, a variety of H. Stern’s pieces that everyone wore, and Fred Leighton and Chanel oversize retro pins.
Jewelry Style Makers

Three A-List stars took center stage, displaying a penchant for glamour, youthful sophistication and versatility.

Just when we thought Jennifer Garner’s jewelry this year couldn’t possibly outshine what she chose for last year’s red-carpet events, she surprised us once again. The Van Cleef & Arpels’ 1928 diamond necklace she wore at the 80th Annual Academy Awards brought statement necklaces back into the forefront. While this piece stole the spotlight, the 1925 art deco diamond bracelet, Swan Lake diamond drop earrings and Clea diamond ring, all by Van Cleef & Arpels, are all pieces that could perfectly pop any evening gown.

Chameleon Kate Beckinsale proved that the sparkle and shine of diamonds and platinum as well as the warm glow of high karat gold are luxe options for evenings. She wore dangling 24K gold Amrapali earrings to complement her fluid white column dress to ELLE Magazine’s 15th Annual Women in Hollywood Event in Los Angeles in October. Yellow gold cuffs also complemented the gown she wore to the 80th Annual Academy Awards. Perhaps her most dazzling and directional choices — for the 14th Annual Screen Actors Guild Awards — were the stacked diamond bracelets she wore on both wrists and the diamond hair clip pinned to her dress, from Van Cleef & Arpels’ Private Museum Collection.

Maggie Gyllenhaal evokes the meaning of personal style. We first showed you her winning look in our Star Power column earlier this year and we haven’t wavered in our belief that she was awe inspiring at The Dark Knight world premiere in New York in July. Her Dres Van Noten dress, set off by a retro Fred Leighton cuff, demonstrated how a singular bold piece set the stage for jewelry and will continue to be a predominant trend in the New Year.
For his first international advertising campaign, which began appearing on the pages of fashion glossies in April 2008, Stephen Webster chose friend, muse and five-time Grammy winner Christina Aguilera as the face of his brand. “Christina provided me with the main source of inspiration for my venture into the women’s sterling silver business. In addition she had the perfect look for which I was going,” Webster said. The campaign was heavily influenced by director Alfred Hitchcock’s heroines. Aguilera possesses the sultry yet classic beauty reminiscent of the iconic Hitchcock blondes — elegant, icy heroines who graced the big screen throughout the greater part of the 20th century. The ads, shot in both color and black and white, communicate Webster’s synthesis of beauty and danger, reflected in all of his collections, while Aguilera ably conveys a mixture of fantasy and fear. Aguilera explained the collaboration: “Stephen and I have been friends for many years and working together on this campaign and collection has been an incredible experience. He’s a wonderful designer with a creative spirit and innovative vision and I am honored to be a part of it all.”

JEWELRY-WEARING UP-AND-COMER

Ever since we saw her change from shy assistant to style-conscious and savvy go-getter in her first major role as Andy in The Devil Wears Prada (2006), Anne Hathaway has blossomed into one of the silver screen's most charming personas and influential trend-setters. She can pull off a range of different looks with the grace of Audrey Hepburn. This year at the 80th Annual Academy Awards, she shone in a glamorous red gown, and sparkling 10-carat, cushion-cut Harry Winston diamond double-drop earrings. She dazzled the crowds at the premiere of her upcoming film Rachel Getting Married at the Venice Film Festival when she wore a Bulgari yellow gold and diamond necklace from its Vintage Archives, circa 1955. Her other pieces included Neil Lane's blackened antique and sapphire earrings, worn to the Get Smart premiere in Los Angeles, and Neil Lane diamond and platinum earrings and ring, worn to the 5th Annual Women In Hollywood Party.

GRAND DAME OF JEWELRY

Whether she's accepting awards for her roles in film or television or presenting them at red carpet events, Helen Mirren consistently radiates timeless beauty, character and elegance. This year’s 80th Annual Academy Awards was no exception as Mirren topped her previous looks with H. Stern's Hebe earrings—18 carats of fancy-cut diamonds that lit up her face. She also wore a deco diamond bracelet from Fred Leighton and a floral H. Stern diamond ring. We will continue to watch her perfectly pitched performances while we admire her personal style.
We asked our Brain Squad to tell us their best-selling bread-and-butter goods. Here are the companies or categories they mentioned two or more times.

**Brand**
- Pandora (12)
- Trollbeads (3)
- Hot Diamonds (2)
- Rolex (2)
- Sarah's Hope (2)
- Simon Golub (2)
- Tag Heuer (2)
- Sterling silver jewelry (22)
- Colored stone jewelry (11)
- Hoop earrings (8)
- Watches (7)
- Diamond pendants (5)
- Pearls (5)
- Gold chains (4)
- Titanium bands (4)
- Channel-set bands (3)
- Tungsten bands (3)
- Loose diamonds (2)
- Chocolate pearls (2)
- Cocktail rings (2)

**Category**
- Diamond studs (28)
- Engagement/bridal (27)
- Hearts on Fire (11)
- Pandora (9)
- Seiko, Stuller (8)
- Stuckey (5)
- Citizen, Rolex, Simon G, Simon Golub (4)

**MOST SUPPORTIVE VENDORS**

We asked members of our Brain Squad which vendors gave them the best marketing support in 2008. While many retailers indicated they rely on support from such organizations as the Independent Jeweler Organization, the American Gem Society and the American Gem Trade Association, they made special mention of their favorite vendors. Here are their picks and the number of times they were mentioned by different retailers, as well as some specific instances of marketing help that particularly endeared vendors to them.

**2 mentions:** A Jaffe, Alwand Vahan, Ashi, Berco, Breitling, Bulova, Frederick Goldman, Gregg Ruth, John Hardy, Kwiat, Lazare Kaplan, Leslie’s, Martin Flyer, Ostbye & Anderson, Tacori, Tag Heuer, Trollbeads

**Hottest Brands**
The Top 10 brands from our monthly Hot Sellers/Hot Brands feature, followed by the number of times they were mentioned by the Brain Squad from January through November:

1. Pandora (252)
2. Hearts on Fire (118)
3. Simon Golub (68)
4. Rolex (40)
5. Trollbeads (39)
6. ELLE (34)
7. Simon G (29)
8. Hot Diamonds (22)
9. Roberto Coin (20)
10. John Hardy (15)
  Tag Heuer (15)

**Visible Brands**
The Top 10 brands from our monthly Visibility Index feature, followed by the number of ad pages purchased in top fashion and lifestyle publications from January through October:

1. Tiffany & Co (54)
2. David Yurman (48)
3. Cartier (42)
4. Gucci (35)
5. Rolex (34)
6. Le Vian (26)
7. Scott Kay (24)
8. Movado (24)
9. Charriol (22)
10. World Gold Council (20)

**Best Press Play**
The Top 10 brands from our monthly Press Play feature, tracking editorial publicity in top fashion and lifestyle publications:

1. Cartier (46)
2. Chanel (34)
3. Fred Leighton (31)
4. Tiffany & Co (30)
5. Lanvin (28)
6. Louis Vuitton (27)
7. Chopard (25)
8. Kara Ross (25)
9. Van Cleef & Arpels (25)
10. David Yurman (24)
  Kenneth Jay Lane (24)
  Marc Jacobs (24)

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**Hearts On Fire** constantly reminds us not to believe in everything we hear and read, but to believe in ourselves, work smart, reorder when needed and not be filled with fear! — Kevin and Kathi Main; Kevin Main Jewelers, San Luis Obispo, CA

Stuller’s website makes it easy to order during the day when time allows, and we know it’s shipped at the end of the day. — Teri Vogan; Vogan Gold & Silver Works, Colorado Springs, CO

All of my vendors provided me with a special gift for my end-of-the-year employee party. Whichever sales associate sold the most from each brand won the prize! It really helps my staff get motivated to sell certain lines! — Stephanie Bjorkman; Sami Fine Jewelry, Fountain Hills, AZ

Mason-Kay provided us with fantastic informational brochures, postcards and products for our summer trunk show. — Sarah E.M. Fazzino; Peter Indorf Jewelers, Madison, CT

**Roberto Coin** provides great giveaways and door prizes for a trunk show. — Steve Hammalian; Little Treasury Jewelers, Gambrills, MD

Berco, Stuckey and JMC provide good high-res images that I can use for print or Web. — Eric Willgen; Willgen Jewelers, Algona, IA

**Roberto Coin’s Christy Turlington ads are beautiful. Our local advertising ties in great with their national ads.** — Steven B. Goldfarb; Hands Jewelers, Iowa City, IA

Breitling and Omega are the best when it comes to staying in contact with the company and the sales associates. They come here more than any other brand, hold beautiful trainings and seminars and keep us up to date on the product and the market. Cheers to them for investing in their authorized dealers. — Patrick McGlone; Azura — The Color Store, St. Thomas, US VI

Alwand Vahan has marketing strategies that their staff have imparted to our staff to aid in sales. — Mike George; MSG Jewelers, St. Louis, MO

Kwiat was superb in supporting our inventory and would try to make possible any and every request, whether there was immediate profit or just relationship building. That resulted in them being our choice to make a special-order $40,000 emerald-cut diamond eternity ring. — Bill Nusser; Hands Jewelers, Iowa City, IA

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This Year’s Top 10 Tips

1 IN YOUR CUSTOMER’S HEAD A New York Times story on the persuasive power of mimicry cited the example of legendary auto-parts salesman Veldon Smith. Smith did much more than simply laugh when his prospect laughed. “I would learn as much as possible about a client before I visited, what their problem was, what they were worried about,” he told the paper. “Then I would go in with a story about myself being in the same predicament. So when I walked in, I was in exactly the same frame of mind as the customer. I was immediately on the same wavelength. Everything else kind of flowed out of that.”

QUOTE “The key to our business is not selling. It’s finding. You have to find the right piece of jewelry at the right price, and then be able to find someone who would appreciate something special, and say ‘I have got the best piece of jewelry in the whole world for you.’ That’s what I love.” — Shelly Goldberg, Lou Goldberg Jewellers, Montreal, QC

2 ENGAGE TO EXCITE Everyone who has walked the aisles of JCK Vegas knows that feeling when your energy sags and your mind turns to the nearest coffee station. Michael Tesler of Retail Concepts says you should take notice of these spells of fatigue. They’re often indicators that the merchandise you’re browsing simply doesn’t excite you. In contrast, you’ll feel energized when you see something that engages you. “If you are excited, there’s a good chance your customers will be, too,” he says.

3 TALK BOOKS Zachary’s Jewelers in Annapolis, MD, devotes half its sales meetings to what owner Steve Samaras calls its “book club.” Each month the sales staff is assigned a customer-service-oriented business book to read, and they discuss its finer points.

4 DON’T FAKE SINCERITY “The most common mistake retailers make is when they spend a lot of time telling their staff what to do and what not to do,” says Jeremy Michael, commercial director at British firm Retail Eyes, which tests customer-service levels at thousands of stores every year. The result of that approach is the same half-hearted, scripted welcome you’ll get at a convenience store. A much better approach, Michael told The Scotsman newspaper, is to recruit on the basis of attitude and then let staff deliver the service as they know best. Do focus your training on product knowledge, which along with sincerity, is the top concern of most consumers, Michael said.

QUOTE “Don’t borrow money just because you can.” — Laurie Owen

5 GOOGLE IT Google Maps (local) (google.com/maps) has a feature that allows you to add a short promotional video to your profile. Just upload your video to YouTube, copy the URL and paste it into your Google profile (go to “photo” tab on the “edit your profile” page and scroll down to “video”). If you don’t have a Google profile — which allows you to list product lines, store hours, credit cards accepted and some product images — get one now!

6 HAVE A SIT-DOWN From Seth Godin’s The Big Moo: Do what entrepreneurial hotelier Chip Conley does at his Joie de Vivre properties. Make it a habit to sit down with your new hires at about the three-month point. But don’t give them a performance review — ask them to give your operation a performance review. After three months, their eyes are still fresh enough that they’ll be able to see things you’re missing. And they’ll have been on the job long enough to know how things work. Chances are good that they’ll have a few great ideas to contribute, Godin says.

7 SIZE ‘EM UP Gene Spath, owner of Spath Jewelers in Bartow, FL, says he watches every customer who enters his store like a hawk. “When I make my first approach to a customer, I’m thinking about what kind of jewelry they already have on so I can get a good sense of their individual style and what kind of thing we carry that would be a good addition to their collection.”

8 THINK SMALL Big dreams have their place, but it’s the sum of the little things that get you there, says John Jantsch of Ductape Marketing. To ensure you’re focused on the right things — making more sales calls, networking in the local community and, yes, taking a journalist out to coffee, Jantsch suggests you create a scorecard with 10 marketing-related actions and rate each one for importance, say five points for attending a local women’s group meeting and one for writing on your blog. Set a daily target of 20 points. This routine should help you stay focused on what’s really important.
Notable Passings

William F. Roberts, Jr., founder of the world’s largest jewelers’ buying group, the Independent Jewelers Organization, died Aug. 8 while vacationing in Highlands Falls, N.C. He was 83. Before launching IJO with just 52 members in 1972, he had been a successful jewelry salesman.

Yves Saint Laurent, one of the most influential couturiers of the second half of the 20th century, also created lines of jewelry that reflected his modern woman “trouser-wearing” chic. He died in his Paris apartment in June. He was 71.

Edward Levin, founder of Ed Levin Jewelry, Inc., one of the oldest and largest hand-crafted jewelry manufacturers in the United States. He died Feb. 23 at his home in Cedar Key, FL. He was 87.

H. Tracy Hall, an inventor who was a key part of a pioneering scientific team at General Electric that made the first synthetic diamonds in 1954. He later founded Mega Diamond to produce industrial diamonds. Hall died in July in Provo, UT. He was 88.

George Switzer, the mineralogist who started the Smithsonian Institution’s vast national collection of gems and minerals by acquiring the legendary, and some say bedeviled, Hope Diamond, died on March 23 in Solomons, MD. He was 92. During his career he also studied moon rocks brought back by the Apollo missions.

Casey Stephenson started as a stockboy at the age of 14 and by 22 had his first jewelry store. This would eventually become the biggest independent luxury jewelry in the Fresno, CA, region. Stephenson’s store, Warner Co. Jewelers, was an America’s Coolest Stores Top 10 winner in 2007. Stephenson died of cancer in April. He was 52.

Severin Wunderman, a Holocaust survivor, he emigrated to the U.S. at 16 and later entered the watch business as a salesman in the 1960s. In 1972 he obtained a license to produce Gucci watches in the U.S. When that contract ended he acquired Corum S.A. and built it up to its elevated market status today. He used a substantial portion of his wealth to support philanthropic causes.

IW Marks built his small mom-and-pop operation into Houston’s largest independent jewelry store. A lifelong lover of the arts, he was a leading patron of Houston Grand Opera and Houston Symphony among others. He died in the hospital in February, at age 73.

Dee Congress, who founded the five-store Congress Jewelers chain in Southwest Florida with her husband in 1983, died in August on Sanibel Island, FL. She was 65 and had battled cancer for more than three decades.

Richard Michaels, former president of the Connecticut-based Michaels Jewelers, died in May, at age 87. In 1975, Michaels took over the business founded by his grandfather, and shepherded it into the modern retail era. It now has 12 stores in Connecticut.

John Lemons, founder of Lemons Jewelry, died in February in Waynesboro, VA. He was 82. After 26 years in management at Jewel Box Stores, he bought one of their stores in 1975 and built it into an 18-store chain in Virginia and North Carolina.

BEST TAGLINES

Favorite E-mail Taglines That Came Across Our Screens in 2008

Sometimes it’s okay to throw rocks at girls.
Sawyer Jewelers, Sawyer Jewelers, Fenton, MI

If you don’t know jewelry, know your jeweler.
Borsheims, Omaha, NE

Live happily ever after.
Destin Jewelers, Miramar Beach, FL
Top Headlines

No time to read a paper? No problem. Here’s what you should know.

The Good Times Are Over ...
No. 1 story of the year? The economy, of course. The economy faltered, the financial markets froze, the aspiring middle class went back to Wal-Mart, a bunch of storied jewelry names went belly up (see page 56), value came back, the “shopping experience” went out, coupons returned and the holiday season? We’ve got our fingers crossed.

Tell Tiffany’s We’re in a Recession
From Blue Nile to Saks Fifth Avenue, everybody took a hit this year. Everybody, it seemed, except Tiffany’s. As late as October, the New York-based jeweler was confident it would end the year with total sales up about 9 percent and a fatter operating margin. It also unveiled an expansion plan.

Wholesale Prices Skyrocket
Commodity prices, from polished diamonds to platinum, surged through the first half of the year. At the height of the market mayhem in September, gold jumped $140 an ounce in a single day.

Diamonds Flow out of the U.S.
For the first time ever, more polished goods left the United States in June than were imported. Most of these were diamonds heading back to Israel as the weaker dollar spurred buying in other countries.

First Hearts on Fire Store Opens, Sort Of
The first Hearts on Fire retail store in the U.S. opened in Atlantic City, NJ, at the end of June. The store is owned and operated by Bernie Robbins Fine Jewelers, and is part of a plan to let retailers in certain big markets open exclusive HOF stores.

De Beers brands Its Own Diamonds
De Beers launched the Forevermark brand in May, signaling a potentially historic break that will see the industry institution spend its $200 million marketing budget on its own brand instead of the entire diamond market. In other big changes, De Beers sold its legendary Cullinan Mine in South African and trimmed more sightholders, from 93 to 79.

Snap, Ring-Up-A-Sale Phones
Mobile phones have become an integral part of shopping, especially for the young. Teens are increasingly taking pictures of items they’re interested in and then seeking feedback from friends. For their older sisters, shopping clubs ringing in the latest short-offer sales are making traction.

Hey, Big Spender.. Enjoy It
Who says you can’t put a price on happiness? A study released in of the National Academy of Sciences Proceedings found that the more people believe an item is worth, the happier they were with the purchase — at least according to brain scans taken of people told they were drinking $50-$90 glasses of wine. The finding helps explain why knockoffs don’t create the same excitement in people, and why you can feel confident standing behind the $45,000 price tag for that little Erica Courtney ring.

A New Baby Boom Beckons
Hear that wailing sound coming from your local hospital? It’s the next baby boom generation. At nearly 4.3 million births, 2006 had the highest number of new arrivals since 1961. Still undecided about that whole push present category? Jump on it.

GIA? The Spy Agency, Right?
Consumers believe diamond-grading reports are important but few know much about the laboratories that produce them, with almost nine in 10 saying they would willingly accept reports from labs they weren’t familiar with. Liz Chatelain, head of MVI Marketing, said the findings appeared to dispel the widely held retailer belief that consumers will accept grading reports only from big-name labs.

Tough Times Fuel Spike in Shoplifting
A slow economy equates to more shoplifting. Nearly three in four retailers told a National Retail Federation survey that shoplifting had increased in their stores, and it wasn’t just the customers — employees are stealing more, too, as economic pressures bite.

Gay Marriage Boom Is Boon for Jewelers
The California Supreme Court’s ruling in May to allow same-sex marriages proved to be a short-lived boon to jewelers in the state, thanks to a rush by gay couples to get married. A UCLA study estimated same-sex weddings would boost California’s economy by more than $680 million over the next three years. But that was before voters overturned the ruling in Nov.

Then There Was Light
Think the idea of diamonds as the ultimate symbol of love is profound? That’s nothing. Diamonds may have jump-started all life on Earth. Two German scientists have come up with a theory that diamonds could have provided the electrical conductivity needed to charge the first chemical reactions in the primordial soup where life is believed to have begun.
**10 Technologies to Keep a Close Eye On**

**LED (Light-emitting diode) lighting.** Now at the stage where it is practical for a retail environment, LED lighting is more efficient than traditional incandescent bulbs and doesn’t generate heat.

**Online advertising.** Go beyond banner ads and link exchange by taking advantage of data analysis to create a highly targeted and efficient media plan.

**Video verification and rapid response.** Westec Intelligent Surveillance provides an interactive surveillance system linked to a central command center. Trained intervention specialists are able to identify, evaluate and respond to a threat, and can even “voice-down” into a store directly to notify the location that it is being monitored and — when necessary — that the authorities have been notified.

**Online-selling platforms.** Companies such as OpenBlue Networks and M. Geller allow you to create a website, or enhance an existing one, with a system pre-stocked with a huge inventory.

**Advanced POS systems.** Manage your entire jewelry business from inventory control to marketing and customer relations. The latest products are built to last and designed specifically for jewelers.

**RFID inventory management.** Still at the early stages of adoption by the jewelry retail industry, the technology utilizes radio-frequencies to scan multiple items simultaneously.

**Affordable, compact laser technology.** New products on the market from companies such as Crafford-LaserStar and Sarin technologies make in-house laser welding and inscription a realistic possibility for small independents.

**3D Computer Aided Design and Manufacture.** Create and view jewelry designs with a more real rendering than ever before. Advances in the technology make custom design a realistic revenue channel for many independents.

**User-friendly microscopes.** Say goodbye to neck and back pains. New products are designed for user-comfort and convenience. Products like the Dazor Speck FINDER HD even employ digital technology, allowing items to be viewed on a monitor and fully documented on a computer.

**Geo-marketing.** Mapping consumer behavior and linking it to key demographic data can provide invaluable information to help jewelers and manufacturers operate more efficiently.

**Sell a story.**

**PATRICIA TSCHEFFER** still cherishes her first ring. Her parents let her pick the stone: a tiny chunk of amethyst that she had polished in a toy rock tumbler. Today, this Dallas jeweler is known for her luxurious designs in 22kt gold.

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**FEBRUARY 13-16, 2009  JEWELRY PREVIEW: FEBRUARY 12  PENNSYLVANIA CONVENTION CENTER  PHILADELPHIA, PA**

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*Photo credit: Marilyn O’Hara Studios*
And, That's a Wrap

Our best bits and pieces from the world of jewelry, here in one place.

Your Typical American Jeweler
If an alien life form with mutational powers were to come to Earth and assume the identity of your typical independent American jeweler (to avoid the intergalactic war raging back home), he — yes, “he” — would choose to rent a 2,500-square-foot store on a downtown street in a Midwest community, from where he would conduct business five to six days a week, but barely on Sunday (church calls, although he doesn’t always go). Our 50-year-old looking friend most likely would have voted for John McCain in November, so as not to stick out, and taken 10 days off in July. But his real passion is the business and those days when a beaming customer leaves the store, although not before stopping a browsing client to tell her, “Hey, look what I just got!” His only real business regret is following the advice he saw on Polygon that “Gold prices aren’t going to go up.” Oh yes, and he rates INSTORE as his favorite trade magazine. (Compiled from April’s Big Survey issue.)

Busted!

No less than 31 percent of Brain Squad members said they changed their gold-buying policy. “We trained our staff on how to buy, just as we train them on how to sell,” says David Schowalter of the Miner’s Den in Royal Oak, MI. “The profit margins on scrap rival that of the jewelry we sell.” Retailers even took to marketing their old-gold buying, with such tricks as weekly postcards at Haywood Jewelers in Rainbow City, AL, to a stack of “we buy gold” cards, each in a Ziploc bag, left in the restroom of a restaurant neighboring The Goldsmith in Binghamton, NY.

Parking Meter Relief

The staff of Zachary’s Jewelers of Annapolis, MD, has its finger on the pulse of its community ... and a thumb on the coin slot of nearby parking meters. A couple of times a day, a staff member hoofs Main Street with a pocketful of quarters, feeding imminently expiring meters and placing a note on windshields letting the driver know of the friendly gesture. It costs from $10 to $15 a day, but it’s generated more than 100 thank-you letters from grateful potential customers.

Buying on the Future
Here’s a brainstorm your children will shoot you for, come 2058. For every bridal couple that comes in your store, offer this challenge: For $5, you’ll give them a certificate that entitles them to a luxury cruise on their 50th wedding anniversary. The odds are — sadly — in your favor that you’ll never have to lay out the money, but imagine the press your children’s store will get when the happy couple returns and asks them to pay up.

When the Dow Can Be Your Friend
The economy may be faltering and the news reports alarming, but John Bowen of Sierra-West Jewelers in Orem, UT, is using a declining stock market as part of his advertising. The ad shows a stock market graph with an arrow pointing down. On the same graph is another arrow pointing up. The message is simple: Show her how much you love her by investing wisely in the things that matter. “In uncertain times, people are looking for certainty,” Bowen says.

Special of the Day
Taking a cue from the restaurant industry, John O’Rourke of Monetta Jewelry in Coral Gables, FL, started printing up high-grade cards with the store’s “special of the day.” No word on side orders, but O’Rourke says the store’s closing ratio is 85 percent.

Worst Proposal
Lefkos Hajji of London hid a $12,000 engagement ring in a helium balloon,
planning to “pop” the question to his girlfriend. A gust of wind ripped the balloon out of his hand and carried the ring sky high. “I felt like such a plonker,” he reportedly said.

Saved from What Could Have Been the Worst Proposal
A customer thought it would be cool to hide a three-stone engagement ring in a treasure chest on a reef off Cozumel, Mexico. Jay Warshauer of Main Street Goldworks of Half Moon Bay, CA, made a CZ duplicate to hide instead of the real thing.

Best (Barely) Subliminal Marketing Message
Play music in the store? Jessica Mullerheim of Bernie Fields Jewelry, Westbrook, CT, recommends playing songs like Spill The Wine (Take That Pearl), I Wanna Be Rich, Diamonds Are A Girl’s Best Friend, Money (That’s What I want), Ruby Tuesday, Gold Dust Woman.

Coming Out?
Dave Schowalter of the Miner’s Den in Royal Oak, MI., gets a great response from the gay and lesbian community with ads for National Coming Out Day in October. One example? “Celebrate coming out of the closet by going to the Den.”

Sami Wants Your Booty
Talk Like a Pirate Day in September: Send your best 1,000 customers a key, one of which will open the treasure chest in your store. And don’t forget to talk the talk while you walk the plank. At Sami Fine Jewelry, a pirate-themed event was the perfect opportunity to wear pirate costumes and buy customers’ gold.

Where Am I?
Make sure locals know you’re there. Website consultant Brad Simon says make sure your address is typed in text on every page on your website. If the address is found only in a banner at the top of the page, search engines won’t be able to read it. List your geographic area on your website as well, such as South Florida or upstate New York. If you are in a suburb or small city near a larger city, include the name of the larger city too.

All Ears
Company founder Lee Read of Lee Read Jewelers in Boise, ID, estimates he and his son, Larry, pierced 10,000 pairs of ears in 30 years.

Touchy-Feely
Keen to break down the barrier between customer and product, I. Gorman Jewelers of Washington, DC, features a “tactile wall,” where necklaces are displayed so the customer can touch the jewelry. And the folks at Stuller offer a secure ring display where customers can try them on without asking to take them out of the case.

What Happened to Last Year’s Biggest Rough Diamond Find of the Year?
The Letseng mine was also the source of the 603-carat Lesotho Promise, found in 2007. Wondering what happened to the Promise? It was picked up at auction by Laurence Graff for $12 million and transformed into what can only be described as a statement piece: A 26-piece diamond necklace that has yet to find a buyer. Asking price? $50 million.

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**INSPIRED BY ANIMALS**

**CAT:** “A really good gift bag is like a cat. It has nine lives. It gets carried all over town — to bridal showers, to bar mitzvahs. It is even used to carry lunch to work in.”— Bob Pauly, Signature Packing Group

**SEA LIFE:** “I’m the fish boy. Larry is aqua man.”— Chuck Lawrence, director of store operations, referring to Larry Read, owner of Lee Read Jewelers of Boise, ID, who maintains the store’s 1,200-gallon living reef aquarium

**LEOPARD:** Leopards have a 76 percent “close rate,” says diamond dealer and motivational speaker Kivi Bernhard, who developed the philosophy of “Leopardology,” based on his observations of the great hunters. Be sure to “retain your prey,” by providing comfortable chairs, beautiful music, and perhaps, chocolates.

**WILDLIFE:** Babs Noelle, owner of Alara in Bozeman and Missoula, MT, designs jewelry made from molds of the baculum (penis bone) of wild animals, as an ongoing fund-raiser for Yellowstone National Park and the Children’s Discovery Center of the Museum of the Rockies. Noelle admits the concept is “a little out there” but says it’s a tradition among Southern hunters to wear pouches containing raccoon baculums for luck. She had wanted skunk and gray wolf specimens, but neither worked out as expected, since neither was an average example of its species. “Well, apparently Mr. Skunk didn’t eat all of his carrots,” she says. “It was so flimsy I couldn’t even make a mold out of it.” And wouldn’t you know, the wolf was 30 percent bigger than average? “The real coup, though, was borrowing a grizzly bear baculum from American Indians. ‘They are too big for jewelry, about 6 inches long,’ she says. ‘I think men are using them as key fobs.’”

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**Biggest Rough Diamond Find of the Year**
The Letseng diamond mine yielded the biggest rough of the year — a near flawless D color diamond weighing 478 carats. Gem Diamonds, the mine’s owner, said the stone had the potential to become one of the largest flawless D color round polished diamonds in history. It already holds the title of 20th biggest rough ever found.
When 12-year-old Brent Underwood reached the 13,770-foot summit of Grand Teton this summer, after having hiked, rappelled and rock-climbed his way to the top with his dad and his two older brothers, it represented a significant achievement.

Craig and Laura Underwood, owners of Underwood’s Fine Jewelers of Fayetteville, AR, would have been hard-pressed to envision such a feat when Brent, their youngest son, was diagnosed with Type 1 or juvenile diabetes, an autoimmune disease, at age 3. The dizzying adventure involved dangling over 3,000 foot drop-offs supported only by guide ropes. Brent was equipped with a life-supporting insulin pump, as he always is, and had to monitor his food intake and frequently test his blood — not easy tasks during everyday life, let alone on such an excursion. “It was quite an accomplishment, but it was more important to me to let Brent know that Type 1 diabetes should not stop him from doing anything he wants to do,” Craig says.

But that wasn’t Brent’s only show of bravery this year. He also spoke to 700 people at the AGS Conclave gala in Seattle in April about living with the disease and won a standing ovation. “I don’t know if he fully understood how big that room would be,” Craig says. The speech was in conjunction with Jewelers for Children’s pledge of $50,000 to the Juvenile Diabetes Research Foundation, which is dedicated to finding a cure for the disease.

For the first several months after toddler Brent was diagnosed with the disease, the family was shocked and numb, Laura says. Still, within a few months, the Underwoods took action and began working with the Juvenile Diabetes Research Foundation, which is dedicated to finding a cure. They organized Fayetteville’s first Walk to Cure Diabetes in September 2001, raising more than $130,000; and nearly $300,000 in 2008.

The Underwoods applaud JFC’s interest. “JFC is a great ambassador for our industry,” Craig says. “It shows the goodwill and the generous heart of jewelers.”

For more information about Jewelers for Children (www.jewelersforchildren.org), contact David Rocha, executive director, at (212) 687-2949.