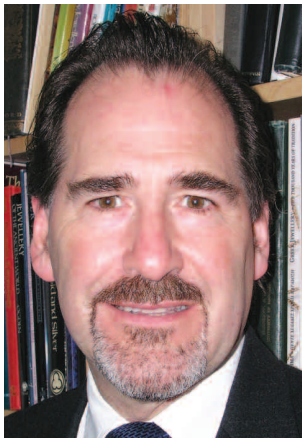


Behind the scenes

Sell, Buy, Date



Jack Ogden, Chief Executive of Gem-A, explores what makes people desire to buy.



The invitation from the jewellery trade mag was straightforward enough. Would I write an article about how to sell diamonds? OK, I'm as bored as anyone else with what I call the diamantina – the 4Cs (carat weight, colour, clarity and cut) of diamonds that beat the stuffing out of individuality – but the request was not out of the ordinary.

Then I thought about it. The question I was being asked to answer was how to sell diamonds. But surely the real question was how to get people to want to buy more diamonds. Then the real, real question hit me: how do we get people to desire more jewellery in general? Whether you are a designer or De Beers, if people don't aspire to own jewellery, you're stuffed.

For thousands of years, jewellery was wealth; it was your dowry, your down-payment on a horse, the cost of your funeral. The materials were intrinsically valuable and – come the revolution – your gold bracelet would bribe the border guards and your diamond would buy passage to America. Those were the days when labour costs and mark-ups were low and jewellery was a sensible hedge against inflation. Today, generally speaking, labour costs and mark-ups are high and unless you are a very canny buyer or a thief, your jewellery may well be a badge of wealth but it is seldom wealth itself.

Which is why Ferragamo's recent announcement of entry into the jewellery market interested me. (Women like shoes, and I like women who like shoes, so I am well aware of Ferragamo's important place on earth – shoes for, quite literally, the well-heeled.) Ferragamo, said the Reuters' news flash, had "launched its first jewellery collection, targeting wealthy clients who see gold, precious metals and jewels as a safe haven amid uncertain financial times." Safe haven? Good grief, they must fear very uncertain times. Allowing for costs, tax and even a modest guess at Ferragamo margins, the gold price would have to hit well over \$8000 an ounce



before you could get your money back. Unless, of course, a secondary market for the jewellery grew up which placed more value on the exclusivity of the Ferragamo brand than on the materials.

Which brings me back to my point. Unless people value your jewellery for something other than its material content, they will be increasingly reticent about buying it. They will, however, buy jewellery from you if you are able to imbue it with some deeper property that resonates with them personally, or if you are a 'brand' that gives your jewellery, when worn, a recognisable value – rich, fashionista, anarchist, whatever. The first needs a story to share with your customers, and that means genuine skill, knowledge and enthusiasm on your part. The second – 'brand value' – means that you have to be part of the brand just as much as your jewellery is. Combine the two, let's call it 'deep branding', and you are on to a winner.

Many traditional jewellers, I fear, often still trade on the customer's misconception (in most cases) that they are making an investment or are slip-streaming on the coat-tails of tradition (and dare I say, lack of imagination) – "It's my Goddaughter Flossie's 18th. I'd better buy her a pearl necklace." But as customers become less steered by tradition and more inquisitive about what they are buying, they want more than bullion and bling. If a rich guy buys a piece of jewellery – rather than a pair of Ferragamo shoes – for his date, the money may well be the message. But I'd guess that most intelligent women would like a piece of jewellery that represents something deeper.



The worrying bit for many jewellers is the natural development of this – that one day the metal used in jewellery may become as irrelevant to buyers as the metal used for the coinage in their pocket. Remember, it is only a few generations since the concept of coinage that wasn't silver or gold, and which didn't match its intrinsic value, was inconceivable.

With jewellery becoming less and less of a hedge against inflation, there really is no pressure other than tradition to keep it on the jewellery-equivalent of the gold (or silver or platinum) standard. This could be good news for designers, but it is rather daunting for most of the jewellery industry to consider even the remotest possibility that precious metal jewellery might have a sell-by date. So does our industry's silver lining have a distant cloud?

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