

1. YOUR BUSINESS

In this module we will demonstrate the planning, principles and practices that you initially need to put in place to benefit your business. We cover the marketing planning process including defining a unique market proposition and then we cover the crucial area of consumer confidence – the practices that will guarantee the trust of your customers and the responsibilities you have as CIBJO member.

This module covers:

- 1.1 Marketing Planning
- 1.2 Consumer Confidence



Making sales is for your satisfaction. Marketing is for your customer's satisfaction.

1.1 Marketing Planning

This chapter looks at the importance of marketing and planning. It explains how examining your business now, will help improve your marketing efforts in the future.

At the end of this chapter we have provided two tools to help to put the lessons learnt into action in your own business. We have provided a SWOT analysis to demonstrate this powerful business analysis tool. In addition, the building better sales tool is a template that allows you to assess your business against ten key criteria and put plans into action that address each issue. To round off the chapter we show how Nicholas James have identified a unique value proposition.

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The current diamond market

Diamonds as a category are a powerful product with all the emotional values inherent in the best luxury brands. Diamonds were arguably one of the world's first luxury products, and certainly today are one of the largest – a true mass-market luxury. To put this into perspective, in 2005 consumers around the world bought 89 million pieces of diamond jewellery, making diamonds a \$68 billion industry. Indeed 10 million people around the world owe their livelihood to diamonds.

While the US remains the world's major diamond consumer, the developing countries of both India and China have emerged in the last decade with strong marketing programmes in markets worth over a billion dollars each in retail sales. The diamond's appeal is broad and deep.

The challenge: to anticipate change

In today's increasingly competitive environment, the challenge for you, as diamond jewellery retailers is not only to keep pace with a fast changing market place, but also to be able to anticipate future changes in both retailing and your customers' lifestyles that will impact upon your business, your diamond sales and your profits for years to come.

The way people shop and think about shopping is changing. For example flagship stores, out of town shopping malls, factory outlets, TV shopping channels,

on-line shopping, lifestyle changes; people travelling widely and seeing more, the allure of luxury brands and other trends are altering buying behaviour.

As quality and choice increase so does the need to attract consumers with exciting information and powerful advertising. In fact, never before has the consumer been so well informed.

Marketing is crucial to the success of every business. Without a successful marketing programme your company is trading at a distinct disadvantage. It is vital that you plan for the future. You cannot use strategies of the past and hope to stay ahead, gone are the days when the consumer had little choice and nowhere else to shop. You need to plan, innovate and anticipate what your customer wants if you are to survive in the future.

Marketing

So what is marketing? According to the Institute of Marketing:

'Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements, profitably.'

This means that an organisation should be based on satisfying the needs of the consumer, or end user, and making a profit by so doing. To put it another way, making sales is for your satisfaction, and marketing is for your customer's satisfaction.

How to focus your marketing to your customers?

As quality and choice increase so does the need to attract consumers with exciting information and powerful advertising



One of the simplest and yet most neglected means of increasing marketing effectiveness is to ensure that all marketing activities have a focused objective. In other words, any retail organisation should have an overall marketing plan that is built on achieving a number of clear deliverables.

An important part of effective marketing, is to work out this plan and then to write it down. Written plans are effective because they let your entire organisation understand how the company intends to go forward. They also serve to remind you of the bigger picture.

In any marketing plan, objectives must be stated and individuals put in charge of achieving these objectives. Staff can also be asked to help develop the plan, which is invaluable. They are likely to feel some degree of ownership of the plan and are more likely to support its objectives.

Marketing planning

Marketing planning is a process that gets you to focus on the customer, gives you an awareness of your competitors' strategies, and provides your organisation with an understanding of market trends. It is a process of analysis, thought and action. It is essential for business survival and long-term success. It has to become integral to your company's management style and ethos; it is not merely an academic exercise.

As quality and choice increase so does the need to attract consumers with exciting information and powerful advertising. Marketing planning is about:

- Hitting the best customer targets
- Expanding markets
- Keeping abreast of market developments

- Identifying your target customer
- Building competitive advantage and a sustainable business
- Using resources to best advantage
- Identifying company strengths and weaknesses
- Winning new customers
- Maximising returns
- Minimising challenges

Let's consider the key stages in putting together your own marketing plan

Stage 1: Identifying your strengths, weaknesses, opportunities, and threats (SWOT)

You need to plan, but how do you do this? An excellent way to begin the exercise is to do your own SWOT analysis of your business as it stands at the moment. We have provided you with a template at the end of this chapter (page 16).

The SWOT analysis is a very useful, commonly used decision making tool. SWOT stands for: Strengths, Weaknesses, Opportunities and Threats. As with all tools, a SWOT analysis becomes easier to apply the more you use it. Its major strength is that it is simple and effective to use. It will allow you to summarise your business's strengths and weaknesses in relation to your competitors, as well as enable you to highlight external factors that will impact upon your business success.

It's an easy exercise to complete a SWOT analysis off the top of your head. However, do not be tempted to do this – the simplicity of the analysis may mean that it is not taken seriously. If this tool is to work for you it must be based on objective facts and on market research findings, not merely hunches or gut feelings. So when you get to the refinement stage of your SWOT, consider the hard evidence that you have for each of the SWOTs you list. This evidence may include trade statistics, press reports, government statistics, Industry research, staff feedback, consumer comments and letters.

There are a number of ways that your analysis might be developed. Many organisations undertake a SWOT analysis for each of the markets in which they operate. For you, it may be more useful to produce SWOT grids for each of your leading competitors. This would certainly help you reveal your company's relative strengths and weakness and establish its ability to face the threats and opportunities identified in the analysis.

Your SWOT grid should provide a succinct, interesting and readable summary of the state of your business and the

Image courtesy of Nicholas James



The key to successful marketing is ownership of a carefully defined market segment

external factors and trends that impact it. If done correctly, your SWOT should highlight clear issues affecting the future direction of your business. If it fails to do this, then all this shows you is that the information you have put into the grid is not comprehensive enough, is irrelevant and/or is not specific enough.

So, to make sure your SWOT analysis works, be specific, be relevant and be focused. Here is a list of some of the areas worth considering in the analysis of your company's internal strengths and weaknesses:

- **Marketing considerations:** product range, pricing strategy, promotions you run, market information/intelligence (that you have on consumer needs, competitor strategies etc), resources, service/staff, distribution/distributors, branding and product/store positioning, merchandising.
- **People considerations:** level of training/competence, distributors, marketing, sales & after sales service, processing, company management style.
- **External factors are also worth considering:** social/cultural, regulatory/legal/political, technological, environmental, economic conditions, level and type of competition and any other external factors that are out of your control, but which have an effect on the way your business operates.

Stage 2: Identifying where you currently sit in the market.

As jewellery retailers you will be focusing on providing products and services to your customers. However, this is not enough in this challenging and competitive

market. You must also build and maintain good customer relationships, and establish trust and an overall expectation from your customers that you are consistently able to understand and meet their buying needs and exceed their service expectations.

To achieve this you must first understand where your business sits in the market. You must:

- Understand who your competitors are
- Understand who your customer is
- Understand how your customers perceive your business and what it stands for
- Understand what your customers' expectations are, and consistently meet/exceed them
- Plan your positioning strategy
- Plan your competitive strategy
- Plan how to differentiate your business
- Determine your unique value proposition
- Plan how to attract customers
- Plan how to keep those customers

Understand how your customers perceive you and what your business stands for. Your business already communicates to its customers. This may have been a planned conscious effort on you and your staff's part or not. Anyway, now is the time to establish what your customers believe your business is about. Take care though, not to confuse your own perceptions of your business with theirs. Ask your customers, your staff, your business neighbours and your family what they believe your business is about and then complete this statement.

"We are in the business of"

It is a useful exercise to think about your business as though it is a car. Does it represent basic transportation or high performance transportation? Does it offer optional extras (expert repairs, valuations, commissions) or no frills? Does it offer glamour and romance and/or a steady reliable feel? Does it represent high or low status? It is essential that there is not a huge gap between what a business thinks its doing and what its customers think it is doing?

In the SWOT business tool example (page 12), Alex and Stephanie needed to do this as a priority. They initially tried to be all things to all people, they soon found that by defining themselves as antique jewellers, they were not allowing their customers to focus on them clearly. They had an opportunity to redefine themselves as a niche jeweller, specialising in creating unique designs inspired by the past, from drawings and sketches that they discovered whilst they were clearing out the storeroom for extra space.

Stage 3: Understand your business

To help define 'what you are in the business of', you need to:

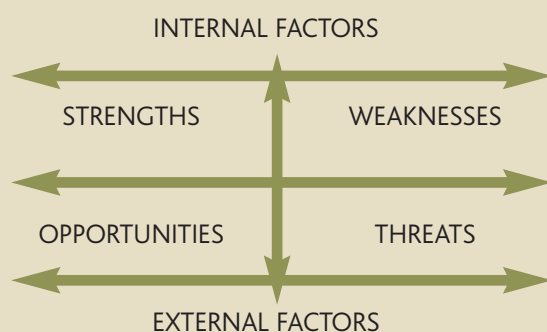
1. Understand your customer's expectations and consistently meet or exceed them:

All of your staff must be focused on this essential aspect of marketing; otherwise your business will not be the first choice for your customer. Your staff should be encouraged to 'own' and be aware of the goals and purposes of your business so that they can maximise their talents, strengths and realise their expectations. An important aspect of meeting your customer's expectations is to ensure that they are comfortable with the entire shopping experience that they receive from you.

• See SWOT Analysis Appendix

If you have not had the opportunity to do a SWOT analysis before, read the example SWOT Analysis business tool, about Alex and Stephanie Glover at the end of this chapter (page 12). Alex and Stephanie have recently inherited their uncle's shop that had been in the family for three generations. Over the years, the business had been run down, but in its heyday it created bespoke diamond jewellery for the local gentry. Alex and Stephanie are both in their late 20's and having held down jobs in the financial services industry, felt they would like the challenge of running their own business and returning it to its former glory.

The case study looks at how Alex and Stephanie responded to their SWOT analysis. Building on their strengths, capitalising on the opportunities they identified, whilst attempting to overcome weaknesses and threats.



2. Understand who your competitors are:

Recognise that it is not a disaster if you have many competitors in your vicinity, because it means that when someone is looking for an item of jewellery they will be attracted into your area. What you need to do is understand your competitors and their positioning, in order to determine what you can offer that is unique – your unique selling point.

3. Understand who your customer is:

Market segmentation is the term used to describe the act of dividing the market into specific groups of consumers/buyers who share common needs and who might require different products. The way for you to do this is by examining your existing customer database. What have you sold to whom, why and when?

Therefore:

- Know your best and worst selling lines
- Know who your customer is in terms of where she/he lives and if possible what type of lifestyle she/he leads
- Know why she/he chooses to come to you, if she/he is loyal and/or price/fashion/ quality/design conscious
- Know about sales, cycles, when does your business trough and peak?

Recognise that once you know who your customer is, you are in a strong position to develop your business, to build a distinct and differentiated business.

Stage 4: Establish your future market position

1. Plan your positioning tactic:

Positioning may be defined as the act of designing and developing an organisation or product so that it occupies a distinct and valued place in the minds of the target customers. The way to achieve this is by working out how to 'differentiate' your jewellery business from others. Your 'position' will determine how your shop looks, what product and service it sells, how they are sold, how your staff behave.

Go back to your statement "We are in the business of" to review where you are now and then consider how you may modify this position to establish yourself as a market leader.

Research into successful leaders, shows that the position that you select must meet the following criteria:

- **Availability:** the position you choose must be available. The position that you aspire to cannot be 'owned' in the minds of your customers by another jewellery retailer. It is difficult and ill advised to challenge

a competitor who holds a position in a market. You are usually, far better off defining, establishing and protecting a position that is unique.

- **Distinctiveness:** the position you choose must be distinctive, meaningful and relevant to your jewellery buying target customer.
- **Credibility:** your chosen position must be credible; your customers must believe you have the necessary expertise, knowledge and skill to be able to deliver from the position you have taken.

2. Plan your competitive strategy:

Are you going to follow a broad market or go for a narrow 'niche' market? To achieve maximum profitability you must develop a sustainable competitive advantage. You must decide if you are going to differentiate your business by offering distinctive features, for example focusing on particular products, particular benefits, or particular services or price points. You must then decide who you want these features to appeal to – a narrow target or a much wider audience. The more specific your target audience, the more specialised and targeted you can make your product and services.

Stage 5: Differentiate your business from others:

To be able to plan how to differentiate your business from others, you must ask yourself:

Why do my customers come to buy from this shop rather than from any other?

It might be the type of services you offer, the ways in which those services are delivered or performed, it may be to do with the high level of knowledge or skill demonstrated by your staff.

What products or services can I offer to my customers, and to prospective customers that are meaningful, relevant and distinctive enough to make them visit my shop and not my competitors?

It may be that by offering unique product lines you can differentiate yourself. Ensure that you and your staff visit trade fairs to see what is new. Nicholas James has determined his unique selling point is a focus on platinum jewellery. A great quote in the case reads: 'People come here for something they know they will never see again... and customers increasingly want something unique'.

Stage 6: Getting new customers:

This is a three-stage process:

- **Awareness:** customers have to know that your business exists.
- **Attitude:** customers must have a favourable attitude towards you. This comes from them understanding your 'position' in the diamond jewellery market and being able to differentiate between you and your competitor thanks to your distinctive identity and unique value proposition.
- **Action:** customers then have to purchase from you. A prospective customer will only become a paying customer through the actions of you and your staff. Staff must be competent and fully trained to maximise their opportunities to fulfil customer buying needs. It has been said that only 50% of individuals who go into a jewellery shop will buy. Because no one yet knows how to identify that 50% it makes good business sense to treat every potential customer as you would a paying customer.

Stage 7: Keeping customers:

Plan how to keep those customers: Each one of your customers is an important cog in establishing your business as the market leader. The more competition there is to recruit new customers the more important it becomes to retain existing ones. Be aware that every customer who comes into your shop, comes in with a set of expectations about what products, quality and service they can expect. In order to build customer loyalty and a good reputation, your business must strive to meet customer expectations, and to exceed them wherever possible.

Every member of your staff must be made to understand that the way in which they interact with the public will have a direct impact on the success of your business. Building customer relationships is a vital aspect of marketing for increased profit. Keep in touch with your customers, keep them interested in what you are doing, and stimulate them to visit you, make them proud to be one of your customers. Ensure that there is a 'feel good' factor for them when they take the trouble to come into your shop. It is vital that you monitor your activities on a regular basis. Survey your customers to assess how satisfied they are. Market leaders ensure that their customers are always delighted with their goods and services.

Business Tool 1

SWOT analysis

The business tool below looks at how 'SWOT' analysis was used to make positive changes to improve the sales results of a traditional family jewellers, used in conjunction with the template provided their learnings can drive the success of your business.

Alex & Stephanie Glover – background

Alex and his cousin Stephanie admitted that they knew very little about jewellery, beyond what they learnt as children while spending time in the shop with their Uncle George. Stephanie, before pursuing her career in the City had completed a fine arts degree and always felt that she would like to design jewellery for herself and her friends. With their uncle now retired, it fell to them to make a go of running his shop. The shop itself was in a secondary shopping position in a bustling market town in the southwest of England. The shop was one of a row along a historic Regency arcade and although quite shabby (no one could remember when it was last fitted out) it had all the basic equipment: an alarm, a safe, and showcases.

There was a separate kitchen and a sizeable workroom that was currently being used as a storeroom – jam-packed with window display props, dusty old ledgers, reference books and old drawings. Both Alex and Stephanie felt they wanted to retain the 'faded elegance' of the shop and more or less continue with things very much as their uncle had done. Since their uncle's time, with his vast knowledge and collection of precious antique jewels and collectables, the shop had become well known for the expertise of a master watchmaker who, before he retired, operated from the workroom behind the shop.

Alex felt they should see how things went and not make any changes until they had a few months trading behind them. Stephanie, the more head-strong of the two, decided that they should buy some additional 'stock' to brighten up their window display. They bought some modern rings, bracelets, necklets, earrings, brooches and charms. They were not convinced by a local wholesaler to buy some modern silver items, but were persuaded to buy a few clocks.

Current pattern of trade

On day one... They arrived at their shop at 8am. They dressed the window, cleaned the carpets and polished the displays. At 9.30 they were ready to start trading... they were so excited...their childhood dreams were to become true. Unfortunately, by the end of the first day they were not so excited. They had only served three customers.

They had only sold two items of stock, and these were of relatively small value. Still, they realised that they must be positive and anyway tomorrow was another day.

On day two... They arrived and by midday they realised that they had not seen a single customer. Stephanie decided to go out and walk down into the high street, where to her dismay she saw a busy market selling second-hand books, jewellery and bric-a-brac. Although they ended the day taking more money than the previous day, they had lost one of their antique rings. It had been stolen. It must have happened when Alex had been having his lunch in the kitchen.

Day three... Was going brilliantly, until at 3 o'clock they realised, having not seen a customer for some time that the town had closed down for the afternoon.

On Thursday... Stephanie had a terrible argument with a customer about a necklace that he wanted to return because he had seen a cheaper one in the high street.

On Friday... Alex lost a customer when he found that he was unable, in spite of having the instructions, to set the time on the clock the man was about to purchase.

On Saturday... Business was very good in terms of the amount of goods that they sold. However, they were disappointed that very few pieces of their Uncle's stock had been asked about. When they looked at their sales for the week, they realised that they had just covered the running costs, but had not taken enough money to pay them, let alone buy stock to replace what they had sold.

For the next eight weeks... Alex and Stephanie traded but the position did not improve markedly. It was clear something had to be done and done quickly. First they carried out a SWOT analysis of their business by analysing the business's internal strengths and weaknesses and its external strengths and weaknesses in the market.



Business Tool 1: Continued

A SWOT Grid:

<p>Strengths:</p> <ul style="list-style-type: none"> • Enthusiastic young owners • The store's heritage as third-generation traditional jewellers • Lots of different types of stock • An appreciation of jewellery design – Stephanie's BA honours degree in fine arts • Supportive family • Family money to invest 	<p>Weaknesses:</p> <ul style="list-style-type: none"> • Very little product knowledge • Not enough shop security • Lack one type of stock – modern and antique • Inexperience in dealing with wholesalers • Lack of merchandising skills • Lack of selling experience • No knowledge of the market, their competition or their potential customers • Lack of understanding about the profitability of different types of stock
<p>Opportunities</p> <ul style="list-style-type: none"> • A unique 'historical' trading position • A thriving town • Old ledgers and books of past designs created over the years for clients • Alex's family links with thriving local hotel and restaurant • Variety of outside agencies that could help 	<p>Threats</p> <ul style="list-style-type: none"> • Seven other jewellers in the town • Major out of town shopping centre, fifteen miles from their shop • Short-term cash-flow difficulties • High business rates • Road works and town diversion planned whilst building extra car park • Shop close to the antique market

So what process did they go through

First they listed the points they had included in order of importance, as they worked through they recognised that there were some useful rules to develop their SWOT analysis.

Here is a summary:

- Only include key points/issues
- Have evidence to support these points
- List key activities to capitalise on strengths
- List key activities to exploit opportunities
- Consider the threats you have listed and think, 'What can I do about these?'
- Consider the weaknesses you have listed and think, 'What can I do about these?'

As Alex and Stephanie did this exercise they realised that they had made some major mistakes. The SWOT analysis allowed them to think through the situation and make decisions based on an analysis of the facts, before they got into financial difficulty.

What they then planned to do and why

The action plan below is the result of Alex and Stephanie responding to their SWOT analysis. They have attempted to build on their strengths, capitalise on the opportunities they identified, whilst attempting to overcome weaknesses and threats.

1. Capitalise on Strengths

First they decided to stop trading to gain time, to think and to plan.

They needed to identify their target customer; examine their uncle's customer list and research different types of customers buying habits to see whether or not there is a group of consumers who are not currently being serviced within the town.

They then focused on preparing a detailed stock list of items they must carry so that they had a sensible, balanced stock of the right quality, focused on their target customer.

It was also necessary for them to find ways of getting the required product knowledge, related to stock, so that they could offer a professional service to their customers.

2. Rectify weaknesses

To rectify internal weaknesses they decided they needed to:

- Contact the wholesaler to ensure that the stock they had bought in an unplanned way would be exchanged for more suitable items.

If you haven't already, think about how to do a SWOT analysis to help assess your business. Follow the simple steps below.

1. Print or photocopy the SWOT template provided (page 16)
2. "Brainstorm" your responses. Write down anything that occurs to you that seems to fit into the label category however odd it may seem. Never try to SWOT by logically completing the sections one at a time.

3. Work in rough at first. Polishing the SWOT comes later when you evaluate the relevance and importance of each item.
4. Expect strengths to be matched by weaknesses and opportunities to be matched by threats. They are not always matched, but generally they will be, for example Alex and Stephanie's shop has a strength as it is a third generation business, but having no knowledge of the market or their potential customers must be listed as a weakness.
5. It is important to note that, essentially strengths and weaknesses are internal factors (i.e. Relating to your store's performance) and opportunities and threats refer to external factors (e.g. your store's position in the market).

Principles of SWOT for your business:

- Choose a suitable training course to enable them both to deal more skilfully with selling skills and customer care.
- Analyse their uncle's trading records and their few weeks trading turnover, to understand the past and plan for the future.
- To focus and buy goods that meet their customers' buying and service needs, analyse what had been bought, what stock had been shown, and what had been said to customers about the services that they were offering.
- Begin trading again, building up a database of all visitors to the shop so that they know who their customers are, and who their potential customers are and where they live so that they could contact them in the future.

3. Exploit Opportunities

To exploit external opportunities they decided to:

- Contact outside agencies, such as:
- Industry Trade Associations: For support, information, advice and research relevant to the success of growing your diamond business.
- Insurance Companies: For advice on insurance and security matters.

- Credit Card Companies: For advice and help regarding facilitating customer payments.

In addition to this they set out to:

- Create a business plan as a baseline for their day-to-day business so that they can utilise the information gained from the agencies and their research in a systematic and practical way.
- Do some research into what stock is carried by their competitors, to see what others are offering and to identify gaps in the market that they might be able to take advantage of.
- Check their margins, set their prices and fix price points. To meet the needs of customers, it's important to be competitive.
- Visit trade fairs to check out innovative new designs and merchandise, and meet suppliers.
- Re-stock with selected diamond merchandise at optimum levels, so that they learn more about their intended target customer, and be in a position to change direction, meanwhile capitalising on the profitability of diamonds.
- Investigate local marketing support, to help plan their marketing programme.

4. Minimise Threats

To minimise the risk of external threats to the business they planned to:

- Update their plan on a quarterly basis to monitor the business and to demonstrate to their bank manager that they are going to succeed.
- Survey their customers to check how good their service is and how it might be improved in order to confirm that they have understood customer needs.

Expect strengths to be matched by weaknesses and opportunities to be matched by threats



Business Tool 1: Continued

How they used SWOT analysis to differentiate their business:

1. We are in the business of...

Alex and Stephanie initially tried to be all things to all people. However, they soon found that by defining themselves as antique jewellers, they were not allowing their customers to focus on them clearly. They had an opportunity to redefine themselves as a niche jeweller, specialising in creating unique designs inspired by the past from drawings and sketches that they discovered whilst they were clearing out the storeroom for extra space.

2. Understand who your customer is...

Alex and Stephanie were able to capitalise on the advice about their shop's environment. Research shows that a friendly, browser-welcome atmosphere suits customers, particularly women. Inviting displays, visible pricing and well-trained tactful staff encourage the female customer into the 'buying comfort zone' that is evident, and so successful in department stores. With the help of ambient lighting, mirrors, a few comfortable chairs that remind women of the clothing stores where they shop, Alex and Stephanie were able to ensure, that women felt comfortable in their shop.

3. Understand your customers' expectations and consistently meet/exceed them...

Alex and Stephanie have now taken proper sales training, and will ensure that all staff undertake similar training.

By having skilful and properly trained staff who recognise that their role is about serving the needs of the customer rather than 'selling' to them, they have created a point of difference for their store.

4. Plan your competitive strategy...

Whilst Alex and Stephanie were looking at some old designs that had been created during Uncle George's father's time, they came across a design of a pair of tiny diamond hearts that were entwined and hung together on a chain. Working with a friendly supplier, they commissioned a limited series and created their first diamond promotion to celebrate Valentine's Day.

5. Understand how your customers perceive your business and what it stands for...

Alex and Stephanie placed, in the window display, some of the old design sketchbooks that they had found. Luckily enough they discovered an original design that matched one they had in stock. It added interest to their window and gave them the opportunity of discussing with their customers whether or not a bespoke service of hand made jewellery would interest them as it had done in their grandfather's time.

6. Plan how to keep those customers...

Alex and Stephanie took action, and now three years later they have five staff and are seriously considering setting up a whole division to distribute/market their products to other carefully selected retail jewellers.

Please see overleaf for a SWOT analysis template for you to print or photocopy to fill-out yourself.

Research shows that a friendly, browser-welcome atmosphere suits customers, particularly women



Business Tool 1: Continued

Strengths

Weaknesses

Opportunities

Threats

Business Tool 2

Building better sales

The first step is to define exactly what you would like to be as a jewellery retailer in the declaration of intent section.

For example your declaration of intent might read as follows: **I want my jewellery store to be seen by the financially privileged, status conscious population of the area in which I operate, as the shop offering a good range of high quality jewellery and outstanding customer-service.**

You are then ready to assess yourself against the various criteria listed in the table. The table is split into 10 key areas.

- Environment
- Aspect
- Stock & range
- Personnel
- Training & education
- After-sales service
- Advertising
- Promotion
- Public Relations
- Security

When you fill out the table you will be asked to rank your business against each of the criteria. This is a relative scale so mark each area against the others – this will give you some idea of the degree to which you need to address the issue outlined.

The next step is to determine what action you will take to address the issue. For example let's talk about how we might address the first section – environment.

	I Have					I Will
	--	-	0	+	++	
ENVIRONMENT						
Competition from other jewellers					X	Maintain a focus on quality rather than quantity.
Other relevant competition				X		Capitalise on the significant passing trade that is attracted to our street due to the many luxury product shops in the area.
Public Transport			X			Need to discuss with Council proposals to make our street pedestrian.
Number of potential customers passing in front of your store		X				Create a Captivating window display that will attract customers into my store, instead of passing by to other jewellers.
Parking Places	X					Give free parking vouchers to customers.

Business Tool 2: Continued

Declaration of intent:

Empty box for Declaration of intent.

	I Have					I Will
	--	-	0	+	++	
ENVIRONMENT						
Location						
General impression of location (other businesses)						
Competition from other jewellers						
Other relevant competition						
Public Transport						
Number of potential customers passing in front of your store						
Parking Places						

Business Tool 2: Continued

	I Have					I Will
	--	-	0	+	++	
ASPECT						
Exterior: Facade/shop front						
Signage/facia						
Windows:						
• number						
• suitability						
• display						
Entrance						
Interior: Fixtures & Fittings						
Furnishings						
Showcases						
• number						
• quality						
Overall decoration						
STOCK & RANGE						
Diamond Engagement Rings						
Diamond Anniversary Rings						
Diamond Jewellery						
Large Diamonds (solitaire)						
Diamonds for Men						
Diamond Solitaire Necklaces						
Three-Stone Rings						
Other Jewellery						
Watches – No. of Brands						
Silverware						
China/Glass						
Others						

Business Tool 2: Continued

	I Have					I Will
	--	-	0	+	++	
PERSONNEL						
No. of People:						
• Full-time						
• Part-time						
Image/Appearance						
Attitude						
Credibility						
Team Spirit						
TRAINING & EDUCATION						
General Marketing Skills						
Diamond Product Knowledge						
Diamond Selling Skills						
Other Product Knowledge						
Other Selling Skills						
Window Display Skills						
Telephone Skills						
AFTER-SALES SERVICE						
Jewellery						
Watches						
Other						
In-house						
External						
Delivery Time						
Price						
Attitude						

Business Tool 2: Continued

	I Have					I Will
	--	-	0	+	++	
ADVERTISING						
Quality						
Frequency						
Choice of media						
PROMOTION						
Specific						
General						
Frequency						
PUBLIC RELATIONS						
Quality						
Frequency						
SECURITY						
Windows						
Entrance						
Service Entrance						
Safes						
Stock						

Overall Assessment:

Having completed this form, how close do you think you come to your opening statement, "I want..." ?

Case Study

Nicholas James



There is a revolution in jewellery retail design. Josh Sims (contributor to the Financial Times, GQ and The Independent) provides an insight into Nicholas James, one retailer whose novel approach is bringing in the business.

Main Case Study Focus:

1. Using Visual Merchandising
2. Choose a Sales Approach that compliments your brand
3. Develop a Unique Selling Point
4. Understand Market Trends and meet new demand

Visual Merchandising

Fried eggs, even plastic ones, are perhaps not what you might expect to find in the window of a respectable jewellers. Nor rubber ducks, nor astroturf, nor limes hanging from strings. "That last idea was a mistake," admits Nick Fitch, head of Nicholas James, a Hatton Garden retailer of contemporary brand jewellery for five years now. "They took ages to get up and went mouldy in two days."

But such novel display methods (windows are redesigned every other month) are just one of the ways in which Fitch chooses to make his business stand out. Certainly, he bucks standard jewellery display philosophy throughout: while many retailers insist on cramming their windows with all their merchandise, leading to the inevitable use of conservative and unexciting ring-pads, Fitch puts just a taster selection in his.

"The window is a stage, an introduction to the brand for passing trade," adds Fitch. "People come in just to tell us how much they love it. And it has been an absolute benefit: it brings in business. Too many jewellery retailers are afraid to move away from the traditional, mind-numbingly dull window. Even though they don't appeal to the modern customer."

And, as with windows, so with marketing: local advertising, some of which you can see at the local tube station and London newspaper supplements, draws many customers to the Nicholas James website (www.nicholasjames.com), where they typically request a brochure. This is not your usual catalogue but a taster of the Nicholas James style – artfully formatted, luxuriously hard-backed and wittily annotated ("less is more – providing you had more in the first place", one note jests). The brochure leads customers to the shop.

Key learnings

- There is a need to differentiate using displays – a window full of ring pads is no longer enough.
- Be brave with your visual merchandising and develop ideas that will make your business stand out.

Sales Approach

Here, the broad, backless display at Nicholas James also ensures that window-shoppers can see straight to the back of the store: a glimpse of the style and relaxed sales environment within, and perhaps, over the last summer, of a denim-clad and barefoot Fitch.

"Not one customer minded at all," he says. "Our sales approach is very laid back, which is also unusual. We don't try to sell our jewellery. We get to know our customers and build a relationship, which benefits repeat business, and is important because for most people jewellery shopping is done 'blind'. People don't really



"The window is a stage,
an introduction to the
brand for passing trade"

*Nick Fitch,
Nicholas James*

Case Study: Continued

know what they're looking at. So good jewellery salesmanship is mostly about imparting information."

This may be becoming a familiar approach among today's contemporary jewellers, but in Hatton Garden, among traditionalists, it helps to make Nicholas James a destination store – making its location, at the wrong end of the road, on a side-street, no problem.

Certainly Fitch might be said to be passionate about retail. Beginning his career as a diamond buyer (an expertise still handy when it comes to quick, competitive and quality sourcing), he established the Nicholas James name a decade ago when he began to design, manufacture and wholesale contemporary jewellery to some 60 accounts.

One of the key trends in the industry is the rise of branded jewellery. For Fitch, this is when control over merchandising became essential and his former wholesale operation transformed into retail and the shop, Nicholas James, was born. Up to three are set to follow in London, with the second planned for summer 2004.

"The shop means a brand can do what it wants, how it wants to," says Fitch. "Plenty of contemporary jewellers stock loads of brand designs, but there are not many designer-makers also retailing. More manufacturers are realising that if they have a unique product, they are better off selling it themselves. As an approach I can't fault it."

Key learnings

- Do not offer your customers the 'hard sell'. Building a relationship with customers will lead to repeat business.
- Creating theatre in-store complements the products and invites customers in.

Find a Unique Selling Point

But Fitch also seeks to distinguish his brand through what really counts: the product. While 99% of Fitch's clean and understated designs – created in partnership with goldsmith Dave Howarth using wax moulds – carry diamonds, 80% of his stock is platinum.

Fitch now sells over nine platinum pieces for every yellow gold one, and because he has been working with what he calls "a pure, noble metal" for eight years, the business has established a recognised expertise in it and the latest technologies that make wider creativity possible.

"There have been platinum trends before, but this time it shows no signs of maturing," suggests Fitch. "Platinum is incredibly popular and it complements diamonds so well. Customers are more diamond savvy now – as a result of marketing, diamonds are as popular as ever, among men as well as women and they remain the ultimate symbol of love or affluence. But our customers are also aware that more technical expertise tends to go into making a platinum piece."

Fitch is also gaining a reputation for being indulgent with materials. While designs are commercially-minded ("we don't do diamond-studded G-strings"), Nicholas James doesn't shy away from weight. At the extreme, some platinum rings can weigh up to a hefty 75g.

This means that Nicholas James can offer very little under £500, which, Fitch admits, proves problematic at certain peak selling periods, such as Christmas, when the jewellery trade sees a rush of shoppers with £100-500 to spend. But it also means that Fitch is known for his specialist pieces: Fitch often offers one-off rings that have been designed around a certain stone.

"Customers increasingly want something unique"

*Nick Fitch,
Nicholas James*



"People can come here for something they know they will never see again," says Fitch. "And customers increasingly want something unique."

This is something, Fitch stresses, more designers/retailers are recognising. He cites a number of fellow jewellery hands whom he considers to be exemplary, among them Paul Spurgeon ("fantastic attention to detail"), Stephen Webster ("a man who has marketed his brand extremely well") and Notting Hill's Wint & Kidd ("a great name and an example of a retailer who is unashamedly prepared to open a shop that looks nothing like a jeweller's").

Key learnings

- Great merchandising can make a shop a destination site for 'would be' jewellery customers.
- Customers are showing increased demand for 'discreet luxury'. Quality is likely to win over quantity and the search is definitely on for something unique.

Market Trends

Indeed, some 20% of Fitch's sales are now bespoke items. More customers are willing to spend upwards of £2,000 and to undertake the potentially slow process – several meetings with the designers over up to eight weeks – to get individualistic creations, especially for occasion rings. One customer spent £50,000 on a diamond solitaire, though Fitch believes that there is a trend towards "quality over quantity".

"Many customers have been numbed by the huge amount of poorly made, uninteresting jewellery out there now," says Fitch. "But their growing knowledge means they have some idea as to

what constitutes quality. They're after the perfectly finished piece rather than a larger, flash for cash piece."

The essential timelessness of Fitch's designs is also appealing, and something he is aware of while developing new ideas. While all jewellery dates to some degree, customers are increasingly concerned that their quality jewellery is more classic than fashion.

That said, Fitch is also careful to protect the Nicholas James brand. He has declined lucrative bespoke work when the customer has brought a loose diamond of poor quality to work with or comes with a design idea not in keeping with the brand philosophy.

"And then there are those customers who come in waving an ad for a piece by another jeweller," exclaims Fitch. "We have to say, gently, that it would be a better idea to go and get it made there then."

"We're not for everyone, though we have enough people coming in to tell us they like what we do and the way that we do it," he adds. "But certainly I think the more traditional jeweller probably wonders what the hell we're doing."

Key learnings

- Consumers are increasingly more discerning, recognize there is a trend towards 'quality over quantity'.
- It is increasingly important to protect the integrity of the brand reflected within the product range.



'Building consumer confidence in the product you sell is critical to your reputation and continued success as a professional jeweller'...
'Your reputation is at stake'

1.2 Consumer Confidence

This section aims to provide you with an overview of the key consumer confidence issues facing the diamond industry and looks at the role that you, the retailer, need to play in protecting consumer confidence.

This chapter covers:

- Consumer confidence 26
- Business responsibility 26
- Social responsibility 27
- Environmental responsibility 27
- Technical responsibility 28
- Your role as a retailer 28

Consumer Confidence

Sustaining consumer confidence is critical to the future success of the jewellery industry. This section provides an overview of some of the key consumer confidence issues facing the diamond industry and the role that you, as a retailer, need to play in addressing these challenges.

- Understanding business, social, environmental and technical responsibilities
- Key considerations for your business

While demand for diamonds has never been stronger, sustaining future growth relies on maintaining consumer confidence in the practices of the wider jewellery industry now.

Consumers today are better informed and more socially and environmentally conscious than ever before. When they buy, they need to feel confident about the industry they're buying from as well as the product they're buying. Particularly when buying diamonds or high-end jewellery, where considerable time, money and emotion is invested in making a purchase. It is no longer good enough to tell the consumer we have the highest ethics, we have to prove it.

There are a number of potential consumer confidence challenges for the jewellery industry. Some of those most recently highlighted in the media include conflict diamonds, gold mining practices, lack of disclosure of treatments and synthetics as well as poor working conditions in manufacturing centres. Maintaining consumer confidence in the face of these challenges relies on the industry working to set and maintain leading standards that serve to reassure consumers, protect the integrity of the industry and sustain demand for jewellery.

As a member of CIBJO, you are bound by the CIBJO Code of Ethics, a set of principles designed to:

- Adopt the highest professional and ethical standards
- Protect consumer interests
- Uphold the integrity of our industry

The code can be found on the CIBJO website at www.cibjo.org

Consumer Confidence – A Retailer's Responsibilities

All industries face potential challenges to consumer confidence and addressing these issues is part of modern business practice. In CIBJO's view, the future success of the industry relies on businesses recognising and meeting responsibilities in four key areas – business, social, environmental and technical. While these areas are relevant to the whole jewellery sector, let's consider the specific responsibilities of the diamond industry in relation to each of these.

Business Responsibility

Upholding responsible standards around trading practices is crucial to maintaining consumer confidence. This means:

- Only trading in diamonds from legitimate sources
- Condemning illegal practices
- Promoting responsible supply chain management
- Working to promote sustainable development in every aspect of business

Promoting responsible trading practices

In 2002, the Kimberley Process was implemented to promote the trading of diamonds from legitimate sources. Today 69 governments, in partnership with NGOs and the diamond industry are committed and legally bound to this UN-mandated certificate of origin process and over 99% of diamonds are from conflict-free sources.



The Kimberley Process

Under the Kimberley Process, each shipment of rough diamonds exported across an international border is required by law to be transported in a tamper proof container and accompanied by a government-validated certificate assuring the diamonds are from sources free from conflict. Each certificate must be resistant to forgery, uniquely numbered and include a date describing the shipments content. The shipment can only be exported to a co-participant country in the Kimberley Process.

This safeguard against illegal practices is taken further to cover polished diamonds and diamonds in jewellery by the 'System of Warranties'.

The System of Warranties

To provide consumers with even greater confidence, the World Diamond Council (WDC) has worked to extend the Kimberley Process by introducing a 'System of Warranties'. Under this system, which has been endorsed by all Kimberley Process participants, every buyer and seller of polished diamonds and jewellery containing diamonds must make the following statement on all invoices:

"The diamonds herein invoiced have been purchased from legitimate sources not involved in funding conflict and in compliance with UN resolutions. The seller hereby guarantees that these diamonds are conflict-free based on personal knowledge and/or written guarantees provided by the supplier of diamonds"

Every legitimate business selling diamonds is committed to ensuring they comply with the Kimberley Process and System of Warranties, that they train staff on the issue and have a clear conflict diamond policy in place.

For more information, go to www.diamondfacts.org where you can learn more about the Kimberley Process and System of Warranties, the measures you should have in place and the positive effect that diamonds are having on the development of many African countries.

Social Responsibility

For all businesses in the diamond industry, it is critical to implement and uphold recognised standards of employment conditions. This includes health and safety at work, non-discrimination of workers, fair remuneration of workers, elimination of child labour and preservation of basic human rights.

The reputation of the whole diamond industry relies on every business taking their responsibilities in this area very seriously. Workers must be fairly remunerated, given reasonable breaks, provided with representation where required and given safe and clean working environment. Furthermore, practices such as the employment of forced or child labour should be universally condemned.

This is a key part of the CIBJO Code of Ethics – for more information go to www.cibjo.org

Environmental Responsibility

All businesses involved in diamond operations have a responsibility to ensure that their activities are conducted to the highest standards of environmental care. The ISO 14001 standards are considered to be the internationally recognised benchmark of environmental best practice, irrespective of the nature of one's business or position in the supply chain.

All businesses involved in diamond operations have a responsibility to ensure that their activities are conducted to the highest standards of environmental care.



Taking your environmental responsibilities seriously means:

- Conserving biodiversity, energy and water wherever possible.
- Applying the principles of reduction, recovery, re-use and recycling across all operations.
- Managing and minimising wastes, emissions and dust to prevent pollution.
- Minimising the impact that new developments or expansions have on the environment.
- Implementing a clear environmental policy, sharing responsibility for this with employees and monitoring its consistent implementation.

Every business has some impact on the environment and needs to work to minimise its footprint and unsustainable business practices.

Technical Responsibility

The essence of consumer confidence is ensuring that consumers are properly informed about the nature of the product they are purchasing and are not misled in any way. Extensive consumer research demonstrates that consumers expect to purchase diamonds in their natural state, having only been subjected to the processes of cutting and polishing.

Full disclosure of any simulants, synthetics or treated diamonds is therefore critical to maintaining consumer (and trade) confidence in diamonds. Everyone in the trade should:

- Clearly identify and understand the difference between diamonds and other products (detection)
- Proactively disclose and accurately label all products (disclosure)



Full detection

All simulants, synthetics and treated diamonds are fully detectable, so knowing how and where to have stock tested is the first step to preserving consumer confidence and fulfilling your responsibility of disclosure. Most professional gemmological laboratories have the necessary equipment and resource to effectively and rapidly detect synthetics.

Proactive disclosure

Full disclosure involves the proactive, complete and total release of all available information about a stone and all material steps it has undergone prior to sale. It should happen whether or not the information is specifically requested and regardless of the effect on the value of the stone. The principles of disclosure also relate to accurate labelling, segregating products in-store to provide clarity and providing accurate product descriptions.

The FTC and CIBJO's technical definition of a diamond is, "a natural mineral consisting essentially of pure carbon crystallised with a cubic structure". Any product being sold that differs from this description should be clearly and accurately disclosed for what it is (see table of definitions).

Full disclosure is critical in maintaining consumer confidence and CIBJO takes this very seriously.

Your Role as a Retailer

Having read this section, you will understand why, as a retailer, you have a critical role to play in the protection of consumer confidence.

Consumers must be able to trust what they are buying at all times. You are key to helping them make an informed decision.

Listed below are some of the initial practical steps you can take to protect consumer confidence.

1. Take consumer confidence issues seriously

- Keep abreast of issues via the jewellery trade press, trade shows, professional organisations and consumer press.
- Ensure that you comply with all relevant national legislation and industry standards/regulations regarding business, social, environmental and technical policies.
- Understand and abide by the requirements of the CIBJO Code of Ethics (see appendices).

Diamonds are unique, magical treasures that hold deep emotional value for the consumer



- Go to www.diamondfacts.org and learn more about your obligations regarding conflict diamonds, the Kimberley Process and the System of Warranties. Understand the positive impact that diamonds, as a major natural resource, have on many countries in Africa.
- Know who to go to if there is a breach in proper practice, in the first instance this should be your national trade association.

2. Promote transparency

- Ensure proactive disclosure is enshrined in your principles
- Be clear about your own language and policy with the consumer.
- Label products and segregate correctly. Whatever your business, sales staff should know about the products they sell and the requirements of disclosure. If you need further information on this see the For more information see www.cibjo.org/bluebook.html.

3. Build trust in your supply chain

- Have confidence in your supply chain. Only buy from reputable suppliers and question them about their own policies and practices.
- Require that all suppliers provide system of warranties guarantees on invoices with all purchases and provide these to your customers when selling diamonds. Do not buy from vendors who won't provide these assurances. Keep records of all warranty invoices issued and received. These must be audited and reconciled on an annual basis by your auditor.
- Make suppliers aware of the need for disclosure. Require full disclosure for all your purchases.

- Keep an eye out for an unexpectedly large amount of yellow or brown stones (particularly if perfectly matching) becoming available as this may suggest that undisclosed synthetics are being pushed into the legitimate channels. Awareness of what to look out for at retail level can help thwart practices damaging consumer confidence.
- Know who the reputable laboratories located in your market are and how they can benefit you. Get stock checked by a qualified gemmologist.

4. Promote the diamond values

- Promote and celebrate the values that make diamonds so special to the consumer.
- Remember diamonds are unique, magical treasures that hold deep emotional value for the consumer. Make sure you capitalise on this and know how to sell diamonds in a way that will inspire and delight your consumer.

5. Keep consumer confidence issues in perspective

- Keep a balance and perspective on consumer confidence issues – remember that the diamond industry has taken responsibility in tackling ethical/professional standards issues head-on with good success and continues to do so.
- If you require more information on any of subjects covered in this section, then please use the 'contact us' facility on the CIBJO website.

Name	Definition	Detection	Disclosure
Simulant	<ul style="list-style-type: none"> • A 'simulant' is something that mimics a diamond but is in fact an entirely different material, such as cubic zirconia, synthetic moissanite or even glass. 	<p>All diamond simulants are easy to identify using the new thermal pen & moissanite testers available from leading gemmological equipment providers.</p>	<ul style="list-style-type: none"> • A diamond simulant must always be disclosed either as the mineral or compound that it is, or as a 'diamond simulant', 'imitation diamond' or 'fake diamond'. • The unqualified word 'diamond' must never be used with simulants. • For more information see www.cibjo.org/bluebook.html
Synthetic	<ul style="list-style-type: none"> • A 'synthetic' is a product that has been crystallised by artificial or human intervention. Synthetics are not new and have been used effectively since the 1950s for industrial and technical purposes. Unlike a diamond, this product is not natural and is grown in a laboratory in just a few days. • There are two methods of making synthetics. The better known is High Pressure High Temperature (HPHT) which describes the growth conditions that generally produce brown-yellow stones and often contain metallic inclusions. The other process is Chemical Vapour Deposition (CVD) which uses microwave energy and generally produces thin flat stones with a brown colouration. • There are currently only minimal amounts of synthetic material available although these could increase as technology improves. 	<p>All synthetics can be fully detected by leading gem laboratories by examining their growth structures.</p>	<ul style="list-style-type: none"> • It is critical to disclose clearly at all times whether a stone is wholly or partly synthetic. • A synthetic must always be disclosed as 'synthetic', 'manmade' or 'artificial' and the description must be overt. • For more information see www.cibjo.org/bluebook.html
Treated Diamond	<ul style="list-style-type: none"> • "Treated diamonds" are diamonds that have been subjected to any processes that alter the appearance of the stone. There are two types of diamond treatment: <ul style="list-style-type: none"> - those that affect clarity such as laser drilling and fracture filling. - those that affect colour such as irradiation and HPHT treatment. 	<p>All treatments can be identified by leading gem laboratories.</p>	<ul style="list-style-type: none"> • The fact that a diamond has been treated must be disclosed at all times, by calling it either a 'treated diamond' or with specific reference to the particular treatment, e.g. 'HPHT treated diamond'. • For more information see www.cibjo.org/bluebook.html

For more information on detection and disclosure of treatments, synthetics and simulants, go to the CIBJO Blue Book found at www.cibjo.org/bluebook.html