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STRATEGY

Case Studies: Retail Jewelers Share the Secrets of Their Success

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Every successful retail jeweler is a study in unique elements and individual traits.

INTRODUCTION

Retail jewelers know that when it comes to succeeding in the jewelry business, there is no single method or strategy to guarantee your operation will generate sales, acquire market share, or become profitable. While certain insights and industry truths can be applied to all retail jewelry operations, and some sure-fire tips have proven beneficial to nearly all who adopt them, at the end of the day each retail jeweler is a study in unique elements. A successful jewelry business is created from a combination of individual traits, particular circumstances and unique practices that have ultimately worked together for that specific operation.

There is no better way to gain insight into the tools, tips and tricks of the trade that work for a retail jeweler than by examining the details of his or her business operation, and there is no more effective way to articulate those details than by letting the jeweler tell their own story, in their own words.

As developments in technology, sourcing concerns and a changed retail landscape fundamentally alter the way jewelry retailers do business, it's beneficial to take the time to look at what's working for retailers around the United States, what isn't, and what's different about each individual retail operation at a time when business owners are adapting to a new era.

Change may not always be desirable, but it is inevitable. In this document we pay close attention to some of the most experienced jewelry retailers in the country as they share their stories of challenge, adaptation and success in the jewelry industry.

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“Subscribers on Polygon really are like one big extended family.”

SOMETIMES, FAMILY AND BUSINESS DO MIX

Vineet Gupta, B.G. International - Los Angeles, CA

We live in Los Angeles, but our roots are in Calcutta, India. My wife Sangeeta is also from Calcutta. In India, family is a very important part of our culture. Families are very close-knit and when it comes to business, we often find ourselves doing a large percentage of it with family members.

I think that heritage is one of the reasons my firm has done so well on Polygon. Subscribers on Polygon really are like one big extended family. We get to know each other well because there's more to Poly than just buying and selling. The discussion channels let us become friends, as well as business associates. And the Polygon conclaves are almost like family reunions. Of course, sometimes when you meet other “family members” you're in for a shock. I remember awhile back, I met for the first time in person a guy I'd become close to on Polygon – Bobby Albright from Nashville. He walked into my office and said, “You're Vineet?” And I said, “You're Bobby?” We'd expected each other to look completely different. “You look like a Tennessee redneck!” I said. “Yeah, well you look like you just got off the boat from India!” It didn't matter. We were family, and we still have fun telling people about that encounter.

It's kind of interesting. We're diamond and colored stone dealers, but on Polygon, we only buy diamonds and we only sell colored stones. I bring my gemstones in direct from Jaipur and Thailand and I can almost always meet or beat Polygon prices so they're easy to sell. Probably 40% to 50% of my company's sales volume in color is to Polygon accounts.

With diamonds it's different. I can't sell at Polygon price levels and make a profit as a diamond dealer. But I can use Polygon to buy. We buy over \$500,000 in diamonds each month on Polygon – either directly or from contacts we made on-line.

The concept of “family” is important in India. It's just as important on Polygon.

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“In the first year of our membership, our sales were up over \$100,000 a month.”

THE INDEPENDENT RETAILER AND THE 4-CARAT SALE

Clennton White, White's Estates - Rogers, AR

We're a full-service, independent retailer in downtown Rogers, Arkansas. Like most everyone, we're always looking for new ideas, ways to cut costs, increase sales, whatever. Joining Polygon is part of that process.

The results from becoming a member have been ten times greater than I could ever have imagined! It's no exaggeration to say that, in the first year of our membership, our sales were up over \$100,000 a month because of Poly. Why? In our case, it's primarily because of the watch and estate jewelry business. A customer never has to leave our store without finding what they wanted, because we can find whatever they need on Poly.

A customer will shop other stores in town, trying to find a specific item. Then they come here and we find it for them. Once it was a 4-carat solitaire. You don't get those kinds of buyers often, but when you do you sure don't want to lose them. We made that four-carat sale because of Poly.

Like most Polygoners, I don't understand why every jeweler in the country isn't on the system. And also like most Polygoners, I'm kicking myself that I didn't get on it sooner.

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“The first month, my close rate on diamond sales went up about 45%.”

SMALL TOWN RETAILER, WORLD CLASS SALES

Mark & Jean Perle, Mark Perle - Plainfield, IL

Sometimes customers don't take us seriously because our store is almost completely surrounded by fields of corn. We're out past the Chicago suburbs in a town of 2,500 – definitely agriculture country. But it's not just farmers. Plainfield is fast becoming a bedroom community for yuppies. Had a guy come in a few weeks ago who'd been looking all over the area for a ninety-point heart-shape diamond.. I could tell from his expression he didn't expect to find anything in my store.

I didn't have a ninety-point heart in stock, of course, but that wasn't going to stop me. I had Poly-Power. I pulled up a list of heart shapes between .85 and .99 on my computer screen. There were about twenty of them, most with certificates. Since my markup was already built in, I printed out the list and handed it over. I think I must have knocked the guy's socks off!

"Uh, I don't get it," he said, puzzled. "How come a little store like this out in the middle of nowhere has this kind of inventory?" I explained how we're part of the Polygon network, which gives us access to inventory all over the world. He took the list and shopped it for a few days, but no one could beat my price and quality. It was an easy sale.

I know the other jewelers around here are scratching their heads, not understanding how I do it. They've even told customers my prices were too low, and there must be "something wrong. Nope. There's something right – Poly-Power! I remember the first month on the system, my close rate on diamond sales went up about 45%. Why? I could sell for less without cutting my margin. Now I even undercut the "wholesalers" in downtown Chicago, and my sales have doubled.

The truth is – even if you're not located in a cornfield – I don't understand how it's possible for jewelers to survive these days and not be on Polygon!

TAKE A FREE TOUR NOW

“Since the customer is involved in the process, they feel empowered.”

FROM CLASSIC RETAIL MISTAKES TO \$1 MILLION IN SALES

Gary Cadoura & Michael Wright, The Jeweler’s Touch - Columbus, GA

When we opened for business in Columbus, Georgia in 1995, we made the classic retail mistakes: two partners with no sales experience (just 20 years of bench work), a difficult location (in a mall competing with three major chains), and a tiny inventory in 4 display cases (just a dozen solitaires and some semi-mounts).

We initially concentrated on repairs, but after selling a diamond, realized that diamond sales would pay the rent a lot faster. We use Polygon's diamond database to source our diamonds, and did so with our customers in front of us (we use the markup tool so that they see our prices and not the wholesalers’).

Our customers feel comfortable buying from a couple of good ol' boys in jeans, particularly when we can show them a list of 200+ diamonds that meet their exact specifications. Since the customer is involved in the process, they feel empowered — especially if they have shopped around before coming in. With Polygon, sales of diamonds soared! We sold over \$1 million in diamonds our second year.

Because we offer quality and value, several of the chain store employees and managers now buy from us. The wife of one manager insisted that they buy a diamond from us, since she wouldn't accept the quality of the diamonds in his store!

We are currently negotiating a lease for a new location in the mall, three times as large, in a prime location. Our 3 jewelers, 3 salespeople, and 8 full display cases need more room. Hands down, Polygon was our best business decision.

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“Today, we buy more than 90% of our diamonds through Polygon.”

PROFITING FROM DIGITAL TOOLS

Bernie Benavidez, Master Jewelers - Rochester, MN

One thing I like about Polygon is their mission to provide the Internet tools retail jewelers need to survive in today's world. Prior to joining Poly in 1999, we used to buy more than 90% of our diamonds from just four suppliers. Today, we buy more than 90% of our diamonds through Polygon. So we've gone from dealing with the same four suppliers, to dealing with hundreds.

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Here's what that does to our bottom line: First, any diamond we need we can find instantly. We can find it on the spot, with the customer still in the store. That means we save time, and we save customers. Second, it means we have to stock very little. That saves on carrying costs, insurance, you name it. Third, we can always beat anyone else on price, even the Internet wholesalers, if we want to (if the customer is focused on price, we have to be too).

Selling diamonds, especially diamonds with certs, is one of our main sources of revenue, so we take the Internet challenge very seriously. Fortunately, we know how to fight back. Our diamond sales are up. Our revenues are up. And our profits are up. The secret is Polygon.

Becoming a member of Polygon was one of the best business decisions we ever made. In fact, let me go further; it was THE best business decision we ever made. When I look back on my time on Polygon, I don't know how we stayed in business without it. It's a tough world out there, and it's going to get tougher. Jewelers who don't adapt and who don't start using the new productivity tools are going to be the first to go. The survivors – the ones who fight back and win – are on Polygon.