



PLAN OF PLAY VEGAS LEAN AND MEAN IN 2009 ATTACK

LEAD STORY BY EILEEN MCCLELLAND AND TRACE SHELTON



IN A SURVIVAL-OF-THE-FITTEST ECONOMY, the best fighters are those who are trim, focused, and forward-thinking. After all, hunkering down in the relative safety of slashed expenses may see your store through to the other side of this recession, but at what long-term cost? The way to win involves being active and alert, buying smart, and taking considered risks. That means venturing out of your store to attend industry shows. But how do you stay sober in the City of Sin? Forget the parties? Ignore the pools? Steer clear of late-night gambling binges that bleed dry your open-to-buy? All of the above, say the experts. But success entails more than simply avoiding the obvious temptations of Las Vegas. Your inventory strategy, buying approach, and even time management must be adapted to the new economic climate. Here are some guidelines to help you make the most of the Vegas shows in 2009.



CULTIVATE CAUTIOUS OPTIMISM

James Dion of Dionco Inc., warns retailers not to create a self-fulfilling prophecy.

“If you believe doom and gloom is here to stay, that’s going to be reflected in your inventory,” Dion says. “Your staff will pick up on it and it creates a terrible downward spiral that is hard to get out of. My fear is that after this past Christmas, jewelry stores are going to be extremely gun shy about inventory — and, to a degree, that’s smart. However you *can* be too conservative.”

Dion says that although he doesn’t predict a barnburner of a holiday, he *is* relatively optimistic. “I believe when the history books are written, we will be reading that the recession ended on July 30, 2009,” Dion says. “That doesn’t mean that unemployment will be down immediately and the stock market will be up. But I think we’ve hit bottom and we have nowhere to go but up.”

Dion believes retailers should find a happy medium when considering how much to buy. “Don’t go crazy, don’t buy as if it’s 2005 or 2006, but it’s going to be better than 2008, and by the way, 2010 is going to be even better.”

Author and consultant David Geller concurs: “I don’t believe this Christmas season will be *less* than ’08, so plan for slightly higher sales this year.”

Cindy Edelstein, president of Jeweler’s Resource Bureau, also urges retailers to keep an open mind and to be more optimistic than current outlooks allow. “You cannot create your store of the future if you’re buying inventory based on your past,” she says. “Don’t let fear drive your buying decisions. And don’t buy *just* what you think is safe, since the old safe doesn’t exist in the new marketplace.”

Instead, pretend that you are starting your company anew, says Helena Krodell of Jewelry Information Center. Use the same scrutiny you adopted when the business was brand new and take nothing for granted.



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UNCOVER WHAT CUSTOMERS WANT

Wondering what those mysterious — and lately, elusive — customers of yours might like to buy? Just ask them, says Ellen Fruchtman of Fruchtman Marketing. Assemble a customer advisory board, invite them to your store or out for dinner, and get them talking.

What your customers want *must* trump what you are drawn to, says sales trainer and consultant Shane Decker. “You might really like tanzanite and sapphires and emeralds, but if you just keep collecting them and don’t sell them, you’re going to lose money,” Decker says. “Look at the lines that customers are asking for.”

It’s worth having a staff meeting to see what customers are asking for on the front lines, says author and sales trainer Harry J. Friedman. “Ask your staff: What are customers saying, what are we missing? What do we not know? Jewelers have a tendency to buy things they like instead of things their customers like.”

Carefully analyze specific product fill-in needs, as well as gaps in either price points or fashion categories, says Kate Peterson of Performance Concepts. Make a list of the top-performing items in your store, and determine what the pieces have in



FRIEDMAN: ASK YOUR STAFF — WHAT ARE CUSTOMERS SAYING, WHAT ARE WE MISSING? JEWELERS HAVE A TENDENCY TO BUY THINGS THEY LIKE INSTEAD OF THINGS THEIR CUSTOMERS LIKE.

common so when you get to Vegas, you can look for variations on the same theme, adds Krodel.

Decker suggests pinpointing your magic numbers. “If you sell a lot at the \$695 price point, you need to look for more variety in that price point. Or it could be \$4,995. Whatever it is, know it and seek out more options for that price - that’s what your customers want to spend, so making sales will be easier.” Most stores are finding that the average selling price point has dropped, adds Geller, so don’t assume you know yours — run a report for the last six months.

VEGAS ENTERTAINMENT HOT TICKETS

Headliners during Vegas show week include **BETTE MIDLER** ① at Caesar’s Palace on May 27, 29-31, and June 2-3 (\$117 and up), as well as **BARRY MANILOW** at the Las Vegas Hilton on May 28-30 (\$110 and up). **DONNY AND MARIE OSMOND** will play at the Flamingo on Friday, May 29 (\$104 and up).

Get your ‘80s groove on with hard-rock acts **NIGHT RANGER & LOVERBOY** in concert Saturday, May 30, at Sunset Station, or lighter ‘80s fare with **FLEETWOOD MAC** at the MGM Grand (\$55 and up). Fans of **MARK MCGRATH** ② and company can catch Sugar Ray on Friday night, May 29, at the Hard Rock Hotel (\$36).

The greatest magic shows on Earth can be found in Vegas.

DAVID COPPERFIELD ③ is at the MGM Grand all week (May 25 - May 31; \$99.25 and up). **PENN & TELLER** appear nightly at the Rio (except Thursdays and Fridays; \$85.80 and up), or for something less traditional, check out **CRISS ANGEL BELIEVE** at Luxor, which pairs magician Angel with **CIRQUE DU SOLEIL** (nightly except Sunday and Monday, \$70 and up).

For comedy, be politically incorrect with **BILL MAHER** ④, May 29-31 at Orleans (\$54.95 and up), or catch master impressionist **DANNY GANS** at Encore any day but Sunday, Monday or Thursday (\$83 and up). **WAYNE BRADY** of “Whose Line Is It, Anyway?” will appear at the Venetian, May 25-31 (\$84 and up).



STICK TO THE PLAN

Vow to do things differently this year. Have a buying plan and stick to it, says David Brown of The Edge Retail Academy. "Before you even think about inventory, start with the profit you want to earn and then answer the question 'How much inventory does it take to support that?'"

And it's not just about how much inventory you have — it's *what* you carry. "In the average store, 60 percent of inventory has been there 18 months or longer," Brown says. "But this year, more than any other time, people are finally sitting up and saying, 'I can't continue to do what I've been doing. It got me here but it won't get me anywhere *from* here.'"

When choosing how to spend your money in Vegas, clearly differentiate between an expense and an investment, says Kate Peterson. "Transportation, lodging, meals, incidentals — not to mention time away from the store (for you and an entourage) all add up to a hefty credit card bill at the end of the week. This year, every dollar has to be looked at as an investment with an anticipated return. Even if it means less time spent at the pool."

Fruchtman says you needn't stay in a suite at the Venetian or treat yourself to \$150-a-plate dinners every night. "Cut corners wherever you can because it's most important simply to be there. Get as much information as you can, preview the latest and greatest, and network. This will be a very important year for jewelers to seek innovative products and services that can add money to their bottom line."

At the show, don't be overwhelmed by bright lights and excitement, or even by the discount offers, says Brown. "If you don't believe the item is right for your market, then no matter how cheap you buy it for, it still becomes a liability rather than an asset."

Even Friedman, who has always touted larger inventory as the key to more sales, cautions retailers to keep things under control this year. "I've always been a big believer in the power of inventory, but you really have to control it right now," he says. "Figure out how much money you want to generate per square foot and

what each vendor can do to help you accomplish it."

With buying budget and key performance indicators in hand, Brown says, first *research* the vendors that might meet your criteria. "Use your first day at the shows to take notes, discuss pricing and terms, and then compare as you see similar products. Don't place orders unless you're totally certain."



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In fact, get away from the show to evaluate your choices in relative calm. Says Brown: "The show is sort of a euphoric atmosphere. You feel driven to buy, and then think, 'Geez, I wish I hadn't done that.' Instead, get back to a quiet place, even if it's the hotel room, and ask yourself questions like, is this the right product and vendor for your market? Sleep on it."

Friedman says humility is your friend in 2009. "People get caught up in the social aspect, going around and strutting their stuff to vendors. That does nothing for you. It's time to get real and take a humble approach."

TRY SOMETHING NEW

Jeff Roberts, president of Independent Jewelers Organization (IJO), says most retailers are working to get lean on their inventory, replacing only the fast sellers. But those with cash on hand should consider stocking something *besides* the basics.

"A lot of retailers are contracting their purchasing," Roberts says. "But six months from now, what is the typical retail jeweler going to look like? All basics? This is an opportunity for



BROWN: IT'S OK TO LOOK AT NEW PRODUCTS, BUT YOU NEED TO ASSESS THE RISK AND NOT RESTRICT YOUR CORE BUSINESS.

some jewelers to stand out and offer unique content that includes trendy, design-driven products.”

What — exactly — to try? Here are a few ideas:

➤ Earmark part of your budget for new designers, says Michelle Orman, president of Lüp. “I know it’s a scary time to take a risk, but if someone can give you fashion-forward jewelry in a friendly price-point *and* they are doing all of the PR and marketing to promote themselves, it’s worth it.”

➤ “Try blackened metals if you never thought it would work in your town, or add some new colored stones or a line that is a little too avant-garde for what you think your customer is,” says Edelstein. “Go bigger or more sentimental or more colorful ... go *more* something!”

➤ Yellow gold has surged back into fashion, partly because of awareness of the value of gold, partly because it is the ideal accessory to current styles, says Michael Pace of the World Gold Council.

➤ “You wouldn’t believe how well some stores have done with higher-end costume jewelry,” Geller says.

➤ There’s no reason to fear sterling silver and gold vermeil, says Orman. “Not only can these materials — especially when combined with colored gemstones — be extremely beautiful, but they also can be used to capitalize on a fashion-focused consumer without sinking a ton of money into trend-driven

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inventory. Why not have a display of vermeil chains and pendants or hoop and drop earrings just to keep things looking new?"

➔ Find new vendors in *proven* areas, Brown says, such as bridal, high-volume categories like charms, and equipment to boost your repair business. "It's OK to look at new products, but you need to assess the risk and not restrict your core business. We see people who have bought exuberantly and then haven't had the money to replace their fast sellers."

FIND MEANING BEYOND BLING

Customers still want to celebrate important events with jewelry, shop for engagement rings, and buy pieces they can justify as investments, Dion says. It's important that jewelers adopt their customers' mind-set and buy wisely.

"I don't think any jewelry store owner goes to the show and says, 'I'm going to just buy stupid stuff,' but this year you have to be even more savvy. Consumers in tough times *will* respond to an investment," Dion says. "But nobody wants to feel like they are throwing their money away."

Edelstein says those customers who are buying are not after bling for bling's sake.

"Where once she might have wanted something that screamed status — whatever that may mean to her social crowd — now she might want to communicate her commitment to family, social causes, environmental issues or other things that underscore her new values."

Luxury must have meaning to motivate the customer into parting with her money, Edelstein adds. "Your customer needs



DECKER: YOUR BUSINESS DEPENDS ON YOUR SALES STAFF. SO BRING AS MANY SALES ASSOCIATES TO THE SHOW AS POSSIBLE AND MAKE SURE THEY ATTEND SEMINARS ON SALESMANSHIP.

to feel good about the message as well as the medium."

Going green can be just the thing to make a customer feel good about buying jewelry, Orman says. "Nobody wants to be 'green-washed,' but if your customer can feel like she's getting something that is authentically, environmentally sustainable and ethically sourced, she's going to be happy."

When it comes to buying jewelry, do you go big or small in 2009? Andrea Nierenberg of The Nierenberg Group says go big, arguing that customers crave meaningful quality. Look for items that are substantial, but cost-effective. "People are going to be more careful about what they buy this year, but they might buy one incredible piece, a remembrance or reward, for themselves. They may decide to splurge and live for today, so you want to have some incredible pieces available."

Orman disagrees, saying that add-on jewelry is a good place to start. "Not only are charm bracelets back in style, but they give



DESPERATION

JCKSTYLE TRACK: Red Carpet Style
Speaker: Karo Vartanian, costume designer, *Desperate Housewives*

Thursday, May 28, 2 p.m. - 3:15 p.m.

Consumers tune into Hollywood trends now more than ever. Karo Vartanian will reveal how he develops each *Desperate Housewives* character through jewelry.

ADAPTATION

ADAPTING AND EVOLVING YOUR BUSINESS IN A CHANGING WORLD: A Discussion of Trends, Opportunities, Challenges and Solutions will be moderated by Matt Runci, president, Jewelers of America

Friday, May 29, 9:30 a.m.

Panelists include: Holly Wesche Conn, *Wesche Jewelers, Florida*; Jeff Corey, *Day's Jewelers, Maine*; Susan Jacques, *Borsheims, Nebraska*; and Ken Gassman, *Jewelry Industry Research Institute*



the buyer the option of future, less expensive gifts, and they give the retailer more repeat customers. She's not looking for big and bold and ostentatious; she's looking for smaller, meaningful and subtle."

Whichever route you choose, it seems that cost-effective, fashion-oriented styles are au courant. Edelstein says the piece can be big or small, but it has to say something personal about the customer: "She's scrambling to redefine herself. If she walks into your store, she's dying to be wowed, and it's no longer just size or price that will wow her. She might not need that 2-carat diamond to impress her neighbors anymore — she needs a personalized jewel or a sentimental choice that can show off her life, rather than just her lifestyle."

LEARN FROM THE BEST

Too many jewelers skip the educational sessions and miss out on valuable information, says Fruchtman — and they're more important than ever this year. "These are *free* and you owe it to yourself to take advantage of the phenomenal speakers who are available to you," she says.

Decker says your business depends on your sales staff, so bring as many sales associates to the show as possible and make sure they attend seminars on salesmanship. Bring your managers, too, so they can see what's happening in the jewelry world and go back with a renewed interest in what to do for their customers and for their salespeople in training. "The better your manager is, the more money you will make," Decker says.

That said, be choosy about which sessions you attend — some

EVOLUTION

ROUNDTABLE DISCUSSION:

The Evolution of Our Industry

Saturday, May 30, 3 p.m.

(Toscana 3709, Level 3, Venetian Resort Hotel & Casino)

Seismic shifts in consumer behavior, new definitions of banking support, crippling levels of aged inventory and volatile raw materials pricing have all come together to necessitate rethinking the way we conduct business. In this age of communication and information, our industry must adapt to modern methodologies. Join a panel of industry experts from independent and chain retail, manufacturing, marketing, and trend and inventory analysts for a frank exploration of common problems.

DIGITALIZATION

ROUNDTABLE DISCUSSION:

Become a Digital "Rock" Star: E-mail,

Social Networking and New Media Marketing for Jewelers

Sunday, May 31, 9:45 a.m.

(Toscana 3709, Level 3, Venetian Resort Hotel & Casino)

E-mail has been — and continues to be — the backbone of all online marketing, while social media and the mobile landscape continue to emerge as top tools for today's

marketers. Discuss how marketers can leverage these tools to drive new sales and increase brand awareness.

JOB-A-THON

GIA Career Fair

Sunday, May 31, 10 a.m. - 1:15 p.m.

(Zeno Ballrooms, 4701, Venetian Conference Center)

Sponsored by JCK Events

Open to all. No badge necessary. Bring your resumes! In three intensive hours, you'll have the chance to hear about the latest hiring trends, learn about the hottest career paths in gems and jewelry, get career counseling and job-hunting advice from industry pros, have your resume reviewed and analyzed, and network. GIA's Mini Career Fair features a Working to Win panel session with industry leaders, personalized career coaching sessions, and mix-and-mingle opportunities for job seekers and employers.



may be worthwhile, while some may not be worth your time. Friedman says it's all about the quality of the speaker you're watching. "Some people come to speak out of ego only, but there are some good speakers out there who know their stuff. And, you can be exposed to speakers you may never have heard of, but who can help your business."

LOOK BEYOND JEWELRY

Working for the return on your show-investment dollar may mean looking for a few innovative lines that will draw new traffic, or it may mean looking for out-of-the-box solutions in training, marketing, lighting, display, CRM, inventory management, design technology or a host of other ignored areas.



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Geller recommends shopping for a laser welder. "Most stores have seen repairs keep up this year, and a laser machine will make 75 percent of repairs go faster. You'll be able to charge more for many repairs because of the laser."

"Every retailer should set aside a day to invest in browsing the Supplies, Technology and Services Pavilion at JCK," says Peterson.

Examine what has worked in the store and what hasn't over the past year. If it's your staff that doesn't seem up to snuff, determine whether you need help to improve or to replace personnel, then look for the resources to help you get it done. Start with the JCK Education Program and make time to visit with the education, training and HR resource providers exhibiting at the show. In the current climate, many good people are looking for work, so be sure to attend networking events.

If you don't have an inventory management system that can deliver the reports you need to effectively monitor and regulate your investment, now would be a good time to fix that, Peterson says. Geller says most jewelers have no idea what they are missing when it comes to point-of-sales reports. Test, compare and assess POS and inventory management tools.

Is your store looking a little tired or cluttered? Visit store planning, lighting and display vendors to find immediate, cost-effective solutions.

If your database tells you that your ratio of new to old customers resembles your ratio of new to old inventory, make appointments with advertising, marketing or catalog firms at the show, Peterson says.



A NAVIGATION TIP

PRESET APPOINTMENTS AND PRINT A CUSTOMIZED MAP

For pre-show planning online, visit www.jcklasvegasshow.com/showplanner. The tool allows participants to search JCK exhibitors by company name or product category, search exhibitor show specials, set up appointments with vendors, select conferences and create a printable map of the JCK Show Floor based on your personal show agenda.

PARTNER WITH VENDORS

Make a specific appointment with the vendor, Brown says, to show you mean business, arrive promptly to demonstrate respect; and commit to prompt replacement of fast-sellers, to get the best possible deal.

Print a report of items over a year old, bring it with you to the appointment, and see what you can do to exchange old for new. "You might have to swap one of yours for two or three of theirs, but such an arrangement could still work for you," says Geller. Ask the vendor to agree in writing that if the new merchandise doesn't sell in a year you can exchange it for other merchandise.

"Once you've swapped old merchandise for new, you can let your customers know that you have fresh, exciting merchandise in your store," says Ken Gassman, president and founder of the Jewelry Industry Research Institute. As for new lines, stamp a "sell by" date on them. If they don't sell, trade them in for new goods, says Gassman. Or, if you are part of a jewelers' share group, attempt to trade merchandise among your members.

Beyond stock trading, ask vendors what sort of marketing is available to you, Fruchtmann says. "Photography? Co-op? Special events? Get that information in writing, too, so it's easily accessible when you get home."