

EXCLUSIVE: PGI SURVEY

Mystery shopper survey reveals easy tactics to punch up platinum sales

By Beth Braverman

NEW YORK—Jewelers who follow simple best practices steps such as labeling platinum, separating it within showcases and suggesting it as a first option for bridal, are far more likely than other retailers to make a platinum sale, finds a new Platinum Guild International (PGI) study.

Gumuchian platinum diamond and amethyst dangle earrings; suggested retail price is \$26,000. www.gumuchian.com

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Platinum

The PGI "Platinum Best Practices" survey, which involved sending mystery shoppers into 850 stores in 2007, revealed that retailers who scored above average on PGI's best practices have a 92 percent chance of selling platinum and are 99 percent certain to have a platinum customer return to their store. PGI shared the results of the study and its analysis exclusively with NATIONAL JEWELER.

"Not only do these best practices drive a platinum sale, but they also drive customer loyalty, which is the

notly grail for retailers," says Huw Daniel, president of the Platinum Guild International USA. "We have hit on something here that can have a significant impact on retailers' bottom lines."

On the other hand, retailers who scored below average are almost 25 percent less likely to sell platinum and will only see half of their platinum customers return, the study finds.

Jewelers who merchandised their platinum separately from other products had an easier time selling platinum, Daniel says.

"The challenge that we find in platinum is that it tends to be buried in category sections," Daniel says. "So it's mixed in with all the engagement rings or all the fashion jewelry. But because there is so much white metal in the market, if platinum is not called out, it becomes invisible."

Separating platinum also allows retailers to show customers platinum items first, before shifting down if the customer signals that the pieces are too pricey, Daniel says.

Retailers who begin by allowing customers to try on platinum are more likely to sell a higher-priced piece. The study found that 21 percent of sales associates tried to sell the customer down to an alternative, less expensive piece.

Top platinum-selling retailers also use engagement ring sales as a first step in selling two wedding bands down the road, the study finds.

The study also looked at overall customer service, and results show that stores scoring highest in customer service had the strongest platinum sales.

PGI's best practices for customer service include: greeting customers within 30 seconds, offering help in an appropriate amount of time and having a welcoming, enthusiastic and professional staff.

The top reason that customers do not buy platinum is that they were not shown it, according to PGI. Daniel says this can reflect a hesitance by sales associates to sell platinum because they do not understand it or are intimidated by the price.

Retailers should make sure staff members have an understanding about the properties of platinum and do not underestimate the purchasing power of any client, Daniel says. The secret shoppers study found that 10 percent of retailers did not indicate to shoppers that they knew the merchandise well or could distinguish platinum from other white metals.

Judd Rottenberg, a principal at Long's Jewelers in Burlington, Mass., says he brings in PGI representatives to train his sales associates in selling platinum. Once his staff understands the properties of platinum, they feel more comfortable selling it.

"Unlike a lot of other marketing out there, platinum has facts that actually hold water," Rottenberg says. "Platinum is the most durable metal. You can't dispute that. That makes it the best metal to hold a diamond in an engagement ring."

As for the ever-escalating cost of platinum, Daniel acknowledges that higher prices have pushed some entry-level and middle-market customers away.

"We would expect that," he says. "Not everyone is a platinum customer."

The price, which pushed passed \$2,200 per ounce this year, has made platinum even more exclusive and will not deter luxury customers, Daniel says.

Rottenberg says he has not considered cutting back his platinum inventory in light of the increased prices.

"If someone is buying a diamond ring for \$10,000, what's the big deal about an extra \$500 for the setting?" he explains.

Daniel says the price has not harmed overall platinum sales, but some retailers have shaved their margins to offset the uptick in the final ticket price.

"If you are prepared to cut your margin slightly, you can still make much more selling platinum than you can selling a cheaper metal," Daniel says. "Retailers should look at margins as a dollar figure, not as a percentage, because at the end of the day, you are wanting dollars, not percentages."

Rottenberg says he has not cut his margins, and he views the price increase as a sales opportunity.

"I tell them to buy it now before it goes up again," he says. "If you're going to be cheap, get a cheap diamond. And if you're going to do that, why don't you skip the honeymoon? Gas prices are going up, but people keep buying that because they need it. When it comes to an engagement ring, they need platinum too."

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