THE PEOPLE HAVE SPOKEN

OUR ANNUAL JCK RETAILER SURVEY TAKES THE MARKET’S TEMPERATURE IN FIVE ESSENTIAL CATEGORIES OF RETAIL OPERATIONS. HOW DOES YOUR BUSINESS STACK UP?

For JCK’s 2011 Retailer Survey, we quizzed hundreds of retailers about their businesses vis-à-vis five essential categories of retail operations—Store, Stock, Sales, Staff, and Salary—and stumbled upon some intriguing findings in the process.

The upshot, though hardly a news flash, bears repeating: Service is your single most effective selling point. What’s especially noteworthy, however, is the nuance behind that result. The retailers who reported higher sales in 2011 than the year prior were less likely to report a price/value USP and more likely to report selection/quality of diamonds, customization, or ambience as the reasons behind their success.

In other words, three years after the Great Recession, many jewelers are finding there’s wisdom in one of the luxury market’s basic tenets: Thou shalt not be nickel-and-dimed.
**DO YOU THINK THE ECONOMY WILL IMPROVE IN 2012?**

LAST YEAR, 62 PERCENT OF RESPONDENTS SAID YES. THIS YEAR? NOT SO MUCH. THE UNCERTAINTY PRINCIPLE RULES.

<table>
<thead>
<tr>
<th>YES</th>
<th>NO</th>
<th>WHO KNOWS?</th>
</tr>
</thead>
<tbody>
<tr>
<td>37%</td>
<td>22.4%</td>
<td>40.6%</td>
</tr>
</tbody>
</table>

**IN WHICH U.S. REGION ARE YOU LOCATED?**

- **West**: 28.4%
- **Midwest**: 23.6%
- **Southeast**: 27.6%
- **Northeast**: 18.8%
- **Other**: 1.7%

**Southern comfort this isn’t.** The 56.9% of respondents who reported that 2011 sales are higher than in 2010 are more likely to be located in the Northeast, Midwest, or West.

**ARE YOUR 2011 GROSS PROFITS UP OR DOWN AS COMPARED TO 2010?**

SALES MAY RISE WHEN MATERIAL COSTS GO UP, BUT PROFITS ARE THE ULTIMATE BENCHMARK.

- **Profits are higher than 2010**: 51.7%
- **Profits are lower than 2010**: 32%
- **Profits are flat compared with 2010**: 16.3%

**ARE YOUR SALES UP OR DOWN FROM 2010?**

MIND THE GAP: MORE OF YOU REPORTED A BETTER YEAR THAN LAST YEAR’S RESPONDENTS. BUT THE RANKS OF THOSE WHO HAD A WORSE YEAR ALSO GREW.

- **Sales are higher than 2010**: 57%
- **Sales are lower than 2010**: 30.4%
- **Sales are flat compared with 2010**: 12.7%
<table>
<thead>
<tr>
<th>Category</th>
<th>Increased</th>
<th>Decreased</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diamond rings</td>
<td>51.9%</td>
<td>18.5%</td>
</tr>
<tr>
<td>Other diamond jewelry</td>
<td>32.4%</td>
<td>29.3%</td>
</tr>
<tr>
<td>Gold</td>
<td>19.9%</td>
<td>56.5%</td>
</tr>
<tr>
<td>Platinum</td>
<td>18.1%</td>
<td>41.1%</td>
</tr>
<tr>
<td>Silver</td>
<td>65.6%</td>
<td>13.4%</td>
</tr>
<tr>
<td>Colored stones</td>
<td>29.6%</td>
<td>34.5%</td>
</tr>
<tr>
<td>Custom</td>
<td>55.8%</td>
<td>16.1%</td>
</tr>
<tr>
<td>Beads</td>
<td>31.9%</td>
<td>28.1%</td>
</tr>
<tr>
<td>Watches</td>
<td>29.1%</td>
<td>26.5%</td>
</tr>
<tr>
<td>Repairs</td>
<td>62.5%</td>
<td>13.5%</td>
</tr>
<tr>
<td>Finished fine jewelry (not diamond)</td>
<td>32%</td>
<td>22.8%</td>
</tr>
</tbody>
</table>

Most of you saw your biggest gains come from silver and repairs.
DO YOU BUY GOLD FROM THE PUBLIC?
THE PROMISE OF EASY MONEY HAS SEDUCED MOST OF YOU.

YES 72.1%  NO 27.9%

HOW IMPORTANT IS BUYING GOLD TO YOUR BUSINESS?
WHILE THE VAST MAJORITY OF YOU BUY GOLD, YOU'RE EVENLY SPLIT REGARDING ITS IMPORTANCE TO YOUR BUSINESS.

WHAT ARE YOUR TOP THREE BEST SELLERS?
BRIDAL JEWELRY, NOT SURPRISINGLY, IS YOUR BREAD AND BUTTER. BUT MANY OF YOU RELY HEAVILY ON CUSTOM WORK, PRE-OWNED PIECES, AND A HANDFUL OF TRIED-AND-TRUE BRAND NAMES. (YOU GUessed IT: PANDORA, STULLER, AND ROLEX.)

Engagement rings 42.5%  Custom jewelry 23.2%  Silver jewelry 21.1%
Stuller 19.3%  Estate pieces 18.9%  Pandora 12.1%
Gold earrings 10.7%  Rolex 9.6%  Gabriel & Co. 8.2%
Citizen 7.5%

HOW HAS YOUR GOLD-BUYING BUSINESS BEEN AFFECTED BY THE RISING COST OF METAL?
IN SEPTEMBER, GOLD APPROACHED $1,900 AN OUNCE. THOUGH IT HAS SINCE TUMBLEd, CONSUMERS HAVE HEARD THE CASH-FOR-GOLD MESSAGE LOUD AND CLEAR.

Gold buys have increased 66.1%  Gold buys have decreased 11.6%  Gold buys have remained flat 22.4%  Not at all important 18.4%  Not very important 17.1%  Very important 17.4%  Extremely important 22%  Somewhat important 25%

Rolex Oyster Perpetual Datejust in stainless steel; $12,900
Among retailers who reported higher 2011 sales, 62% of their ad budgets go to print compared with 53.7% for the sample as a whole. For that matter, the sample as a whole is far more likely to report *not* having an ad budget (22.6% versus 15.2% for those reporting higher sales in 2011).
ON WHAT MEDIA DO YOU RELY MOST TO PROMOTE YOUR BUSINESS?

<table>
<thead>
<tr>
<th>Media Type</th>
<th>TRUE (%)</th>
<th>FALSE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Print advertising</td>
<td>47.6%</td>
<td></td>
</tr>
<tr>
<td>Email</td>
<td>31.3%</td>
<td></td>
</tr>
<tr>
<td>Broadcast advertising (television, radio)</td>
<td>29.9%</td>
<td></td>
</tr>
<tr>
<td>Online advertising</td>
<td>19%</td>
<td></td>
</tr>
<tr>
<td>Outdoor advertising</td>
<td>16.7%</td>
<td></td>
</tr>
<tr>
<td>Direct mail (including email newsletters)</td>
<td>28.6%</td>
<td></td>
</tr>
<tr>
<td>Social media (Facebook, Twitter, etc.)</td>
<td>27.6%</td>
<td></td>
</tr>
</tbody>
</table>

THE NEW AND IMPROVED MARKETING MIX

- "I am moving away from traditional advertising to new media (i.e., Facebook, Twitter, blogging)."
  - TRUE: 55.8%
  - FALSE: 44.2%

- "I am putting more dollars toward Search Engine Optimization (SEO) and Google search."
  - TRUE: 39.8%
  - FALSE: 60.2%

- "I am making greater use of户外 advertising."
  - TRUE: 30.1%
  - FALSE: 69.9%

- "I am making greater use of public relations."
  - TRUE: 66.1%
  - FALSE: 33.9%

- "I am making greater use of in-store merchandising strategies (i.e., counter displays)."
  - TRUE: 61.7%
  - FALSE: 38.3%

- "I am making greater use of YouTube."
  - TRUE: 15.9%
  - FALSE: 84.1%
HOW MANY EMPLOYEES DO YOU HAVE, ON AVERAGE, PER STORE?

AS PREDOMINANTLY SINGLE-STORE RETAILERS, YOU SAY A HANDFUL OF EMPLOYEES WILL DO.

HOW DO YOU COMPENSATE YOUR SALES STAFF?

THE ONLY COMPENSATION STRATEGY THAT DOESN'T SEEM TO WORK IS A COMMISSION-ONLY APPROACH.

DOLLARS & INCENTIVES

SPUR YOUR STAFF TO SELL WITH THESE FUN-FILLED CONTEST IDEAS:

- **Pass the buck**! Take a $50 bill and give it to the person who makes the first sale of the day. He or she then passes the bill to the person who makes a bigger sale and so on.

- **Determine the records** you’d like to break—by store and by individual (i.e., biggest day, week, month, sale, add-on sale)—and pay a certain amount for each broken record.

- **Have the owner** or manager take a pie in the face, shave his mustache, or get a haircut after achieving certain milestones.
WHAT IS YOUR PRIMARY SOURCE FOR NEW HIRES?

YOUR EMPLOYEE ROSTER IS A PRODUCT OF BOTH CHANCE AND COLD-EYED CALCULATION. YOU’RE NOT ABOVE POACHING FROM THE COMPETITION.

- Walk-ins: 26.5%
- Online job boards: 17.9%
- Help wanted print ads/posters: 26.5%
- Other retailers: 25.1%
- Career fairs: 4%

HOW DO YOU TRAIN YOUR SALES STAFF?

MOST OF YOU SCHOOL THE NEW KIDS IN-HOUSE. SURE, WE MAY BE A LITTLE BIASED, BUT HAVE YOU CONSIDERED USING OUR CONTENT AS A PRIMER?

- Internally: 80.4%
- Outside sales trainers: 3.6%
- Trade magazines: 2.1%
- Seminars at trade events: 3.9%
- Not at all: 8.6%
- Other: 1.4%

Training may be important in theory, but you’re not spending much money on it, according to Jewelers of America’s 2011 Cost of Doing Business Report. The research found that firms devoted just 0.2% of their operating expenses to employee training and education.

HOW DO YOU MEASURE YOUR SALES STAFF’S RESULTS?

HALF OF YOU JUDGE PERFORMANCE BY SALES TO GOAL. TRAINING EXPERTS, HOWEVER, SUGGEST CLOSING RATIO MAY BE A MORE EFFECTIVE MEASUREMENT.

- Closing ratio: 24.8%
- Add-ons: 14.2%
- Sales to goal: 49.6%
- Average sale: 42.5%
- Transactions per hour: 5.5%
**WHAT IS YOUR ROLE IN THE COMPANY?**

The buck stops with more than 80% of you:

- **Owner:** 84.3%
- **Sales manager:** 5.7%
- **Full-time salesperson:** 1.4%
- **Buyer:** 2.5%
- **Other:** 6.1%

**IN WHAT RANGE DOES YOUR SALARY FALL?**

We may not have come across any million-dollar earners in our research, but we know that salary is only one measure of a person’s riches.

- **Less than $50,000:** 24.1%
- **$50,001–$74,999:** 25.7%
- **$75,000–$99,999:** 13%
- **$100,000–$149,999:** 18%
- **$150,000–$199,999:** 8.4%
- **$200,000–$299,999:** 5.4%
- **$300,000–$499,999:** 3.4%
- **$500,000 or more:** 1.9%

**HOW DO YOU THINK YOUR SALARY COMPARES WITH THE INDUSTRY AVERAGE?**

Few of you believe you’re making more money than your peers. In fact, most of you believe you’re on equal footing.

- **About the same:** 32%
- **Slightly higher:** 11.2%
- **Significantly higher:** 3.9%
- **Significantly lower:** 25.9%
- **Slightly lower:** 27%
- **Not sure:** 8.5%

**HOW DID YOUR SALARY CHANGE IN 2011?**

The status quo isn’t so bad. But a bump in salary is better. Nearly a third of you saw your earnings grow this year.

- **Not sure:** 8.5%
- **Increase:** 27.8%
- **No increase:** 46.3%
- **Pay was cut:** 17.4%
WHAT IS THE AVERAGE NUMBER OF HOURS YOU WORK PER WEEK?

It's clear that you're a hardworking bunch. How hard? A fifth of respondents are logging more than 60 hours a week.

- More than 60: 20.4%
- 50–59: 26.3%
- 40–49: 36.5%
- 20–39: 13.5%
- Less than 20: 3.3%

TO WHAT DEGREE ARE YOU SATISFIED WITH YOUR JOB?

Satisfaction runs high in the jewelry business, or so our results would suggest. Fewer than 1% of respondents are complaining.

- Extremely satisfied: 34.2%
- Very satisfied: 37.5%
- Somewhat satisfied: 24.4%
- Not very satisfied: 3.3%
- Not at all satisfied: 0.7%

WHAT IS THE SINGLE MOST IMPORTANT FACTOR AFFECTING YOUR JOB SATISFACTION?

Jewelers are social animals. From your customers to your colleagues, the people surrounding you are critical to your sense of wellbeing.

- Relationships with customers: 19.3%
- Outside sales trainers: 4%
- Flexible time/hours: 9.1%
- Salary: 6.5%
- Feeling of accomplishment: 24%
- Job security: 4.4%
- Benefits: 1.8%
- Advancement opportunities: 2.2%
- Travel: 0.4%
- Love of the industry: 20.4%
- Other: 8%
What Employment Benefits Do You Receive?

- Paid vacation: 62.2%
- Paid sick days: 42.3%
- Medical insurance: 68.5%
- Dental insurance: 18.5%
- Merchandise discounts: 48.2%
- 401(k) plan: 38.7%
- Life insurance: 29.3%
- Educational financial support: 25%
- Disability insurance: 18%
- Paid maternity leave: 7.7%
- Pension plan: 8.1%
- Other: 9%

What is Your Single Biggest On-the-Job Concern?

- Sales performance: 35.3%
- Lack of training: 3.1%
- Job security: 5.8%
- Management support: 4.7%
- Outsourcing: 1.6%
- Other: 8.9%
- Sufficient operating budget: 25.6%
- Keeping current with technology: 15.1%
- Not all retail salaries are created equal. Herewith, the median payroll amount per full-time employee in different categories of retail (followed by payroll as a percentage of store sales):

1. High-end: $46,558 (17.9%)
2. Chains: $52,344 (18.7%)
3. Mid-range: $40,709 (20.7%)
4. Custom: $38,338 (19.9%)
5. All firms: $41,729 (19%)

Source: Jewelers of America’s 2011 Cost of Doing Business Report