

INSIDE...

De Beers' Inside Story

Martin Rapaport

One-on-One With...

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DTC - The Marketing Syndicate

By Martin Rapaport

We are about to witness an historic and fundamental change in the role of De Beers that is sure to have long-term ramifications on the way our trade operates. De Beers, the company that markets about 70 percent of the world's rough diamonds and spends \$180 million a year on generic consumer advertising, is changing direction and focus. We must understand what De Beers is doing and how this will impact our business.

It all started with the De Beers' strategic review, implemented about a year-and-a-half ago to address the problem of De Beers' poor share price. The review uncovered major problems with De Beers' "old way" of doing business and encouraged management to rethink the company's priorities and objectives.

Primary results of the review were that De Beers' large inventory policy was unacceptable and this implied that De Beers needed to abandon its role as rough controller and "custodians of the market." The review also identified marketing opportunities, highlighting the extremely low advertising-to-sales ratio (ASR) of only 1 percent in the diamond industry versus 10 percent for other luxury products. It also noted the underutilization of De Beers and other brand names for diamond jewelry.

De Beers now had to implement a new strategy for the company. The first big move was to let go of its role as "custodians of the market." This means that De Beers is no longer going to actively buy outside rough and intervene in the market to support rough prices (barring emer-

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Fundamental Change

Nicky Oppenheimer discusses De Beers new strategic initiatives and their impact on De Beers and the industry in this exclusive interview with Martin Rapaport, London 07/14/00.

MR: You have said that the new strategic initiatives are the most important development at De Beers since the 1930's. Why are these new initiatives so important?

NFO: We are moving from being the seller of last resort to being the seller of choice. That is a very fundamental change. Our priority has shifted from controlling supplies to driving demand. We will be provid-

ing our clients with an added value package that will ensure that they choose to buy from us rather than other suppliers.

MR: How will the new program help De Beers and its sightholders?

NFO: In today's market you don't have to be a genius to have a good diamond business. The test will be when the downturn comes. When our sightholders see that the value they are getting from De Beers is so good, they are going to buy from De Beers even though other diamonds on the market are less expensive. The sightholders and their clients are

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World Diamond Congress

By Martin Rapaport

As expected the subject of Conflict Diamonds dominated the meetings of the World Diamond Congress (WDC) in Antwerp, Belgium in July. The WDC, a unique forum that meets every four years, is organized by the two major international organizations of the diamond industry - The International Diamond Manufacturers Association (IDMA) and the World Federation of Diamond Bourses (WFDB).

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Jewelry Wardrobing

By Amber Michelle

Setting yourself apart from the competition is crucial to success for jewelers in today's world, where not only are other brick-and-mortar retailers vying for the same customer, but so are myriad internet and television jewelers. Service is an essential ingredient to setting your store apart and Fallbrook, California-based colored gemstone dealer, Cynthia Marcusson, suggests a unique and enjoyable service that may create more sales — jewelry wardrobing.

"You must show a woman how to accessorize with jewelry — how to wear it in different ways and in different combinations to express herself," says Marcusson.

According to Marcusson, the door is wide open for jewelers who want to market themselves as a jewelry wardrober. The process is simple and is lots of fun for both sales associates and customers. It's a form of relationship marketing that helps to build a loyal clientele.

Jewelry wardrobing is not so much about fashion as it is about style and helping women to create their personal style through their jewelry. But in order to successfully implement a jewelry wardrobing program, it is essential to follow fashion, so

that you can be well versed and up-to-date in what current clothing styles are and how jewelry works with the new trends.

"Jewelry fashion is not just about which colors are hot, it is about celebrating one's individuality, love of life and the need for beauty. We need beauty, especially today, since our lives have speeded up to an uncivilized frenzy.

Beauty is not superfluous, it is a nourishing sip of water from a clear well," remarks Marcusson.

The first step for a jeweler is to develop the knowledge and confidence that is necessary to show a woman how to wear jewelry. Retail jewelers need to understand color, form and texture and apply that understanding to how a woman can wear jewelry. The next step, says Marcusson, is to learn how to develop your business as a jewelry wardrobe consultant. The trick is to apply your knowledge of color and jewelry to how a woman can use it to express herself.

"For the first time, fashion is about choices and freedom of expression. Our individuality is celebrated — we can be anything we want. We all



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Top: Unique designs and unusual gemstones inspire collectors to buy jewelry. Rings from the Cynthia Renée Collection.

Bottom: Open Spaces pendant and earrings in 18-karat yellow and white gold, set with peridot or rubellite from the Cynthia Renée Collection. Photos: John Parrish.

Wardrobing

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have many faces that need different modes of expression," remarks Marcusson.

Fashion Student

Start with the basics. Study the consumer fashion magazines — *Vogue*, *Bazaar*, *W*, *Elle*, *Instyle*. Pay attention to how the clothes are worn and what the basic clothing pieces are for the season. In addition to fashion magazines, check out some of the shelter magazines — *Architectural Digest*, *Home & Garden* — to see how fashion is transferred into home decor. Some books that Marcusson recommends are "French Chic" by Susan Sommers and "Elements of Style" by Hollywood stylist Phillip Bloch.

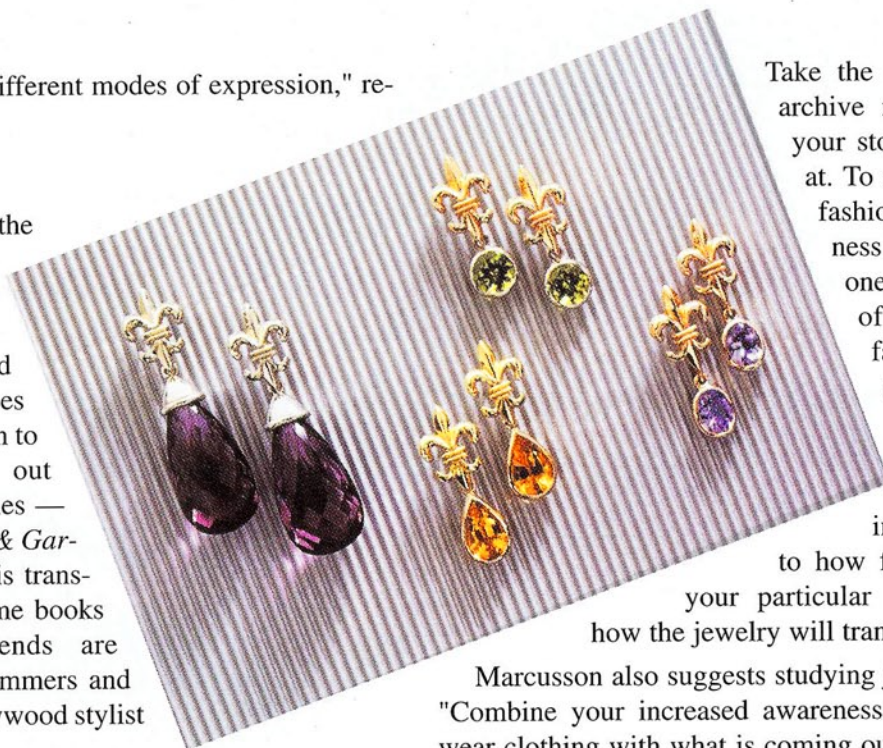
Reading a magazine and studying it for fashion is a different technique than reading for pleasure. When you read to study for fashion, it is important to observe how clothes are worn. It is also crucial to look for themes in fashion, such as the current Asian and seventies influences, as well as the return to feminine touches — ruffles and flounces and longer lengths.

To learn even more about fashion, Marcusson advises visiting museums featuring fashion, history, decorative arts and textiles — study how clothes are and have been worn. When attending exhibits, buy the catalog and leave it out for your customers to see it, or build a display around it.

Color is a very important element in fashion. According to Marcusson when a color becomes the hot color of the moment, there is an increased popularity for gemstones of that same color range. This is an opportunity for jewelers to integrate colored gemstones into a woman's jewelry wardrobe. To really be up on how color influences people, study color theory; how color influences emotions, and how and why colors are worn, or combined.

Fashion Fit

Retailers who are serious about catering to the fashion-conscious woman should make sure the customer knows that. Show her that you are aware of fashion with displays. Marcusson recommends studying the fashion photography in consumer magazines. "The fashion photography in these magazines is very creative. Study still life photos and adapt what you can to jewelry display cases."



Take the next step and keep an archive notebook of fashion in your store that people can look at. To really stay on top of the fashion aspect of your business it is important to appoint one person to be in charge of what's happening in fashion. "Have that person do a report on how fashion applies to jewelry," says Marcusson, who notes that it is important to pay attention to how fashion will manifest in your particular geographic region and how the jewelry will translate in your given area.

Marcusson also suggests studying jewelry trade magazines. "Combine your increased awareness of fashion and how to wear clothing with what is coming out and available in jewelry. Think about what jewelry styles and designers you can tap to maximize your fashion offerings."

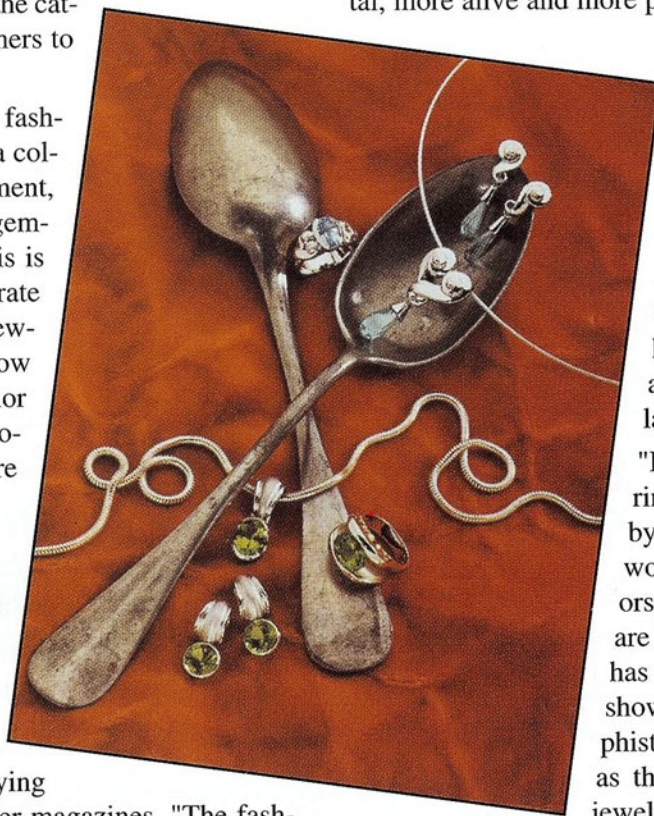
Think about the following questions: What jewelry goes with particular clothing styles and who can you sell that jewelry to? What vendors should you establish relationships with?

"Fashion allows you to capture the interest and imagination of your customer...to spark a passion for collecting and wearing jewelry as a form of self-expression," comments Marcusson. "Self-expression and collecting are what lead you to a more vital, more alive and more profitable business."

The Basics

Marcusson says that it is best to start a jewelry wardrobe for a customer with several key pieces that they can build on. She suggests the following items: Two pairs of gold earrings — button and drop; a gold ring with texture; a gold collar to hang pendants from; a pearl strand and studs; a diamond solitaire necklace and earrings.

"Build on the basics. Have gold earring jackets and show different looks by pairing them with lapis and onyx. A woman needs colored gems in all colors, not in matched sets. Matched sets are losing fashion potential. The jeweler has to understand how to mix and how to show that to the customer. It's very sophisticated and it will help to create sales as the customer learns how to wear her jewelry," concludes Marcusson. ♦



Top: *Fleur de Lys Collection* by Cynthia Renée has interchangeable drops.
Bottom: *Earrings, enhancers and rings from the Cynthia Renée Collection of interchangeable jewelry.* Photos: John Parrish