

## THE TREND: <br> Prices

High Metals N

In the last few years, jewelry manufacturers and designers have witnessed prices of metals skyrocket to new highs. At presstime in early May, gold was trading at $\$ 1,162$, platinum at $\$ 1,715$, palladium at $\$ 544$, and silver at $\$ 18$-figures that many industry leaders believe are having a stunning impact on the trade.
"The major current trend impacting the industry is the price of precious metals," says Alan Bell, managing director of Rio Grande in Albuquerque, New Mexico. "After years of stability, the price of metal has gone up dramatically over the last few years."

Gold steadily hovered around the $\$ 300$ mark from about 1998 to 2003, when it began a gradual rise to the $\$ 600$ to $\$ 700$ range until mid-2007. From that point forward, the roller coaster ride has been intense, with the current prices over $\$ 1,100$ shocking the industry. Platinum, too, has been climbing. At the beginning of 2003, the price was just over $\$ 600$, increasing steadily to a point where it had breached $\$ 1,000$ by early December 2005. The last few years have seen unprecedented volatility. Prices in 2008 traded at a record high of $\$ 2,276$, then dropped to a year low of $\$ 756$, and subsequently rose again into the $\$ 1,700$ range we are seeing today.
"The previous low prices [of gold] drove the supply chain to graduate from silver to gold," adds Bell. "Now that's all changing."



The charts above show a 15-year gold price history (top) and a 17-year platinum price history (bottom).
"We're not speculators, but we don't see the price of gold going down this year," adds Torry Hoover. "Jewelers need to get accustomed to the price and think of ways to work around it."

## STRATEGIES FOR SUCCESS

- See the silver lining. Silver may be the only "affordable" precious metal left, and it brings with it the cachet of being familiar, respected, and recognized as a member of the "precious" family. Thanks to this, manufacturers and designers who may have worked solely in gold and platinum have embraced silver in the past few years.

Suppliers are taking notice. After multiple requests for silver bridal settings and bands-items they don't normally have in stock-Hoover \& Strong added them to its catalog. Meanwhile, John C. Nordt Co. in Roanoke, Virginia, has begun pro-

In response to high gold prices and slowing sales of high-ticket items in 2009, Zaffiro launched the Etrusco line of blackened fine silver to augment its highkarat gold granulated jewelry.
ducing silver wedding bands with gold highlights to provide its customers with less expensive options.
"Silver is the one precious metal that remains at a reasonable price," says Paul Nordt, the company's chairman and CEO. "Innovative manufacturers are using silver in very creative ways, keeping price down and quality high."

Bell sees designers not only incorporating silver with gold accents, but in some cases moving to vermeil (a thick metal plating over sterling silver). "Customers receive value in the piece without dramatically increasing the cost," he says.

The move to silver is also helping some

designers keep both customers and their creative edge. For example, husband-andwife design team Jack and Elizabeth Gualtieri of Zaffiro in Portland, Oregon, launched a new blackened silver line at the 2010 ACC show in Baltimore to augment

## JCK LAS VEGAS

June 4th - June 7th Booth \#60400

ALL NEW 2010 YASUI AUTO MOLD EADER/VACUUM WAX INJECTION SYSTEM


## Solidsर्द्विe

The Only True CadCam Castable Wax
Acheivable Accuracy
$0.025 \mathrm{~mm} / 0.001$ "


## Call us at 1-800-221-7448 <br> Sales@Romanoff.com www.Romanoff.com

NOW UP TO 25\% FASTER AND IMPROVED SURFACE FINISH

their high-karat gold granulated jewelry.
"With the high price of gold and the slowing of sales of higher ticket items in 2009, we wanted to design a silver line to help bring down costs," says Elizabeth. "The Etrusco line features blackened fine silver accented playfully with 22 k granules. The sensuous forms echo our one-of-a-kind work, but are more whimsical and affordable. With the cost of silver compared to gold, it's easier to satisfy our inspirations-and retailers are ordering and clients are buying! We've had three trunk shows with the line since it launched in March, and we have a very positive outlook for sales this year."

- Lighten up. If creating a silver line isn't an option, removing some of the gold and platinum weight from jewelry pieces can help you lower prices. "There is a need today for lower price points, but not cheaper quality," says Phyllis Bergman, CEO of Mercury Ring Corp. in Englewood, New Jersey. "The advent of exciting costume jewelry at low price points, such as that offered by J. Crew, which features young, eye-catching designs, is pre-

Identifying consumers' needs for lower price products, Platinum Guild International this year is launching a campaign to promote "entry platinum."
senting a challenge to fine jewelry manufacturers. To compete, you have to be very cognizant of cost. If it's too heavy, you have to think how to keep it strong but get the weight down, and maybe re-work it to use fewer diamonds, or pearls and colored stones. The public is looking for good value."

To cut costs for her gold line, designer Judith Ripka of New York City is incorporating more openwork. "I'm designing pieces that have cutouts in them," she says. "They are angled in various ways so that the centers won't have any gold." Ripka is also using larger semi-precious stones to keep metal weight down, and she offers a line of pieces in sterling with a touch of gold; though less expensive, they still retain the design aesthetic of her high-end line.

In addition to steps being taken by individual designers and manufacturers to meet consumers' needs for lower price products, Platinum Guild International (PGI) this year is launching a campaign to promote "entry platinum." Recognizing the need to make platinum more accessible and affordable to consumers, PGI is seeking out platinum product for its campaign in the following retail price ranges: engagement ring semi-mounts under $\$ 1,000$ and under $\$ 2,500$; complete engagement rings under $\$ 2,500$; wedding
bands under $\$ 500$, under $\$ 1,000$, and under $\$ 1,500$; and fashion jewelry under $\$ 2,000$ and under \$3,500.

- Explore alternatives. According to researcher Ken Gassman of the Jewelry Industry Research Institute in Glen Allen, Virginia, average tickets at retail are down 10 percent. "The sweet spot is $\$ 99$ at retail for jewelry, except at Christmas, when it's around $\$ 300$," he reports.

To meet such low price points, some manufacturers are opting for "alternative" metals such as titanium, steel, and tungsten. "Millennial-generation consumers [in their twenties and early thirties] and technology buffs love titanium and tungsten, and they don't care if a jewelry piece is made out of gold or steel," says Matt Stuller, CEO of Stuller Inc. in Lafayette, Louisiana. "We have proven in the watch business that these are acceptable materials. To make jewelry with these inexpensive metals set with genuine stones is a new paradigm in the jewelry industry-it doesn't have to be gold or platinum to be considered fine jewelry. We can now offer jewelry priced between $\$ 49$ and $\$ 199$ with a markup that is worthwhile for the retailer. Few jewelers accept this today, but it will be a steadfast product in every retail store in the years to come."

Michael Schechter, digital marketing


To meet lower price points, some manufacturers are opting for "alternative" metals such as titanium, steel, and tungsten.
director for Honora Industries Inc. in New York City, which is known for its freshwater pearl offerings, also sees great potential in alternative metals, especially with the Gen Y/Millennial set. "Platinum and gold don't have the same value with this younger generation," he says. "They grew up wearing costume. They like the [precious metals], but not at the gigantic price disparity." (For details about Millennials, see "The Rise of Gen Y," page 36.)

Schechter credits e-tailing sites such as Etsy.com with bringing non-precious metals more into the mainstream. "Consumers see jewelry made with materials such as copper and brass on this cool, creative site, and they are getting more comfortable

with the idea of these 'other' metals used in jewelry," he says.

So does all of this mean there's no hope for gold and platinum sales getting a boost in the years ahead? Not exactly. "We're finally seeing stability in metals prices, with gold in the range of $\$ 950$ to just under \$1,200," says Dave Meleski, president of Richline Group. "This means
retail pricing has remained in a narrow enough range now for 12 months that the consumer is starting to see some stability in jewelry prices."

Since consumers aren't being shocked by an ever-increasing price range for the same product, they may once again feel comfortable opening their wallets to make a purchase-especially if that purchase has special meaning to them.


