

STEPS YOU CAN TAKE TO BE IN BUSINESS YEARS FROM NOW

By Matt Perosi



With the New Year comes the hope for a prosperous future. Hope is good, but it's better to plan for a brighter future.

JBT's data stating 996 jewelry stores closed their doors in the past year through the third quarter. The data does not identify the specific reasons for their closings. Some are due to the economy or the slow recovery. Others are due to retirements or bankruptcies. All of the closings probably had something to do with outdated business models.

From my experience, I've observed that many jewelers do not keep up with changes in technology. Jewelers waited to install computerized inventory, were slow to set up websites, and waited before engaging in social media. Now e-commerce is the current late to adopt technology piece.

E-commerce is an important new segment of the retail world. Jewelers have been slow to adopt e-commerce for a variety of reasons. One of the current lines of thinking is something like, "I'll use e-commerce and social media, to generate traffic in my store." Another is "consumers don't want to buy jewelry online without trying it on first." I understand that all hands are different, fingers are different, wrists are different as are necklines. These are legitimate barriers for online sales that many other companies have already addressed and overcome. (HOW?)

QVC launched in November 1986 with the notion that a show host could talk the consumer through the purchase process

while models demonstrated the products. To this day, models still wear jewelry on a finger, wrist, or neck, and demonstrate how to match such jewelry with your wardrobe. Jewelers don't need TV to succeed with remote sales, through social media the same modeling techniques with photos and videos can be employed to illustrate the ownership experience.

Based on my own data from the last 13 years of building jewelry related e-commerce sites, I can tell you that there's a better chance to sell items online if they are below \$500. I'll also state that it will take several years for your online sales to account for a good percentage of your sales revenues.

Consumers haven't stopped buying jewelry. They are just buying through different methods. The challenge for retail stores is to add e-commerce to their website this year and slowly move to a new model of business. Building the model might require associations with new designers that have not yet made a name for themselves and a full breadth of online marketing techniques like paid ads, social sharing, and content building.

Offline marketing is still very important to reach your existing customers and local area, but limiting yourself to your local community makes you more susceptible to downturns. While you could just use online marketing to broaden your local area targeting to a reasonable driving distance, an e-commerce website will expand your customer targeting out to the entire world.

Establishing your first e-commerce site isn't a small task. Here are the key points to help get you there:

- 1** Time. Be patient. It could easily take 9 months to launch a e-commerce site.
- 2** Once launched, it then becomes a continuous job of adding new product to the site. Stick with items under \$500 until you are comfortable with the process.
- 3** Pendants, earrings, necklaces, and bracelets tend to sell well versus rings where you are faced with sizing problems.
- 4** Keep in stock all of the products on your e-commerce site. Out of stock situations will lead to greater cart abandonment and frustration with the online buying process.
- 5** Don't sell the same designer styles that other jewelers sell, this leads to online price competition.
- 6** It might take several years before e-commerce sales to account for a reasonable part of your total annual sales. It all depends on the time and resources you dedicate to it.
- 7** Use an on-line catalog of wedding jewelry as a sales tool that encourages in-store visits to assure the right chose and correct ring sizes.
- 8** Using photos depicting ownership experience in your targeted online ads and on social media. This will create demand.
- 9** Good photography is needed for ecommerce. Send me an email and I'll send you links to information I have about jewelry photography.

E-commerce offers you opportunities for supplemental income, and it's just starting to surge. Use this year to prepare to ride the oncoming wave.



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Matthew Perosi reports the latest Internet trends and methods that are most relevant to the jewelry industry in his newsletters, videos, and blog available through jwag.biz. Tap into the more than 1,500 free newsletters to guide you towards better usage of websites, social, and mobile. Matthew invites your feedback and questions at matt@jwag.biz or 973.413.8211. Many questions from TRJ readers have turned into great newsletter topics.

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