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INBOOKS

ARE THESE BUSINESS BOOKS FOR YOU?

Blink!

DETAILS: Hardcover, 288 pages, 2004 | AMAZON.COM PRICE: \$15.57

BY MALCOLM GLADWELL

IN A NUTSHELL: *Blink's* premise? That sometimes snap judgements are the best judgements. And that, when we train ourselves to think logically and deliberately, we can make better snap judgements. Think of all the time you'll save ... and worry wrinkles you'll prevent!

THE KNOWLEDGE: Malcolm Gladwell created a phenomenon with his first book, *The Tipping Point*, published in 2002. Notice the number of times you've heard the phrase "tipping point" in business stories over the past two years ... thank Gladwell for that. As in his previous book, Gladwell creates his own lingo in *Blink* — "thin-slicing" (looking at just a small part will allow you to see the whole, as in the case of the psychologist who can examine just 15 minutes of a married couple on videotape, and predict with 80% accuracy whether they will be married or divorced within five years); the "Warren Harding Effect" (hiring a person for a job simply because they look right for the job, with no regard for their competency for said job); and "micro-expressions" (facial contortions that, while only lasting milliseconds, can reveal everything about a subject). One finding Gladwell shares that will be of much interest to retailers: less isn't just better than more, it blows away more. The experiment: a researcher set up a booth in a supermarket selling gourmet jams, and sometimes showed 24 jams, and other times only six. Conventional wisdom would say that consumers would buy from the booth that featured more jams, since they'd be more likely to find the flavor of jam they wanted to buy. But conventional wisdom would be wrong. Thirty percent of the people who visited the booth featuring only six jams bought, while only three percent bought from the booth with the much wider selection. An important lesson, people! In one of the book's last chapters, Gladwell also examines the flaws in making snap judgements — what he calls "the dark side of blink" — with particular emphasis on racism. (He gives an absolutely amazing summary of the possible thought processes of the New York police officers who mistakenly took 41 shots at Amadou Diallo in 1999.)

OUR TAKE: *Blink* is an incredible read, and highly recommended as entertainment. But, as a business document, it should be handled with extreme care. If people read *Blink* and the only message they take out of it is, "I should trust my snap judgements", it will be the opposite of what the author intended. What is really needed is a second book — perhaps called "Blinking: Using the Lessons of *Blink*" — that will really teach you how to use the findings presented here.



O N S A L E S

RARE EARTH



Shane Decker shows you how to prove diamonds are underpriced, in the first of a two-part series.

NO MATTER WHO YOU ARE, where your store is, or how closely you guard your margins, you should be making more money on diamonds. Why? Because no jeweler in the world charges nearly enough for this amazing gemstone. Customers who are agonizing over spending several thousand dollars on a diamond need to understand this. And it's *your* job to help them.

In my next two issues, I will give you six reasons that diamonds are ridiculously underpriced. Copy these two articles and make them *required reading* for every sales associate whoever works in your store. (The information I am about to share with you is compiled from sources including the GIA, the AGS, and DeBeers, as well as my own research ... so you can take it to the bank.)

1) **Rarity.** Eighty percent of all diamonds mined are industrial quality. Of the remaining 20% that are gem-quality, it takes one million to obtain a single 1-carat diamond. It takes five million to get one 2-carat diamond. Think of it ... a thousand piles of diamonds, each pile with a thousand diamonds. Only one of those will be a one-carat diamond, and none of them will be two carats ... we'd need five times that many to find one. I've

asked DeBeers how many are mined before a three-carat stone is discovered, but nobody knows the answer. Additionally, gem-quality diamonds are found in very few places: Africa, Russia, Australia and Canada. The first diamonds were located in India, 3,000 years ago. And for 2,900 of those years, every diamond was mined by hand. Eventually, all the diamond mines in India were mined out (by *hand*, remember). You could put a price tag of \$25,000 on a one-carat diamond for its rarity alone.

Not only are diamonds extremely rare, but they're very difficult to come by. 250 tons of the earth's crust must be removed to find one 1-carat diamond. Think of it another way: you'd have to sift through 250 one-ton dump trucks full of earth to locate said diamond — that's a lot of dirt to find something the size of a large pea that weighs one-fifth of a gram!

Furthermore, diamond miners have gone into savage territories to search for diamonds... and never come back. They have mined secret crevices in the heart of lands where only explorers have gone before... and found nothing. Companies have



Just a one-carat diamond?
Or a one-in-a-million
natural phenomenon?

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RARE

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invested in state-of-the-art technology to dive to the darkest depths of the ocean and vacuum diamonds off its floor. Centuries ago, countries even fought wars over diamond mines, with the mining interests caught in the crossfire. As a matter of fact, diamond is the most sought-after substance on Earth with the least amount of return! How can you negotiate price when you understand how much it costs to obtain that diamond?

3) **Cut.** People who cut diamonds must serve as apprentices for 10 years before can even touch a one-carat diamond. They start on three- and four-pointers, then move up to 10- and 12-pointers, mastering the ability to cut stones of that size. From there it's quarter-carats, and they have to learn to cut and polish each shape. Over the years, they'll continue to improve their capabilities on one-third carats, half-carats, three-quarter carats ... in fact, they'll cut thousands of diamonds before ever touching a single one-carat stone. Now, because of society's obsession with size, 90% of all diamonds are cut to retain weight, sacrificing brilliance and beauty. Only 10% are cut to fine make criteria, and only one-tenth of 1% are cut to ideal standards. The better the cut, the more expertly-skilled the cutter must be. They are therefore more difficult to find, and more costly to employ. Very few cutters have the ability to cut fancy-colored diamonds. These are not skills learned in college, but are rather passed on through families, and trained over many years. These cutters have hands as skilled as a surgeon's, and can tell that a facet is correctly polished by the sound it makes on the wheel!

You were already at \$25,000 for the incredible rarity of diamonds. Add \$25,000 each for the extravagant mining costs and extraordinary skill required for cut, and you're up to \$75,000 for a one-carat diamond. But wait ... there's more! Tune in next month to discover three more critical reasons why a diamond is the best value for anyone's dollar. Meanwhile, do me a favor, and *don't* undersell those diamonds!

Shane Decker has provided much sought-after sales training for more than 3,000 stores worldwide. He can be reached at (866) 424-2472.

A CUTTER HAS HANDS AS SKILLED AS A SURGEON'S, AND CAN TELL THAT A FACET IS CORRECTLY POLISHED BY THE SOUND IT MAKES ON THE WHEEL.

DO YOU OR DON'T YOU?

DO YOU SELL BRANDED DIAMONDS?

(Panel members were asked whether they sold branded diamonds — including self-branded diamonds.)

YES, WE DO

Hearts On Fire — an incredible company with unbeatable marketing. Our number-one vendor for 2004, and we only had it four months. — ALIX RAILTON, HAPPY DRAGON DESIGNS

The Jubilant Crown — it's an amazing new cut and all you have to do is show it. It sells itself. — ALIX RAILTON, HAPPY DRAGON DESIGNS

Polar Bear diamonds from Canada: selective distribution allows good margins, and everybody loves polar bears! — ALIX RAILTON, HAPPY DRAGON DESIGNS

We carry the the Lazare Diamond from Lazare-Kaplan International. One thing many forget is it was the original "ideal" cut diamonds due to the family involvement. — ALIX RAILTON, HAPPY DRAGON DESIGNS

We sell our own Curt Parker Jewelers-AGS-branded diamonds and Kwiat diamonds. Reason: Our customers buy larger diamonds — one carat and up — and we feel they deserve to have a brand that lets them know they are buying the best. — ALIX RAILTON, HAPPY DRAGON DESIGNS

Hearts-On-Fire, Lucère. Gives the place some class. ALIX RAILTON, HAPPY DRAGON DESIGNS

We carry the Gabrielle and the Kotlar Cushion. All are unique, patented cuts, and therefore appropriate for branding. We never carried

SURVEY

For this month's question our panel answered:

YES, WE DO

44%

NO, WE DON'T

56%

TOTAL RESPONSES: 152

"generic" branded diamonds, that is, diamonds that are brands in name only. These include all the various "ideal" cuts that carry brand names, packaging and promotion, but have nothing unique about the diamond. We always believed that our clients should not be asked to pay a premium for what is actually a generic diamond — believing that the "promise" of quality that comes with such diamonds was a promise we *already* always make to our clients. They should *not* have to pay extra for it. The unique cuts of the Gabrielle and the Kotlar diamonds make them something truly special, and worthy of premium. — ALIX RAILTON, HAPPY DRAGON DESIGNS

Self-branded "Agape" ideal cuts, hearts-and-arrows. Our brand helps us to link the product with our business perspective. We do business from a Christian world-view, In Greek, *agape* means unconditional love, the same type of love that God shows us. — ALIX RAILTON, HAPPY DRAGON DESIGNS

We carry the Star 129 diamond. We believe having an alternate cut choice as opposed to a normal 58-facet "super-cut" will be more appealing to our customers. — ALIX RAILTON, HAPPY DRAGON DESIGNS

We carry Isee2 diamonds which we can brand ourselves. We carry them because they are consistently the most beautiful diamonds that we have ever handled. Our clients love them so much that they practically sell themselves. We also carry Roberto Coin's Cento diamond. Again, it is so beautiful that it practically sells itself. — ALIX RAILTON, HAPPY DRAGON DESIGNS

NO, WE DON'T

My customer base will not pay extra for a branded diamond and my sales schtick precludes me from branding my own. (Down-home, buddy-buddy, best-friend style) — ALIX RAILTON, HAPPY DRAGON DESIGNS

I brand *me*. — ALIX RAILTON, HAPPY DRAGON DESIGNS

My family's business has been around for many years. We have built this name and earned the trust of our community. Why would we pay to publicize someone else's brand? — ALIX RAILTON, HAPPY DRAGON DESIGNS

I see a fall-out coming when people try to sell these stones on the secondary market — and realize that the "brand" really makes no difference there in terms of price. — ALIX RAILTON, HAPPY DRAGON DESIGNS

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