


New York: Key to the US Market

Bridal = Survival

Rapaport Int'l Diamond Conf.
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Defining the New York Market

A true global village (not defined by geography)

- ❑ Main office in New York
- ❑ Global purchasing
- ❑ Global selling
- ❑ Global Manufacturing

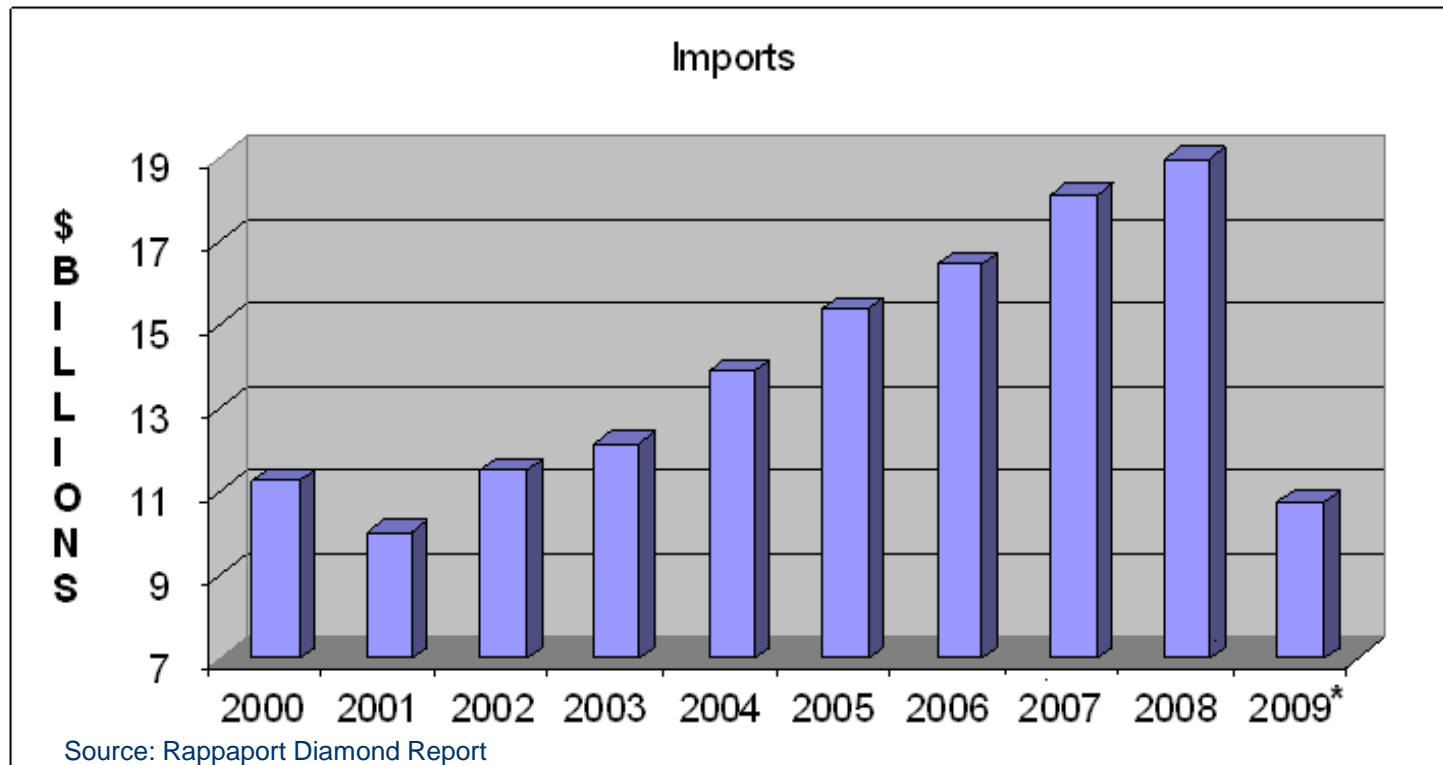
Follow the Diamonds and Dollars



Sizes – NOT Only Large

- There are specialists in NY for every size
 - .50 and larger
 - 3X, AGS 000, VG, and everything in between
- Specialists in Fancies
 - Primarily Princess
 - All other shapes as well

NY Decline – Steep, but not across the board



*estimated based on first half results

Bridal Statistics

The Knot (theknot.com) – July, 2009 Jewelry Study

- ❑ Current Economy Has Little Effect on Engagement Ring Spend
- ❑ Average center stone is just over 1 carat
- ❑ average amount spent on an engagement ring is \$5,800
- ❑ 80% of couples not downsizing their ring due to economy
- ❑ Over 20% of couples spending more than they had originally planned
- ❑ Round Brilliant is # 1, but losing market share
- ❑ Princess Cut sales up 15%

New York = Bridal = Survival

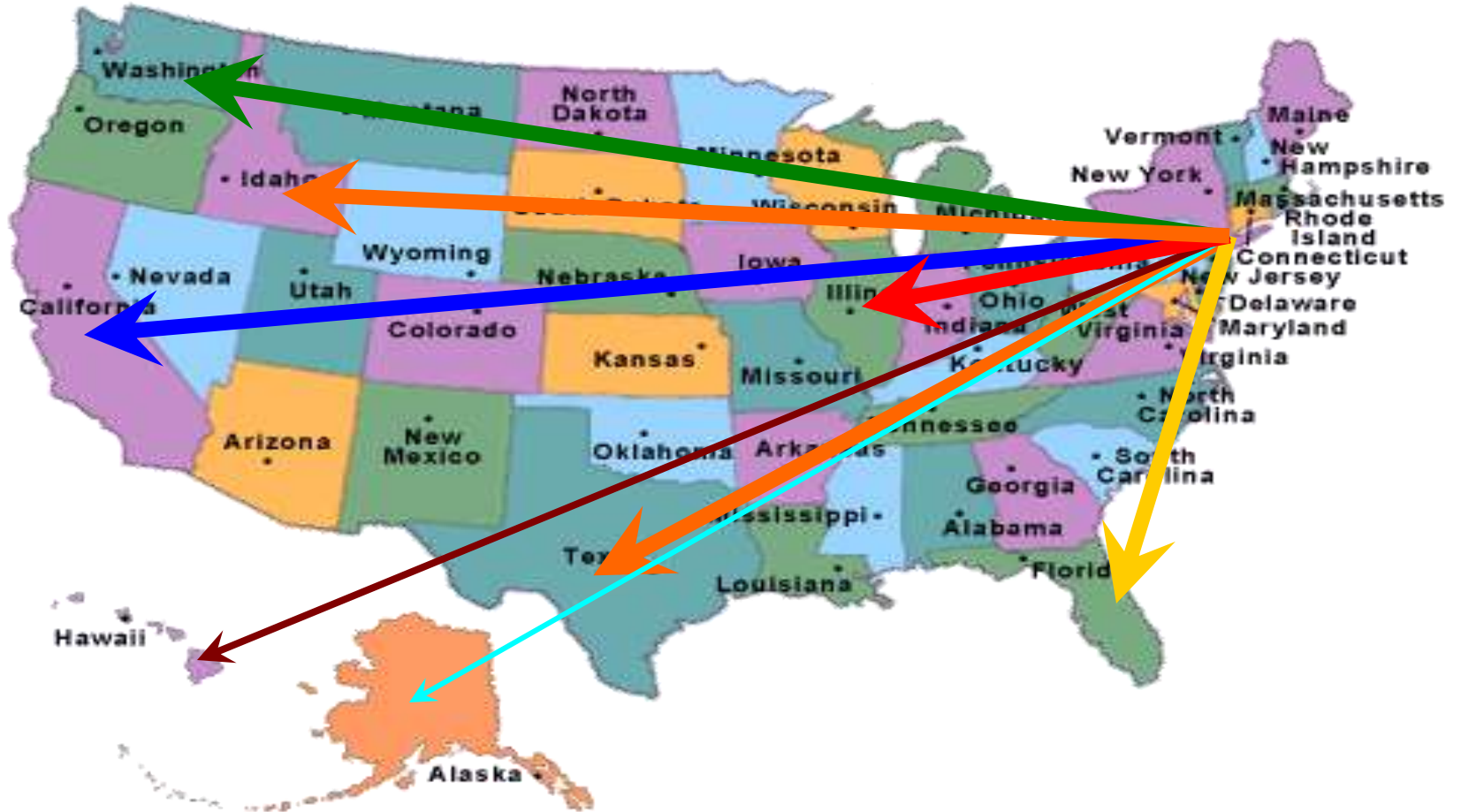
Bridal continues as # 1 product category

- “Average center stone is just over 1 carat”

(The Knot, 2009 survey)

NY specializes in 1 to 3 carats

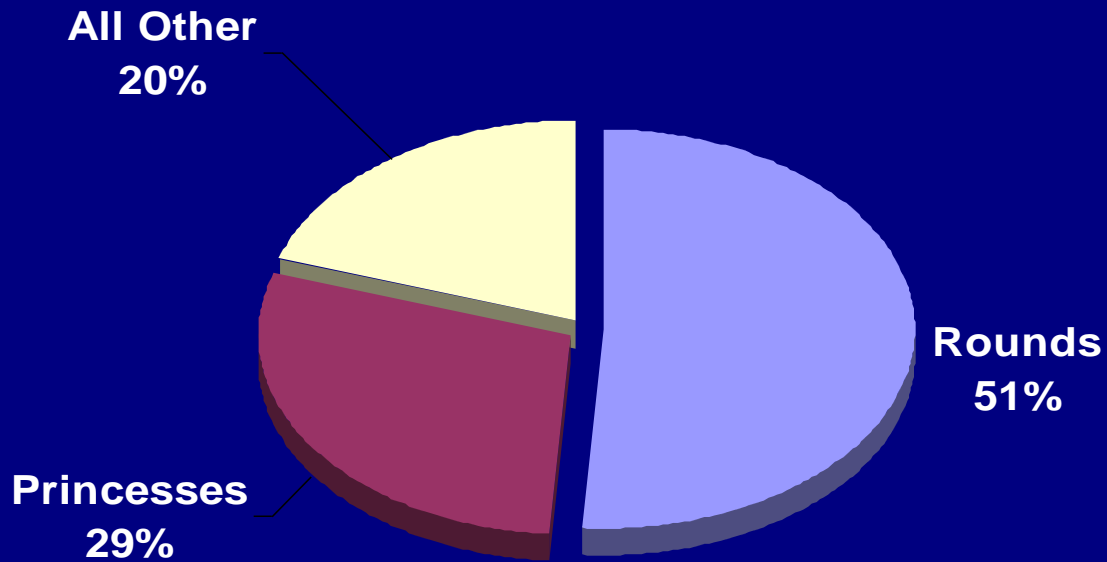
New York – Gateway to the U.S. Market



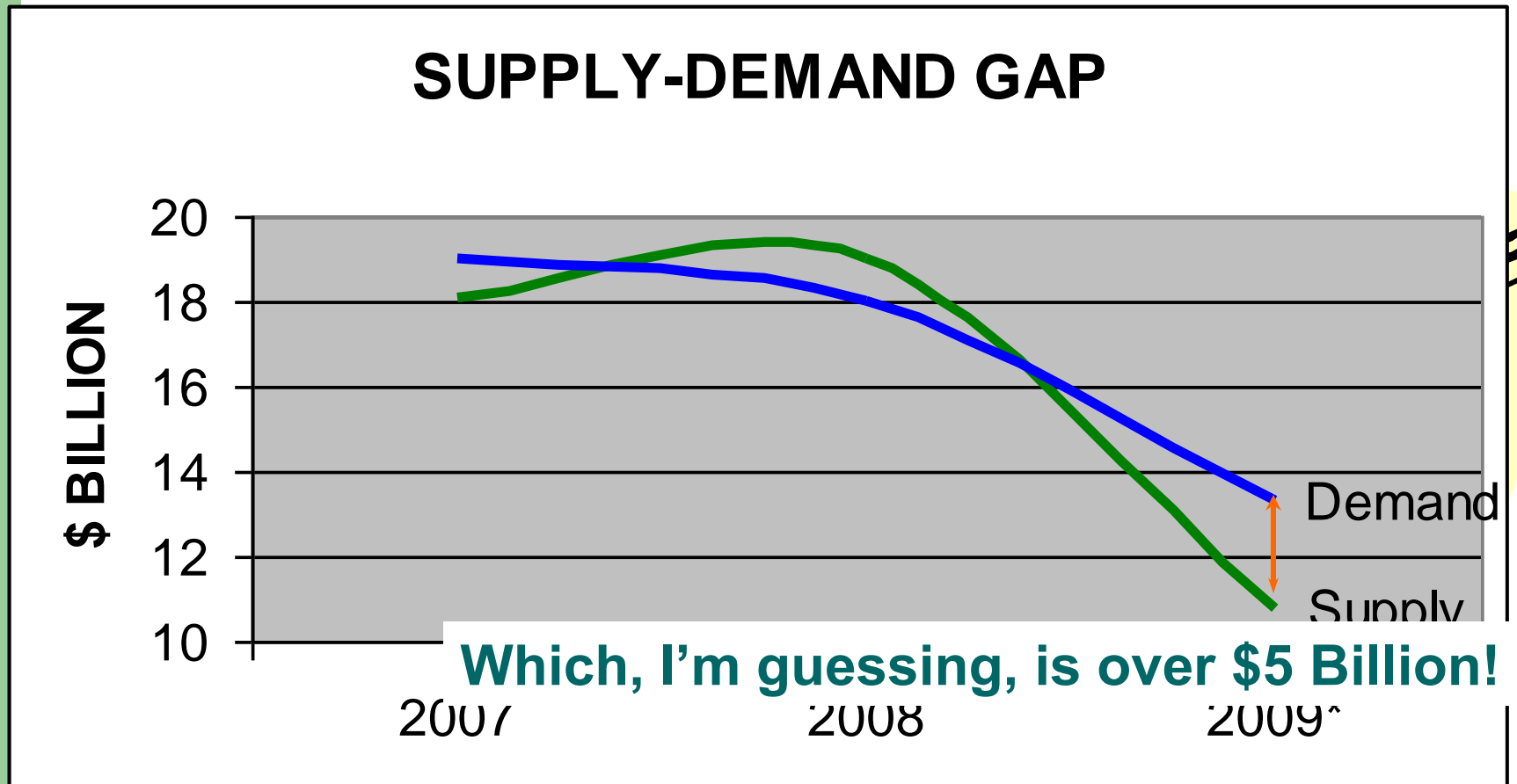
Strengths of New York Market

- ❑ Ability to best service the US marketplace
 - ❑ Knows the client best
 - ❑ Caters to him best
- ❑ Most US retailers maintain strong relationship with a New York firm
 - ❑ Usually its prime supplier
 - ❑ Certainly the first place for “calls”
- ❑ Liquidity – remain # 1 center for buying polished
 - ❑ All the world diamond centers come to NY to sell

Breakdown of Shapes in Bridal



Back of envelope calculations



So what does this mean?

- Days of excess inventory are over
- People are still getting married and of course, still buying diamonds
- Retailers... must have product to show
- Suppliers... must have product to sell
- Primary sources... must have product to sell
- Inventory = Survival

Ultimate reality... for Retailers

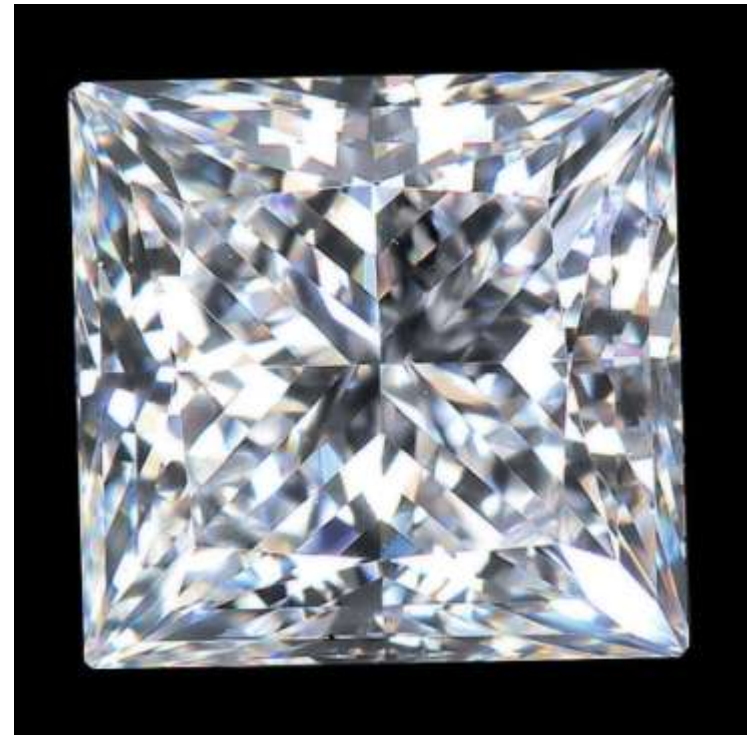
- You can no longer expect suppliers to take all the inventory risks – you can't simply wait until the last possible moment to buy
- You can no longer expect customer loyalty if you don't have what they need – you must replenish your inventory
- You *can* expect to lose all those long term bridal related sales –
BE BACKS DON'T COME BACK!

Survival for our industry... Innovation

New Cuts

New Selling programs

New Campaigns



Innovation

“When you're through changing,
you're through.”

- Bruce Barton