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BY SUSAN THEA POSNOCK

ONLINE DIAMOND RETAILING

Jewelers get a new Web platform to stand on

PROVIDENCE, R.I.—Even among the most resistant retailers, there's a sense these days that some kind of Web presence is necessary, but to their detriment, independent retail jewelers have still been slow to adapt, says Jeff Taraschi, president of Interactive Group.

The good news is that it's not too late to develop this aspect of the business and steal back some of the market share lost to dot-coms.

"If you're on the Internet and doing a good job, you're helping your business," Taraschi says.

That said, a small operation might still find itself intimidated by how to approach the Web. But a recently launched offering from jewelry manufacturer W.R. Cobb is trying to make it easier for retailers to establish a Web presence, affordably. The program, W.R. CobbOnline, creates online marketing sites for retailers while providing access to an online inventory of more than 30,000 pieces of jewelry and watches, including 25,000-plus certified diamonds.

W.R. Cobb CEO Roderick Lichtenfels says the company is concerned about the rapid rate at which independent jewelers are going out of business, and believes a Web platform can help turn the tide.

"The indies have been losing ground significantly," he says. "As things keep changing in the world, we saw there was a need to help them compete. You need a combination of online and brick-and-mortar to be successful."

The Web tool is offered to retailers at three levels: Level I includes access to Cobb's inventory of 25,000-plus certified diamonds, more than 3,000 bridal products and thousands of additional products, all at a startup cost of \$2,900, then \$299 a month for 24 months; Level II includes

all of the above, plus a monthly e-mail offer, visitor tracking and other tools, for a startup cost of \$3,900, then \$399 a month for 24 months; and Level III, for a \$6,500 startup fee and \$499 monthly fee, offers monthly home page updates, additional e-mails and full Web optimization.

Because the Web is such a visual medium, it's key for retailers to have professional-looking sites, says Lichtenfels. Good photography, in particular, can make or break a site.

"Buyers are buying based on what they see, so those pictures need to be good. That can be a rather substantial investment to get that in place," he says.

As sites like Amazon.com, Blue Nile and others see phenomenal growth, more buyers are expected to turn to those sites to make major purchases, including diamonds.

That's why reaching con-

sumers via the Web is key, says Fenton Group President Joshua Fenton, spokesman for W.R. CobbOnline.

"In the old days you bought your engagement ring for your fiancée, and then that was your jeweler for life, for wedding bands, anniversary and so on," he says. "That relationship is never beginning because the first purchase took place online."

With online shopping among the under-30 demo-

graphic continuing to rise, it is clear that

online sales are "not an aberration and the Web is not going to go away," Fenton says.

Other manufacturers have offered similar programs. GN Diamond sends consumers to local jewelers via its Web site, DiamondDestiny.com, and JewelryClubHouse.com, launched by Los Angeles-based Super Bell Jewelry Co.



Retailers who sign up for W.R. Cobb's Web platform have access to engagement rings by the manufacturer (left and top). W.R. CobbOnline creates branded online stores (above) for retailers.

does the same for its clients.

Fenton says feedback from retailers has been enthusiastic, with clients reporting increased sales.

"Our mission is to help give retailers a vehicle to build their business, so they can be a part of what's happening on the Internet, not just watching," says Lichtenfels. ♦

RETAILER NOTEBOOK



Helzberg balances Web, brick-and-mortar sales

KANSAS CITY, MO.—For retailer Helzberg Diamonds, one trick to succeeding online means balancing Internet growth with the in-store business at its 270 stores in 38 states.

"[You have to figure out] how to do a lot of business through e-commerce, and take care of the brick-and-mortar," says Helzberg Chairman and CEO H. Marvin Beasley. "It's a ticklish issue because you have to have consistent policies and consistent pricing."

Since launching in the late 1990s, the site has seen impressive sales growth, with Beasley estimating its e-commerce brings in

revenues equivalent to about three stores. Plus, parent company Berkshire Hathaway's support has Helzberg.com poised for still more growth.

"We're about to really push down on the accelerator in doing a lot of business on the site," he says. "Already we feel like in the volume we're currently doing, a great deal of it is outside our existing trade areas. That's great when you feel like you've gotten a customer you haven't had before."

Developed in-house, the site has also helped communicate to customers—and sales

Helzberg Diamonds says its online sales are roughly the equivalent of what it can sell in three of its brick-and-mortar stores, on average. Helzberg's site is user-friendly, with attractive photographs.

staff—store policies on issues such as conflict diamonds, for which Helzberg recently won kudos from non-governmental organizations Global Witness and Amnesty International.

Beasley notes that the online shopping experience is meant to closely mirror what happens in the store, and sales staff in the brick-and-mortar locations are even trained to use the Internet. Helzberg has been using ForeSee Results to measure the customer experience online, and customer satisfaction with the site has been positive, Beasley says.

Like any burgeoning business, he says, the company has learned as much from its challenges as from its successes. One particular challenge is diamond margins and making sure not to undermine in-store sales.

"Getting your margins appropriate for the business is very important," he says. "It wouldn't be smart to price the Internet at 30 percent and the brick-and-mortar at 50 percent."

The company is still working on pricing, but he says the answer is somewhere in between, depending on the category. ♦