

Branding Tools for a New Diamond Age

In the May and June issues, this series looked at tools that evaluate color and cut. This month, the last installment looks at marketing tools that help with branding

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In previous articles, we discussed consumer knowledge of diamond cut and color (“Diamond Evaluation: A Changed World, May 2003, pp. 82-83, and “Diamond Valuation: the Cutting Edge, June 2003, pp. 90-91). This month, let’s look at the importance of branding. Years ago, in a simpler age, a man bought a diamond engagement ring to demonstrate his love for a woman. Through advertising and promotions, De Beers greatly enhanced this custom over the years to create a burgeoning market for its mine production.

During that time, De Beers also controlled the price of diamond rough by regulating the amount placed on the market. Today, De Beers has less control because of its loss of some or all marketing agreements with some sources – including Russia and Australia – and the launch of new sources including Canada. De Beers remains the largest player but now must share the field with many other producers. Consequently, the company now tries to stimulate demand by urging its clients to create consumer marketing programs, including branding ventures.

To avoid competition on price alone, many of these diamond companies are attempting to differentiate themselves with brands that focus on appearance, where their diamonds are mined or who cuts and polishes them.

In the U.S., this falls in line with a long-term trend of branding formerly commoditized products such as hamburgers, pizza, coffee and even water. A brand promises the consumer a consistent product that is claimed to be uniformly superior and worth more. At the high end, consumers feel they gain status because they can afford higher-priced brands and appreciate their superiority.



The Inscription Loupe,[™] distributed by Kasso, holds a diamond in the proper orientation and position for viewing through its built-in lens. It’s especially safe for examining inscribed girdles of loose stones.

In the Diamond World

Some diamond companies differentiate their stones by providing new and even proprietary cuts. These offer several advantages:

- ◆ Because the proprietary cuts are uncommon, it’s hard for consumers to compare prices among retailers.
- ◆ They provide consumers with a nonstandard product which bestows status.
- ◆ In some cases they provide a higher profit margin by making more efficient use of available rough.

Some customers may be reluctant to buy unknown cuts. But many of them appreciate the variety, say retailers. In fact, the increased variety of cuts can boost the number of diamonds sold.

MANAGING DIAMONDS

Marketing

Branded diamonds purveyors use a variety of marketing strategies including distinctive packaging, highly styled Hearts and Arrows viewers and devices such as the Inscription Loupe,[™] distributed by Kassoy. The latter device, which holds the stone in the proper orientation and position for viewing through a built-in lens, is safe and convenient for examining inscribed girdles of loose stones.

Moderately sized retailers can brand their own diamonds by having them laser-inscribed by a major lab when they're graded, by an outside company such as PhotoScribe that specializes in inscriptions or by acquiring a laser-inscription device themselves. These machines use a laser beam to change a thin layer of the surface crystal structure to graphite, leaving a black inscription (this has no effect on diamond clarity).

Owning an inscription machine allows a jeweler to make custom inscriptions ("Happy 40th Anniversary, Mary") on the spot and provides a cost advantage if a large number of stones are inscribed. Sarin and OGI Systems manufacture these devices.

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