



THE INTERNET

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After ten years of everybody telling you that you had to put your business online, guess what? It's *finally* true. Here's the current state-of-play and smart advice for getting your store online:

STORY BY CHRIS BURSLEM

Unless you'd pulled the shutters down on your shop in mid-December and crawled into a cave, you are no doubt aware of the biggest story from the holidays — the terrific season online jewelry retailers had, especially at the high end. Not only did they enjoy huge growth — up 66 percent according to ComScore Networks — but their presence had a noticeable impact on when and how shoppers behaved. Many brick and mortar stores reported the real holiday rush didn't start until three or four days before Christmas. Consumers, it seemed, had spent much of December in front of their PC screens and stormed the local store only when e-tailers wouldn't be able to ship in time. Those shoppers who did come in early were better educated and armed with price data.

For any independent store-owner still clinging to the hope that online retailers will somehow go away, it's as clear as ever that's not going to happen. The real issue now is how small retailers will adapt to ensure they get their piece of the Internet-driven action. In the words of the tech gurus, retailing isn't "channel agnostic" anymore. You can keep your store, still mail out your catalog, but you also need your Internet presence.

"Independent jewelry retailers can't be afraid of the Internet anymore, they need to embrace it to survive," says Matt Perosi, a web programmer and head of the online marketing company that helped the Independent Jewelers Organization develop its Internet initiative.

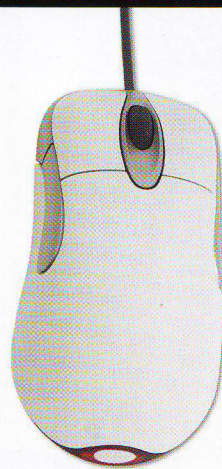
"Internet usage in their industry is still at the beginning, and the first store in their local market to jump on some of these ideas will be able to survive, while unfortunately the others go out of business. In reality they are in a dog-eat-dog industry, and the big online dogs are already eating a piece of everyone's profits."

To be sure, the sales figures coming out of the biggest of the online retailers, Blue Nile, can make for disheartening reading:

The Seattle-based upstart, formed just eight years ago, is now believed to rank second only to Tiffany & Co in diamond-ring sales. The average diamond ring bought

at the Blue Nile site costs \$5,500, twice the industry average of \$2,700. Its business model is built around an overhead that eats up just 13 percent of its revenues, compared with 30 to 40 percent at a traditional retailer, according to industry analyst Ken Gassman.

Selling a diamond ring will never be the same again, nor will the margins. But that doesn't mean the game's over. The Internet is if anything a playing-field leveler. New hosting services and technologies are allowing even small jewelers to get an e-commerce platform that will give them access to inventories that match those of Blue Nile for a fee of a few hundreds of dollars a month. The Internet can also give retailers more bargaining power over suppliers, a chance to team up with non-competing retailers via online forums, a way to cut sales expenses because customers can educate themselves, a venue to sell jewelry in far-flung markets, even internationally (although most of your clients will likely remain those from the local community). Perhaps best of all, when used properly the Internet can be a tool that doesn't undermine a retailer's traditional strengths — customer service, skills and knowledge — but one that supports a jeweler's greatest asset — his personal relationships with existing customers — by opening up new channels of communication.



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Good idea + Internet = untold wealth. Here are a few good ideas for getting a good online operation up and running. Let us know if they make you rich.

1 Your website obviously needs a name. The best are those that are short, snappy and most closely resemble your existing store's name. To see if the name you've come up with is available, go to www.regselect.com, which lists all the large domain-name registrars in the United States (and their prices). These registrar sites allow you to check if a name has been taken yet, and if it has, they suggest similar-sounding alternatives.

2 Before you go to a web designer, spend a lot of time looking for sites that are in line with what you want to achieve. This will help you avoid having the designer use your site to experiment with new technologies or concepts, says designer and consultant Brian Weaver.

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It is also worth remembering that for all the talk about the Internet revolution, Blue Nile and other online-only diamond dealers still account for only about 4 percent of the total jewelry market, according to a Forrester Research study released last year. They have taken away the low hanging fruit, the customers driven solely by price. But there is still an awful lot of jewelry to be sold, and it is clear jewelry buyers still like to shop in brick and mortar shops. The one thing to be aware of is that the younger buyers, the ones who will become your customer base of the future, often don't want to shop the way their parents did.

"People with faster, more hectic lives do not have time to visit physical stores randomly looking for something. They search online for products or services, cross reference several websites and contact the company they feel most comfortable with," Perosi says.

Brian Weaver, who has developed websites for a number of high-end stores including Tivol and Penny Preville, urges jewelry retailers to look at the auto industry, where people now visit just 1.7 dealers before buying a car, down from 4.1 just 10 years ago.

"There isn't a car dealer in the country that doesn't have a significant web presence and this is an industry built on brick and mortar stores," he says.

"They are willing to flex their online presence to the needs and wants of the client. They can sell a car online without ever seeing a customer or they can adjust the process to support a buyer who wants to come in and conduct a test drive after having narrowed the options online."

In short, the bar has been raised. To survive today retailers need better advertising, better inventory management, better services and an interactive online customer experience, Weaver says. Most importantly, the website must support your competitive advantage, whether that's designers, service or your shop.



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Never link to external sites, even to the designers you carry. It takes a lot of effort to get someone to visit your website; keep him there as long as possible.

At the most basic level, a toehold on the Internet can be very cheap to attain. A few hours with an HTML book or a web-authoring tool is really all you need to master the basics of website development. In fact, most of the personal websites, and even a number of the business sites you will come across on the Internet are likely to be do-it-yourself projects. Unfortunately, it usually shows.

At the next level are sites offered by merchant storefront providers such as Yahoo, FreeMerchant or LiteCommerce. If you're just starting out, such services aren't a bad short-term solution. The sites are functional, if basic. The Yahoo site, for example, is a five-page, wizard-driven product for which you'll pay a small setup fee of around \$50 and \$40 a month to get a set of software tools, website templates, a shopping cart, and a payment interface. This will allow you to get a merchant account that will accept credit-card or Paypal payments. (One significant drawback is that you can't use your own URL — you get an extension of a Yahoo URL — something like [HTTP://CA.LOCAL.YAHOO.BIZ/SPARKLINGJOJEWELER](http://CA.LOCAL.YAHOO.BIZ/SPARKLINGJOJEWELER).)

According to a profile in the *New York Times* last month, it was such a simple site that Mark Vadon bought in 1999 to start Blue Nile. The company, then called Internet Diamonds, had little more than a slow-speed modem Internet connection, no ads and just two people taking orders by phone. Yet it was doing \$250,000 in sales a month.

It's too bad, but you're unlikely to replicate Vadon's success with a website like that anymore. Consumers are a tad more demanding in 2007.

The cost of setting up a serious quality-looking online venture with unique branding that fully supports the sales process isn't negligible, although prices have come down in the last two years.

A quality-looking site designed by a consultant will set you back something between \$3,000 and \$15,000. E-commerce stores or

database-driven sites that are designed to showcase many products and support online shopping (although not necessarily online purchasing) start at about \$12,000 and go up depending on the level of logistics complexity.

"One of the biggest factors in price for an e-commerce site is the handling of data between the site, the store, and the warehouse or shipping company. People typically don't think through the practical issues of actually handling customers online," Weaver says, adding that the website is actually the cheap part.

"Dealing with inventory management, logistics, handling of returns can be truly overwhelming for most family-owned jewelers."

Weaver's prescription for a successful site: an application that encourages and supports dialogue between the consumer and the store (question forms, live support, call buttons), a carefully limited product inventory aimed at getting a consumer to come in and meet with the sales staff, constantly changing product images and updated content.

For jewelers who don't have the financial resources or technological confidence to try their own website there are a number of hosting services coming on stream that are tailored to support small jewelry retailers.

EDDIAMONDSELECT.COM provides a program that links retailers to what it says are the inventories of the same wholesalers who supply Blue Nile.

The web-embedded service, which was scheduled to launch on March 1, allows visitors to a jeweler's website to sort through tens of thousands of loose stones. Central to the eDiamondselect strategy, however, is that the system doesn't allow for the sale to be completed on the site. Once a customer expresses interest, a salesperson is alerted and he or she can then get in contact with the interested customer.

The system allows merchants to

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3 Opt for a local designer if you can. Design companies based in big cities tend to think everyone has a large monitor and a fast DSL connection, which means the website they create may be technically out of step with the people in your catchment area.

4 When looking for outside help in the form of a "search engine optimization" (SEO) consultant, remember this tip: If the SEO firm's website shows up on the first results page when you Google that's a pretty good sign they know what they're doing.

5 Your site should support shopping online. That's why people are looking at your site in the first place. Hints as to the caliber of your store, such as prices, products and the designer lines you carry, will help convince a prospect to make a store visit.

6 One of the key goals of any business that ventures online is to increase efficiencies and cut costs. As such you don't want to be paying a consultant forever to maintain the site. Make sure whatever website you come up with can be easily controlled and edited by your staff. Easy-to-learn tools should allow them to

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set their own margins. They can also choose to show only their own selection first before those of the wholesalers.

"If they're silly enough to try to max out on the stone they might as well go and jump off the Golden Gate Bridge. The key is to get the customer in the door. That's where the real profit is now," says eDiamondselect's director of marketing, Marc Abrams.

Adds Avrielle Aronson, eDiamondselect's founder and president and a veteran of the jewelry retail trade: "Jewelers can still get keystone but it's in the mountings, the bands, watches, the cross sales and the add-ons as well as in building a lifelong relationship with a customer."

Once the customer chooses a stone, they pay a deposit and then receive it in the store within a few days. "eDiamondselect stops the customer from walking out of the store and going home to buy the diamond on an online mega site," Aronson said.

Another player in the emerging sector, WRCOBONLINE.COM, unveiled its "full" Internet service for jewelry retailers last fall. Like eDiamondselect, it provides access to a large inventory of loose stones and lets the store owner set the markup, although that is pretty well where the similarities end. WRCobonline offers something much closer to a full e-commerce platform. It builds the website, allows customers to buy on the site using a "create your own ring tool," arranges packing and shipping and a host of other services including 800 numbers and customer tracking. For a commission it will also help organize an advertising campaign in the store-owner's local area. WR Cobb's inventory includes some 25,000 plus certified diamonds as well as thousands of bridal and jewelry products.

WR Cobb offers its clients three packages with varying degrees of customization and service. The one thing customers can't do is merge their existing website with the WR Cobb-built site. (Jewelers can include their own jewelry, although

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manage inventory images, descriptions and pricing, edit product information and manage additional aspects of the site's operation.

7 In addition to product, the best sites also show the people who work there — friendly, likeable and knowledgeable — or beautifully-crafted glimpses of the designers whose work you carry proudly.

8 Another way to do get across the personal touch — the thing that separates your business from a soulless chain — is with a small blog on your site. Such a link can let customers know about you, your qualifications, family and store history. The text for such stories should be upbeat and breezy, like a friend to a friend.

9 Never link to external sites, even to the designers you carry. It takes a lot of effort to get someone to visit your website; keep him there as long as possible.

10 Yes, this is 21st-century retailing and website building can be a daunting technological process, especially for someone born before 1967. But that doesn't mean you should treat the exercise in a hands-off manner. That's an open invitation to disaster, not to mention a



potentially big waste of time and money. If you want the biggest bang for your buck, you've got to know what your goal is. Is it to sell product directly to customers online, or to draw more customers to visit your retail store? Are you going to want to update the information or the products often? The more clearly you define the goals and objectives of your website, the better your web designer can create a site that effectively meets your expectations. Read a few magazines like *PC World* or *PC Magazine* so that you can get an overall understanding of technology and terminology.

11 The beauty of having a website is the ease with which you can keep the content fresh and intrigue visitors. Even if you don't have the time

to constantly update, you can still make it appear that way. One simple solution is to have opening images automatically change at random intervals. That way, a guest will see something new with each visit.

12 Most Internet consumers usually live within 50 miles of the brick-and-mortar operations they will "shop" on the 'Net. If your business is mostly local, make sure the entire geographic area you serve is mentioned in text on the site. Stick a photo of your storefront on the site as well.

13 Post your contact information prominently on the site. Customers want to know there's somewhere for them to turn if they have a

problem. You don't need to offer round-the-clock phone support — just add an e-mail address and let your customers know how long it will take you to respond. All employees should have an e-mail address. And don't ask potential clients to fill out a form simply to ask a question. "That immediately communicates danger," says Jakob Nielsen, a website consultant and author of the book, *Prioritizing Web Usability*.

14 Another related turn-off: a hard-to-find or nonexistent privacy policy. Although most people will never actually read your privacy policy, some shoppers will want to know what you will do with the information you collect.

15 Whether your website is in the development stage or has been up and running for 10 years, you should never stop trying to get feedback on how users navigate it. Ask as many people as possible to look around your site. Observe them but don't give them instructions on what to do or search. This will help you model your site around users' behavior rather than relying on your or consultant's expectations.

16 If the jewelry trade has its four C's then good websites have the four S's — speed, simplicity, search

optimization and security (and you probably better throw in "service" as well). All are of crucial importance but it's hard to over-emphasize speed. According to a study last year by British consultants Akamai, shoppers are likely to abandon a website if it takes longer than four seconds to load. That is down from the eight seconds that shoppers were willing to wait just three years ago.

17 The research by Akamai also found that Internet shoppers' other big pet hate was shipping costs. They didn't want to pay them.

18 Speed is closely related to simplicity. Use graphics, scripts, and Flash judiciously. These are some of the worst offenders of page bloat. Decide what you absolutely have to have, and get rid of the rest. Use text links instead of graphic "buttons" whenever possible. And never use images to display blocks of text. Web designer Weaver says a flashy website with music and moving images is often more of a distraction than anything else. Remember: there's a fine line between an attractive, innovatively designed site and a loud, affected one. And no pop-ups, he stresses.

19 When looking for good examples of effective, simple websites it's hard to go by Google's

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there is a cost of \$75 to \$100 for each image).

The two-year packages range in price from \$2,900 (plus a \$299 monthly fee) up to \$6,500 (with a \$499 monthly fee). There are also merchant and transaction fees to be paid on successful sales.

WRCobbOnline, which recommends a 10 percent markup on loose diamonds and 50 percent to 150 percent margin on jewelry, says its websites give retailers the opportunity "to win the margin battle versus all your competitors."

"I view the Internet like a good location for your store. It's like being on Main Street versus a back alley. And the Internet is a very good location," says Roderick Lichtenfels, the CEO of WR Cobb, adding that the localized websites give customers the chance to choose from a huge selection yet still buy from a company they know.

Similar thinking underpinned the Independent Jewelers Organization response to the Internet, IJODiamonds.com, which was rolled out last year. The site

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homepage: one image and a select number of text links mean that pages download in less than 2.5 seconds on a 56K modem. Little wonder then that experts so often point to Google as the shining example of page size and download optimization. You do not have to limit yourself to one image on your homepage, but keep your pages light, and users will reward you with more traffic.

20 To see how your website rates in terms of load-time, check it using one of the many free optimization tools that are available on the Internet.

21 The question of speed is never more important than at the "Buy" stage. Nothing frustrates customers more than a website that keeps them guessing about their orders. Make sure your software and servers are capable of handling whatever your customers throw at them.

22 Give customers more than one way to find what they're looking for. For example, you can provide intuitive links to different product categories, a search function where customers can enter a product name or "breadcrumb trails" that

sends interested buyers to their local IJO member to inspect the stone of their choice, one of thousands that are supplied by hundreds of wholesalers. If the customer likes the stone the wholesaler and merchant split the profit.

In addition to luring Internet browsers to a particular store, the website can also be used by to show diamonds to customers who arrive at the store on their own.

"What the general public does not know is that there is a private and protected area of IJODiamonds that the shop owners are able to log into and search inventory much faster. It also gives them search options (like diamond measurements) that the consumer would never understand. This gives them the ability to search for something specific to match whatever mountings they have at hand, or are creating," Perosi says.

Participation in IJODiamonds.com requires IJO membership.

Perosi said traffic has grown steadily since IJODiamonds.com's launch and the site now attracts about 400 serious diamond searchers a day. At the same time, apparent fear of losing sales among many of the IJO members had limited participation and the success of the initiative, he says.

"I know that if we can get 800-plus IJO members to link their websites back to IJODiamonds it will not matter how much advertising dollars the other companies throw into their marketing because IJODiamonds will always come out toward the top of search engines."

It's a wariness of using the Internet that he believes still pervades much of the industry but one which retailers need to wake up to fast.

"If you have found a niche in a rural community, you can follow all the traditional methods of advertising, providing quality service and building a reputation," he says. "But if that retailer is in the typical urban community, (and chooses to ignore the Internet) I'd tell them to close up shop and get a job, honestly."

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For hints on what *not* to do when building a web site, check out design consultant Vincent Flanders' site WEBPAGESTHAT SUCK.COM, which analyzes why some pages do not work.

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allow customers to retrace their steps on your website.

24 According to one rule of thumb, 80 percent of your site's content should be accessible within two clicks — and that includes not only your product pages but your company's return and exchange policies, contact information, shipping charges and other information customers want before they complete purchases.

25 The best retail websites try to mimic the in-store experience with improved zoom functions that enable consumers to see the fabric texture on a blouse or the faceting of a ring. "When people have a high-quality visual experience, they tend to convert to purchases," Jeff Hunt, a vice president at Scene7, a Novato, CA-based company that offers rich media images for clients such as Amazon and Macy's recently told *The New York Times*.

26 For hints on what not to do when building a website, check out design consultant Vincent Flanders' site WEBPAGESTHATSUCK.COM.

27 Something many people don't realize is that websites are a lot like catalog or advertising

photography. The work is actually "owned" by the entity that created it. As a client, you are typically granted usage rights or a license to use the final product and not all the bits and pieces created to bring the website to fruition.

Ensuring that you own the source code and make-up files will make it easier in the long run to update, redesign or repurpose your website, as well as change designers in the future. Get a good contract stipulating who owns the site's domain name, how the site will be accessed from search engines, and drawing up clear creative rights.

28 A business website has to lay bat on ball at a visitor's first glance. For example, the first thing customers visiting any jewelry store would want to know is the location and the hours they are open. But often that information can be found only by digging through multiple pages.

29 When a visitor is responding to an e-mail or other promotion, the visitor should be directed to a specialized "landing page" and not the homepage. According to online marketing authority MarketingSherpa, such landing pages, which educate the visitor on the promotion, have twice the conversion rate of home pages. Similarly, a shopper looking for a particular ring expects to see the page with the item appear immediately when they click on your link.

30 Establishing trust is paramount in the cyber marketplace and certs can go a long way in helping you do that for your diamond sales. Another is offering a good return policy. A 30-day money-back guarantee — no questions asked — should be the minimum. Keep in mind though that if you do end up making a return, you'll probably have to pay shipping, including the insurance costs, and credit-card processing fees. If that bothers you, opt for an "exchange only" policy.

31 Poor order fulfillment is another lurking nemesis for your online ambitions. Word travels fast on the Internet, and just one or two unhappy customers can do irreparable damage to your reputation. Before you launch your site, make sure you are prepared to fill the orders your customers place, and do your best to deliver your product in a timely fashion. A heart-shaped pendant delivered on Feb. 15 doesn't really have the same impact.

32 E-mail lists are a crucial part of any Internet-based marketing campaign. They allow you to stay in touch with your client base, inform them about promotions, special events and general news at your store as well as allow you to celebrate key selling occasions like your customers' birthdays and

anniversaries — all for a very small amount of money. The key is to get your staff involved and building those lists. Offer prizes, incentives, whatever it takes to get e-mail address data.

33 There are a bunch of things you can do to optimize the chance of someone finding your site — the most common involve placing keywords or keyword phrases throughout your pages to attract search engine traffic. Phrases are better because they allow you to be more specific. Think what your customers would enter. "Asscher-cut diamond ring" and "Rhode Island" are obviously much better than "diamond ring," which will bring up 1.8 million weblinks on Yahoo!

34 Need some keyword inspiration? Check out your competition for ideas. Do a search using the keywords you want to target. Click through on the sites that appear on the first few pages of the Google or whatever search engine your using. Once you open the site, view the source HTML code and check the keywords in their meta tags. We know, that sounds like ridiculous tech talk but it's actually dead easy. Simply click "View" at the top of your web browser then select "Source" or "Page Source". The page that appears will show you the keywords that are driving traffic to that page.

35 You can help the search process along by buying keyword ads, or if you've got a much bigger budget, paid search. The price for keyword ads is rising quickly although you can still get a campaign going for a matter of a few dollars a day, Google claims. Start at WWW.GOOGLE.COM/ADS.

36 Other ways to improve your chances of being found on the Internet include registering with trade directories, shopping engines such as shopping.com or Pricegrabbers, and sites like Judy's Book and Insider Pages, which solicit reviews of local businesses and services from consumers.

37 If you need outside help with your online marketing there is a growing list of agencies that cater specifically to small business. Among them are: WWW.LEADS.COM, WWW.LOCALLAUNCH.COM, WWW.LOCALLEAD.COM, WWW.PINPOINTLOCAL.COM and REACHLOCAL.COM.

38 A key Internet challenge is security. Although sending a credit-card number over the Internet is extremely safe, customers still worry. Most online payment systems send credit card numbers and other sensitive information via encrypted connections. If your system does this, make sure customers know their information is absolutely secure.