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CONTENTS

4 | MADE TO SHINE

After 30 years focused on integrity and innovation, the father and son team behind RDI Diamonds have set their sights on becoming a billion-dollar business.

6 | BIG DATA = BIG DEAL

The more you know about your customers, the better you can connect with them, market to them and ultimately give them what they want.

8 | GONE PHISHING

Security experts give advice on how jewelers can protect themselves from cybercrime – an ever-growing risk for both large and small businesses.

10 | DIGITAL'S NEW DAWN

Post-pandemic, consumers are more fundamentally connected online than ever – and jewelry stores need to keep up.

16 | A NEW LEVEL OF CLARITY

Artificial intelligence is taking human bias out of the diamond grading process, creating accurate, standardized certificates that customers can have total faith in.

18 | HELLO, CYBER SUCCESS

Jewelers don't need to have a full-blown e-commerce site to make an impact online, says luxury sales consultant Kathleen Cutler.

20 | FAMILY TIES

Having the next generation join the family business has breathed new life – and new perspectives – into RDI Diamonds.

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Embracing the Digital Age

Michael Indelicato, Founder & CEO of RDI Diamonds

It's an exciting time to be in the jewelry business. While pandemic disruptions and changing consumer behaviors have challenged the way we operate, they have also accelerated a long-overdue modernization of our industry and delivered us to the Digital Age.

With 30 years of business under our belt, RDI Diamonds is committed to embracing innovation and forging change to better serve jewelry buyers.

That's why we are excited to have an entire Rapaport supplement dedicated to the digital transformation of our industry and proud to be a sponsor. It's a cause we are passionate about, as our futures depend on it.

As you look to ignite or accelerate technology in your business, this supplement guides you through advancements that can help you deliver more authentic, transparent shopping experiences, improve your margins, and win new business.

Here you'll get a closer look at innovation, including artificial intelligence (A.I.), an advanced technology that is improving diamond buying by delivering more accurate, consistent grading reports. Machine grading using A.I. makes it easier for you to show consumers exactly what they are buying.

You'll also get information on tools that leverage A.I. and big data to help you connect with shoppers online

and welcome them to your stores. You'll learn not only how to use these innovative marketing and sales tools, but how to ensure that the data they collect is safely protected.

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A princess-cut, 2.03-carat, H, SI1 diamond and an asscher-cut, 3-carat, H, VS2 diamond from RDI Diamonds.



MADE TO SHINE

After 30 years focused on integrity and innovation, the father and son team behind RDI Diamonds have set their sights on becoming a billion-dollar business.

BY JOYCE KAUF

Out-of-the-box thinking has been Michael Indelicato's mantra since he began selling gold jewelry out of the basement of his family home in Rochester, NY. This home-based business grew into RDI Diamonds, a company that over the course of 30 years has developed a reputation for introducing many firsts that became industry game changers.

Ingenuity was essential from the beginning for the future CEO. After the untimely death of his father, Michael, having just graduated from high school, needed to find a way to support his mother and sister. His father had sold gold chains and charms as a second job and Michael began selling the jewelry, first approaching family and friends and then factory workers and beauty salons.

His introduction to diamonds came after he took over the territory of a diamond sales rep. Then in 1992, the company shifted its focus to diamonds. Originally called Rochester Diamond and Gold, Michael changed the name to Rochester Diamonds

Incorporated. But jewelers in other parts of the country had no idea where Rochester was located. Knowing that initials were popular at the time and advocating the "simple" solution — as he would do throughout his career — he changed the name in 2000 to RDI Diamonds and doubled his business as a result.

While his customers have always been number one, Michael also remained loyal to Rochester and ignored the very vocal critics who told him he would "never succeed" there and urged him to move to New York City. In 2015, they moved to a state-of-the-art, four-floor facility that remains the base of operations. Four years later, the company opened an office (recently expanded) in the Gem Tower on 47th Street.

NEW PERSPECTIVES

From the start, Michael viewed the diamond industry as "archaic," with one generation doing business the same way as the generation that preceded it. "It didn't make sense. I always challenged myself to

find solutions. How can I do it faster? How can I do it better? How can I help the jewelers?” That ethos is shared by Sam Indelicato, who joined his father in the business in 2020 following his graduation from George Washington University in Washington, DC, and is now director of jewelry.

While each generation brings a new perspective to the business, the essentials remain the same, with integrity and trust at the core of the customer partnerships they develop and nurture.

During the pandemic, the company extended terms to customers, which Sam believes exemplifies their philosophy of exceeding customer expectations. “It strengthens the bond between us,” he says, describing this approach as integral to the company.

“We’ve always been about innovation. It’s always about moving the needle,” says Sam. But he acknowledges that while advances in technology facilitated many changes, it began with the basics.

AHEAD OF THE CURVE

Although the practice is standard now, RDI Diamonds introduced free overnight shipping. “We did it on a grand scale,” says Sam. “It might be simple in itself, but it put us on the map.”

As proof of its dedication to strengthening partnerships, RDI Diamonds was also the first to establish a “Lifetime Trade-up” policy in 1997. The aim was to ensure that jewelers were never stuck with diamonds. “We give people dollar-to-dollar value for those stones,” Sam explains.

In 2013, the company launched its Mobile Diamond Connection, which incorporates customized technology to create an individualized website inventory link under the retailer’s brand name. This helps its sales team engage with customers and drive in-store sales.

Introduced in 2022, RDI’s Rare & Forever natural diamonds use artificial intelligence (AI) that sets a

“Too often the discussion revolves around certificates and ratios. It should always be about the beauty of the stones”

new standard in natural diamond grading and offers significant benefits for brick-and-mortar and small chain stores. “It allows them to diversify and get ahead of their competition,” says Sam.

Still, both Michael and Sam admit that not every endeavor was successful – though the experience proved valuable for the lessons learned. One example is RDI Diamonds’ launch of clarity-enhanced diamonds in 2015, which preceded lab-grown diamonds but were then overtaken by them. And while its custom brilliant cushion cut did not sell well, it laid the groundwork for Rare & Forever. “You have to always keep trying,” notes Michael, who says his staff are always striving to do better. “Grit and optimism are the two vital components in business,” he adds.

A continually changing industry also requires shifts in strategy. “Our marketing has become significantly different over the past few years,” says Sam. “Instead of just buying the back cover of magazines, we’re promoting our business through advertorials. Being a thought leader in the industry adds to our credibility. People don’t just want to be sold to; they want information.”

KEEP IT SIMPLE

Father and son also maintain that another critical component of their business is: Don’t over-complicate. “Speak so people can understand,” says Michael. “Selling something or getting an idea across is so much more powerful when it’s cogent and brief,” says Sam, quoting Shakespeare’s admonition, “Brevity is the soul of wit.” This idea, he says, echoes a lot of what they do at RDI Diamonds.

“At the end of the day, we’re selling diamonds,” says Michael. “Too often the discussion revolves around certificates and ratios. It should always be about the beauty of the stones.”

Sam says he likes “looking people in the eyes” as a way of establishing trust. A traditional concept that is as relevant in the digital age as it was when Michael had jewelers write the type of diamonds they wanted on the backs of their business cards. Technology has transformed the business, but a firm foundation in core principles is still essential for success.

Looking ahead, Michael has set an ambitious goal for the future. “We will be a billion-dollar company in the next five to 10 years,” he says. “I make sure to tell people, so I’m held to it.” ■

A pear-shaped, 3.01-carat, E, VSI diamond from RDI Diamonds.





Signet Jewelers' Zales banner was streamlined using data analysis.

BIG DATA = BIG DEAL

The more you know about your customers, the better you can connect with them, market to them and ultimately give them what they want.

BY LEAH MEIROVICH

Creating a profitable retail business used to be a guessing game reliant on a bit of luck married with years of experience and observation. It required jewelry store owners to know not only which products their customers are interested in now, but which they might want next week, and how much they should order so as to achieve the fine balance between having enough and overextending themselves.

And what about targeting new customers? How can a retailer appeal to them if they've never met them and have no idea what they want? How should they optimize pricing so as not to undersell themselves, while at the same time avoid pricing themselves out of the market?

Big data is a way for retailers to easily find all the answers to these questions. It can help jewelers gain insights into their business, their customers and their products. Collecting and consolidating large volumes of data about what you're selling, to whom, how much and at what price point, can be used to reveal patterns and trends. It can highlight what's being done well, what can be improved and how to better understand a customer's needs, shopping habits and potential future

purchases. Considering customer acquisition costs are one of the highest expenses retailers have, any big data gleaned that can be used to market specifically to those who are interested is highly useful.

IN THE MARKET

"There's a lot of outside data that's collected on everybody in the web and that data can also be integrated with what's happening on your platform," says Marty Hurwitz, founder of jewelry consulting group The MVEye. This data includes demographic information, age, marital status, household income, birthday and even other shopping behavior. "Which makes it easier to market to them in a very precise way," explains Hurwitz.

Matt Guarneri, a digital strategist for retail growth agency The Smithee Group, agrees, noting that data is the absolute most important thing to consider before initiating any type of marketing. "Data intelligence should help lead marketing strategies," he says. "Without data, you're operating blind. Now, more than ever, it's crucial that any marketing professional

can find ways to access the data that is out there and leverage it strategically and effectively.”

TAKING STOCK

Inventory management can be a big pain point for retailers. Knowing what customers will want, and what doesn't appeal, allows store owners to put their money where their profit is, so it's not sitting on the back shelf gathering dust.

“Stock management is a very big issue for retailers,” Hurwitz notes. “Big data allows them to monitor product selection so they can determine what products are most likely to sell from their inventory. They can really improve their stock value and weed out items that are not good sellers or not priced well, which will help them become much more efficient at what they post on site and what price they sell it for.”

Targeting your customer, understanding what they need and when they'll need it is key to running a successful business, says David Marcotte, senior vice president of global research at retail advisory group Kantar Consulting.

Marcotte believes it's “an absolute requirement” for any reasonably complex retailer to have access to, and be able to use, very large amounts of data. “Consider: I have a product and I have a shopper. And that's interesting data, but that doesn't tell me anything about the conditions that were prevalent for a further transaction to occur. That's the most important information I can get at the end of the day. What closed the deal?”

DETECTIVE WORK

Getting deeper insight into different aspects of



IMAGES: SIGNET JEWELERS

what your customer will be looking for based on the information you have access to about their lifestyle can help you reach them in a more effective manner.

“Let's say I have a shopper and I understand who they are – I know they're living in a house, I have a location and then they start buying baby food,” says Marcotte.

“I think I can now make the natural assumption that they have a baby in the house, and I can use that information to start expanding my offerings to them and the way that I market to them. I can offer them baby formula.”

This could start with baby formula, but in two or three years' time Marcotte says he expects that same family is going to be looking at school supplies and other things associated with having children, such as family vacations, toys and so on. He can start to add time lines against that customer's future purchasing habits. “That becomes a rich enough environment that I can really tap into.” ■

HOW SIGNET SAVED MILLIONS

- Signet Jewelers, which owns banners including Jared, Kay Jewelers, Zales and James Allen, uses big data in multiple facets of its business to help gain insight into customers' spending habits. “Ongoing data analytics and consumer insights are our biggest competitive advantages to accelerate growth,” says Rebecca Wooters, Signet's chief digital officer.
- Based on the data, the jeweler has been able to determine emerging trends, including a burgeoning bridal boom, and a growing tendency toward lab-grown diamonds. Signet is “leaning into that,” says Wooters, to make sure it has what its customers want.
- The company also used big data to form greater differentiations between its banners. The information gave it clear insights as to who the real customer was for each, eliminated unnecessary overlap, helped streamline the business and save money, Wooters explains. Most importantly, the data allowed Signet to determine what was essential and what wasn't.
- “We've eliminated costs the customer doesn't see or care about,” she says. “We clarified what mattered to our customers and what did not, which told us precisely where to invest in growth. That enabled us to save more than \$400 million over four years.”

GONE PHISHING

Security experts give advice on how jewelers can protect themselves from cybercrime – an ever-growing risk for both large and small businesses.

BY JENNIFER HEEBNER



John Kennedy, CEO,
Jewelers' Security
Alliance (JSA).

Security data confirms cyber risks for companies — jewelers included. In a 2022 survey from Stanford University and digital security firm Tessian, 52% of respondents revealed they fell for a phishing email in which a cybercriminal impersonated an executive, a 41% increase on 2020 figures, and 36% admitted to making a mistake at work in the last 12 months that compromised security.

“Employees must be aware of risks and procedures,” says Itay Hendel, CEO of ISPS, a loss prevention specialty firm specializing in jewelry and art. “[Staff] don’t realize that with the touch of a finger, they can dramatically affect a company for good or bad.”

DOWN THE RABBIT HOLE

According to Ryan Ruddock, senior crime analyst at the JSA, there are three main types of cyber fraud encountered by jewelers. The first and most prevalent is phishing — manipulation delivered by way of links or attachments in emails.

When clicked, links can lead to legitimate-looking websites that ask you to enter personal information such as bank details, which fraudsters steal for personal gain. Attachments, meanwhile, can embed malicious software into your computer, sometimes infecting other computers or shutting down systems entirely, with criminals asking for ransoms to release the data.

Kennedy recalls a small jewelry chain falling victim to such a crime. The business was completely locked out of all systems — accounting, inventory, clients — until they paid a \$100,000 ransom. “Then they had to pay an IT company to come in and clean up their computers,” he says.

Hendel has seen his share of such instances and urges merchants not to rush to pay the criminals. “You do it today and they’ll ask for more tomorrow,” he says. Instead, have a professional IT department on standby that knows how to deal with this type of hacking.

“If the domain in an email has numbers or letters and the language is off, don’t open it,” adds Hendel.

Major jewelry outfits from Stuller to Graff have already fallen prey to cyberattacks, so it’s only a matter of time until smaller jewelers become the next victims of digital fraud. Many may remember reports of Stuller’s cyberattack in 2020 that shut down phones and delayed shipments, and then Graff’s ransomware attack in 2021 breached customer names and addresses.

“Big retailers suffer most, but often people don’t tell us about these incidents or report cyber crimes,” says John Kennedy, CEO of the Jewelers’ Security Alliance (JSA), a non-profit association that provides crime information to jewelers and assistance to law enforcement. His bureau’s most recent Annual Crime Report underscores the point that cyber crime isn’t even a category of note, unlike robbery and burglary.

“If it sounds or looks weird, then it’s a red flag.” To avoid becoming a victim of phishing, don’t click on suspicious links or downloads; delete them.

COMPROMISED CORRESPONDENCE

Another common type of cyber crime among jewelers is impersonating a supplier or executive over email. This activity is called business email compromise (BEC) by the Internet Crime Complaint Center (IC3; ic3.gov), a site established by the Federal Bureau of Investigation (FBI) for the public to report such malfeasance. Another name for this deception is spoofing.

Telltale signs include emails that recipients think are from a person they know, such as a supplier or company executive. The email addresses, however, are just slightly off — they have an extra letter or two than the sender’s actual email. Often, criminals will research staff and vendor names and job duties to set up an authentic-looking scam.

“Criminals will make emails look like they are coming from the CEO — someone staff might be reluctant to question. The request will be a one-time event and there will be a big rush on it,” says Kelly Ross, 24-year veteran of the Canadian police and a security advisor for Jewelers Vigilance Canada.

Always look closely at the email addresses, should you get suspect and time-sensitive correspondence asking for funds or product. Call the individual in question to verify the request.

PHONE FAKES

A final category of cyber crime is vishing — impersonating someone of importance over the phone to secure money or goods. Efforts can be convincing. Kennedy recalls one such scam from about five years ago where a prisoner in jail called luxury brands — “Fifth Avenue mainstays,” says Kennedy — and convinced them to loan products for a music video. “The prisoner had a colleague pretending to be an executive show up to collect the goods,” he explains.

This offense and the other two occur through social engineering, explains Ruddock. “It is the art of human hacking — manipulating people into revealing confidential information.”

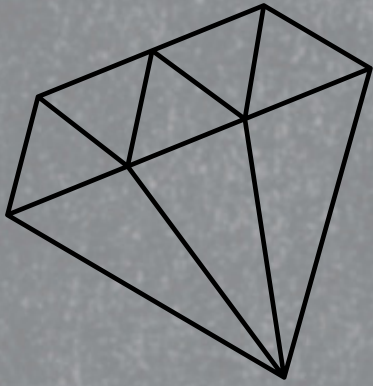
To thwart these efforts, experts recommend calling known contacts to verify stories and securing copies of photo IDs in person. Cross-reference callback numbers or let suspect calls go to voicemail so you and your IT professional can determine if numbers are legitimate.

In general, the best way to avoid all manner of cyber fraud is by slowing down, scrutinizing outreach and calling known contacts for confirmation, according to Steve Gonzalez, senior supervisory resident agent in the Brooklyn/Queens office of the FBI, and supervisor of the FBI/New York Police Department major theft task force. “When the pressure to make sales is on, it’s easy to move too quickly and not pay attention and that’s usually when things go wrong,” he says. ■



SECURITY 101 FOR JEWELERS

- Never click suspicious links or download questionable attachments over email.
- Look closely at email addresses to be sure they’re definitely legitimate.
- Call contacts to verify requests.
- Establish a relationship with a professional IT firm to minimize exposure and to ensure virus protections and fire walls are up to date.
- Train staff to be aware of fraud.
- Don’t store your clients’ credit card numbers.
- Restrict employees from logging into personal emails at work.
- To prevent data breaches, create strong passwords of 12 characters with an uppercase letter, a number and a symbol; change them every 60 to 90 days.
- If a data breach occurs, be forthright about it with customers and offer them memberships in identity theft protection programs for a period of time.
- If a breach occurs, preserve evidence, assess the incident with your IT professionals and contact law enforcement, including the Internet Crime Complaint Center at ic3.gov.
- Join the Jewelers’ Security Alliance (JSA) at jewelerssecurity.org for ongoing tips.



DIGITAL'S NEW DAWN

Post-pandemic, consumers are more fundamentally connected online than ever – and jewelry stores need to keep up.

BY LARA EWEN

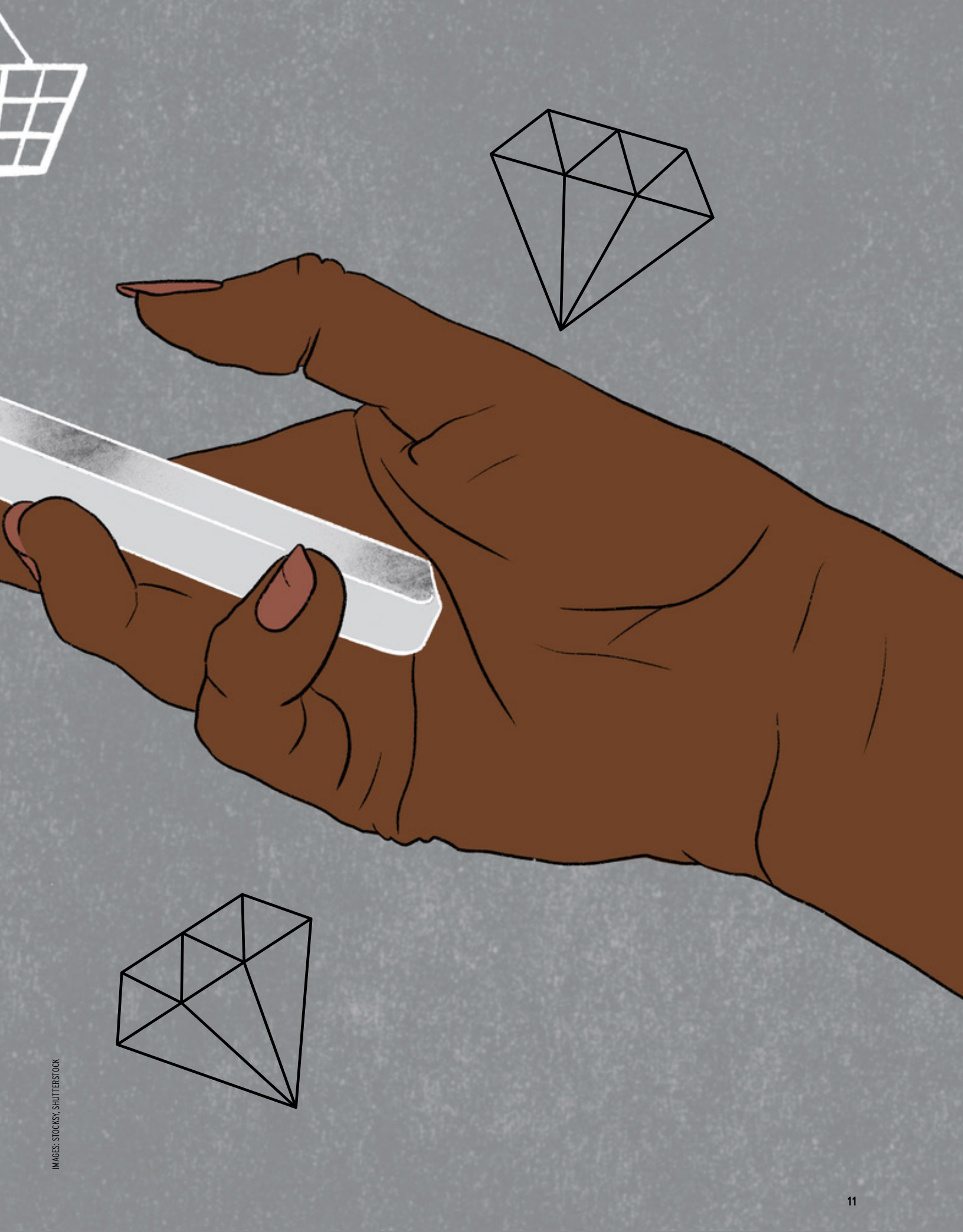
Retail has shifted since the start of Covid-19, and the drive toward digital has become more pronounced. Some 90% of jewelry retailers now have online platforms, according to Bain & Company's Global Diamond Industry 2021–22 report. "The pandemic rapidly accelerated e-commerce, even for independent US retailers," it states.

The move is a direct result of retailers looking to meet customers where they shop.

"Consumers are buying more online than before the pandemic," says John Harmon, senior analyst at global advisory and research firm Coresight Research, which specializes in retail and technology. "While sheltering at home, they were disconnected from retail stores as gathering places, and they discovered new online shopping channels. Now, consumers are more open to online shopping, yet their attention is more fragmented."

Nearly half of consumers are still reluctant to visit public places in general, he adds, citing a Coresight consumer survey from April.

Even stores that had previously invested in e-commerce have seen a shift. ►



“We already had online scheduling, and we were already doing FaceTime for people who were long-distance,” says Babs Noelle, owner of Alara Jewelry in Bozeman, Montana. “But pre-pandemic to now, what’s changed is the volume of business we’re doing.”

She attributes this to customers continuing to spend their discretionary funds on jewelry instead of luxury travel. “And probably the biggest change I’ve seen is people who never shopped online before for jewelry, suddenly figuring out how to do it.”

Covid-19 has helped more consumers get accustomed to digital, agrees Mike Simoncic, managing director at Alvarez & Marsal Consumer Retail Group.

“The consumer has shifted their behavior to be more online and is therefore more conditioned to do things in a virtual environment,” he says. “In terms of what’s changed for digital, virtual experiences are expanding efficiently and rapidly. The biggest shift is the idea of the consumer’s willingness to purchase and buy online.”

Yet stores that embrace technology are still seeking a balance between digital and in-person connection.

“A lot of us got used to buying and selling out of our living rooms,” says Matt O’Desky, owner of The Diamond Room in Texas, which has private showrooms in Austin and Dallas but has seen an increasing number of out-of-state clients since the pandemic began. “Sometimes we have our clients take pictures of their hands, and we can render it. But I think there needs to be a happy balance. We don’t want to lose that interaction. I don’t want to go to virtual appointments. I want to meet with people in person.”

SEAMLESS EXPERIENCES

Instead of thinking of e-commerce and brick-and-mortar as separate entities, Harmon says it’s important to see the two as part of the same shopping journey.

“The jewelry industry is leveraging technology to offer consumers the same experience that they would have in a store,” he says. “Retailers are offering consumers the ability to try on products through advances in AR technology, or customize products to their exact specifications and speak with consultants — some through virtual chats, and others live, just as if consumers were in a store.”

Harmon believes these advances lead to higher conversions both online and in-store, because consumers are more informed and confident about their purchases. “[This] is particularly important for high-value segments like jewelry and luxury,” he says. “For example, Signet Jewelers reported that at its retail banner Ernest Jones, 20% of its in-store business is now the result of appointments that were made online. And of those appointments, over 70% result in a sale that’s four times higher, on average, than what a walk-in customer spends.”

Alara Jewelry embraces the idea that customers will be doing their research online, or that they’ll want

information after store hours, says Noelle. “A lot of people love to do the initial dipping their toe in the water online, without having to come to a store. If they text us after 6 p.m., they’ll get an automated message telling them we’re gone for the day. Then, the very next morning, they will get a response from us.”

She does much of her initial communication digitally, especially with younger customers. “I don’t know why people shop for jewelry in the middle of the night, but our website has blown up since Covid-19,” she remarks. That’s why she believes it’s so important for businesses to be thoughtful about their online image. “I don’t think bells and whistles are important; I think having a high-functioning website is important, because it instills confidence.”

HOW TECH CAN HELP

Online shopping is just one step in the technology journey consumers are making, according to Harmon.

“Chatbots and digital shopping assistants can help retailers deal with the labor shortage,” he says. “And they’re able to work 24/7, when stores are closed.”

Technology can also make a salesperson’s job easier and more effective, he adds. “Handheld devices such as tablets can put a customer’s purchase history in the sales associate’s hands. And artificial intelligence/machine learning (AI/ML) excels at finding relationships among data and making forecasts, and can assist in making intelligent product recommendations.”

Noelle uses customer relationship management (CRM) software to simplify and automate certain interactions. “For instance, we remind [customers] to get their appraisal redone every three years,” she says. “By sending those emails out every three years, we become the favorite of the insurance companies and the clients, and we know that we have this constant income flow from just an email that goes out without us even knowing it’s going out.”

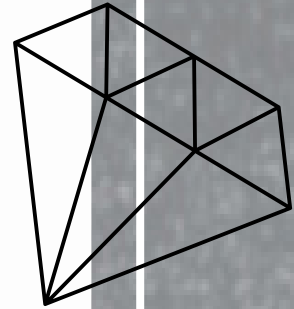
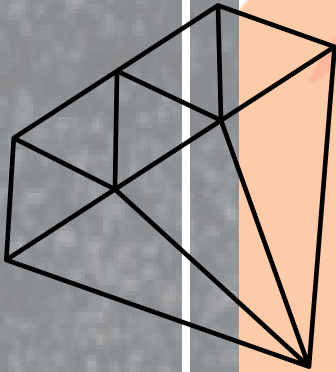
Noelle also offers a downloadable engagement-ring buyer’s guide. If a customer signs up, she will mail them a free ring-sizer and a loupe, and teach the client over the phone how to use them.

“We have probably 40 automated campaigns, and we’re constantly adding them,” she says. “It’s amazing how much business that generates.”

CRYPTOCURRENCY AND NFTS

This may just be the tip of the technology iceberg, says O’Desky. “We haven’t even begun with the changes that are coming with digital. And our industry in general is always kicking and screaming toward evolving. That’s why so many jewelers had an issue with lab-grown diamonds and lab-grown diamond technology. And the big, big boom — the big thing with [non-fungible tokens (NFTs)] and cryptocurrency — has yet to even come.”

Luxury-goods manufacturers are already beginning to incorporate NFTs into their product lines, says ►



THE EXPERT VIEW: HOW TO CRACK SOCIAL MEDIA

STORE: VALERIE MADISON FINE JEWELRY

PINTEREST: 2,600 FOLLOWERS AND 1.1 MILLION MONTHLY VIEWS

INSTAGRAM: 71,000 FOLLOWERS

TIKTOK: 4,684 FOLLOWERS AND 120,000 LIKES ACROSS ITS SHARED VIDEOS

Stores that want to connect with Generation Z and millennials know they need to engage on social media. But at Seattle-based Valerie Madison Fine Jewelry, associate marketing manager Adriana Ortiz believes it's about connection rather than marketing.

"Social media overall is most helpful for creating brand awareness and fostering a connection to your brand on a day-to-day basis," she says. "Once users are familiar with your brand, they are more likely to purchase during promotions or to turn to your company for a life event."

Each platform has a different benefit, Ortiz explains. "Pinterest is an excellent social media platform for jewelry designers to reach a wide audience. For engagement and wedding rings specifically, Pinterest appeals to in-market users who are planning for a big moment in their lives while actively budgeting for large purchases to go along with those moments."

Instagram's large base of active users often incorporates the app into their daily routine, she continues. "However, [Instagram's] changing algorithm can offer challenges that jewelry designers may not have experienced in the past."

TikTok is more conversational than some other platforms, notes Ortiz. In fact, its user base is growing more quickly than Instagram's, she says, citing a report from marketing platform Later. "TikTok can be a more casual and shorter-form platform, whereas your brand may have built up a more curatorial voice on Instagram over the years. TikTok is also not as saturated in certain markets compared to Instagram, and becoming an early adopter of social media platforms gives you an edge."

But both platforms are about keeping customers engaged, she points out. "[TikTok and Instagram] are similar in that folks love to be a part of something bigger than themselves, whether it's supporting a Black-Latina-owned

business, or having an opportunity to weigh in on *Bridgerton* characters' potential rings."

Ortiz suggests keeping posts upbeat. "We tend to keep language positive, rather than creating any disparaging opinions. Our overarching goal is to make a fine-jewelry space as inclusive and accessible as possible."

Her top tip is to share stories, rather than stills.

"Whether it's a breathtaking love story and proposal, or a celebratory custom ring to commemorate a career milestone, going behind the scenes resonates well with our customers, as does being informative about our products. Sharing educational aspects of your business on social media keeps your audience informed and can reach potential customers who are in the researching phase of their buying journey."

"[TikTok and Instagram] are similar in that folks love to be a part of something bigger than themselves"



Valerie Madison tapered hoops in 14-karat gold.

Simoncic. NFTs are unique digital collectors' items — in the same way a luxury handbag or a custom ring is one of a kind, only in digital form. “Now, when you buy a Gucci bag, you actually get an NFT — a digital asset that has an authentication code. So if you ever wanted to sell that Gucci bag, you have an authentication code tied to it.”

Simoncic expects more retailers to adopt this technology. “As transparency becomes more standardized, jewelers who don't provide that as a standard will suffer. I think independent jewelers will find it harder to compete. The consumers will demand this type of information.”

O'Desky, who plans to start incorporating NFTs into his product offerings, says he sees a lot of opportunity. “There's so much value and future potential in NFTs,” he says. “You can buy the NFT of an item, and it's in a secured holding location.”

THE RACE HAS BEGUN

Cryptocurrency is also beginning to make waves, but it's too soon to know how big a role it will play, says Simoncic.

“Cryptocurrency is in the very early stages,” he states. “People who are eco-conscious, probably technology-savvy, will lead to more demand for lab diamonds in the future, and then we'll probably see a cross-section of those customers with NFTs and cryptocurrency.”

O'Desky says he's curious but cautious.

“[Cryptocurrency] eliminates the risk of having a stolen credit card given to you,” he acknowledges. “And it's going to change how we transact. It's just a matter of doing something new. It's just another thing that we will eventually adapt to. This is almost a race, and it's a matter of when you jump on board.”

Noelle isn't ready to jump just yet, though.

“For every type of different technology I've put into play, there's a learning curve,” she says. “Everything is buggy. So with something like crypto, until I start getting enough requests, I don't see myself getting entrenched in what will invariably be something that requires more time than I was ever promised it would take to implement it. You always have to look at your risk and your reward and how much time you have.”

One of the more surprising aspects of the tech boom is the new customers it's bringing in, she adds. “Covid-19 brought older people into online shopping who had never online-shopped before. This was already happening before, but Covid-19 kind of accelerated it.”

Before the pandemic, she says, stores were also more inclined to let customers come to them, but that dynamic has since changed. “People in the jewelry industry were not gearing up to meet the consumer where the customer was comfortable. Now it's much more important that jewelers meet their customers where they are.” ■

WHERE AND WHEN TO PUSH THE BUTTON

Retailers and analysts alike say technology doesn't have to be all or nothing. “Technology is best for providing convenience [and] information, and removing friction in the sales process,” says John Harmon of Coresight Research. “But service and experience from a human is the key advantage of physical stores over e-commerce.”

A lot of technology is about facilitating communication, says Alara Jewelry's Babs Noelle. “You want to be available to [customers] in terms of communication. Meet them where they are. Make it so they have confidence in your website. It might not be that they need to buy online, by the way. A lot of people who live local to us shop online and come in to get the final look and buy it.”

She recommends having an e-commerce site — “which I know scares the bejesus out of a bunch of people. But if nothing else, make it so that customers can click and it automatically sends an email or something saying, 'I'm interested in this piece. Please contact me.' Something that makes it easy, where they can communicate with you even if they can't buy it.”

It's also important not to try and do everything without help, says The Diamond Room's Matt O'Desky. “Unless you have someone full-time who actually has a digital marketing background, don't do it in-house. None of us can evolve with the technology and still do our jobs as jewelers. There's not enough time in a week. If you don't have someone that knows what they're doing and is 100% dedicated to digital in-house, I'd be outsourcing.”

Ultimately, says Mike Simoncic at Alvarez & Marsal, it may not be about balance so much as acceptance. “I don't think there is too much technology,” he maintains. “Retailers need to continue to push the button and push digital as a growth channel.”



A NEW LEVEL OF CLARITY

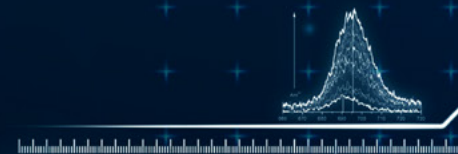
Artificial intelligence is taking human bias out of the diamond grading process, creating accurate, standardized certificates that customers can have total faith in.

BY DIANA JARRETT



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Artificial intelligence pervades every area of modern life and while some people are still not clear on what AI means, most embrace the benefits that come with the technology.

Diamond grading has relied on AI for some time owing to its objective nature. While expert gemstone professionals with decades of experience are invaluable to the trade, the utilization of AI for diamond grading ensures a uniform, accurate and objective outcome. The consumer simply wants a beautiful diamond and a clear understanding of the value ascribed to it.

Traditional grading reports may be tough to explain, because customers don't always understand their lexicon, nor the variations between diamonds prices, says Larry Sanders, CEO/president of Sanders Jewelers. "Our job as a fourth generation family jeweler, first and foremost, is to earn their trust and make sure they get what they pay for. AI grading empowers us to do that, more easily explaining what they are buying and how it's graded."

"Our customers appreciate the authenticity and transparency that AI provides," notes Mike Archambault, owner of Karlise Fine Jewelers in Burlington, VT. "They are tired of confusing grading reports with their inconsistencies." He explains that younger buyers who also utilize AI in other areas of their lives want clarity in understanding their purchase. "They like the truth and honesty that AI provides in the grading experience and appreciate it's coming from a reliable source rather than a biased human opinion."

GOODBYE SUBJECTIVITY

Accuracy is an essential component with AI for consumers, explains Chris Croteau, VP of sales and marketing for Rare & Forever. "AI technology uses algorithms to evaluate color and clarity and conveys them with metrics. There's no guesswork or subjectivity involved when diamonds are graded with cutting-edge technology versus human opinion."

AI's efficacy also helps distinguish diamonds that have higher brilliance, something that's difficult to see in traditional grading reports, claims Archambault. "Rare & Forever diamonds, among the 1% of diamonds graded with AI, are pre-screened for Brown, Green, or Milky (BGM) qualities that devalue the stones and detract from their sparkle. Without those qualities, seen as imperfections, a diamond has more sparkle and therefore more appeal to a buyer."

In the case of Rare & Forever, it has fed more than 5,000 round diamonds through its AI System, helping to calibrate the grading. The machine learning used by AI grows with every batch. Croteau explains the accuracy of the grading technology. "By leveraging

artificial intelligence, the grading system can calculate measurements 100 million times more accurately than a human," he says. "AI grading also removes errors and inconsistencies that are inherent to humans handling complex, manual processes."

IN THE EYE OF THE BEHOLDER

Sophisticated technology has not completely eradicated human interaction in the grading process, though. Diamonds in particular are products with which the consumer discovers an emotional connection, especially for engaged couples because of the stone's symbolism for love, permanence and commitment. When choosing a diamond, many shoppers will say 'that one speaks to me' when finally selecting their diamond for bridal jewelry.

Yet diamonds speak to people in different ways and the emotional responses they provoke are in response to what the human eye sees. Beauty can be that intangible something that sets a stone apart from the others. "A human eye can see beauty, which is still a factor in determining the visceral response a diamond can create," says Croteau. "Humans provide the emotional element in diamond grading, leaving the analytical side to the machine."

Every grading laboratory issues grading documents unique to their facility — even the naming of the certificates will differ between labs. Increasing incidences of fraudulent grading certificates have been encountered by laboratories, resulting in the implementation of additional security features to counter falsification.

At Rare & Forever, Croteau explains that each diamond has a unique set of metrics that function like a fingerprint, to help safeguard the authenticity of their grading reports. "Like fingerprints, no two diamonds are exactly the same. Rare & Forever assigns a unique serial number to these recorded metrics to prevent fraudulent certificates. We also include a permanent laser inscription on the table of the diamond as an extra security feature that matches the diamond with its grading report number," he says.

Sanders finds his clientele embracing AI-graded goods because they trust the technology. "Technology is all around us and nearly everyone embraces it. When it comes to buying a diamond, people — young or old — simply expect to see a beautiful diamond. By providing AI-graded diamonds, I know that I am giving them that," he explains. "Seeing that a diamond is graded with AI technology versus human opinion puts their mind at ease and makes the buying process easier to understand. Trust is also a huge component of the experience and AI garners the trust they need to feel comfortable and confident in their purchase." ■

"AI uses algorithms to evaluate color and clarity and conveys them with metrics. There's no guesswork"



HELLO, CYBER SUCCESS

Jewelers don't need to have a full-blown e-commerce site to make an impact online, says luxury sales consultant Kathleen Cutler.

BY LEAH MEIROVICH

WHEN IT COMES TO DIGITIZATION AND TECHNOLOGY, WHAT ARE THE MOST IMPORTANT THINGS TO HAVE AT THE BASIC LEVEL?

Just a few small elements of digitization, when done correctly, can have a huge impact.

Having a website and social media presence that can act as a calling card is key. You'll want to include some brand storytelling, showcase pieces that you have available and make sure there's a system in place for browsers to book an appointment and chat with staff.

Building trust and connection is essential – you don't need to have every detail of full e-commerce functionality covered. Most online sales will involve at least some form of communication, whether the final sale is concluded through the website, over the phone or in-person.

HOW CAN JEWELERS BALANCE AND FUZE TECHNOLOGY AND PERSONALIZATION IN THEIR BUSINESS?

Most successful e-commerce jewelry stores have someone whose entire job is to chat with customers – and not just to answer their questions, but to sell just as you would do in person. Promote your best salesperson to handle your web inquiries and see what happens!

You can handle so many more chat conversations than in-person conversations, but the same rules of selling will still apply.

HOW IMPORTANT IS IT TO HAVE AN UP-TO-DATE WEBSITE WITH PURCHASING OPTIONS?

While making sure your site is up to date is important, it's more important to make sure that you have someone there to answer questions with a sales flair.

A robust website with every spec on every piece you sell won't be enough to add seven figures to your website sales, especially if you're relying solely on your "buy now" button.

Having a pre-sale strategy and proactively reaching out to your best clients, even before you put something on the website if you think it is something they might be interested in, is way more important than making sure it is online.

HOW CAN COMPANIES BETTER EXPLOIT SOCIAL MEDIA IN ORDER TO LEVERAGE SALES?

To make sales via social media, it's essential to understand that posts are really just the start of the conversation. Getting into someone's DMs and continuing a conversation with sales flair is the real goal. While staying brief and direct, the aim is to add context in your conversations just like you would while selling in person. If a client asks, "How much are these earrings?" The response shouldn't simply be a dollar amount, which is what jewelers so often share.

The conversation is far more likely to lead to a sale if the response includes a little sales flair and an artist's touch. For example, the salesperson could say: "Thank you for your interest and kind words! These take

approximately 500 hours to create by hand and the emeralds are some of the finest I've seen in my 30-year career. They are \$45,000. Would you like to see a photo of them worn in the sunlight?"

DO CUSTOMERS EXPECT DIGITIZATION IN THE JEWELRY INDUSTRY, OR ARE THEY MORE OLD-FASHIONED IN THEIR VIEWS?

When selling physical products, especially in an industry that is so old-school, there will always be a physical element to the sales process.

We help our clients develop handwritten card and gifting programs, as well as encourage them to develop 'on-memo' or 'pick-box' programs for their best collectors, so they can feel the jewels in their hands instead of always just looking at photos of them.

That being said, we've helped our clients develop email and messaging templates that work really well with affluent collectors also.

Learning to text, DM and email with clients is key to working with the most affluent, who have more money than they do time, as they won't always be available to come into the store. This is especially the case among the next generation of buyers, who are so technologically savvy.

HOW CAN DIGITIZATION AND TECHNOLOGY MAKE BUSINESS EASIER FOR JEWELERS TODAY?

Technology offers jewelers an opportunity to work with multiple customers at once and at scale.

You can receive orders when your store is physically closed. You can pre-schedule social media and email marketing to reach your clients and audience while you are away. You can keep all your clients' birthdays and anniversaries in a piece of software rather than having to remember them in your head (or having to transfer that information into a new calendar every year).

HOW CAN MODERATE DIGITIZATION AFFECT SALES?

It doesn't take expensive and complicated technology to make an impact. We've seen jewelers sell \$100,000-plus to one client once they started proactively emailing with them. And it doesn't have to take long; we've also seen one jeweler add \$3 million to their sales in one year from digitization.

WHAT WILL HAPPEN TO BRANDS THAT FAIL TO INNOVATE?

It's important to remember that innovation is something that clients are looking for. It's right up there with exquisite jewels and outstanding service. If clients can't find what they're looking for with you, they start looking elsewhere.

ANY OTHER TIPS OR ADVICE?

It can be intimidating to get started, but it can also be so much fun! Start with where you're at, commit to showing up for your clients and remember that it's all about connection in the end.

kathleencutler.com ■



Michael Indelicato.



Sam Indelicato.

FAMILY TIES

Having the next generation join the family business has breathed new life — and new perspectives — into RDI Diamonds.

BY JOYCE KAUF

Michael Indelicato, CEO of RDI Diamonds, remembers when his son Sam was 17, he “swore to me that he would never work in the company.” Sam planned to teach history at college level. However, while attending JCK in 2018 he discovered another passion.

“I started to fall in love with the business and really enjoyed making in-person connections,” says Sam, a self-described extrovert. And for Michael, Sam’s joining the family business is his “proudest moment over the last 30 years.”

The learning curve for Sam is obviously different than for Michael, who founded RDI Diamonds and admits to having been “somewhat naïve” about the basics of the business when he started. He recalls the first time he was asked to sell diamonds on memo. “I said ‘sure,’ but I didn’t know what memo was.”

Michael recognizes that he has to let Sam make his own mistakes, even if it means repeating those that he made as well. “I may have done it 100 times and it didn’t work, but maybe it will work five times better for him,” says Michael.

“I’m open-minded, but Sam makes me more aware

of what’s going on now. People buy differently today. He brings a new perspective to the business – in a good way,” says Michael, noting that Sam can relate to the younger generation on the customer side as well. And like most his age, Sam prefers to text rather than use the telephone.

Sam, who is now director of jewelry at RDI Diamonds, has solidified the jewelry program, doubling sales even during the pandemic. He identifies four components necessary for making a generational business work effectively: Trust, accountability, reliability, and love of what you do and for each other.

A firm believer in learning as an ongoing process, Michael is receptive to knowledge gleaned from myriad sources. He coaches the local football team, which Sam had played on, and recalls a time when he hired a professional coach to help improve its performance. The advice to “get good at six things and do them better than anyone else,” resonated with Michael for its applicability to both the team and his business.

Michael hopes that his younger son and daughter will also decide to join the company. For now, and the future, his strategy is: “Let’s move on.” ■



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