

Bridal Sales a Bright Spot for Jewelers

Sales of jewelry are significantly down in all segments of the industry except for bridal. Customers are rethinking purchases for discretionary items such as earrings and bracelets, but engagement and wedding rings, considered a necessity and long term investment, are holding steady.

There were 2.3 million marriages in the US in 2008 and an estimated 1.9 million engagement rings sold. The average price for an engagement ring is \$4,400 according to the American Wedding Survey. Blue Nile CEO Diane Irvine estimated that the figure was closer to \$3,200 in 2008. The \$65 billion global diamond market reached a peak in August 2008, but has subsequently been in serious decline. According to diamond data company polishedgems.com, the price of polished gems has decreased by 30 percent. Blue Nile reports that wholesale diamond prices are down 20 percent to 25 percent from last summer.

Retail prices for engagement rings have dropped approximately 25 percent. The markdowns apply to all segments of the industry, from a platinum ring selling on Amazon with a 0.5 carat diamond for \$1,675, reduced from \$3,425, to a multi-carat piece worth tens of thousands. Analysts report that the discount is greater the larger the stone. In a survey by *Modern Bride*, engaged couples consider honeymoon, photography and the engagement ring to be top priorities when budgeting. 81% of brides hope for platinum bridal jewelry, according to Conde Nast Bridal Group. Platinum is the most durable of precious metals and 30 times more rare than gold. A report by the Diamond Trading Company confirmed, concluding that women prefer "fewer, but better" pieces.

Customers are clearly seeking discounts in this recession. Yahoo analyst Vera Chan reported that searches for "cheap engagement rings" are "off the charts" compared to last year. Retailers are responding by packaging three piece bridal sets of an engagement ring, and two wedding bands. High end retailers Tacori and De Beers have created lines of platinum jewelry that are lower weight and less expensive. Blue Nile is selling platinum bands for as low as \$255.

Retailers generally report that their bridal business has been steady while all other segments of business are suffering. In an interview with *Bloomberg*, London retailer George said "People are still getting married, thank God. Stable is good, considering how much worse things could be in light of what's on in."

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