

Here are the results of the Custom Design Survey I sent out about 2 weeks ago (done in 2007). More impressed than I thought I would be. It shows this is a GREAT, untapped market for the jeweler. Those tapping it are doing great. 213 people answered the survey and more came in after the totals were tallied. See my comments

WHAT IS YOUR DEFINITION OF CUSTOM DESIGN?

Answer Options	Response Percent	Response Count
Order a mounting and install stones into it.	14.60%	31
Order small parts and assemble (a shank, heads and solder together)	18.80%	40
Take a mounting from the case and alter it to fit.	16.90%	36
Draw a sketch and send to an outside shop.	37.60%	80
Carve a wax from scratch, cast and assemble.	75.60%	161
Use CAD/CAM, cast and assemble.	58.20%	124
Had added comments		13
	answered question	213

The overwhelming majority believe custom design is as I do. You make it from scratch, not ordering a mounting.

DO YOU ASSEMBLE OR MANUFACTURE IN HOUSE?

Answer Options	Response Percent	Response Count
Yes	66.70%	142
No	5.60%	12
We do some in house and really tough jobs get sent out.	27.70%	59
Had added comments		4

A large majority, 66% have to send this work out.

ANSWER IF YOU SEND YOUR WORK OUT. IF YOU SEND YOUR CUSTOM DESIGN OUT AND YOU SEND THEM A "SKETCH" TO WORK FROM (OR PICTURE):

Answer Options	Response Percent	Response Count
My outside shop fabricates from metal only	20.20%	19
My outside shop carves a wax by hand	60.60%	57
My outside shop uses CAD/CAM to cut the wax.	69.10%	65
Had added comments		5
	answered question	94
Number of people who skipped the question:		119

I guess the question and choices didn't jive. But over 60% of outside shops use wax and do not fabricate and a lot are into Cad/Cam themselves on the wholesale level

IN SENDING YOUR CUSTOM DESIGN OUT OR DONE IN HOUSE, WHAT MARKUP IS YOUR GOAL? (COST TIMES A NUMBER)

Answer Options	Response Percent	Response Count
Keystone (times 2)	10.80%	23
Times 2.25	7.50%	16
Times 2.5	31.90%	68
Times 2.75	12.70%	27
3 times or more except for diamonds	37.10%	79
Added Comments		12

Less than 18% expect **less than** a 2.25 markup. Over 81% said they expect to get a markup **over 2.5 times**. In fact a third gets a 2.5 markup and another third get a 3 time markup. This us **HUGE** as the turn on custom is about 18-26 times a year!

DOES YOUR STORE HAVE A CAD/CAD SYSTEM NOW?

Answer Options	Response Percent	Response Count
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Yes	34.70%	74
No	65.30%	139
Added Comments		7

65% do not have a Cad/Cam system. Why is that? I believe its price to buy in and the training needed to operate it. I'm told ways over 50% of folks buying a Cad/Cam system aren't using it after a year.

DO YOU PLAN TO GET YOUR OWN?

Answer Options	Response Percent	Response Count
Yes	39.70%	56
No	60.30%	85
Added Comments		6

Plan to get? Probably the same reason as I mentioned above.

IF YOU DO PLAN TO GET ONE, WHEN?

Answer Options	Response Percent	Response Count
2007	3.40%	4
2008	17.60%	21
2-5 years	22.70%	27
I only wish	16.00%	19
No desire to own one.	40.30%	48
Added Comments		3

I think many folks just don't see using Cad/Cam. It's obviously a harder sell for the equipment/software guys. Also, I'm betting mostly benchies buy it.

WHAT PERCENTAGE OF YOUR TOTAL STORE REVENUE IS SHOP SALES (REPAIRS & CUSTOM COMBINED)?

0-10%	5.20%	11
11-20%	10.80%	23
21-30%	19.70%	42

31-40%	15.00%	32
41-60%	19.70%	42
61-75%	12.20%	26
Over 75%	17.40%	37

50% of people responding show shop sales are less than 40% of their income. I have found typically 10-30% is a safe number. It's not the focus of most stores. But then again over 40% of stores responding said 41-75% of their sales came from the shop. We must also remember that my email list is comprised of a lot of stores with shops.

WHAT PERCENTAGE OF YOUR SHOP SALES ARE FROM CUSTOM DESIGN ONLY?

Answer Options	Response Percent	Response Count
0-10%	21.60%	46
11-20%	24.40%	52
21-30%	15.00%	32
31-40%	8.50%	18
41-60%	15.50%	33
61-75%	4.20%	9
Over 75%	10.80%	23
Added Comments		4

Over 60% said that in their shop, considering repair income versus custom design income that custom design comprises up to 40% of total shop income. In a successful shop custom design can really and easily carry a big dollar load without a huge amount of time and effort. See more questions.

HOW MANY CUSTOMER ORDERS DO YOU TYPICALLY DO IN A MONTH?

Answer Options	Response Percent	Response Count
0-3	21.60%	46

4-6	28.60%	61
7-9	17.40%	37
10-13	9.90%	21
Over 13	22.50%	48
Added Comments		8

Highest number 28% of those who responded) do 4-6 custom jobs a month. More amazing is almost a fourth do over 113 custom jobs a month (that's 3-4 a week).

WHAT IS YOUR AVERAGE CUSTOM DESIGN SALE?

Answer Options	Response Percent	Response Count
\$100 - \$750	8.50%	18
\$751 - \$1000	22.50%	48
\$1000 - \$2000	39.40%	84
\$2001 - \$3000	20.20%	43
\$3001 - \$4000	5.60%	12
Over \$4001	3.80%	8
Added Comments		10

This was the best part. Average sale. Almost 40% have an average custom design sale of \$1000 to \$2000. Then the next highest is 22.5% have \$750 to \$1000 average sale and the third highest (21%) had an average sale of \$2002 to \$3000.

Think about this. Typical jewelry store has an average sale of **\$400**, give or take. What does it take to sell a \$400 piece of jewelry?

1. Store front
2. Knowledgeable staff
3. A facility, and...
4. \$300,000; \$500,000; 1,000,000 in inventory on hand on any given day. And with this you're looking to get about keystone and have a turn overall of about 1.0.

Now let's look at what it takes to help a customer and have an average sale of **\$750 - \$3000** (59% said their average was \$1000-\$3000):

1. Store front
2. Knowledgeable staff, even more highly trained.
3. A facility, and
4. About \$3000 to \$15,000 in shop inventory on hand. Findings/stones/casting grain.

How about competition?

1. Almost 90% of jewelry stores have jewelry for sale and a slew of jewelry sites on the internet and on T.V.
2. Numbers of jewelers doing custom, have shops and/or do it **well** is far lower. JBT doesn't have great numbers, but they think 60% of stores have a shop ability.

What about the customer base potential?

1. You can get "jewelry" anywhere. It's harder to find competition people doing custom design.
2. America loves "just for me"
3. Using the customer's stones and/or gold can reduce the actual cost of getting a high end item in the end. But the survey shows a customer is willing to spend more, at a higher margin for something custom designed just for them.
4. Customers and especially baby boomers have tons of old jewelry to remake. Tons. Huge potential.

I know many a jeweler who has told me that they couldn't survive without the cash flow from the shop. Most do repairs. I'd like to see many more push/advertise and do custom design.

Let's let at the numbers for "average sale" and average closing ratio:

Out of 10
people,
many people say

Average Sale

Closing Ratios

Buy jewelry from the showcase
Have an item repaired
Have an item custom made

"YES"

3 out of 10	\$400
9 out of 10	\$30-\$65
6-8 out of 10	\$750-\$3000

So the closing ratio is higher on custom, the gross profit is higher and inventory required on hand is 10% of the showcase. The average sale for custom is 10 times higher than for a repair and the jeweler "probably" has enough expertise to do the custom job, even if you have to send the wax out.

Great opportunity in custom design.

David Geller