

**In almost every jewelry store inventory is the single largest asset that the business can have**  
**– but in too many jewelry stores this asset almost becomes a liability...**

Time and again I witness jewelers with levels of inventory that are well in excess of the levels they need to conduct their business. Not only is the levels of inventory excessive but in many cases the inventory is old. It is not unusual to find a store with over 90% of its items having gathered dust on the shelves for 12 months or more. Many of these jewelers justify the continued existence of this product on the basis that it is “just as likely to sell tomorrow”, or “it is worth more now than when it was purchased”, or the old favorite that “you have to carry this sort of item or you will miss out on the sale”. Furthermore the items that do sell well are never reordered back in because “we need to offer something new” or “the customer that bought that item wouldn’t want to see it back in-store”.

**“The majority of jewelers see controlling their inventory as one of their top priorities, but despite this less than 13% ever do anything about it”**

Let me ask you this question. If you wanted to purchase a new Chevrolet, and your local dealership carried nothing but new models from 2006 at the same price as the dealership across town carried 2009 models which would you rather buy from? What if the most popular Chevrolet was a red 2009 Impala but your dealer

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had sold out of these and didn't want to get anymore back in because "the customers that bought these would prefer to think they had them exclusively" or "I don't need to get them back because I still have some mushroom colored 2006 Impalas to sell first and they are just as popular as the red 2009 model". What if the dealership had a yard full of 2006 Chevrolets plus a storage shed with another twenty 2005 Chevrolets in it but he didn't want to reduce these models because "they were part of my retirement fund"?

The average US jewelry store has less than 10% of its inventory in fast selling inventory, yet close to 80% of a good stores sales will come from fast selling product. This means the success or failure of a stores performance depends on little more than a handful of items. To draw our vehicle comparison again 80% of the population wants a red Chevy Impala and you only have two in your yard. Does this make economic sense?

With fast sellers being such a lifeblood for many stores you can little afford not to have them, however I sadly suspect that much of the inventory control tightening that does happen will take the form of putting a stop on all buying – good sellers and new. This can be worse than not controlling buying at all. The percentage of potentially good selling inventory in most stores drops whenever there is a reduction in inventory levels. This is because most reduction happens because the customer has bought it and it hasn't been replaced, not because of a planned reduction in aged inventory. Modern retailing has largely been invented in the US. When it comes to jewelry margins and inventory control however, the average US store has lost ground to others.

**“Very few international jewelers would accept the mark ups and stock turn figures that are seen as normal in this country.”**

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Unfortunately these poor results will continue to occur in the US as long as stores continue to accept it as the norm and refuse to demand more from themselves and their inventory. Oversized retail premises with bloated old inventory and poor margins offer poor results to retailers who are spending, on average, more than 50 hours per week in their store (not counting the sleepless nights they may have thinking about it). Many are barely earning a wage let alone a return on the investment they have put in.

## **“22% of jewelers don’t know whether they are making an adequate return on sales or not!”**

Retailing can be tough – sometimes you might feel it would be easier trying to swim a mile to shore through shark infested waters! But let me ask you this; would you try the swim without swimming lessons? Would you attempt it by tying a 30 pound weight around your leg? Of course not. Yet so many store owners do exactly this by not getting adequate business help and lashing themselves to \$500,000 more inventory than they need to, while not asking a high enough price for it when they put it on display. Come on folks – if you must run the gauntlet of enemy fire don’t do so while pointing a gun at your own head as well! Be smart. Stack the odds in your favor. There is so much good information available and so many good operators you can learn from. If it’s the fourth down with 16 yards to go you wouldn’t run the play without calling a huddle first so don’t do it in business. **Demand more of every jewelry item in your store.** If it hasn’t sold after six months it isn’t going anywhere. You wouldn’t let a staff member sit around that long doing nothing so why tolerate it with your inventory?

Take action now and make your store work for you.

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