

CELEBRATING AND SELLING PEARLS

Do you like pearls?

Do you understand pearls?

*Do you carry pearls in
your store?*

*Do you show pearls to your
customers?*

Do you sell pearls?



> EMBRACING PEARLS
> SEEN & HEARD—
JIC LUNCHEON



> TREND TRACKERS
> SELLING POINTS



> SELLING POINTS
(cont'd)
> SEEN & HEARD—
BARODA PEARLS



> MERCHANDISING
MANAGEMENT
> SEEN & HEARD—
JIC LUNCHEON (cont'd)

SPRING | 2007



CULTURED PEARL
ASSOCIATION

of America, Inc.

888-31-PEARL

> EMBRACING PEARLS

Welcome to our first newsletter from the CPAA President.

> SEEN & HEARD—
JIC LUNCHEON

CPAA's First Event of 2007—
Co-sponsor of JIC Editor Luncheon.

> TREND TRACKING

How are your customers being influenced? Be in the know and be prepared.

> SELLING POINTS

Understanding pearls through a connection to grapes and wine.

> SELLING POINTS
(cont'd)

> SEEN & HEARD—
BARODA PEARLS

Interesting happenings in the world of pearls are stories to share with customers.

> MERCHANDISING
MANAGEMENT

Consider implementing these proven strategies.

> SEEN & HEARD—
JIC LUNCHEON (cont'd)



EMBRACING PEARLS

This newsletter was created for you, the American jeweler. Our intention is to provide you with information, inspiration and support to celebrate and sell Pearls. Pearls are the second largest selling gem after diamonds and give jewelers greater price flexibility, of at least keystone or better, equating to higher profitability that cannot be realized in commoditized diamonds that are easily priced shopped. Moreover, pearls are at the top of their game in popularity, a favorite accessory to fashions of any season.

In today's highly competitive business climate, jewelers who stand out in the crowd are those offering unique options in an array of cultured pearls that yield maximum return on the dollar. If you're not taking full advantage of this moneymaking opportunity, read on in the first of many quarterly newsletters provided by the Cultured Pearl Association of America. Moreover, don't hesitate to call one of CPAA's distinguished members today to explore how you can transform your pearl offerings into the biggest profit center of your business. Visit www.cpaa.org for details. Cultivate *your* pearl potential.

Cheers,

Sonny Sethi
President

welcome to the cpaa

seen *B* HEARD

CPAA CO-SPONSORS JIC EDITORS' LUNCH

More than 50 fashion and accessories journalists and stylists viewed a selection of cultured pearls provided by the CPAA at the Jewelry Information Center's Annual Editors Luncheon held May 8 at the Opia Restaurant in New York City. The CPAA joined the World Gold Council and Palladium Alliance International as event sponsors.

(CONTINUED ON PAGE 5)

Pictured: Sonny Sethi, CPAA President with Myriam Gumuchian, President of Gumuchian Jewelry and JIC's Chairwoman.



FASHION FREEDOM IN PEARLS

Pearls have become the quintessential accessory in fashion to running the gamut from Coco Chanel classic in yards of long round white pearl strands to irregular shaped, multi-color pearls clustered and mixed with gems, gold chain, fabric, leather, rubber and even plastic. Key design trends include long and layered fun and functional; floral and colorful.

PEARLS HAVE DIVERGED IN TWO DISTINCT DIRECTIONS— FASHION AND LUXURY.

FASHION:

- Exploring fancy shapes and colors to the max
- Mixing pearls with a variety of materials
- The Look = Young and Fresh, Organic and Symbolic

LUXURY:

- Big pearls or pearl clusters
- Set in precious metals embedded in diamond and colored stone pavé
- The Look = Glamorous and Voluptuous, Red Carpet Ready

“The fashion director plays with the versatility and chameleon quality of pearls, with designers exploring fancy shapes and colors to the max and mixing pearls with a variety of materials. The look is young, fresh, organic and symbolic. While the luxury direction focuses on the glamour and voluptuousness of pearls with big pearls or pearl clusters set in precious metals richly embedded in diamond and colored stone pavé.

Whether chic or classic in nature, pearls to

are about freedom of choice. There’s more flexibility in design allowing the wearer to create the look she wants—whether altering the length of necklaces with special clasps, changing mood with various enhancers, adding different drops to earrings, jackets, or wearing pearls as fashion embellishment (like a collar, belt or handbag handle). People want to decide how they look and modify that look whenever they want.

The push toward adaptability in pearls corresponds to the fashion. Runway shows hail a fall season of wearable clothing with an edge that works 24/7. The strongest color directions are black and white; earthy shades like gold, brown and green; and natural fusion of berries in fashions that give women numerous options. As you’re planning your fall/winter buying strategy, remember that pearls—second largest category to diamonds—afford greater profitability. Happily, there’s a pearl for every look—be it hyper feminine, bold silhouettes with feminine accents, deco, or mod graphic motifs sure to rock the fashion scene.



Q: ARE BLACK PEARLS NATURAL OR CULTURED?

A: They are naturally colored black and cultured by man. The black pearl is grown in the womb of the black-lipped oyster of the species, *Pinctada Margaritifera*. They are cultivated mainly on the beautiful islands of Tahiti in French Polynesia, and also to a very small extent in the Cook Islands. The black pearl, also known as the Tahitian pearl, takes on the colors of the rim of the oyster shell that produced it. Their color generally ranges from light to very dark gray, but they are also produced in natural colors like blue, pink, gold, purple and peacock green. The most accurate way to describe this gem is Natural Colored Tahitian Cultured Pearls.

Q: WHAT ARE KESHI PEARLS?

A: Keshi pearls are the dominant type of baroque pearls on the market today. The term is derived from the Japanese word for “poppy seed”. It was originally used to describe small seed-size pearls found as by products of Japanese cultured pearls.

There are three ways keshi pearls develop:

1. During nucleation loose epithelial cells find their way inside the mollusk and small keshi pearl forms.
2. During nucleation, the mother-of-pearl bead nucleus is implanted with a graft of mantle tissue. The nucleus is rejected but the graft tissue remains resulting in a larger keshi pearl.
3. After harvesting a freshwater pearl with either a solid or tissue nucleated pearl, the mussel with the original pearl sac is returned to the water to grow a second harvest filled with nacre secretion that forms a bold, new cultured keshi pearl.

Please ask CPAA your questions by visiting www.cpaa.org.

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PEARLS & WINE: AN INTIMATE COMPARISON

When it comes to wines, like pearls, consumers have a basic understanding at best. But today, there are more wines, in greater variety, than at any other time in history. So it is with pearls. To truly appreciate the multitude of nuances in categories and types, a lesson in cultivation must be shared. When discussing differences in cultivation techniques, liken pearls to wines and their mollusks to grapes to illustrate the point.

Grapes are successfully grown and the best wines made in the relatively narrow temperate climate bands of the world. These bands, extending from 50° north to 30° north above the equator and 30° south to 50° south below the equator, provide in various areas within them, locations with the right combination of sunshine, rain, temperature, and exposure.

Each type of pearl producing mollusk requires a relatively narrow temperate climate condition in which to thrive, slight changes in salinity and nutrients, and many other factors affect the characteristics of the pearl.

Wines that are grown in the same region do not all have the same characteristics. This can be caused by different soil composition, varying sun exposure, or a particular microclimate. Wines using the same grapes do not always taste the same. The same principal holds true for cultured pearls. Pearls grown in Tahiti and in the Red Sea use the same oyster, *Pinctada margaritifera*. Yet, Tahitian pearls tend to darker black while those from the Red Sea tend to a whitish color. Pearls grown in the Philippines using the *Pinctada Maxima* can be either whitish gray or creamy golden. While those from Australia are mainly white. Akoya cultured pearls from Japan have subtle differences from those of China.

Grapes used to produce Chardonnay will not produce Pinot Noir, just as smaller

saltwater oysters, *Pinctada Fucata Martensi*, that make Japanese Akoya pearls cannot make big white South Seas. Instead, its larger cousin, *Pinctada Maxima*, is used. As it is in both wines and cultured pearls, different growers, regions and climates produce different results. Once you educate consumers about what’s available and why they’re different, they will develop an appreciation for cultured pearls, much like fine wines.

LIKE WINES GROWN IN THE SAME REGION OR USING THE SAME GRAPES DO NOT ALL HAVE THE SAME CHARACTERISTICS, BECAUSE OF DIFFERENT SOIL COMPOSITION, SUN EXPOSURE, OR MICROCLIMATE, THE SAME PRINCIPAL HOLDS TRUE FOR CULTURED PEARLS:

- Pearls grown in Tahiti and the Red Sea use the same oyster, *Pinctada Margaritifera*. Yet, Tahitian is darker black, the Red Sea whitish in color.
- Pearls grown in the Philippines using the *Pinctada Maxima* can be whitish gray or creamy golden, while those from Australia are white.
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PERLES
DE
TAHITI

Industry Sponsor to the CPAA

seen **BEARD**

‘BARODA PEARLS’ FETCH \$7 MILLION

Christie’s auction house received a record price for the Baroda Pearls, a two-strand natural pearl necklace with matching earrings, brooch and ring. The set sold for \$7.096 million to a private Asian buyer.

The necklace features 68 of the finest and largest pearls from the seven-strand natural-pearl necklace that once formed the cornerstone of the Royal Treasury of the Maharaja of Baroda. The pearls sold during the “Magnificent Jewels” auction held on April 25 in New York City, which netted more than \$39 million with 90 percent of the lots sold.

Source: National Jeweler

BE COMMITTED

In order to sell cultured pearls...and more than just a few strands and some stud earrings. Jewelers who are successfully selling cultured pearls have three traits in common: they love pearls, they have the knowledge to sell them, and they have a commitment to stocking more than a handful of necklaces.

Jewelers who commit at least 10%-15% of their inventory to pearls reap the benefits of increased sales. Customers want choices; and cultured pearls provide variety in types, sizes, shapes, and colors. While shopping the summer shows, take stock in your pearl inventory.

Ride the wave of popularity. Tahitian pearls are receiving a lot of play, as its

industry is investing heavily in marketing. Depending on your store type, you should have at least one Tahitian strand. It's relatively affordable, and depending on quality, you can likely get one for \$6,000 wholesale and sell it for at least keystone. Better retailers should have more than one necklace in different sizes and types of South Sea. Also, consider a selection of interesting clasps and enhancers that offer versatility. Don't forget to include a variety of earrings and bracelets.

Besides at least one dedicated pearl case, consider including a special selection of

pearls in your bridal department. Stay ahead of the competition by featuring a representation of Japanese Akoya strands (6mm, 7mm, and 8mm sizes), in popular 16-inch length, alongside your diamond merchandise. Stud earrings and strand bracelets are no-brainers.

CONSIDER:

- What has sold well for you in the last year and what hasn't?
- What don't you have in stock that customers are asking for?
- Does your inventory reflect current trends on the market?
- What new products would entice your client base?

For the bridal party, incorporate freshwater pieces—like delicate drop earrings and chain necklaces—that offer stylish looks at affordable prices.

After you round out your inventory, never let it run thin. Reorder when pieces sell—so you always

maintain a comprehensive showing. And, most importantly, buy from a trusted company who offers superior service, as can be found among the members of the CPAA.



seen & HEARD

CPAA CO-SPONSORS JIC EDITORS' LUNCH (CONTINUED FROM PAGE 2)

In addition to a scrumptious meal, editors and stylists had lots of eye candy to devour as they perused tables full of jewelry, including pearls a plenty, which they got to play with and try on. Amongst the oohing and ahing, one lucky journalist—Jasmine Chang from Oprah Magazine—received in a business card raffle a Tahitian necklace called “Dare,” donated by CPAA member Deborah Duval of Pearls 4 Girls, Hawaii. The necklace featured 59 peacock green and silver gray baroque Tahitian cultured pearls, ranging in size from 7mm to 11mm, with 18 pieces of phrenite gems and 18k white gold clasp with .24 carats of diamonds.

At the luncheon, CPAA President Sonny Sethi announced the recent opening of a full time office for the CPAA in Rhode Island—with Kathy Grenier serving as marketing and public relations director, assisted by Boden Perry. This new office also will serve as the public relations liaison for Perles de Tahiti in the United States. Sethi mentioned several initiatives underway including a quarterly newsletter, new interactive website, and educational CD.

Pictured from left to right: Journalists try on pearls; Sonny Sethi addresses the group; Bo Perry of the CPAA showing beautiful pearls to an editor; Jewelry business card raffle winner, Jasmine Chang from Oprah Magazine (far right) poses with Amanda Gizzi, JIC, and Bo Perry, CPAA.