Valentine's Day Gold Rush Is Still Within Reach

By J. S. MARCUS

The high price of gold may send some Valentine's Day jewelry shoppers reeling—or at least prompt them to consider alternatives, like silver and titanium.

"I'm always shocked when I see how high the prices are," says Ann Burr Tenthoff, a 39-year-old video producer from Hastings-on-Hudson, N.Y. "I have to remind myself, 'Oh right, gold is through the roof.' So maybe I haven't been buying as much, or I've been buying smaller things."

But far from squelching demand for the most expensive pieces, high prices have only made gold more alluring, retailers say.

"We're getting to the point where our higher end is doing better than our lower end," says Todd Reed, a Boulder, Colo., jewelry designer, who includes high karat counts, including pure, 24-karat gold, in his creations. He is having an easier time selling one-of-a-kind pieces, with price tags from \$60,000 to \$80,000, than simpler \$2,600 hoop earrings, he says.

Effective prices of Mr.
Reed's pieces change every
three days to reflect price fluctuations in precious metal and
gemstones. "Our software updates prices to the second," he
says

Gold prices—currently around \$1,700 an ounce, down slightly from a high above \$1,900 in September 2011—haven't depressed sales at Gump's San Francisco, whose jewelry collection features a lot of higher-priced 18-karat gold. "This past year was my biggest since 1999," says Marilu Klar, vice president of fine jewelry.

In terms of image, yellow gold started to take a back

seat to white gold in the 1990s, jewelers say. But now, yellow is enjoying a resurgence in popularity. Wellendorff, a German luxury jewelry maker, says the shift may reflect sober economic times. "Yellow gold is more subtle," says Christophe Wellendorff, managing director and co-owner of company. White gold, he says, is associated with "a party mood."

Karat counts refer to the amount of pure gold found in the metal alloy used to make nearly all the fine jewelry sold in the U.S. Jewelry made of 100% gold, which is 24-karat gold, is rarely found in U.S. stores, not least because it is soft enough to scratch with a fingernail. "Twenty-four karat gold is not butter, but it's not far from it," says metallurgist Thomas W. Eagar, a professor of materials engineering at the Massachusetts Institute of Technology.

Fourteen-karat gold, popular in the U.S. but not sold in large quantities elsewhere, is more durable than 18-karat gold, which may have a more golden color.

Prices of jewelry made with 18-karat gold tend to run around 30% higher than those using 14-karat gold. Adjustments to the mix of other metals, such as silver, copper or zinc, will affect the color.

Tom Dixon, owner of a Milwaukee, Wis., jewelry store, Schwanke-Kasten, says after years of high demand for white

swinging back to yellow. "When gold was \$300 to \$400 an ounce, nobody was buying yellow gold," he says. "Now that it's over \$1,700 an ounce, yellow is really sought after." He, too, says 2011 was one of his best sales years. "People talk about a wealth gap, and, boy, have I seen it here," he says. "Fifteen years ago, my customers had \$500 bucks to buy their wife a nice present-they don't have it anymore. And the guys who

gold,

the pen-

dulum is

had \$5,000 have \$50,000 now."

Gold jewelry suppliers have new ways to contain costs.

Stuller, Inc., a gold jewelry

manufacturer in Lafayette, La., and a behind-thescenes giant in the industry, uses a technique called "piercing." Lasers cut out designs in gold, reducing a finished piece's overall weight while preserving the appearance of volume, says Jay Jackson, president and chief executive.

The traditional gold chain has become "an extremely expensive piece of property," Mr. Jackson says. Mr. Dixon, the Milwaukee jeweler, says an 18-

from Wellendorff's Angel collection, in 18-karat gold.

th 14-karat gold to support my employees," she

Robin Weiss, a 44-year-old New York creative director,

New York creative director, says she wears jewelry because it feels good; she says she doesn't really look to save money on it. "I am not a silver girl," she says. But "with the price through the roof, I definitely have to think before I buy," Ms. Weiss adds. She seeks out unusual materials and recently bought multicolored telephone-wire bracelets on a trip to Cape Town.

A 10-karat gold ring can look and wear the same as a 14-karat gold ring, Prof. Eagar says. And pieces finished in gold-colored titanium nitride might actually work as a stand-in for gold. "Titanium nitride can be made to look pretty close to 24 karat gold," Prof. Eagar says. A scientific instrument "could tell the difference, but the average person couldn't."

"Don't think of rational behavior when talking about buying jewelry," he says. "Think of emotions."



Barbara Heinrich diamond swirl necklace in 18-karat

gold (\$22,000), at Gump's San Francisco. Above, rings

inch 14-karat gold cable pendant chain that cost \$85 in 2001 today sells for \$435.

Jewelry shoppers and designers have become more openminded about alternatives to gold, such as titanium and silver.

Mr. Jackson says his company has experienced a four-fold increase in silver processing since 2008.

"You are starting to see people set diamonds in silver," he says. And there are even diamonds set—"believe it or not," he says—in stainless steel and titanium.

Helen Ficalora, designer of angel and alphabet charms, says 14-karat gold remains the mainstay of her expanding business. In the past few years, she developed a wholesale collection of silver alphabet charms, which sell at Bloomingdale's. "I wanted to be sure that if the price of gold went really high I would still be able