



MSG Jewellers

Gem Talk

by Michael S. George

*MSG Jewellers helps you buy diamonds with confidence . .
.GUARANTEED!*



The Cost of Diamonds



In this article we will discuss the cost of diamonds and how a price is arrived at, based upon quality.

Let's review for just a moment. Previously, we spoke about the 5 C's - Carat weight, Cut, Color, Clarity, and Care.

Carat: 100 points = a carat.

Cut: refers to the shape as well as the proportions of the diamond. Color: the degree of white or yellow in a diamond. Clarity: refers to the type and number of inclusions in a diamond. Care: The normal maintenance necessary to correctly clean and preserve diamonds.

With the above information in mind, we may now proceed to the 6th "C" - the Cost. It is our opinion that, when purchasing a diamond, the price is only one factor to be examined and does not reflect the actual cost of the diamond by itself; by this we mean that in order to receive a good value, you must consider some additional factors such as quality, selection, and service. These four must be present in order to truly receive a good value.

First of all, let's look at cost and how we apply a value to a diamond. The diamond industry is an ever-changing marketplace that is based upon supply and demand. The DeBeers family controls the world market of jewelry grade diamonds. From the mines where they are dug to the jewelry stores that sell

them, and everywhere in between, the DeBeers family has an involved hand. The rough (uncut raw mined) diamond is sold to sight holders (diamond cutters who are invited to purchase) who then examine the stone to find the optimum weight and/or cut that can be achieved from the rough stone. They then cut the stone into a faceted diamond and sell it to a wholesaler, or possibly a retail jeweler. It is possible for this diamond to be sold several times before it reaches a retail store.

The retailer buys these polished diamonds based upon the current market value, usually from New York dealers who have outlets in Israel, Belgium, Russia, or India. If there are many calls for a certain size, shape, or quality diamond, the price from the dealers will go up as the supply goes down. The trend over the last several decades has proven that diamonds do appreciate in value. Most retailers also subscribe to trade publications which give them a basis to go on for pricing. Ultimately the price for a diamond may not vary greatly in actual cost from one dealer to another; it is the margin that a retailer is making that can make the real difference, when all things being considered are equal. This is why it is so important to consider the other factors besides just price.

Quality is so important when purchasing a diamond. Most people buy diamonds and know little to nothing about the diamond they are buying. The 4 "C's" are important to understand, but you must also be able to apply them to your purchase. Your salesperson should be knowledgeable about all aspects of diamonds and be willing to point each characteristic of the 4 C's out to you. Once you have identified each of the 4 C's as your salesperson has described it and proven it to you, you will then truly know the quality of the diamond you are considering. If the quality is not proven, then one leg of this value is possibly broken and that is all that is needed to destroy the good value you may think you are receiving.

Selection is a self-explanatory aspect to deal with here, however let's speak briefly on it. In order for you to know what is available in this expansive, changing market of jewelry, it is imperative that you know the options available, so as not to find out too late that there is something you like better available elsewhere. We recommend shopping around, or working with a jeweler who will present all the options in which you may be interested. Without this benefit, you may soon regret your purchase, or wonder if you bought the right piece.

It is our opinion that the final factor to be presented here is the most important of all, and that is **SERVICE**. We define service as the time, attention, knowledge, and concern for the client - before, during, and after the sale - that

the client needs or believes to be necessary and is of eminent importance. Service is what separates the winners from the losers. It shows you care and are interested in more than just a one-time deal. If service is lacking at any time in any transaction, simply remember how hard you worked for that money and spend it with someone who is considerate of that fact.

Let's take a moment and consider a scenario where one of these factors is missing from the equation, to see if a good really does equal quality, selection, price, and service:

You're shopping at your favorite mall and see a sale sign at a jeweler, so you go in and the salesperson greets you, and tells you about their specials. As you browse around, you see a ring you like, and purchase it after finding out the quality and price. The selection is to your liking, so you feel comfortable with your decision, but you don't know this store or the person with whom you are dealing. You're buying impulsively because there is a very special event coming up next week and you'd love to show off your new purchase. The ring needs to be sized to fit you and you mention to the salesperson that you **MUST** have it back no later than Friday at 2:00 PM. Well, Friday comes, and 2:00 PM comes and goes, and your ring is not ready. You wait patiently yet anxiously for your beautiful ring to show off at the big event tonight. Unfortunately, your ring is misplaced in the repair shop file and it doesn't arrive to you in time for your big event. You're upset, but you want that ring. You are told that your ring will be ready first thing Monday morning, so you jump in your car and arrive at the store as it opens, only to be let down again with another excuse. Your patience is wearing thin, but you agree to pick it up tomorrow. Tuesday comes and you call to hear that it's done. You run to the store to pick up your beautiful ring and the size is wrong, or maybe this time it's fine, but when you wear the ring a few times the diamonds come loose or fall out, even though you took all the right precautions. The ring is found to be faulty, so you march back to the store to get some satisfaction, only to find that the nice salesperson is not so anxious to wait on you now, and leaves you hanging for awhile. You like the ring, so you try to endure. Finally, your endurance pays off and you speak to him, and he, somewhat reluctantly, takes your ring in for repair, but only after trying to sell you on something else first.

This scenario can go on and on, and some of you may say it can't happen, but many of you have experienced it first hand. The point is, had you bought this ring at a store where you received the service you deserve, you probably would have had a much more pleasant experience, even if the unlikely circumstances we spoke of here really had happened. We all have had times when we wished

we had bought somewhere else, and probably would have paid more to receive the value we expected in the first place.

Please remember the value equation:

Value = Quality, Selection, Price, and Service.

If one of these factors is missing from your next purchase, keep on looking until you find the right place. In the long run, you'll be glad you did.

Should you have any questions regarding this article or any jewelry needs, please feel free to call Mike George at MSG Jewelers at (314) 353-9488.

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