

Results of custom design & pricing survey I sent out last month

About a month ago I sent out a 10 question survey asking you how you would price this custom made sapphire and diamond ring.

David Geller Custom Design Survey



I know it was a lot to ask and only 72 people responded but thank you for those 72 people.

Some of the answers can be shown on a bar graph and many were texts that I'll compile. I already had a good guess as to what I would find and the biggest thing is this. Most all of you reading this email have my repair & design price book and chapter 1000 has a simple pricing method to make a ring.

A good example is this making a matching wedding band, like below. In the book (page 1000-3) to either cad/cam or hand carve a wax for a matching wedding band to an engagement ring with no stones has one single price, gold is extra.

So if a customer needed this matching wedding band carved to match exactly next to her engagement ring our book has a single price (add gold and that's it!), see below.



\$450.00. This is everything but metal. So for you cad/cam people it would be to Cad on computer/grow or cut the wax, cast or send to a casting house, file up, polish and hand it to the customer. Charging for gold is extra and nothing to do with labor.

For those carving a wax by hand from a block of wax making the same ring includes: carve the wax, invest and cast (or send to casting house), file up and polish.

Our book is simple to use, look it up and its \$450 in labor, add in the gold.

Labor Only	
Custom Design-Carve, Cast & Finish	In Gold
Shadow Wedding Band (1) - Plain	\$450.00
No stones. Contured to fit customers engagement ring	10038

A few people said they used my book but most people had a list of charges like I typed. Instead of a simple single price many are figuring up many costs to come to a price.

- Design
- Cad/cam (or carve)
- Mill

- print
- Grow
- Cast
- or casting house
- file up
- polish

Hey, if you do long division, add subtract, multiply, divide and it makes you money who am I to argue, right?

But our book has one price for the total manufacture, without setting or gold, that's extra.

So I'm going to tell you how much my price book would charge for the blue sapphire and diamond ring that's at the very top of the page without the diamonds, setting of the sapphire. Then I'll share some of the prices jewelers submitted for the very same ring. Again the question was:

How much to make this ring shown below and please do not include

- **diamonds**
- **setting the diamonds**
- **or center sapphire**

Only wanted to know how much to complete make the ring and charge for the gold. Let's just assume the customer would take it to China and buy the diamonds, sapphire and have them set the stones. Got it?

The survey said also that it would weigh 4 pennyweights and on this day gold was \$1137 an ounce and buying gold from Stuller it would cost your store \$37 per pennyweight. So gold cost would be \$148.00 for the 4 dwts.

Our price book has a 4 time markup on labor and a **3 time markup on material (gold & stones).**

37% of jewelers told me they do a 3 time markup on the gold and 26% use a 2.5 time markup.

Here's the markup the respondents gave me:

* There are 2 components for this ring semi-mount.Labor + material (the gold)What is the markup you're looking for (cost times markup equals retail price)Choose one for labor and one for gold.

Answer	0%	100%	Number of Responses	Response Ratio
LABOR: Keystone			18	26.0%
LABOR: 2.5 time mark up			11	15.9%
LABOR: 3 time mark up			26	37.6%
LABOR: 4 time mark up			4	5.7%
LABOR: Greater than 4 time mark up			1	1.4%
MATERIAL (GOLD) : Keystone mark up			8	11.5%
MATERIAL (GOLD) : 2.5 time mark up			18	26.0%
MATERIAL (GOLD) : 3 time mark up			26	37.6%
MATERIAL (GOLD) : 4 time mark up			3	4.3%
MATERIAL (GOLD) : Greater than 4 time mark up			3	4.3%
Other View all			10	14.4%
Totals			69	100%

So here's how **we'd charge to make the mounting** and charge for the gold.

Labor to make the ring, one price
 Price book, page 1000-3; Ring detail 1, sku # 10044
\$695.00

Furnish 4 pennyweights of gold
 Price Book, page 1000-7, 4 pennyweights @ \$107 per pennyweights, sku \$ 100012
\$428.00
 (the gold at Stuller cost you \$148 x 3 time markup would be \$441, so only \$13 less)

Total retail price: \$1551.00

Amazing how close this was to what people sent but there was a range.
 Here's the price shown in the book for the labor and the gold, per pennyweight

Ring - Detail 1	\$695.00
Intricate ring, lots of stones to fit, channels to carve setting areas	10046

Gold Market		14kt Casti	
From:	To:	Dwt	sku
\$500 - \$549		\$49.00	100000
\$550 - \$599		\$53.00	100001
\$600 - \$649		\$58.00	100002
		\$63.00	100003
		\$68.00	100004
\$750 - \$799		\$73.00	100005
\$800 - \$849		\$78.00	100006
\$850 - \$899		\$83.00	100007
\$900 - \$949		\$88.00	100008
\$950 - \$999		\$92.00	100009
\$1,000 - \$1,049		\$97.00	100010
\$1,050 - \$1,099		\$102.00	100011
\$1,100 - \$1,149		\$107.00	100012

Gold was \$1137 an ounce



So here are some of the answers I received on what YOU would charge to make the ring. You should know if your costs are higher or lower and you know your costs and apply a markup then your answer is not wrong because it doesn't match mine. The big reason for me asking is to see if many people are getting more than my suggested pricing and maybe I should raise my book prices. It would help other jewelers.

Below are just some answers I pulled randomly. You'll notice that each price is divide by a double dotted line "====". So if you get tired of looking just go below where I have the words "Continue Here".

====Price Jewelers Charged For This Ring=====

\$200.00 FOR cad
 \$295.00 FOR CASTING & FINISHING
 \$401.00 FOR GOLD

TOTAL \$896.00

=====

\$1150.00 Canadian
 I charge 150.00 /g for a finished
 14k casting before setting
 and 200.00 for the drawing
 and the wax.

=====

Cam fee \$99.00
 Finish labor fee \$30.00
 (polishing, casting, rhodium plating)

=====
I would say the price for a 4dwt ring would be 610.00 and the labor for wax and cast and clean-up would be 200. So total for just metal and casting would be 810.00.
=====

Total price includes the design/ gold/labor is \$1075+tax
=====

design and wax \$300
Gold \$400
cast and polish \$100
Rhod \$30
TOTAL \$830
=====

\$1125.00
\$125/gram finished
+ \$350 wax/design.
=====

Ok, Stuller charges \$99 for the wax.
Others charge \$50.
The CAD outsourcing is \$200.
The casting and finishing work
is generally about \$200.
So my labor cost is \$450 outsourcing
and \$350 in house (hand-crafted).
I charge TOTAL \$500 for the above work.
=====

Total not including tax = \$696.00
Labor = \$400.00
Gold = \$296.00
=====

\$200 Design fee drawing cad
\$917.00 metal x3.07
\$900.00 labor
\$80.00 Rhodium
TOTAL \$2097.00
=====

design (not complicated),
cad, mill and cast is min 450.00
metal 3 time markup 440.00
finish approx 200.00
TOTAL 1090.00
=====

Total \$1145
Labor \$660
Gold \$485
=====

\$1500
=====

This ring would be through counter
sketch about \$745 and \$650 by hand
wax and cast locally
=====

\$1130.00
=====

The gold is \$912.00 the
labor is \$415.00
TOTAL \$1327
=====

\$1895
=====

Cost to make this ring would
be \$975. So we would charge
TOTAL to customer \$2149
=====

Gold \$ 444.00
Labor (1.5 hrs. @ 60/hr.)=\$90.00
CAD fee \$ 250.00
TOTAL \$784
=====

\$1,400
=====

\$695 - labor
\$500 - gold
TOTAL \$1195
=====

\$700
gold price include labor
=====

=====Continue Here=====

Our book price was \$1551 for manufacture and metal. I don't differentiate between carving a wax from a block or cad/cam. When this book was done it was designed around those using cad/cam.

As you can see the charges vary but my \$1551 was about mid point in the range. I also think the way to price it in the Geller book is much simpler and it encompasses all charges you might incur. But I'm biased.

Over 6000 stores across the USA, Canada, Australia, Great Britain and other countries use it. So I asked

Do you use my book to price custom or do you have your own method?

It was surprising:

* Looking at the ring to make how would you figure your retail price for manufacture and also gold?

Answer	0%	100%	Number of Responses	Response Ratio
I charge to MAKE the ring from the Geller book (Chapter 1000)			10	14.0%
I have your own system in charging			50	70.4%
I send this complete job out and just mark it up			11	15.4%
Other (View all)			5	7.0%
Totals			71	100%

Use the Geller book pricing

14.0%

Have my own pricing system

70.4%

Get a price from an outside shop and mark it up **15.4%**

I asked the question "HOW WOULD YOU MAKE THIS RING?"

- Hand carve from a block of wax **9.7%**
- Use an in store cad/cam computer program **59.7% Big Winner.**
- Send out to an outside shop who carves by hand **4.1%**
- Send to an outside shop who uses cad/cam **19.4%**

Roughly 79% of custom made jewelry is done by cad/cam

* In making this ring how would you start making this ring?

Answer	0%	100%	Number of Responses	Response Ratio
We would carve this from a block of wax			7	9.7%
We would use a Cad/Cam computer program			43	59.7%
We would send this to be done by an outside shop who would carve wax by hand.			3	4.1%
We would send this to be done by an outside shop who would use a Cad/Cam program			14	19.4%
Other (View all)			4	5.5%
No Responses			1	1.3%
Totals			72	100%

Being Computer Cad/Cam is so big I asked "What program do you use?"

- It's not available in graph form but the overwhelming winner was Gemvision, sold by Stuller.
- A really close second was Counter Sketch by Stuller
- Further down the line was Firestorm, Rhinogold, JewelCad

3 last questions to ask:

- What is your average dollar sale on custom design

- What is your closing ratio?
- What percent of your store sales come from custom & repair sales?

What is your average dollar sale on custom design?

Answer	0%	100%	Number of Responses	Response Ratio
Under \$00			1	1.3%
\$700 to \$999			5	6.9%
\$1000 to \$1500			11	15.2%
\$1501 to \$2500			25	34.7%
\$2501 to \$4000			23	31.9%
\$4001 to \$5000			2	2.7%
\$5001 and above			1	1.3%
Other View all			2	2.7%
No Responses			2	2.7%
Totals			72	100%

Two or 3 big dollar areas:

- \$1501 to \$2500 **34.7%**
- \$2501 to \$4000 **31.9%**
- \$1000 to \$1500 **15.2%**

66.6% of most custom sales fall between \$1501 to \$4000. Still good 15.2% are between \$1000 to \$1500.

So think about this. While you buy, pay and store 1/2 million to 1 million dollars in inventory that sits in the case on an average of 2 years and your average product sale is \$400 to \$500 **custom design requires less than \$5000 in inventory in the shop, has an awesome turn and average sale is 3 to 10 times higher! Time to get in the game.**

What is your closing ratio on custom design?

So 10 people walk into the store and say "Hey, can you make this ring for me?"
How many people after you give them a price, wine & dine them will say "O.K. please go ahead and hand make this for me."

- Wow!, 10 people walk in and the majority of jewelers say 9 out of 10 will buy the custom design. A 90% closing ratio. That's 27.7% of those who responded
- Coming in second was 8 out of 10 at 23.6% said you had an 80% closing ratio.
- 19.4% said they had a 70% closing rate and 16.6% said they sell 4-6 out of 10. That's a 40-60% closing rate.
- **70% of stores told me when they wait on a custom design customer they have between a 70-90% closing rate!**

* When you wait on a 10 customers who have asked you about having something custom designed, how many out of 10 say "OK, go ahead and make it for me."(closing ratio)

Answer	0%	100%	Number of Responses	Response Ratio
Less than 3			4	5.5%
4-6			12	16.6%
7			14	19.4%
8			17	23.6%
9			20	27.7%
All ten			3	4.1%
Other			0	0.0%
No Responses			2	2.7%
Totals			72	100%

What percent of your stores total sales come from the shop-repairs & custom combined?

I will tell you this is skewed to people who like me are lover's of the shop. Many people didn't care to respond (79 out of almost 4000 emails) and my customer list comprised mostly independent jewelers. I wouldn't call everyone "mom and pop" as I deal with lots of \$250,000 to \$750,000 stores as well as stores doing 2-5 million. Most here are single store, maybe a few with 2-3 stores.

- Looking at the graph below the longest blue line is 21-30% of total sales come from the shop.
- The next largest category is 51-75% of total sales come from the shop.

* Last Question In thinking about your shop sales (includes custom design, jewelry repair, watch repair and batteries) What percent of your total sales come from the shop? Thank you for your time. David Geller, Director of Shop Profits

Answer	0%	100%	Number of Responses	Response Ratio
Less than 5%			3	4.1%
10-20%			6	8.3%
21-30%			17	23.6%
31-40%			7	9.7%
41-50%			0	11.1%
51-75%			12	16.6%
76-80%			4	5.5%
81-90%			7	9.7%
100%			4	5.5%
Other View all			2	2.7%
No Responses			2	2.7%
Totals			72	100%

=====

So what's the end result of this survey?

- If you thought your prices were maybe low and you look at my \$1551.00 price and all of the prices there or above you might now consider raising your prices.
- Custom design is a high ticket item, 4-10 times higher than showcase items.
- You have a 2-3 times greater chance of selling a custom design over something from the case.
- The amount of inventory to carry in the **shop** is less than 5% of what you need to carry in the **showcase up front**.

So what's the down side to doing custom for a living? That's not in this survey but I can tell you as a 25 year store owner and a 14th generation jeweler from the age of 10.

- Takes lots more training for the sales staff/person to sell custom.
- Harder to find trained jewelers who can do cad/cam. Some successful stores don't have the jeweler do the computer cad/cam. A non jeweler can do it.
- Marketing/advertising/web presence is a bit different to bring them in the door.
- But these are not a barrier at all. Just maybe different from what you're doing now.

Here's a quickie chart showing the difference between sales made with showcase inventory and custom design.

	Showcase Inventory	Custom Design
Average Dollar Sale	\$400 to \$500	\$1500 to \$4000
Closing Ratio	30% (country wide)	70-90%
Inventory required to keep on hand	\$250,000 to 1 million and over	Typically \$5000 as most material is ordered next day
If 10 people walk into the store, based upon the average sale and closing ratio this is how much you'll have in total sales in each category after waiting on 10 people	\$1200 to \$1500	\$10,500 to \$36,000

So my last question for you is in the upcoming price book should I raise custom prices or do you have other comments?

Thank and have a profitable day tomorrow in your shop

David Geller
Director of Shop's Profits

P.S. By the way only one person emailed me and said they couldn't get the repair prices in the book, their town was lower income and folks were price conscious. Yep, not every area is able but over the years most all jewelers tell me when it comes to just repairs they get a 90% closing ratio from our book.

Below is the page in the custom design chapter of custom design prices

Labor Only	
Custom Design-Carve, Cast & Finish	In Gold
Shadow Wedding Band (1) - Plain No stones. Contoured to fit customers engagement ring	\$450.00 10038
Shadow Wedding Band (1) - For round stones Contoured to fit customers engagement ring. Layout for round stones.	\$540.00 10040
Shadow Wedding Band (1) - For fancy stones Contoured to fit customers engagement ring. Layout for fancy stones. i.e. princess cuts.	\$600.00 10042
Ring - Normal Very little detail in workmanship-Few stones to be set or be prepared for. Center stone/few sides.	\$635.00 10044
Ring - Detail 1 Intricate ring, lots of stones to fit, channels to carve setting areas	\$695.00 10046
Ring - Detail 2 Deep etching work work, including areas for multiple stone setting. Animal Carvings	\$825.00 10048
Ring - Detail 3 Filigree, fully pierced out work, including areas for multiple, difficult stone setting	\$990.00 10050