

**AMERICAN SOCIETY OF APPRAISERS**

# **Fundamentals of Jewelry Appraisal**

**GJ103**

**THE AMERICAN SOCIETY OF APPRAISERS  
PRINCIPLES OF VALUATION**

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**GJ103: Fundamentals of Jewelry Appraisal**

***Student Manual***

This course is not intended in any way to provide legal or insurance advice.  
All questions of that nature should be directed to your legal counsel  
or licensed insurance agent or broker.

## What is an Appraisal?

***Appraisal is a process of evaluation and valuation.***

*Evaluation* involves the proper identification of an item and accurate ranking of its quality and desirability against other, similar properties.

*Valuation* involves market research and analysis to establish a defined value in the appropriate market.

According to the Uniform Standards of Profession Appraisal Practice (USPAP) 2020-2021, **Appraisal** is “the act or process of developing value; an opinion of value;” “of or pertaining to appraising and related functions such as appraisal practice or appraisal services.”

An appraisal is an unbiased, supportable opinion of a defined value prepared by an individual trained in research and analysis, who is knowledgeable regarding the property and its class and who acts in accordance with accepted and professed standards of practice.

An appraisal should be credible, i.e. “worthy of belief”.

## What isn't an appraisal?

An appraisal is NOT:

- a statement to replace in the seller's store
- an offer to buy
- a sales tool that inflates the price paid
- an off-the cuff guesstimate with no supporting evidence

Be aware that offering an off-the-cuff value may be committing an appraisal in the eyes of the client and exposes you to the same potential liability as a professionally researched and documented opinion of value, or appraisal.

## What is an Appraiser?

According to the Uniform Standards of Professional Appraisal Practice (USPAP), “An appraiser is one who is expected to perform valuation services competently and in a manner that is independent, impartial, and objective.”

Dealers, brokers or auctioneers do not meet the definition of an appraiser who is independent, impartial and objective. Dealers, brokers and auctioneers are all advocates for the property and its purchase or sale and may be biased with regard to the property.

Professional appraisers are differentiated from dealers, brokers or auctioneers by their:

- knowledge of the property and its class
- knowledge of the multiple markets where the property is traded
- training in research and analysis, both for identification and valuation
- compliance with standards of appraisal practice (such as the standards of a professional organization or national standards promoted by USPAP).

An appraiser is expected to act as a witness to the existence and condition of a property or piece of jewelry in its current location and condition.

An appraiser is expected to identify the important characteristics of the property that affect the value of and its place in the jewelry market.

An appraiser is expected to research and report the value of the property.

## Ethics

An appraiser is expected to follow a code of ethics. Codes of ethics can be published or promoted by professional trade or appraisal associations. **USPAP states that “an appraiser must promote and preserve the public trust inherent in appraisal practice by observing the highest standards of professional ethics.”**

Many appraisers begin their professional careers or spend their entire careers working for jewelry stores and writing reports for items that the stores sold. An interest in the property is not unethical as long as that interest is fully disclosed in the report. However, a client may reasonably expect disinterest.

An appraiser:

- must not perform an assignment with bias (*a preference that prevents an appraiser’s impartiality, independence or objectivity*);
- must not advocate the cause or interest of any party or issue;
- must not agree to perform an assignment that includes the reporting of predetermined opinions and conclusions;
- must not communicate assignment results with the intent to mislead or to defraud;
- must not use or communicate a report or assignment results known by the appraiser to be misleading or fraudulent;
- must not engage in criminal conduct;
- must not perform an assignment in a grossly negligent manner.

USPAP requires the appraiser to meet or exceed the following in order to develop credible (worthy of belief) assignment results:

- the expectations of regular intended users for similar assignments
- what an appraiser’s peers’ actions would be in performing the same or a similar assignment

**From the USPAP Preamble: It is essential that appraisers *develop* and *communicate* their analysis, opinions, and conclusions to intended users of their services in a manner that is *meaningful* and *not misleading*.**

## Are you competent?

An appraiser is expected to be competent regarding the properties they appraise.

To be competent as an appraiser, you must be able to identify and understand the needs of the client in seeking an appraisal. Does the client need to obtain insurance coverage for the jewelry or are they trying to settle an estate? Those two potential uses of an appraisal may greatly affect the value of the jewelry and how and where value is researched.

An appraiser must have sufficient knowledge of and experience with the types of property being appraised and the appropriate market to complete the assignment.

An appraiser must recognize and comply with any laws or regulations that apply to the appraiser or assignment.

If you determine that you are not competent to complete the assignment, you must

- disclose the lack of knowledge and/or/experience to the client before agreeing to perform the assignment;
- take all steps necessary or appropriate to complete the assignment competently; and
- describe, in the report, the lack of knowledge and/or experience and the steps taken to complete the assignment competently.

## Price, Cost and Value

**Price** is the amount ***asked, offered, or paid*** for a property and is a **verifiable fact**.

Price is a fact whether disclosed publicly or retained in private. Because of the financial capabilities, motivations, or special interests of a given buyer or seller, the price paid for a property may or may not correlate to the value ascribed to that property by others.

- a. **Sales price** - The amount agreed upon between seller and buyer to consummate a transaction.
- b. **Asking price** - An offer to sell, representing only one side of a transaction, and may be negotiated.
- c. **Offering price** - An offer to purchase and is the other half of a transaction, also subject to negotiation.

**Cost** is the total amount required ***to create, produce, or obtain a property, including direct and indirect costs*** and is a **fact or estimate of fact**.

- a. **Direct costs** - costs incurred for labor and materials.
- b. **Indirect costs** - other expenditures, such as transportation and overhead.

Profit is not a direct cost, but an element of the selling price that must be considered.

Costs are usually set by the seller and based partially on his costs of production. A cost can, like an asking price, also represent one half of a transaction. Property can have a cost or a value even if it is never sold.

**Value** expresses an **economic concept**. Value is the **monetary relationship between properties and those who buy, sell, or use those properties**.

Value is a more abstract concept than cost or price, and is always an opinion. Price and cost are time specific, while value may involve an anticipated benefit over time.

Unlike price and cost which are facts, value is an opinion, albeit an opinion with a basis in fact. Value is justified as it is based on factual market data such as completed sales transactions or verified asking prices for comparable properties.

## Types of Insurance Policies

*Definitions cited in this course are for example only. For more information, consult the insurance laws for the state in which the property is insured. By law, only a licensed insurance agent may give insurance advice, but professional appraisers should understand basic insurance concepts.*

### **Valued Policy (Agreed Value Policy)**

A valued policy is an agreement by both the insurer and insured as to the value of the property on the effective date of coverage. After a total loss under a valued or agreed value policy, the insurance company will pay the value agreed upon, whether the value of the property has appreciated or depreciated. In many cases, after a partial loss, the insurer will pay the documented cost of repair and may pay any reduction (diminution) in value since the property is now in restored rather than original condition. At its option, the insurer may choose to pay the agreed value and retain the property. A valued policy is generally appropriate for unique, rare, and highly valued properties. Premiums for agreed value policies are generally higher than replacement or actual cash value policies.

### **Actual Cash Value Policy**

Jewelry covered under a Standard Homeowner Policy, not scheduled, is covered for actual cash value to the stated limit of the policy. Many homeowners mistakenly assume that their Standard Homeowner policy provides replacement cost or valued coverage.

Actual cash value is generally understood to be the market value of a property, plus appreciation or less all forms of depreciation, and is normally established by an insurance adjuster based on insurance industry guidelines and depreciation guides.

Different states subscribe to different rules, as in California, where actual cash value and fair market value are cited as one and the same (*Jefferson Insurance Company of New York v. Superior Court of Alameda County*, 1970 475 P.2d 880).



### **Replacement Cost Policy**

Replacement cost is the type of policy that is sold for jewelry scheduled in floaters & riders. This type of policy, often abbreviated as 'RCT' or 'RCV' is defined in insurance terms as “***the cost to replace the damaged property with materials of like kind and quality, without any deduction for depreciation.***” It is the cost to repair the property after damage or to replace the property with a similar, new piece after a total loss.

When jewelry is scheduled, the policy is often a **replacement** policy, **which gives the insurance company the option** of replacing the jewelry as a form of settlement. The replacement is often a new, similar item, based on the description in the appraisal report submitted when the policy was purchased.

If the policyholder chooses the cash settlement option the adjuster may take depreciation into consideration (Actual Cash Value). Depending on the company, the insurer may opt to replace the item through a jeweler or manufacturer with whom the insurance company is affiliated.

Not all replacement policies offer a cash settlement option. A personal jewelry insurance policy through Jeweler's Mutual is an example of a repair or replacement policy. Settlement of a claim in this type of policy normally does not include a cash settlement option.

The appraiser should bear in mind that the description of the property is just as important as the replacement value (your professional opinion of value). Not only is the value used by the insurer to make coverage and premium decisions, the description will be invaluable to the adjuster and to your client when processing a claim. An accurate description may be the only tool the adjuster has to indemnify your client (the policyholder) in the event of loss.

## Appraisal Preliminaries

### **Client Interview**

An appraiser's time is valuable, yet mistakes made by disorganized procedures can be costly. It is essential that the appraiser develops standardized methods for opening and maintaining a workfile (whether a manila folder, a computer file, or both). To save time and present a professional appearance, alleviate office clutter. All pertinent information can be immediately entered into a client take-in form (on paper, or computerized), during the initial meeting, whether in-person or by phone.

### **Who is the Client?**

The client is the party or parties who engage, by employment or contract, an appraiser in a specific assignment. *The client may be an individual, group, or entity, and may engage and communicate with the appraiser directly or through an agent (Advisory Opinion 36, USPAP 2020-21)*

According to USPAP, it is engagement for an assignment, not payment for an assignment that establishes the appraiser-client relationship. For insurance scheduling reports, most often the “client” is the person seeking to have their jewelry insured and should be specifically named as your client in the report.

### **Client Agreement**

In many cases, the client intake form can also serve as the client agreement. Even so, your business may be exposed to lawsuits from clients or third parties involved in appraisal assignments. Therefore, this might be a good time to employ the services of an attorney to help you draft a professional client agreement.

## ***Appraisal Intake Forms***

Client intake forms are used to list the jewelry items to be appraised and document existing damage or repairs. The form should include these elements as necessary or appropriate:

- Date of initial contact
- Name of the person contacting you and who they are (e.g. property owner, property owner's business manager, the client's personal assistant, relative, etc.)
- Referred by whom?
- Client name and contact information, if different from contact
- Property owner and information, if different from the client
- Property interest being appraised
- Intended users
- To whom will the report be addressed and how will it be delivered? (e.g. to maintain privacy, the owner's name and address may be omitted from the report.)
- Is the report to be written or oral?
- Number of report copies required
- Report due date
- Intended use – Schedule insurance coverage
- The number and general description of items to be appraised (e.g. 10x jewelry items, 2x Watches, 20 x pieces of silverware)
- Itemized list of jewelry to be appraised
- Location of property and inspection (office, client's office, etc.)
- Unique assignment conditions, where known (poorly lit bank vault, inadequate space for equipment set up, no electricity.)
- Requirement for laboratory reports, experts,
- Requirement for jeweler's services, where known (e.g. to un-mount and re-set a diamond.)
- Client's statement of value (represents the limit of the appraiser's liability of the jewelry and is assumed, that the appraiser will verify the relative value of the item.)
- Client's signature
- Appraiser's signature

Keep a signed copy of this form in your workfile.

## **The Initial Inspection (Intake)**

### **Potential “Issues”**

When you first meet with your client and have an opportunity to inspect the jewelry, you should always point out possible problems with either the assignment conditions or the actual property. Making the client aware of potential problems and/or preexisting conditions may help protect you from potential liability claims or misunderstandings. Some of the to point out include missing, loose or damaged diamonds or gemstones; broken, missing, or badly worn prongs, shanks or other mounting parts; lab-grown gemstones (if you're sure), clarity enhanced diamonds or anything else that could be of concern to you, your client or the insurance company. If you work in a retail environment, this could also be a good opportunity to generate income from providing the repair. Insurers have specific requirements and expectations of the condition of a property before they would consider it “insurable” and may require that repairs are made before issuing a policy. If the jewelry is in need of repair, it may not be insurable as-is; so, pointing out “issues” may be a valuable service to your client.

### **Preliminary Identification of Gems and Jewelry**

There are varying opinions as to how specific one should be when describing the client's jewelry during take-in. Many people, rather than stating that a stone is a diamond will simply state “round faceted near-colorless stone” for example. Likewise, rather than identifying the mounting as “yellow gold”, some people prefer to state “yellow metal”. You'll need to make that decision yourself; probably in consultation with your insurance carrier and/or your employer if you have one.

Photographs can be a valuable and useful part of the take-in procedure. You may be able to protect yourself and save some time if you can quickly and efficiently provide your client with detailed, clear photos of the jewelry that documents the current condition and appearance. Having a reference scale in the image is often a good idea as an accompaniment to precise measurements of the mounting and primary stone(s) that you provide on the take-in form.

## **Cleaning Your Client's Jewelry**

To properly evaluate the quality and condition of your client's jewelry, it must be as clean as is practical. You'll be challenged enough identifying and grading gems and diamonds in the mounting; you don't want to have to do it through a layer of dried hand lotion or other debris. Identifying the previously discussed "issues" is very important since cleaning with either an ultrasonic cleaner or a steamer can cause damage for which the client may blame you. The appraiser needs to be aware of those kinds of gems and jewelry that should never be put in an ultrasonic cleaner or steam cleaned. Sometimes the appropriate cleaning method could be warm soapy water and a toothbrush.

The American Gem Trade Association (AGTA) has a downloadable guide to care and cleaning of colored gemstones available on their website at no charge.

<https://agta.org/wp-content/uploads/2018/05/15thEditionGemstoneInformationManual.pdf>

## Scope of Work

A scope of work both organizes and describes the work performed during the appraisal process, from initial acceptance of the assignment to the delivery of the final report. Determining the scope of work is an ongoing process in an assignment. Information or conditions discovered during the course of an assignment will often cause the appraiser to reconsider the scope of work.

The USPAP Scope of Work Rule is defined as the type and extent of research and analysis in the assignment and states: *For each appraisal assignment, an appraiser must follow the Appraisal Process.*

The appraiser in consultation with the client identifies:

- The client or any other intended users
  - **Client** is defined as the party or parties (i.e. individual, group or entity) who engage and appraiser by employment or contract in a specific assignment, whether directly or through an agent. The person or parties that hired you for the appraisal (are needing the valuation), not necessarily who pays you.
  - **Intended Users** are the client and any other party as identified, by name or type, as intended users of the appraisal.

*Appraisers are responsible to the client and any stated intended users to make the report meaningful and not misleading. Third parties may read the report, but the appraiser is not responsible to every potential reader of a report, only their client and any specifically named intended users. Employees of insurance companies are generally NOT named as intended users.*

- Intended use of the appraiser's opinions and conclusions
- Type and Definition of Value and cite the source of the definition
- Effective date of the appraiser's opinions and conclusion, which is usually the date on which the property was inspected. That's because you have no idea what may or may not have happened to the property since you inspected it.
- Subject of the assignment (what are you appraising?) including important identifying physical characteristics as well as "relevant characteristics" which are the value elements important to buyers and sellers in the relevant market
- Assignment conditions including any extraordinary assumptions or hypothetical conditions
  - Where was the inspection? Mounted?
  - Extraordinary Assumptions
  - Hypothetical Conditions

## Property Data

### Physical Characteristics

The appraiser, as an identifier, is charged with making an adequate identification and accurate description of the property as it is understood within its market. The description should be factual information that all reasonable and knowledgeable people would not dispute. This includes not only physical characteristics but also period or age, designer, hallmarks, condition and provenance when appropriate.

While photographs taken during the inspection provide evidence that the appraiser witnessed the property, they are not a substitute for a comprehensive description of the property.

To assist in the identification and reporting of the physical characteristics the property, the ASA Gems & Jewelry Discipline has developed guidelines for inspection and documentation of jewelry. The ASA Descriptive Elements for Gems and Jewelry is included for reference later in this manual. Not every element will be required for every piece – the list is provided as a reminder of possible value characteristics that many need to be documented for different types of properties.

The identification of property for insurance coverage often requires the most detailed description of any intended use, as it will most likely be the only information available to assist in replacing or claiming a lost or stolen item, or in repair of or compensating for a damaged item. Careful notation of small details or imperfections can be of great assistance later. The item must be described in sufficient detail to assure replacement with a nearly identical or equivalent substitute property.

Condition property may be an important characteristic of value or relate to insurability.

### Endowed Characteristics

Beyond the physical properties of the jewelry, endowed of value must also be considered. These **non-physical** characteristics include provenance, historical importance, celebrity ownership, designer, or period. These qualities may or may not have a significant effect on the value of the property. Evidence of endowed characteristics of value may be in the form of receipts, laboratory reports, photographs, or historical documents. For these to be considered in the valuation, there must be evidence; don't rely on family history or lore.

## Approaches to Value

For most jewelry appraisal assignments, two of the three traditional approaches to value are appropriate for developing an opinion of value.

- Cost Approach
- Sales Comparison Approach

Which of the approaches is most appropriate depends upon the identification of the intended use of the report by the client and the value characteristics of the property.

**Cost approach** - The cost approach provides a summation of the estimated wholesale costs involved in the production of a duplicate or equivalent substitute. The cost approach is most appropriate for valuing contemporary, generic jewelry styles and custom or customized jewelry for scheduling insurance coverage or confirmation of sale.

Costs calculated include mountings, semi-mountings or components, diamonds or gemstones, design and labor costs. The wholesale costs are totaled and the appropriate mark-up reflecting the relevant market or market level is then added. This reflects how most smaller independently owned jewelry retailers price their inventory.

When calculating **Replacement Value – New** using the cost approach, it is critical to know the markups for the different retail jewelry market levels in your city or region as well as the market in which similar properties are most commonly sold. If the appropriate market is the high-end independent jewelry store, what is the mark-up or margin for jewelry or gemstones at that level? Do they mark-up diamonds more than smaller independent stores or jewelry shops? Local markups will vary and must be researched, not assumed.

Similarly, which market levels typically offer discounts or never offer discounts?

**Sales comparison approach** - The sales comparison approach compares and analyzes sales of similar properties in the relevant market with the subject property to conclude value. Whenever possible, comparable properties should be recently sold or offered for sale concurrent with the effective date of valuation.

The sales comparison approach is most appropriate for:

- “whole” properties
- antique and vintage items
- items made by famous designers
- copyrighted items
- items that are most commonly sold as whole properties and not in component form such as watches
- when the type of value and intended use dictate appraisal of the item in its current (used) condition



These types of items are typically sold as what are termed “whole properties” or have value characteristics such as age or provenance that would prevent a generic substitute from being a suitable replacement in the event of loss.

*For example, a generic watch assembled from 18K gold components in the style of a Rolex President would never be considered a genuine Rolex.*

*If the item is a mass-manufactured style set with commercial quality diamonds or gemstones readily sold through chain stores and discount retailers, the sales comparison approach is most appropriate. Application of the cost approach would likely result in over-valuation due the difference between U.S. labor costs and costs in the country of origin.*

In some instances, the appraiser may use both the sales comparison and cost approach in development of an opinion of value. The appraiser must reconcile any differences and give more weight to the most applicable approach to arrive at a credible value conclusion.

## Type and Definition of Value

The appropriate type of value for an appraisal of gems and jewelry for insurance coverage is Replacement Value. As a concept of value most relevant to scheduling insurance coverage, Replacement Value represents the amount of money required to replace a property with another of similar quality within a reasonable length of time and in an appropriate market. Many insurance policies only promise to replace with “like kind and quality”. As appraisers, our goal is to assure the ability of the client to be indemnified by our description and value opinion. It’s rarely necessary to try to track down the exact item to achieve that goal. For a variety of reasons, auction sales are rarely appropriate market data for insurance replacement appraisals.

Replacement value is further defined by the nature of the subject property. In other words, the type of value is item specific. Within the same report with multiple items you could end up using both:

- Replacement Value - New
- Replacement Value – Comparable

The client tells the appraiser what they need the valuation for and maybe they have a type of value they want or need. The appraiser may guide the client in their decision but ultimately it is up to the client. The appraiser must then determine if the type of value requested will result in an appraisal that is meaningful and not misleading, based on the intended use of the appraisal and the type of property to be appraised. If the type of value requested is inappropriate, you may want to decline the assignment or try to convince the client of a different value type since your name is on the report and it is a reflection of your reputation.

It is always a good idea to specifically define the type of value that you are providing both in the service agreement and in the report to avoid any potential confusion. Identifying the source of the definition adds credibility and authority, as long as you understand and follow the meaning of the definition. Remember to keep the type of value consistent throughout the report.

### Definitions of Replacement Value

The following definitions of Replacement Value are published in Monograph 2, ASA Personal Property Committee Monographs 2010-2013. If you choose to use them you should cite that publication (as it is written above) as the authoritative source.

#### Replacement Value - Comparable

The price in terms of cash or other precisely revealed terms that would be required to replace a property with another of similar age, quality, origin, appearance and condition within a reasonable length of time in an appropriate and relevant market.

*(Replacement Value - Comparable assumes that the item is not a new item. This definition is especially relevant when appraising a vintage or collectible item for insurance coverage.)*

### **Replacement Value - New**

The cost to replace a property with an equivalent, or substitute which is new, using modern materials, techniques and standards that satisfy the description or use of the replaced property. It is the present cost of replacing the property with one having the same quality and utility, but in new condition.

***The following statement may be appropriate for employees of jewelry stores who are writing post-sale documents for jewelry items purchased from their employer. Replacement Cost in Our Store is a statement of a fact and not an opinion of value.***

### **Replacement Cost in Our Store**

The intended use of this report is to provide an authoritative evaluation and estimate of **Replacement Cost in Our Store** of the jewelry described herein. This report is provided to the client as evidence of the quality of a purchase from \_\_\_\_\_ and may be used by the client only to obtain insurance coverage. The replacement cost stated is based on the ability of \_\_\_\_\_ to provide identical or closely comparable items in the event of a loss and is determined primarily by comparison of recent, actual sales data from our records. If gemstones were provided by the client for the manufacture of the property, the value of the gemstones is estimated in accordance with our current pricing policies.

A report using this statement provides the client and readers with the necessary information and does not state or imply that independent and impartial market research was conducted. It is used to provide evidence of the quality and condition of a property and the replacement cost stated should reflect the actual or estimated selling price if sold by that store. If the document is provided by the store that sold the item and the Replacement Cost would be higher in the future than the actual selling price, then the higher price can be cited along with the actual selling price with the difference between the two explained. The statement provided may also be used to value items that were not originally purchased from the store providing the documentation IF such items could be obtained from that store.

## Market Data and Valuation Considerations

### Ranking

Once the appraiser has examined, described, and evaluated the item, the next step is recognizing and ranking those elements that contribute to its value. The buyers and sellers in the relevant market determine what those factors are and how they rank; the appraiser identifies them.

By ranking the characteristics of value in comparison to similar properties in its class the appraiser is laying the foundation for forming an opinion of value. The “ranking” process may be viewed as being similar to grading a diamond; we compare stones by their cut, color, clarity and carat weight. Staying with the diamond comparison analogy, “within its class” means that we would rank oval diamonds against other oval diamonds, round diamonds against other round diamonds, etc.

### Relevant Market

Once the item has been placed in context within the broad class of similar types of items, the appraiser must recognize at what level of the market the majority of sales of similarly ranked properties occur. There is an appendix which provides an extensive list of possible market levels (levels of trade). It is imperative to determine the relevant market because each level of trade will have specific markup tendencies and will be where your comparable properties will be found. The appraiser’s goal is to provide a value opinion that will allow our client to be indemnified in the event of a loss. Choosing the relevant market and level of trade is important since it will guide the market analysis.

### Approach to Value

As has been discussed previously, for valuing jewelry the most commonly used options for arriving at a value conclusion are the Cost Approach and the Sales Comparison Approach. While we should consider both, the most appropriate approach to value will largely be determined by the specific characteristics of the item and the relevant market. The appraiser must be able to recognize which approach is most likely to produce a credible value opinion and must be able to correctly utilize it.

When the cost approach is most relevant, the appraiser must research markup tendencies within that level of trade. The appraiser also needs to recognize when they may not have enough wholesale cost or markup information to utilize the cost approach.

When the sales comparison approach is most appropriate, the appraiser needs to be aware of which property characteristics are most important to buyers and sellers within the chosen market. There may be times when features the appraiser believes to be most important are not the ones sought after by most buyers. Rarely will an exact match for the subject property be found so “adjustments” to prices found in the market will usually need to be made. The various specific techniques and the appropriate circumstances in which they should be used are covered as part of the 120 hours within the ASA Principles of Value courses, GJ201, GJ202, and GJ203.

## Market Data

### Relevant Market

Sales of gems and jewelry occur at many market levels and layers within those levels, depending upon the type, quality, quantity and condition of the items.

In appraising jewelry or writing insurance documentation reports, a knowledge of different market levels, or levels of trade, is required. For “cost approach” valuation, knowledge of the various wholesale market levels is necessary. For “sales comparison approach” knowledge of various retail market levels is required.

### Retail Markets

The type of value, the intended use of the appraisal or sales report, and quality elements of the property indicates the relevant or appropriate retail market. The relevant market is the specific market level where similar properties sell.

*If the piece is a recognized designer piece utilizing fine diamonds and gemstones, the appropriate market is probably an independently owned jewelry store or fine department store that regularly carries that designer. If the piece is a 10K mass-manufactured cast and assembled tennis bracelet set with light brown and heavily included diamonds, the appropriate market is probably a national or regional chain jewelry store selling commercial quality jewelry at specific price points.*

A list of possible market levels is included in the back of this manual. The list is not up to date and is intended only to provide examples of market levels.

### Wholesale Market

The wholesale market is the market level in which the jewelry is sold as finished pieces, semi-mountings, mountings or components to a retail jeweler or goldsmith for resale to the public. The wholesale market for recognized designer pieces might be the designer selling to the authorized retailer. The wholesale market for generic mountings and semi-mountings might be overseas jewelry manufacturers or U.S. manufacturers such as Stuller, Overnight Findings, New York Findings, etc.

### Liquidation Market

The liquidation market reflects the market level of gold buyers, pawn shops and jewelry buyers who regularly buy used jewelry either for scrap, salvage or resale. The prices paid at this market level largely reflect the secondary market for the usable components or scrap for those designs that are not salable.

## Research and Analysis

Research is the core of the appraisal assignment. The evidence disclosed by research is the primary means by which the client, the courts, and other intended users will weigh the credibility of an appraisal report. The appraiser needs to conduct enough research to arrive at a credible (worthy of belief) conclusion.

The **standard of substantial evidence** is ***such evidence as a reasonable mind might accept as adequate to support a conclusion.*** (Black's Law Dictionary)

A reasonable mind would expect the amount of research and data collected to be in proportion to the value and importance of the property or the valuation issue. The extent of research necessary to appraise a Van Cleef and Arpels Alhambra necklace or a 10 carat diamond solitaire ring is significantly greater than the amount of research necessary to appraise a 10 karat yellow gold class ring from the 1950's. Don't waste your time or your client's money.

An appraiser needs to recognize which characteristics of value contribute and to what degree they contribute to the overall value of the piece. This is important for time management during the inspection and documentation phase of the assignment, but also guides the direction of the research on vintage or whole property pieces that can't be researched using the cost approach.

*As an example, the most important value characteristic of a generic mid-20<sup>th</sup> century vintage engagement ring is the size, shape and quality of the major diamond. In most cases, the other value characteristics of the ring including style, metal and accent stones contribute far less to the overall value of the piece than the major diamond.*

To research value, a comparable property is a property similar enough to the subject property to be compared with it. When considering properties for comparison, it is important not to restrict the parameters too narrowly. Similarly-ranked value characteristics are necessary for properties to be compared. Using the most important value characteristics documented during inspection of the property, the appraiser researches comparable properties in what was identified as the relevant market.

## Your Report

The appraisal report is the final step in the appraisal process and the vehicle by which the appraiser communicates the market conditions, research data, and value conclusion to the client and intended users. The appraiser has great flexibility with regard to the structure of the report; the content; however, it should be arranged in a logical order and be easy to understand. The appearance and quality of the report reflects on the knowledge and professionalism of the appraiser.

A summary of the ASA and USPAP appraisal report requirements is included for reference on the following page. It provides a comprehensive list of the elements that might be appropriate to include in a report. There are certain components that should always be present; however, the appraiser is expected to include those components necessary to allow your client, intended users and readers to clearly understand what you did and why your value is credible.

### Things to Include in Your Appraisal Report

Identify your client and intended users

State your valuation effective date and report date

Value type and definition

Limiting Conditions

Hypothetical Conditions and/or Extraordinary Assumptions (if there are any)

Property Description & Evaluation

Approach to Value

Value Opinion

Appraiser's Name and Signature

CV

Appendices if relevant

## Summary of ASA and USPAP Appraisal Report Requirements

1.	Type of Report
2.	Date of report
3.	Valuation Effective Date
4.	Date of Inspection *
5.	Identify Client and any other Intended Users by name or type
6.	Intended Use of the appraisal
7.	Type of Value sought
8.	Definition of the type of value, cite the source of the definition
9.	Identify the Property – Literal Description per ASA-GJ Descriptive Guidelines
10.	Ownership rights, (e.g. whole or fractional)
11.	Extent to which the property was inspected
12.	Extent to which the data was researched and analyzed
13.	Specific limiting conditions which have affected the valuation process and its conclusion and the extent of the effect of those limitations
14.	Extraordinary assumptions or hypothetical conditions and their effect on the value conclusion if applicable
15.	Existing use of the property and use of property reflected in appraisal
16.	State or describe the research process
17.	Explanation of the application and reconciliation of 1 or more of the three traditional Approaches to Value
20.	Explain exclusion of any of the 3 traditional Approaches to Value
21.	Interpretive Description including relevant market - analysis where applicable
22.	State the Value Opinion or Conclusion
23.	Research & Analysis not performed, when applicable
24.	A certification including the declarations outlined under Standard Rule 8-3 (see sample included in the following section)
25.	State the name of each appraiser who contributed materially to the appraisal
26.	State that the appraiser is or is not in compliance, with ASA reaccreditation requirements when applicable *
27.	Statement of equipment used, metal market prices, and rating scales used – as applicable *
28.	Sources consulted or references used as applicable *
29.	Privacy Statement
30.	Glossary of related terms as applicable *

\* Required by ASA, not included in USPAP report writing requirements except as necessary to render the report understandable and not misleading.

Elements such as *glossary and works consulted* which are required for appraisal reports prepared for ASA-GJ advancement and more advanced intended uses may not be necessary for an appraisal report prepared for insurance coverage. USPAP requires the report to include sufficient information to allow the intended users to understand the report properly.



## ASA Descriptive Elements for Gems and Jewelry

Once you've cleaned the jewelry, the next step is evaluating and describing the quality and condition. The following descriptive elements are intended to provide some guidance in that process. Additional training and experience will lead the appraiser to further refine the process.

### 1. Descriptive Elements for Jewelry:

The level of detail is proportional to the type of report, the importance of the jewelry and its impact on the overall value.

- A general description of the type of item (ring, bracelet, brooch, etc.)
- Style, motif (e.g., waterfall ring, hearts and scroll motif)
- Period of manufacture (approximate date)
- Metal type, color(s) and fineness
- Weight of the item (including or excluding gemstones, straps, etc.) include scale e.g. grams, dwt, troy oz.
- Overall measurements/dimensions, include scale e.g. mm, inches
- Method of manufacture (cast, die-struck, handmade, etc.)
- Finish (Florentine, satin, etc.)
- Findings (e.g., earring backs, type of clasp)
- Trademarks or serial numbers, if present
- Name of the manufacturer if known or determinable
- Manufacturer's style number, if present or known
- Condition of the item
- Any endowed characteristics of value that have an effect on value (provenance, rarity, celebrity ownership, etc.)
- Photographs (front, back, side, trademarks, fineness marks and/or damage.)

## 2. Descriptive Elements for Diamonds

The level of detail is proportional to the intended use and users, type of report, the importance of the jewelry, and its impact on the overall value.

Diamonds must be described and documented in GIA and/or AGS terminology. Any other system used must be explained and correlated accurately with at least one of those systems. Origin (natural vs. synthetic) must be noted. In the absence of certainty, the services of a leading laboratory to identify must be secured.

- All known diamond treatments and enhancements that are detectible by currently available gemological means must be listed, including but not limited to laser drilling, coating, fracture filling, HPHT, etc. In the absence of certainty, the services of a leading laboratory must be secured, or the uncertainty recorded in the appraisal.
- All diamond descriptions must include:
  - Actual, estimated, or calculated carat weight (number and total weight for melee)
  - Color
  - Clarity
  - Shape
  - Proportions (state the average quality of cut for melee)
- Diamonds over 0.25 carat should also include
  - Individual measurements
- Diamonds over 0.50 carat should also include
  - Individual measurements
  - Fluorescence
  - Plotting diagram or photomicrograph recommended
- Diamonds over 1.00 carat should also include
  - Individual measurements
  - Detailed proportions (table size, girdle, culet); additional GIA cut grade elements for round diamonds are recommended. (crown angle, and height, star length, pavilion angle and depth, lower girdle facet length)
  - Symmetry
  - Polish
  - Fluorescence
  - Plotting diagram or photomicrograph
- Photographs of un-mounted diamonds are optional.
- Photomicrographs are recommended for documenting significant inclusions and damage.

### 3. Descriptive Elements for Colored Gemstones

The level of detail is proportional to the intended use and users, type of report, the importance of the jewelry, and its impact on the overall value.

The appraiser must determine not only the type of gemstone but whether the gemstone is natural or synthetic. In the absence of certainty, the services of a leading laboratory must be secured, or the uncertainty recorded in the appraisal.

- Species and variety must be identified
- Gemstone color must be described using a known, repeatable grading system (Gem-E-Square, World of Color, Munsell, AGL ColorScan, Gem Dialogue™, etc.)
- Treatments and enhancements, where detected, must be described (heat treatment, irradiation, diffusion, dye, coating, fracture filling, etc.)
- Country of origin should be included, if documented through a reputable laboratory specializing in Origin Reports and relevant.
- All melee should include
  - Shape
  - Quantity
  - Average measurements (random sampling OK)
  - Estimated total carat weight
  - Color
  - Clarity
  - Cut quality
  - Matching
- Primary colored gemstones should include
  - Measurements
  - Estimated or actual carat weight
  - Shape
  - Color
  - Clarity
  - Cut quality (average cut quality for multiple gemstones)
  - Height and belly of cabochon
- For significant transparent colored stones, also consider
  - Bulge
  - Windowing
  - Extinction
  - Brilliance
  - Plot diagram for inclusions or damage that may have a significant effect on the value.
- Photographs of un-mounted gemstones are at the appraiser's discretion. Photomicrographs are recommended for documenting significant inclusions and damage.

***Additional Descriptive Elements for Gemstone Beads (consider the impact on value):***

- Number of strands
- Length
- Knotted or unknotted
- Continuous or clasp with type and details

***Additional Descriptive Elements for Phenomenal Gemstones***

In addition to the above, any applicable phenomenon should be described.

- Asterism description should include
  - Centering
  - Number of legs
  - Sharpness
  - Definition
- Cat's-eye description should include
  - Centering
  - Sharpness
  - Strength of eye
- Change-of-color description should include
  - Colors exhibited
  - Degree of color change
  - Type of lighting used and the reaction to each
- Play-of-color gemstones such as opal should include
  - Variety (crystal, black, boulder, hydrophane)
  - Treated
  - Assembled (doublet, triplet)
  - Body color
  - Play-of-color
  - Predominant hue
  - Secondary hues
  - Hue intensity
  - Pattern (pinpoint, harlequin, rolling flash, etc.)
  - Brightness
  - Directionality
  - Cracking or crazing

Other gemstones exhibiting optical color phenomena [moonstone, sunstone and ammolite] should include pattern size and colors exhibited

## **5. Descriptive Elements for Pearls**

The level of detail is proportional to the intended use and users, type of report, the importance of the jewelry, and its impact on the overall value.

The appraiser must determine if the pearls are natural or cultured. In the absence of certainty, the services of a leading laboratory must be secured, or the uncertainty must be recorded in the appraisal, or the assignment declined. The following elements should be described:

- Type (South Sea, Tahitian, Akoya, Freshwater – natural or cultured)
- Number (consider the impact on value)
- Size
- Shape (roundness)
- Color and overtone
- Luster
- Blemishes
- Nacre thickness
- Orient (strength if present)
- Drilled, half-drilled, or undrilled
- Matching (when applicable)

For Necklaces and Bracelets include:

- Number of strands
- Length of each strand
- Uniform or graduated
- Knotted or unknotted
- Continuous strand, or clasp with type and details

## **6. Descriptive Elements for Organic Materials**

The level of detail is proportional to the type of report, the importance of the jewelry, and its impact on the overall value.

This listing is not intended to be complete and includes:

- Shell
- Coral
- Wood
- Horn
- Amber
- Ivory
- Jet
- Non-nacreous pearls such as conch or abalone

## 7. Descriptive Elements for Watches

The level of detail is proportional to the intended use and users, type of report, and its impact on the overall value.

A sufficient description should be provided to facilitate replacement with a fully equivalent substitute should the current model or make be unavailable.

- Brand
- Model name/number
- Serial number
- Existence of original box and warranty
- Approximate date of manufacture
- Case and lugs
  - Material (case front and back)
  - Dimensions
  - Finish
  - Gemstones or diamonds
  - Dial
  - Color
  - Chapters (hour markers)
  - Hands (type, color, style)
  - Gemstones or diamonds
  - Dial features (sweep second hand, date window, etc.)

Crystal material (synthetic sapphire, plastic, diamond, etc.)

Crown (original or after-market)

- Gemstone or diamond set

Bezel (original or after-market)

- Material/color (enamel, guilloché)
- Functionality (e.g., rotating)
- Gemstone or diamond set

Movement

- State whether watch was opened for inspection.
- Manufacturer/caliber/serial number (if case has been opened)
- Type (quartz, mechanical, etc.)
  - Number of jewels
  - Complications (chronograph, tourbillon, annual calendar)
- Condition/working

Bracelet/strap (original or after-market)

- Material
- Total length
- Clasp type/material
- Diamonds or gemstones

### ***Additional Descriptive Elements for Pocket Watches***

- Case type (hunting case, open face, etc.)
- Winding and setting mechanisms (stem wind, lever set, etc.)

## Retail Jewelry Markets

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Appraisers need to be able to identify the type of jewelry normally sold in these track-able stratified retail markets in order to place value on jewelry under consideration. The relevant market level will depend on the type of property and the intended use of the appraisal report.

Comprehensive articles regarding the retail jewelry market in North America are valuable tools. A good example is the article published in the November 2016 issue of National Jeweler. <https://www.nationaljeweler.com/media/stateofthemajors/2017/?page=1> lists the top 35 \$100 Million Supersellers and the top 50 North American Retail Chain Chains ranked by number of stores together with background information and analysis.

The following analysis of retail jewelry market levels is based on a 2008 presentation by the late Joseph Tenhagen with his gracious permission. Joe's analysis identifies 16 viable retail markets followed by detailed descriptions and examples of each market level.

The retailers listed on the following pages are *not intended to be complete*, but only to provide a list of recognizable names where available. The numbering sequence used to list the identified markets is not an order of ranking, it is a chronological order of the various segments, and firms as listed with descriptions, that typify those market levels listed.

The internet jewelry and online retail segment was traditionally considered a market level. However, e-commerce is a thriving business platform today and incorporates all retail market levels from discount retail through ultra-guild, for both new and used jewelry. A consumer can purchase loose diamonds and colored stones, diamond and colored stone jewelry, coins, watches and platinum, gold and silver jewelry at anytime from anywhere. Appraisers must identify the appropriate market level for the assignment prior to searching for comparators on the internet.

## DESCRIPTION OF RETAIL JEWELRY MARKETS IDENTIFIED

### **1. Ultra-fine Guild or Provenance-type Retail Jewelers**

This retailer is normally located in upscale malls, and shopping centers or shopping districts in major cities and/or upscale communities and recognized throughout the world. Consumers who shop in this market segment are quality conscious individuals who appreciate and understand the prestige and pride of ownership when purchases are made in this guild and/or provenance market.

Guild and/or provenance type stores show their fine jewelry at major events such as the “Academy Awards”, “Golden Globe Awards”, “Toni Awards” and other major show business and charity events as well as prestigious fashion shows, etc. They produce fine quality magazine advertisements and catalogs that are well appointed, informative, and glossy in nature with good color photographic reproductions.

These retail jewelers maintain the highest standards of quality, in Diamonds, Color, Clarity and GIA or AGS Cut Classes, Colored Stones, Pearls and Watches. The execution of design, construction and finish on the Jewelry is of the highest quality.

Examples of guild or provenance type retailers include:

- **Tiffany & Co.**
- **Cartier**
- **Van Cleef and Arpels**
- **Boucheron**
- **Bvlgari**
- **Harry Winston**
- **Mauboussin**
- **Mouawad**
- **Chaumet**



## **2. Well-established Retail Jewelers with Good Public Image**

This well-established retailer may have one or more store locations; many jewelers in this category are located in a freestanding building, or in a shopping mall, shopping center, strip mall or commercial neighborhood.

Although, not as prestigious as the retailers listed in the previous category, these quality jewelers maintain a good public image and reputation within their communities. They have local, regional, and occasionally, national recognition.

They generally carry a range of merchandise which may not be limited exclusively to the highest quality of Diamonds, Color, Clarity and Cut Classes, Colored Stones, Pearls and Wrist Watches found in ultra-fine guild or provenance type retail jewelry stores.

This level of retail jeweler is selling major jewelry designers and manufacturers as licensees or distributors, as well as some newer designers and less well-known manufacturers. This market segment has many additional retailers whose profile would include them in this category.

This market level depends upon marketing and selling jewelry in traditional, popular and contemporary styles ranging in quality from ultra-fine to medium quality. They offer special incentives to purchase and sometimes offer discounts. They also offer other promotions, "in-store" incentives and special events. Many offer in-house credit and use of major credit card purchases.

Examples of retail jewelers with good public images include:

**Peacock's** located in Chicago, IL.

**Tivol's** located in Kansas City, Mo.

**Underwood's** in Jacksonville Fl.

**Levison's** in Aventura, Fl.

### **3. Large Retail Chain Jewelers or Credit Jewelers with multiple U.S. locations**

The large retail chain type jewelers are generally located in well-established malls and shopping centers with high traffic. They are selling as licensees or distributors of major manufacturers and better known designers and sometimes sell jewelry by newer designers and less well-known manufacturers.

This market level depends upon the marketing of a wide range of jewelry from traditional to contemporary, and fashion jewelry, ranging in quality from good to commercial. The retailers in this category create demand through intensive advertising using mailings or providing inserts into the weekend newspaper as in the form of slick color advertisements. These advertisements are informative, glossy in nature, and have good color photographic reproductions.

Stores in this category offer special incentive type purchases. Some regularly discount as much as 40% to 50% and on occasion 60 % or more off suggested retail prices.

Sometimes, this segment of credit or retail jeweler may realize as much income from extending credit and providing layaway facilities then the income realized solely from sales. They usually offer deferred payments, and have promotions with “in-store” incentives or other special events.

This major market segment includes many additional retailers whose profile would permit them to be listed in this category. (stores reflect 2014 statistics)

- **Signet Jewelers:** 3,122 units (stores), purchased Zalecorp in 2014
  - Zales, Kay Jewelers
  - Jared The Galleria of Jewelry
  - Gordon’s Jewelers
  - Mappins Jewelers
  - Peoples Jewelers
  - Piercing Pagoda
- **Fred Meyer Jewelers,** 338 units
- **Helzberg Diamonds,** 229 units
- **Ben Bridge Jewelers,** 72 locations,
- **Mayors,** 28 locations
- **Golden West Diamond Corp,**15 Locations, The Jewelry Exchange, The Jewelry Factory, and The Jewelry Source.
- **Reeds Jewelers,** 90 locations, Reeds and Mills Jewelers

#### **4. The Jewelry Artisan/Jewelry Designer Retail Market**

The jewelry artisan/jewelry designer retail market includes designers with both a national or international reputation as well as those with a local or regional reputation. The execution of design, construction and finish on the jewelry is normally of very high quality and the use of gemstones, both in style of cutting and choice as well as the variety of material used, is often unique and distinctive.

The following includes some representative examples of well-known designers / artisans. The designers may be associated with some of the major jewelry firms. Examples include, but are not limited to, Jean Schlumberger, Donald Claflin, Angela Cummings, Elsa Peretti, Pasquale Bruni, René Tostevin Page, Whitney Boin, Jane Taylor, and Paloma Picasso associated with Tiffany & Company. They may also be associated with manufacturing jewelers such as Oscar Heyman Brothers, Hammerman Brothers, Carvin French, Casa Damini and Mikimoto.

Some designers are marketing as free-standing individuals or companies with a single designer. Raymond Yard, David Webb, Henry Dunay, Paul Flato, Verdura, Marina B., Joel Arthur Rosenthal (J.A.R.), Christopher Walling, Barry Kieselstein-Cord, Elizabeth Gage, William Harper, Daniel Bush, Jean Francois Albert, Michael Bondanza, Michael Good, Richard Kimball, Christoph Krahenmann, Steven Kretchmer, Alex Sepkus, Robert Lee Morris, Cindy Edelstein, Cathy Carmendy, Robert Bruce Bielka, Jeffrey Pratt, André Ribeiro, Anita Selinger, exemplify this category.

Finally they may be jewelry artists who only create one of a kind pieces such as Andrew Grima, Kent Raible, Wendy Ramshaw, John Paul Miller, Luna Felix, Carrie Adell and Mary Lee Hu and others.

The artisan/designer market segment has many additional designers and firms whose profile would list them in this category. There are also many local and regional artisans/designers who are not as well-known, but command high prices for their works as sold in their regional area.

## **5. The Competitive, Independently owned Retail Jewelry Store Market**

The competitive, independently owned, retail jewelry store market can vary from well-established, easily recognized quality stores to small, family owned, (mom and pop) type stores. This marketplace is composed of independent, highly competitive, non-chain store, retailers who maintain a full range of high, medium, and price point quality merchandise.

They sell frequently as licensees or distributors of major and less well-known manufacturers.

These stores are usually located in shopping malls, strip malls, commercial neighborhoods, shopping centers, or sometimes in freestanding stores. This type store creates demand through advertising, and promotions with “in-store” incentives, such as special or unique services more suited to individually owned stores. Many of these stores offer “in-store” credit and use of major credit card purchases.

This major market segment has many retailers whose profile would list them in this category.

## **6. The Highly Competitive Discount Jewelry Retail Market**

Jewelers in this marketplace are usually located in jewelry buildings, exchanges or other forms of common marketing operations. Most major cities have this type of discount marketplace in one form or another.

They are often characterized by handling merchandise from high to commercial quality.

In many circumstances consumers in this market have only one concern and that is the **price** of the item of jewelry.

This market level tends to function on the bid / ask price principle.

This market is typified by these well-known locations:

- **47th Street**, New York City
- **South Hill Street**, Los Angeles

## **7. Department Store, Leased Jewelry Department Retailers**

Typically, this broad spectrum of jewelers depend upon mass marketing of popular current stylish jewelry, ranging in quality from good to price point jewelry. This market level creates demand through intensive advertising and promotions, primarily for credit card and store credit type purchases. This market frequently runs on trends, fashions and fads.

- **J.C. Penney**
- **Finlay Fine Jewelry**
- **Neiman Marcus**
- **Macy's East**
- **Macy's West**
- **Saks Fifth Ave**
- **Fortunoff**

## **8. Discount Stores that have Jewelry Departments**

Typically, this broad range of discount stores depend upon mass marketing of popular current stylish jewelry: ranging from medium to price point quality jewelry. They create demand through intensive advertising such as mailings or providing inserts into the weekend newspaper in the form of slick color advertisements. These advertisements are informative, glossy in nature, and have good color photographic reproductions.

Stores in this category offer special incentive type purchases and sometimes discount items, such as 40% to 70% off suggested retail prices.

Many offer "in-store" credit and use of major credit card purchases. They also deferred payments, and have promotions with "in-store" incentives and other type special events.

This market frequently runs on trends, fashions and fads and normally target "budget minded" shoppers. This type of retailer may be housed in a freestanding building or in shopping centers.

Examples of Discount Stores on a national level include but are not limited to:

- **Wal-Mart**
- **Fred Meyer Jewelers**
- **Target Stores**
- **Kohl's Corp**

## **9. Antique Dealers (secondary market dealers or those specializing in previously owned jewelry), Gem and Mineral Dealers, Traveling Jewelry Show Dealers, etc.**

These traveling, public-oriented retailers may not generally be as well established. They sell primarily at gem and mineral shows, expositions or at antique and other "collectible" sales oriented shows, regularly scheduled on an established circuit, repeating at least annually. They deal in a full range of merchandise normally not sold on credit, except on major credit cards. They encourage after-market sales by mail, phone and other general advertising, techniques.

- **Baron's Antique Show**
- **D. S. Clark antique Show**
- **Tucson Gem and Mineral Show**
- **The International Gem & Jewelry Show**
- **Gem & Mineral Club shows**

## **10. International, National or Regional Auction Houses**

These retailers range from the highly respected International Houses of Sotheby's, Christie's and Heritage to well-known national and regional houses, such as Skinners, Phillips, Butterfield's, William Doyle Galleries, Antiquorum and Rago, who typically obtain merchandise from the general public, as opposed to manufacturers.

They sell under particular auction rules normally to a highly select and well informed group of consumers, who at "pre-sale viewings" may well bring their own advisors or appraisers. Normally the market involves the sale of previously owned jewelry and no credit is extended.

## **11. Big Box Warehouse Jewelry Merchants**

This market level operates in a warehouse type environment; lacking the decor and presentation of a jewelry store. Many times the consumer has to purchase a membership card in order to gain entree to this type location. Warehouse retailers present the impression that they buy in large quantities and therefore can sell items less expensively than an item purchased at a retail locale. The quality of jewelry sold in this environment ranges from good to commercial.

Examples of big box warehouse jewelry sellers include, but are not limited to:

**Costco**

**B.J's Wholesale Club, Inc.**

**Sam's Club**

## **12. Cruise Ship Merchants, Foreign or Resort Destination Jewelers**

These retailers are normally only available to a select group of consumers who are traveling by ship or airline on business or vacation. This quality of merchandise is often medium to commercial. The consumers are told that their savings will be substantial and that they will also save on taxes and other incentives when purchasing outside the continental U.S. Many of these cruise ship travelers are directed to “cruise line preferred” jewelers for purchases, where consumers are told by “port callers” that they will be buying at substantial savings from that asked by U.S. Jewelers. These “port callers” are cruise line employees who are often compensated by the cruise line’s preferred jewelers. The stores cater to the consumer making an emotional purchase on impulse.

## **13. Mall Kiosk Jewelry Sellers**

This segment of the jewelry market is located in booths at shopping malls or other locations with high traffic. Typically, this market depends upon the promotion of current popular styles and inexpensive price points, mostly costume jewelry, which have been advertised by other firms to create the demand. Most sales are made with cash or credit card purchases. This market of commercial quality jewelry frequently runs on fashions and fads, and appeals to a mall type of shoppers.

### **Piercing Pagoda**

## **14. Pawnshops and Gold Buyers**

The pawnshop market is an active business. The old days of a dingy, dusty pawnshop are essentially gone. Today’s shops are normally clean, efficiently run, and vary from chain stores, to single store locations. These stores loan money on jewelry items, accruing substantial interest on a monthly basis. If the loan is forfeited, the store has purchased a piece of jewelry below the normal liquidation level that can be sold at a discounted retail. Many pawnshops operate online stores through eBay or other similar online medium.

### **Cash America (Chain type)**

### **Cash Inn (Chain type)**

### **Cash Solution (Chain type)**

## **15. Miscellaneous**

Although not belonging to a track-able category or market segment, there are other levels of retail sales, including but not limited to mail order, semi-retired jewelers, and jobbers, etc.

### **Army/Air Force Exchange Service - Military Base Exchanges 150 locations**