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PGI USA CELEBRATES 25 YEARS
THE DESIGNER TAKE ON PLATINUM
RETAILERS TELL HOW PLATINUM SELLS



PLATINUM...

THE MYSTICAL METAL

PGI USA CELEBRATES

In celebration of its twenty-fifth anniversary, Platinum Guild International USA is making a new push to boost platinum jewelry sales.

25 Years
By SHUAN SIM

PLATINUM HAS A LONG AND RICH HISTORY. Before the element was even officially named — from the Spanish word, *platina*, meaning “little silver” — its presence made its appearance in decorative objects. The gold used by ancient Egyptians as early as 1200 B.C. to adorn tombs and boxes had traces of platinum, though it is speculated that early Egyptians did not recognize the metal as platinum. Pre-Columbian Central and South Americans also had gold jewelry with platinum-group alloys. Early Europeans who worked with platinum thought it was a form of white gold or an impurity in gold. In the 1740s, British scientist William Brownrigg and Spanish scientist Antonio de Uolla, both credited as the discoverers of platinum, determined that the metal was its own unique element.


Platinum became prevalent in jewelry in the Edwardian era — 1901-1910 — with the invention of the oxyacetylene torch in 1903, which could achieve the high temperatures needed to work with the metal. It was popular in jewelry in the early twentieth century, but its use was banned for anything other than military purposes during World War II. Platinum was once again used in jewelry in the 1950s and has been ever since.

Platinum Guild International (PGI), an organization that promotes platinum jewelry, has been encouraging the use of platinum in jewelry for decades. PGI was originally founded in 1975 by South African platinum producers and refiners and 2017 marks the 25th anniversary of the U.S. chapter. After having largely spent 2016 researching consumer tastes and market trends, PGI USA believes that 2017 is a prime year to launch its initiatives to convince both consumers and the industry to adopt platinum as their metal of choice for jewelry.

Industry Outreach

The centerpiece of PGI USA’s twenty-fifth anniversary promotional push to the trade is the release of the Platinum Edition Catalog, a showcase of top designers and their platinum





77% OF WOMEN DESIRE PLATINUM as first choice for bridal jewelry

15% OF WOMEN acquire platinum wedding rings

Source: PGI 2015 Consumer Predisposition to Platinum study

Daniel Bass

jewelry designs. “We’ve gotten a lot of requests to bring back the catalog since it was published 13 years ago,” says Kevin Reilly, vice president, PGI USA. The catalog, available in print and digital formats, features 35 designers, each with a two-page spread and six images, along with a company profile and the story of why the designer loves working with platinum. The catalog will be distributed to 7,500 retailers and is expected to be released in May 2017.

In addition, PGI USA will expand digital communications and provide online training for

retailers to increase sales of platinum jewelry. The organization will focus messaging on manufacturers and retailers and will run surveys in the first half of 2017 to find out what sort of messaging resonates. PGI USA is working with the trade to improve social media outreach and to educate retailers on how to meet customers’ needs, as well as how to target the Millennial generation. “The generation that is getting married these days is the Millennial generation and they present the most opportunity for selling platinum bridal jewelry,” Reilly points out.



Consumer Connection

One of the main messages that PGI USA wants to get across to consumers in 2017 is the importance of protecting one's diamond with platinum. "We're trying to stress the importance of setting a diamond in a platinum 'head' — or prongs," says Reilly. Since the diamond is what consumers think about more than any other component of a wedding ring, they need to protect that investment and anything other than platinum is not as secure, notes Reilly, as platinum heads are less likely to snap or loosen over time.

"Our studies have shown that consumers are willing to pay \$463 more on average to set their diamonds in platinum once they learn that platinum is more secure for diamonds," Reilly says. Yet despite PGI USA research pointing out that customers are ready to buy platinum jewelry, manufacturers and retailers have been slow to embrace the precious metal. "The challenge is changing the mind-set of the industry that platinum is way too expensive," Reilly explains.

To market to consumers, PGI USA will continue to work on its consumer-facing website, platinumjewelry.com, while moving away from print-based consumer marketing. "Online and social media are the best places to meet the consumer," Reilly says, and PGI USA has committed to connecting retailers with consumers on the social front. The site contains facts about platinum, showcases jewelry designs and enables users to find retailers in their area selling platinum jewelry. Using information collected from their surveys about what consumers want out of their wedding rings, the Guild came up with the acronym "PREFERS" to convince customers that platinum should be their top choice for securing diamonds on their ring. PREFERS stands for characteristics that set platinum apart from other metals.

♦**Purity:** "Gold jewelry is often 14-karat to 18-karat, while platinum is usually at 90 percent to 95 percent purity," says Reilly.

From top: Page from upcoming Platinum Edition Catalog; platinum and diamond bracelet by IsabelleFa; PGI Platinum Training Center tool on a mobile device.



PLATINUM FAST FACTS

Source: World Platinum Investment Council, Platinum Quarterly, ninth edition

7.87 million ounces
ESTIMATED 2016 TOTAL SUPPLY

5.97 million ounces
ESTIMATED 2016 PRODUCTION FROM MINING
South Africa: **4.24 million ounces**
Russia: **675,000 ounces**
Zimbabwe: **675,000 ounces**

ONLY SOURCE OF PLATINUM IN THE U.S. IS IN MONTANA STILLWATER MINING COMPANY: ONLY COMPANY IN THE U.S. INVOLVED IN THE MINING OF PLATINUM GROUP METALS (PGM)

1.86 million ounces
ESTIMATED 2016 TOTAL PRODUCTION FROM RECYCLING
Autocatalytic Converters: **1.23 million ounces**
Jewelry: **625,000 ounces**
Industrial: **5,000 ounces**

↓2%, 7.75 million ounces
PROJECTED 2017 TOTAL SUPPLY

ESTIMATED PLATINUM JEWELRY DEMAND
2016: **2.58 million ounces**
2017: **2.63 million ounces**

↑2%, 6.07 million ounces
PROJECTED 2017 MINING PRODUCTION



HYPOALLERGENIC

Platinum jewelry has often been touted as a “hypoallergenic” option to people who seem to develop allergic reactions to wearing gold rings. Research shows most skin rashes, or contact dermatitis, from wearing rings tend to be a reaction to metals alloyed into the jewelry rather than to gold or platinum itself. It is, however, possible to be allergic to both gold and platinum, though such cases are rare.

Gold jewelry appears to trigger more reactions than platinum because nickel and cobalt, popular gold jewelry alloys, are common allergens for people with metal sensitivity. The prevalence of lower-karat gold jewelry also means a higher concentration of allergy-inducing metals in gold jewelry. Common alloys for platinum jewelry include iridium, ruthenium and cobalt, and iridium and ruthenium are platinum group metals that are also non-reactive.

Forevermark by Premier Gem



PLATINUM SHAPE MEMORY

Pure metal objects tend to remain in whatever shape they are bent into, but when alloyed can gain shape memory qualities, often called “metal memory” by jewelers. The higher amount of alloys in gold jewelry compared to platinum means that rings with gold prongs could straighten out over time, causing the grip on the diamond to weaken. Platinum also possesses higher fracture toughness than gold, leading to less likelihood of prongs snapping off when subjected to stress.

“This makes it completely hypoallergenic,” says Reilly. (See “Hypoallergenic,” top, left).

◆ **Rarity:** Reilly described platinum as simply being rarer. Both gold and platinum occur in rare quantities in the earth’s crust — 0.004 parts per million and 0.005 parts per million, respectively. However, gold is mined in much higher quantities than platinum, resulting in fewer platinum supplies.

◆ **Enduring quality:** When platinum is scratched, the material is displaced instead of being chipped away. This leads to less loss of material.

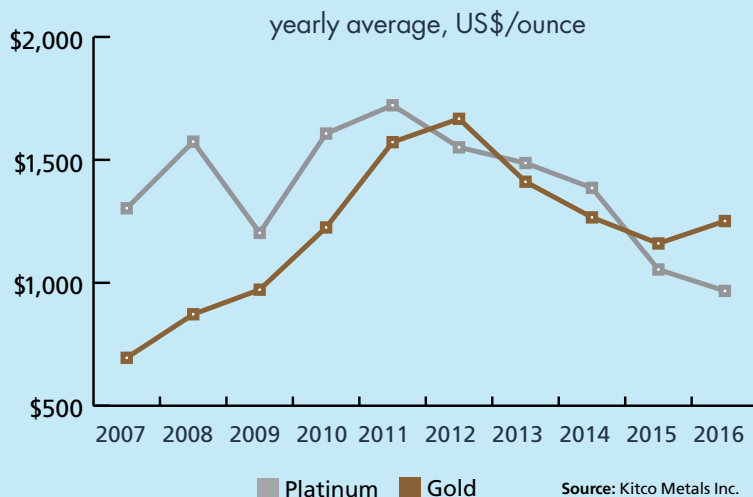
◆ **Feel of weightiness:** Pure platinum (21.45g/cm³) has a higher density than pure gold (19.32g/cm³). This makes platinum rings heavier. “Heft is a luxurious feel,” states Reilly. “You want something that you know you can feel on your finger.”

◆ **Emotional response that it elicits:** Reilly notes that platinum wedding rings elicit stronger emotional responses than other rings. “When you receive a gift that’s perceived to be more valuable, the more emotional the response will be,” he says.

◆ **Real whiteness:** Platinum is white by default while gold is yellow. Gold has to be alloyed to achieve whiteness and even then, it will eventually fade to a creamy yellow but platinum stays white.

◆ **Security with which it can hold a diamond:** Among jewelers, platinum is known to have the least “metal memory” among precious metals. This means that platinum prongs are less likely to lose their secure grip on the diamonds compared to gold prongs. (See “Platinum Shape Memory,” bottom, left).

HISTORICAL PLATINUM & GOLD PRICES 2007-2016



Convincing the Trade

Even though gold prices have remained above platinum prices since 2015 (see chart, page 38) and consumer desire for platinum jewelry has increased, consumer acquisition remains low, points out Reilly. “The main reason a consumer doesn’t buy platinum jewelry is because the retailer doesn’t carry the product,” he explains. Furthermore, sales associates are often ill equipped to explain why platinum makes a better choice than other metals. “Once they have the knowledge, they can close a platinum sale eight out of ten times,” Reilly says.

Retailers have generally been reluctant to carry platinum jewelry, Reilly says. “Because platinum is heavier, the same design is going to be more expensive even if platinum prices are currently lower than gold prices.” Reilly points out that most retailers buy cheaper inventory and think they’ll place a special order for platinum if orders come in. “But that’s not how it works in real life,” he says. “Most retailers just want to get rid of their inventory and would rather sell what they have at hand instead of placing orders for a similar design in another metal.”

Ready to Shine

PGI USA hopes to improve platinum jewelry’s acquisition rate beyond its current low level. To achieve that, PGI USA aims to leverage manufacturer partners to spread the platinum message. The Guild is working to bring manufacturers on board with the message of why platinum is a top-choice metal through data about profit margins, so that they in turn can convince retailers that holding platinum inventory is a worthwhile investment. Reilly believes that after having conducted surveys for over a decade, both the industry and consumers are receptive to platinum marketing. “It was an ‘ah-ha’ moment when we found out that consumers are willing to pay more to protect their diamonds,” Reilly says. “If manufacturers and designers realize the brilliance and simplicity of using platinum in their rings, they can deliver what consumers want,” he concludes. ♦

***This page:** Celebrity product placement for red-carpet events is one way that PGI USA creates consumer awareness of platinum. **From top:** Natalie Portman, Emma Stone and Kerry Washington all wearing platinum and diamond jewelry at the SAG Awards.*

