

# ***'Name'* Jewelry platform project**

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# What is '*Name*' ?

- '*Name*'<sup>(1)</sup> is an E-commerce Platform to buy & sell design jewelry
- Not just an e-commerce system, but a full experience for artists and customers, addressing their needs and bringing them together in a seamless e-commerce driven ecosystem

*(1) Platform name will be decided together with investors. In this presentation we will call it '*Name*'*

# Ok, Tell me more about '*Name*' !

- World jewellery market of \$ 250 B +, growing 5-6% year, online sale from 4-5% to 10%+ in 5 years
- Platform selling mainly 'made in Italy' design jewels
- Target medium to high income women in western markets and some big cities in emerging markets
- Curator's approach: quality over quantity
- Average jewelry price: 300 Euro, price range Euro 50 – 10,000 +
- Business model: 25% commission on sale price, plus, later, sale of jewels own collections
- Sales & marketing, artist promotions and post-sale activities, done by the site with high-end online customer experience
- Logistics / Warehousing: done by artist / producers; site negotiates umbrella logistic agreements

# Ok!, but Why Jewels ?

- Women wear jewels since ever to communicate their uniqueness, personality status, values and to look more attractive
- Jewels are bound to grow as their function becomes even more important with the increase of income and the need for differentiation
- Households with over 150 K annual income spend on jewelry more than 400% of the average population
- Market has reached 250 Billion/year, growing 5-6% year
- Internet has opened a new channel, representing 4-5% of the market, growing to 10% in 5 years

# Ok! What are the trends in jewelry ?

## Design, branded and Italian

Bridge jewellery is growing fast

- Blurring boundaries between fine jewellery (precious metals and stones) and fashion jewellery (plated alloys and crystal stones)
- Bridge jewellery is bridge between fine jewellery and fashion jewellery
- made of silver and other semi-precious metals (like rhodium, rose gold, titanium, various alloys) and semiprecious stones
- new materials provide solutions addressing new concerns around local and global social issues (ecology, sustainability, affordability, local sourcing and production, km zero, handmade, individual creativity )

Branding

- People like to recognize themselves in brands that share their values
  - branded products represent only 20%-25% of the market today,
  - expected to grow to 30-35% by 2020
- Design jewellery is a specific form of branding
  - generates strong connections to individual artists and their names, their art and the values they represent
  - satisfies women's need for expressing their personality through jewellery

Made in Italy

- Italy still hosting over 70% of the production of jewellery in the EU,
  - made in Italy is a strong synonym of quality, style, and beauty
  - made in Italy bridge and fine jewellery growing more than fashion jewellery

# Ok ! So which jewels will '*Name*' sell?

## Those aligned with trends !

- Offer at the center of key trends
  - Novel and high creative bridge design jewels
  - Artist design acts like branding
  - Predominantly less precious metals (silver, bronze, etc), other emerging materials
  - No diamonds, rubies, emeralds, but still very colorful semi-precious stones
  - Made in Italy significant but not exclusive part of the offer
- Price tag between Euro 50 – 10,000+, focus Euro 300 - 1500
- Bulk of the offer neckwear, rings and earrings
- Limited number of products, curator's mindset, hundreds to start with
- Customer need to touch and feel addressed by top quality photos, extreme close ups and videos
- Return policy within 30 days vs 15 as motivator to ease customers concerns with online purchase

# Here are some examples !

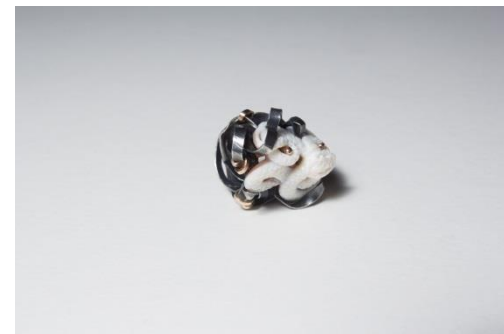
# Jewels examples



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# Jewels examples



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# Jewels examples



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# Ok!, but what is '*Name*' customer target ?

- **Who?**
  - **Women** in particular those buying jewels themselves with their own money to treat themselves
  - **Income:** average and up (150 K household buying 400%+ jewellery vs average)
  - **Age:** 18 +
  - **Style:** trendy, progressive, smart elegant, exclusive, original, interested in fashion trend, with desire of being innovative and independent
  - **Values supported:** aware and responsive to local and global social issues, sustainability, affordability, local sourcing and production, km zero, handmade, supporting individual creativity
- **Where?**
  - In developed countries (USA, Western Europe) and big cities in emerging markets (Russia, India)
  - Shopping on internet and technology savvy, social media user, comfortable with buying and interacting on line

# Ok ! but what are '*Name*' target customers problems ?

- Expressing uniqueness, originality, personality, status
- Feeling trendy, unique, aligned with inner values, attractive
- Finding original jewels locally (Italian, European) produced
- Willing to identify with the product, with the artist
- Knowing the artist they wear jewels of
- Reading other's experiences and share theirs
- Buying easily, feeling secure with the purchase
- Avoiding costs for restitution or transport
- Finding personalized advice, learning from the expert

# Ok, and what are '*Name*' designers/artists problems ?

- Connecting with a potential large number of customers
- Focusing on production, have someone else promoting and selling your work
- Receiving a global support, even psychological
- Being informed about trends and contemporary jewels developments
- Shipping at preferred rates and with knowledge of the shipping rules in the different countries
- Receiving pre-financing for the production (tbd)

# Fine, so what is the solution '*Name*' brings to customers and artists ?

## For customers

- Allows to buy easily and securely trendy, original contemporary jewels, aligned with their values sustainable locally produced and affordable
- Provides expert information on contemporary jewelry trends & developments
- Helps to navigate the vast offer
- Allows to connect with the artists

## For artists

- Ideal for artists approaching the market with good ideas and creativity but without the network/contacts/infrastructure and guidance
- Allows to reach a large number of potential customers
- Allows to focus on production, marketing and sales are done by the company
- Provides preferential logistic arrangement and shipping support
- Provides expert information on contemporary jewelry trends & developments
- Potentially provides pre-financing of exclusive production

# Ok, and what is *'Name'* Business Model ?

<b>Key activities</b>	<p><u>No own production</u>: sell third party jewels, no own production, at least initially; shipping is done by the producers/artists</p> <p><u>No warehouse</u>: Jewels owned, stored, shipped by the artists/producers</p> <p><u>Digitalization</u>: digital materials generally produced by artists/producers, uploaded by the site, with a curator process and specific guidelines, making <i>'Name'</i> very different from a market place</p> <p><u>Sales &amp; Marketing</u>: content production and e-commerce marketing activity to become a reference in the world of contemporary jewels / with the ultimate goal to generate sales</p>
<b>Key partners</b>	<p><u>Artists</u></p> <p><u>Logistic and insurance partners</u>: negotiate preferred rates based on bulk volumes and offer vendors access to the rates</p> <p><u>Financing</u>: potentially partner with financial partners to finance purchases and pre-finance artist working exclusively for the site</p> <p><u>Social interests associations, NGOs</u>: to allow costumers to contribute to a good cause</p> <p><u>Special customers</u>: create connections with special actors, like museums to produce/reproduce jewels on their behalf</p>

# Ok, and what else is in '*Name*' Business Model ?

<b>Sales &amp; Marketing strategy</b>	<p>Ad hoc e-commerce marketing</p> <p>Website marketing</p> <p>Social media marketing</p> <p>SEO &amp; Search engine marketing</p> <p>Email marketing</p> <p>Amazon, Google, Facebook, etc marketing</p>
<b>Revenue stream</b>	<p>% Commission model, 25-30 % of final price net of VAT</p> <p><u>Payment terms</u>: Sales done through the web, proceeds equal to total price received by the site (paypal/credit card at order - tbd); artists/producers paid once items return deadline expired</p> <p>Promote systems to spend money on the site: eg. 'Cagnotte en ligne' where people contribute money on line for common presents</p> <p><u>Other revenues</u>: possible advertising fees, eventually revenues from direct sales if/once own production is established</p>
<b>Cost structure</b>	<p>Costs to run and maintain the site, marketing &amp; sales cost, employee cost, other professional services, office space, t&amp;e</p> <p>Need to finalize form of partnership and jurisdiction/location</p>



# Ok, and what are the key functionalities of the platform ?

- Flexible and responsive design
- Seamless customer experience in any device
- Standard security compliant
- Customized layouts to create a gallery experience and transmit artists' emotions along with their products
- SEO best practices
- Integrated online help and expert advice
- Social network integration
- Multiple payment gateway integration
- Multilanguage
- Email and marketing capabilities
- Cloud ready
- Powerful multitier backend administration covering store, artists, orders, customers, categories, products, coupon, user activity

# Ok ! and who is *'Name'* management team ?

## **Valeria Accornero**

Journalist, knows in depth the world of contemporary jewelry, owner of [gioiellocontemporaneo.it](http://gioiellocontemporaneo.it) blog. Curates jewels exhibitions (eg. Palazzo Fortuny in Venice and Contemporary Art Festival in Lille - France) and is in the jury of international prizes (eg. Venice Design Week, Università degli Orefici, Rome). Worked in fashion magazines and for multinationals in the field of internal and external communication as managing editor for house organs

## **Nicola Chiaranda**

Executive, with over 25 years international experience, covering positions in finance, business development and innovation at leading multinational public groups in Italy, France, Switzerland and United States. Currently CFO South Europe for a leading public agribusiness group.

## **Leading E-commerce platform IT director**

More than 10 years delivering world class eCommerce, marketing and merchandising platforms in the travel and luxury fashion industries. Working from three different continents with global teams has been able to create full eCommerce ecosystems for some of the most known brands across the globe“

# Ok ! And who are '*Name*' key competitors?

- Brick and mortar jewelry shops
- Established jewelry brands websites (Tiffany, Cartier, Pomellato, Swarovsky, Damiani)
- Global jewelry websites (Blue Nile, Super Jeweller, Szul, Jared, Jewellery, Diamond Delight, Kay Jewelers, Ice, Jewellery Television, Netaya)
- Individual Artists websites
- Jewelry sections of fashion retail websites (Yoox, Farfetch, Macy's)
- Mass retail websites (Etsy, Ebay, Amazon, Overstock)
- Designer platforms (Njal, Luisaviaroma)
- Local online jewellers, many
- Competition is large, but market is broad and '*Name*' has important competitive advantages

# Ok ! And what are the barriers to entry / 'Name' Competitive advantages ?

Barriers/Advantages	Does 'Name' have ?
Knowledge of the jewelry sector and trends	YES !
Strong connection with the artists	YES !
Ability to perform Curator / advisory role	YES !
Strong e-commerce platform capabilities	YES !
Ability to connect with customers with smart investment in marketing & sales	Hire top notch web agency
Robust logistics umbrella solution	Partner with top notch logistic companies

# Ok, and what is '*Name*' Business plan ?

# First, how big is the target market and jewelry spending per person?

- Target countries: Western Europe and US, emerging markets big cities (Russia, India)
- Population of Target countries = 770 Million
- Population over 18y = 600 Million, women 300 Million
- Global market turnover = \$ 250 Billions
- Market of target countries = \$ 100 Billion (70 B US, 30 B Western Europe)
- Of the 100 B, online is 10% in 5 years = \$10 B
- Average spend per woman today = \$ 333
- People with Top 7% income = 30% of market (21 M women spend \$ 30 Billion = avg \$ 1428)
- Households with over \$ 150K annual income jewelry spending = more than 400% average spending

# Ok! so what is 'Name' target population and potential turnover ?

- 'Name' Customer Focus population is the Top 7% in terms of income = 21 Million women
- Assuming in year 10 of that 7% only 1 woman out of 200 buys once from 'Name' these are 105,000 customers and sales
- This represents a turnover of 77 Million at \$ 735 average per sale assumed in the BP in year 10 (vs \$ 1428 current estimated expenditure per target woman)
- In year 10 the BP assumes instead a more conservative 66 M turnover (see next slides), representing 0.4% of projected global jewellery online market

# Ok and what are '*Name*' Business plan key elements ?

- Number of customers & number of sales: 1,000 in Y1 growing to 89,000 in Y10
- Value per sale: \$ 300 in Y1 growing to \$ 736 in Y10
- Net sales: 300 K in Y1 growing to 66 M in Y10
- Commission to '*Name*': 25% of net sales
- Sales & Marketing costs: 100 K in Y1 growing to 4.8 M in Y10
- Technology costs: platform 70 K, ongoing cost: 36 K in Y1 growing to 72K in Y10
- People cost: in 90 K Y1 (3 employees) growing to 820 in Y10 (25 employees)
- Office space and other admin expenses: 116 K in Y1 growing to 200K in Y10
- EBIT: -347 K in year 1 growing to +10.6 in Y10, break even in Y3
- Tax rate: 20%
- Cash Flow: -347 in Y1 growing to +8.4 M in Y10, positive in Y4



# Ok, and who are '*Name*' Current investors and what they look for ?

- VA, NC & Partner will retain '*Name*' majority and will put limited cash in the company
- '*Name*' is looking for a financial investor to put the bulk of the cash needed to start and grow its business, details to discuss

# Q & A

# Thank you !

# Appendix 1 – Business plan

				year 1	year 2	year 3	year 4	year 5	year 6	year 7	year 8	year 9	year 10
15			<u>sales</u>	300,000	1,121,250	2,777,250	5,589,216	10,854,770	17,614,898	26,732,537	37,281,377	50,207,730	65,864,976
16			number of sales	1,000	3,250	7,000	12,250	20,688	31,375	44,500	58,000	73,000	89,500
17	from y 6	300	value of each sale	300	345	397	456	525	561	601	643	688	736
18	7%	15%	value of each sale growth rate y1/y5										
19			YOY sales growth rate		274%	148%	101%	94%	62%	52%	39%	35%	31%
20			<u>commissions</u>	225,000	840,938	2,082,938	4,191,912	8,141,078	13,211,173	20,049,403	27,961,033	37,655,798	49,398,732
21		75%	% of sales	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
22													
23			<u>technology</u>	116,000	48,000	60,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000
24			site construction	70,000									
25			ongoing cost	36,000	48,000	60,000	72,000	72,000	72,000	72,000	72,000	72,000	72,000
26		6000	monthly ongoing	3,000	4,000	5,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
27			mock-up	5,000									
28			wireframes	5,000									
29													
30			<u>Sales &amp; Marketing</u>	100,000	240,000	400,000	900,000	1,350,000	1,800,000	3,000,000	3,600,000	4,200,000	4,800,000
31			S&M as % of gross sales	33%	21%	14%	16%	12%	10%	11%	10%	8%	7%
32		2	cost per lead	2	2	2	3	3	3	4	4	4	4
33			number of leads	50,000	120,000	200,000	300,000	450,000	600,000	750,000	900,000	1,050,000	1,200,000
34			conversion rate %	2.0%	2.5%	3.0%	3.25%	3.50%	3.75%	4.00%	4.00%	4.00%	4.00%
35			# of new customers	1,000	3,000	6,000	9,750	15,750	22,500	30,000	36,000	42,000	48,000
36		25%	returning customers %	-	25%	25%	25%	25%	25%	25%	25%	25%	25%
46			total returning customers	-	250	1,000	2,500	4,938	8,875	14,500	22,000	31,000	41,500
47			# of total customers	1,000	3,250	7,000	12,250	20,688	31,375	44,500	58,000	73,000	89,500
48		1	# sales per customer	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
49			# of sales	1,000	3,250	7,000	12,250	20,688	31,375	44,500	58,000	73,000	89,500
50			YOY customers sales growth rate		225%	115%	75%	69%	52%	42%	30%	26%	23%

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			year 1	year 2	year 3	year 4	year 5	year 6	year 7	year 8	year 9	year 10
51		people cost	90,000	90,000	150,000	280,000	340,000	400,000	490,000	580,000	670,000	820,000
52		cost per person	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
53	3	number of people	3	3	5	7	9	11	14	17	20	25
54		marketing director	-	-	-	70,000	70,000	70,000	70,000	70,000	70,000	70,000
55												
56		Travel & Entertainment	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
57												
58		Office Space	36,000	36,000	36,000	36,000	36,000	60,000	60,000	60,000	60,000	60,000
59												
60		Other Admin expenses	50,000	50,000	50,000	50,000	60,000	70,000	80,000	90,000	100,000	110,000
61												
62		total cost	647,000	1,334,938	2,808,938	5,559,912	10,029,078	15,643,173	23,781,403	32,393,033	42,787,798	55,290,732
63												
64		EBIT	- 347,000	- 213,688	- 31,688	29,304	825,693	1,971,724	2,951,134	4,888,344	7,419,933	10,574,244
65		YOY EBIT growth rate				-192%	2718%	139%	50%	66%	52%	43%
66												
67	20%	tax	0	0	0	5861	165139	394345	590227	977669	1483987	2114849
68												
69		net income	- 347,000	- 213,688	- 31,688	23,443	660,554	1,577,380	2,360,907	3,910,675	5,935,946	8,459,395
70												
71		cash flow	- 347,000	- 213,688	- 31,688	23,443	660,554	1,577,380	2,360,907	3,910,675	5,935,946	8,459,395
72		assumed WC = 0										
73		cumulative cash flow	- 347,000	- 560,688	- 592,375	- 568,932	91,622	1,669,002	4,029,909	7,940,585	13,876,531	22,335,926

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