

## UK competitive strengths

Competitive strengths	
Store operations and human resources	<p>The ability of the sales associate to explain the value proposition is essential to most jewellery purchases.</p> <ul style="list-style-type: none"> <li>• Industry-leading training with third party accreditation</li> <li>• 78% of store management have passed the Jewellery Education and Training Course 1 accredited by the National Association of Goldsmiths</li> <li>• Management trained to support enhanced sales associate development programmes and build general management skills</li> <li>• Commission based remuneration programme developed to improve recruitment and retention of top quality staff</li> </ul>
Merchandising	<p>Consumer offered superior value and selection</p> <ul style="list-style-type: none"> <li>• Leading supply chain capability in the UK jewellery sector</li> <li>• Highly responsive demand-driven merchandise systems</li> <li>• Scale to offer exclusive products</li> <li>• 24 hour re-supply capability</li> </ul>
Marketing	<p>Leading brands in middle market sector</p> <ul style="list-style-type: none"> <li>• Ability to leverage brand perception through scale of marketing spend</li> <li>• Leading integrated e-commerce and retail store service within the speciality jewellery sector</li> <li>• Marketing database of over 13 million names</li> </ul>
Real estate	<p>Well designed stores located in primary locations with high visibility and traffic flows</p> <ul style="list-style-type: none"> <li>• Strict real estate criteria consistently applied over time</li> <li>• Revised store format, more suited to selling diamonds and fine jewellery</li> <li>• Attractive tenant to landlords</li> </ul>

## Initiatives during 2007/08

- Enhancements to training programme
- Successfully tested index of customer satisfaction
- Own label store card launched
- Development of training workshops with British Horological Institute
- Improved coordination between marketing and training timetables
- Further developed employee reward packages

- Increased brand differentiation through collections and exclusive merchandise
- Enhanced the Leo Diamond selling methodology
- Made shopping easier by improving displays and rationalising ranges
- Developed key volume items
- Improved sharing of inventory information with a more focused supplier base

- Further development of “H.Samuel helps you say it better” marketing theme
- Development of new marketing proposition for Ernest Jones
- Enhancement to websites

- 16 H.Samuel store refurbishments
- Tested design enhancements in Ernest Jones
- Improved focus of H.Samuel store portfolio

## Initiatives planned for 2008/09

- Expand customer satisfaction index to all stores
- Further improvements to training in head office
- Increase focused training of store staff outside of store environment
- Test new store communications and execution tool
- Enhance Forever Diamond training materials

- Improve the diamond selection, particularly in exclusive and value ranges
- New merchandise tested more quickly
- Development of more mixed metal ranges
- Expansion of key volume items
- Continued enhancement of the watch category

- Continue to build H.Samuel brand image by better execution of marketing and promotions
- Further develop the reputation of Ernest Jones for exclusive merchandise
- Enhance e-commerce capability

- Start of major multi-year store refurbishment programme in Ernest Jones, with up to 40 scheduled in 2008/09
- About 20 H. Samuel refurbishments and resites planned
- Continue rationalisation of H.Samuel store portfolio