

SIGNET

Investor Day

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Marketing Strategy Overview

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Marketing Overview

- ⇒ Continuous improvement and best practice benchmarking are applied to a structured marketing information process
 - ⇒ advertising and creative are built on delivering awareness and persuasion
 - ⇒ customer loyalty programs are targeted and use a champion/challenger approach
 - ⇒ media buying is managed through Omnicom
 - ⇒ managed through a sales productivity filter

Productivity Leads to Increased Broadcast

	FY94	FY99	FY04
<i>Advertising % of Total</i>			
Broadcast	24%	55%	71%
Direct Mail	6%	18%	10%
Catalogs	46%	12%	8%
Other (newspaper, POP)	24%	15%	11%
<i>Dollars</i>	\$51.3 M	\$59.7 M	\$119.9 M
<i>Advertising to Sales Ratio</i>	6.2%	5.6%	6.4%

Superior Understanding of Consumer

- ⇒ Demographically
- ⇒ Psychographically
- ⇒ Annual tracking studies
- ⇒ Behavior modeling
- ⇒ CRM (Customer Relations Management)
 - ⇒ leveraging primary research
 - ⇒ secondary sources
 - ⇒ our own proprietary credit/POS database

Understanding the Target Audience

	Jared	Mall
Males	55%	51%
Married	72%	63%
Average household income	\$86,000	\$66,000
College education	68%	56%
Home ownership	79%	70%
Average transaction value	\$586	\$249
Visitation intent	Buyer	Browser
Choice of destination	Stand alone	Mall

Kay National Brand Strategy

⇒ Efficient, effective national TV

- ⇒ one of a small group capable of leveraging this medium
- ⇒ media targeting, planning, and purchasing
- ⇒ supported by catalogs, direct marketing, POP, and other advertising media (i.e., newspapers, billboards)

⇒ Brand positioning leads to impactful advertising

- ⇒ emotionally positioned on appreciation/love
- ⇒ *“Every Kiss Begins With Kay”*
- ⇒ combined with rational “reason-why”, e.g., hand-selected diamonds

Building Competitive Advantage

- ⇒ 21% improvement in brand name awareness over the last five years
 - ⇒ improved creative
 - ⇒ 2.5 x increase in TV spending
- ⇒ Continued growth allows for advertising leverage
 - ⇒ strong like-for-like increases
 - ⇒ up to 150 mall targets
 - ⇒ off-mall expansion
- ⇒ Development of targeted Hispanic TV ad

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Strong Regional Brands

- ⇒ Supporting with fair share of advertising spending vs. a “cannibalization” strategy
- ⇒ CRM - we understand our customers
- ⇒ Radio broadcast to effectively reach new customers
- ⇒ Direct mail used for current customers
- ⇒ Database marketing / invitational calls
 - ⇒ stores download calling lists
 - ⇒ proprietary credit database

Establishing the Jared Positioning

- ⇒ Destination store so higher advertising / sales ratio
- ⇒ Builds name recognition
 - ⇒ high visibility of stores
 - ⇒ continuity radio advertising
 - ⇒ local television advertising at peak periods
- ⇒ Key messages
 - ⇒ name recognition
 - ⇒ selection

Entering New Jared Markets

- ⇒ Balance between number of stores and advertising
- ⇒ Utilize product branding to help establish reputation
 - ⇒ branded jewelry
 - ⇒ luxury watch initiatives
- ⇒ Targeted for national TV advertising in 2 years
 - ⇒ opens new markets
 - major markets
 - smaller market test
 - ⇒ improves leverage of advertising spend

Integrated Media Campaigns

⇒ “Breadcrumb trail” strategy

⇒ The Leo Diamond

- Radio/TV reaches consumer in home
 - Radio reaches consumer in car driving (to mall)
 - Mall - consumer sees POP
 - Store - consumer sees catalog / displays / POP
 - Sales Team - direct interaction with consumer

→ Consumer Purchase

Co-ordinated Media Campaigns

- ⇒ Leveraging of relevant marketing campaigns of key players in the distribution channel
 - ⇒ Diamond Trading Company
 - Three-stone jewelry
 - Diamond studs
 - Right-hand rings
 - ⇒ World Gold Council
 - ⇒ Hearts on Fire Diamonds

Industry Leading Results

- ⇒ Superior understanding of the consumer
- ⇒ Thorough testing of initiatives
- ⇒ Well-executed creative work
- ⇒ Productivity-based selection of efficient media
- ⇒ Co-ordinated campaigns
- ⇒ Continual development of new ideas