

Customers Charmed by Pandora Bracelets

Companies: COH, LON:SIG/SIG, MOV, OMX:PNDORA

February 10, 2011

Research Question:

Will sales of [Pandora A/S](#)' (OMX:PNDORA) charm bracelets continue to surge, and can sales of its non-charm jewelry rise to the same level? If so, when?

Summary of Findings

- Sales of Pandora’s charm bracelets continue to climb. Sources reported strong holiday sales, good repeat business after the holidays, and a customer base enthusiastically buying charms to complete their bracelets. Valentine’s Day is expected to be another successful event for Pandora charm sales.
- Pandora’s non-charm jewelry is not expected to challenge the charms for sales supremacy any time soon. Sources were intrigued by various non-charm items, the [interchangeable rings](#) in particular, but their focus will remain on the charm bracelets for the foreseeable future. Sales of the [Black Crown Diamond watches](#) have been slow to develop.
- Pandora’s recent price increases have not curbed its popularity or sales. Prices are on par with comparable competitors’.
- Competition for charm bracelets has increased though Pandora stands out for its quality, reputation, established presence, and the cache that comes with owning an authentic Pandora charm.
- Pandora runs the risk of becoming too popular and turning off those who wish to set rather than follow trends. Pandora, a European company, also faces the challenge of lacking various American-oriented charms. Weekday store visits revealed very few shoppers or purchases.

Silo Summaries

1) PANDORA JEWELRY SELLERS

Five sources said Pandora’s charm sales were strong over the holidays and have not slowed down this year. The earliest that non-charms will match charms in sales is six to nine months, but most sources were more conservative in their estimates. Two said charms would always remain Pandora’s top selling items. **Price increases have not affected sales. Imitation charms are not viewed as a threat.** Pandora lacks an American culture bead/charm selection. Reporters observed few customers in stores during their visits.

2) COMPETITORS

Four sources credited Pandora with leading the rise in charm bracelet sales and bringing the trend mainstream. All are confident they can compete in the market though none reported eating into Pandora’s customer base. Each thought they are superior to Pandora for price points, wider variety, and no non-charm items, yet complimented Pandora quality product. One source said her sales are up 20% since last year and said Pandora likely has done even better in her region since it is more widely known.

3) CUSTOMERS

Five of seven sources remain very eager to add to their Pandora charm bracelets. They believe the brand continues to grow in popularity and said they see Pandora charm bracelets more readily than a few months ago. **They are focused more on Pandora’s charms than non-charms.** Two sources said they are less inclined to wear Pandora because it is becoming too mainstream. Although most sources acknowledged Pandora’s high prices, only one source said the recent price hikes were a reason to stop buying the charms.

4) JEWELRY SUPPLIERS

Two sources said Pandora remains at the forefront of the growing charm trend, driving business and spurring imitations. One source said knockoff charms help Pandora by bringing awareness and authenticity to what Pandora does. Neither had much to say about Pandora’s non-charm efforts.

5) INDUSTRY EXPERTS

Two sources said Pandora continues to rise in popularity and that the charm trend will not fade soon. Knockoffs are not viewed as a threat, and Pandora’s prices appear on track with competitors’. Pandora is well-respected within the jewelry community; many experts, commentators and designers own a Pandora product.

	Pandora Charm Sales Growing	Non-Charm Sales Can Rival Charms	Price Hike a Deterrent
Pandora Jewelry Sellers	↑	↓	↓
Competitors	↑	↓	→
Customers	↑	↓	↓
Jewelry Suppliers	↑	↓	↓
Industry Experts	↑	↓	↓

Background

Blueshift's December 9 [report on Pandora](#) revealed that Pandora would benefit from strong charm bracelet sales during the holidays and that charm knockoffs were broadening the trend rather than threatening Pandora. Sources also reported mixed reviews of Pandora's non-charm jewelry, which grew to roughly [20% of its revenue](#) in the third quarter.

CURRENT RESEARCH

In this next study, Blueshift evaluated Pandora's holiday and post-holiday sales as well as the success of its non-charm jewelry.

Blueshift employed its pattern mining approach to establish and interview sources in six independent silos:

- 1) Pandora jewelry sellers (5)
- 2) Competing retailers and jewelry designers (4)
- 3) Customers (7)
- 4) Jewelry suppliers (2)
- 5) Industry experts (2)
- 6) Secondary sources (5)

Blueshift interviewed 20 primary sources, including three repeat sources, and included five of the most relevant secondary sources focused on Pandora sponsorships of fashion and award shows, office relocation to accommodate expansion, and an introduction of new products.

Silos

1) PANDORA JEWELRY SELLERS

Five sources said Pandora's charm sales were strong over the holidays and have not slowed down this year to date. The earliest that non-charms will match charms in sales is six to nine months, but most sources were more conservative in their estimates. Two said charms would always remain Pandora's top selling items. Rings are the most popular non-charm items while watch sales have been slow to take off. Price increases have not affected sales. Imitation charms are not viewed as a threat. Pandora lacks an American culture bead/charm selection. Reporters observed few customers in stores during their visits.

► Pandora store manager in the Los Angeles area

This source said holiday sales were strong and charm popularity remains high. The store is bracing for 15% price increases because of rising gold and silver prices. This source was unaware of any new Pandora stores opening in the near future, but said Pandora is launching an advertising campaign to raise brand awareness in the Southern California market. The region's unfamiliarity with Pandora is working to the company's advantage since customers view Pandora as a jewelry store rather than a place for charms trying to introduce a non-charm line. Watch sales have been lackluster and are not expected to ever outpace charm sales.

- "We are gaining popularity little by little. California is a very tough market, but we've seen our sales go up about 10% since we opened in December of 2009."
- "We are still trying to really build brand awareness here in California. We are not really known as a charm company. Customers are more inclined to view us as a store that sells jewelry, with a focus on the charms."
- "Christmas was good. We sold a lot of starter sets for bracelets. We had a lot of customers buy for other people, and the bracelets with one

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*Pandora Store Manager
Los Angeles-area*

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- "Charms are way too popular to fade right now. I don't see that happening."
- "Charms will probably always be our best-selling item."
- "We did TV and magazine ads during the holidays, and that certainly helped. We are getting ready to do more of that. I think we'll be rolling out more newspaper and magazine ads very soon."
- "Watch sales have picked up in the last few months. The rings are our second most-popular items after the bracelets because they are stackable and people love to customize those as well."
- "We don't have any real qualms with the knockoffs because we see them and we know they can't compare to the quality of our products. [Signet Jewelers Ltd.'s/LON:SIG/SIG] [Kay](#) is selling a new line [of charms]. We see the imitation as a compliment and are not threatened by it."
- "Price is always a concern, of course, and especially in this market. Unfortunately, we are looking at a 15% increase in the next few weeks because of the increases in the price of gold and silver. We also think that our quality of product speaks for itself and that our prices are justified. We have beads that start at \$26 and go up from there, so you really can customize a look and a product that suits your tastes and your budget."

Reporter Observation: The store was empty during 20 minutes of observation on a Thursday at 2 p.m. Inventory was full. Two salespeople were present. The watches were inside a display case in the center of the sales counter, vertically positioned and easy to miss. Charms were more accessible. This store has some premade bracelets and necklaces for sale and for demonstration purposes.

► Pandora store sales associate in suburban Chicago

This source expects sales and popularity of non-charm items soon to match that of charm jewelry. Based on holiday demand, she said Pandora's popularity will hold in the near future. Charm bracelets and charms are the best sellers, with stackable rings close behind. Once customers fill their bracelets with charms, they generally move onto the rings. Customers are attracted to the interchangeability of Pandora's products. Watches attract a lot of attention, but sales have been slow. Holiday advertising helped store sales and are expected to continue for Valentine's Day, for which sales have not yet taken off.

- "Christmas was really busy. We sold a lot of the stackable rings. They are pretty and popular."
- "Holiday advertising really helped our sales. They put up a big billboard for Pandora on Highway 41, a busy state highway where a lot of people can see it on a daily basis. They put up poster-sized ads in the mall on both the lower and upper levels advertising the holiday gift with purchase we had from Nov. 26 to Dec. 31."
- "Our charms and charm bracelets are the top sellers in the store. It is what most people come in for. But I do see non-charm sales catching up to charm sales. I would say in six to nine months."
- "I do not see the popularity or sales of our charm bracelets and charms fading anytime soon. I have seen moms and their teenage daughters purchasing charm bracelets. It creates a continual market and continued product interest if you have the whole family buying it."
- "Our rings sales have been excellent. The styles of the rings tie into the design of our beads. When customers fill out their bracelets with beads, they move onto purchasing the stackable rings. Like the bracelets, they can be built on over time and are interchangeable. Our [earrings](#) are really cute, too."
- "With our watches, customers love that you can change out the band and the [bezel](#). They are interchangeable like our other jewelry, but they are not really selling. The last one I sold was in December. Some of my associates have sold a few, but sales have not really taken off yet. We do get a lot of lookers, but customers mainly come in for the bracelets."
- "[The knockoffs] have charms that we do not have or carry. Mainly, there are a lot of [Murano glass](#) charms that we do not have. [Signet's] [Jared's](#) carries Pandora but only approximately 50% of our line. They have more glass charms than we do."
- "Our customers are used to our pricing. We do not get a lot of complaints, even when things go up a little. In terms of promotions, we sometimes have the gift with purchase, like we had over the holidays. The customers, of course, love these types of promotions, and the stuff just flies out the door!"

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*Sales Associate, Pandora Store
Chicago-area*

Reporter Observation: Blueshift noted no customers during 30 minutes of observation on a Monday at 1 p.m. The mall overall was quiet. Two female sales associates were on the floor, and another was in the back of the store. The store looked very clean, and the display cases were well-organized. The watches and some charm bracelets were on display in the front windows. The store carried elegant-looking Valentine's Day posters in pink and white. The mall had three appealing Pandora promotional ads while a Pandora promotional minivan was in the mall parking lot.

► Pandora store sales representative in suburban Chicago

This source expects Pandora's popularity only to increase and non-charm sales to match charm sales in about 12 months. This store reportedly was crowded every day during the holiday season, with customers buying several bracelets at a time. Traffic also is heavy around most other holidays, especially Mother's Day and Valentine's Day. Weekends are filled with customers, but weekday traffic has tapered off since Christmas. Customers have not expressed any concern or dissatisfaction with a recent 30% price hike in some Pandora items. They are continuing to buy as much if not more jewelry than in the past. The store was sent 50 special heart pendants for Valentine's Day and sold all but two in three weeks. Customers are using this necklace pendant as a charm for their bracelets. The stackable rings and mix-and-match earrings are the best non-charm sellers. The store is selling an average two to three watches a week, but a new watch display is expected to increase awareness and sales. Knockoffs have a larger, wider variety of charms, including baseball-related charms, but often scratch Pandora bracelets, turn customers' skin green and tarnish faster. The source said the store's owner owns seven Pandora stores and is opening three locations in the Denver area.

- "I can only see Pandora's popularity increasing. Over the holidays, there was a point where everybody in the mall was here. It was like a packed nightclub in here. There were many days when the customers were elbow to elbow."
- "The charm bracelets were flying out of the store. Some customers were coming in and purchasing six or seven bracelets at a time—for their wife, their daughter, their granddaughter. It has cooled off since the holidays, especially during the week, but our weekends are almost as heavy with customers and as busy as the holidays."
- "I do not see the popularity of the charms and bracelets fading at all. We have a lot of people copying our jewelry designs and concepts. There are lots of knockoffs out there now, copying us because our jewelry is so versatile and so comfortable to wear. We have been around for just four years, and we have become very, very popular in a relatively short amount of time."
- "I think it will take approximately a year for non-charms sales to meet those of charms, maybe sooner. We have fabulous rings that are our best sellers. Our stackable rings are popular. Our mix-and-match earrings are also 'huge.' Non-charm popularity is growing very fast."
- "We just had a 30% price increase on some of our jewelry, and the customers do not care. They did not bat an eye at the higher prices. They are still buying as much as if not more than in the past."
- "Advertising helped sales during the holidays. Customers were coming in, knowing exactly what they wanted because they saw a picture of it. We have a free gift with purchase promotion coming up for Valentine's Day. That is what we usually do. We do not really have sales. From Feb. 1 to 14, customers will receive a gift with a \$125 purchase until we run out. Mother's Day is another big holiday for us. Sales around Mother's Day almost match those around the holidays. The merchandise just flies off the shelves, and the store is packed for days."
- "For Valentine's Day, they sent us a pendant to put on a necklace. It is a heart with cubic zirconium, priced at \$65 each. Customers are taking the necklace pendant and using them as bigger charms for their bracelets. We received 50 of the these pendants about three weeks ago, and now we only have two left in stock."

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- “We get a lot of questions about the watches, but they do not sell that much. They are still pretty new. We sell about two or three watches a week at this store on average. ... They are mainly displayed in the front window with a few on the sales floor. ... Our new watch display case will be on the sales floor, so customers will be able to see them in the same way they browse our other jewelry.”
- “The biggest effect the knockoffs are having on us is that their charms can harm and scratch up our bracelets. The knockoff jewelry also tarnishes much faster. They do offer charms we do not have currently, and they often have a wider selection of charms that we do carry. We are a Danish company, and sometimes I see subtle things in the line that shows me more of the European market influence over the customer market in the States. For example, we do not sell baseball charms. We only have football and soccer charms because baseball is not big in Europe. So, if someone comes in looking for a Cubs charm, we put together a red and blue charm and a bear charm and they are happy with that. We could use a baseball or a baseball bat charm in our line.”
- “The people who own this store currently own seven Pandora stores. I hear now that our owners are opening three more new stores in the Denver area. I have not heard of any store closings. We are so popular, I cannot imagine a store closing.”

Reporter Observation: The store had more than 10 customers during two hours of observation on a Monday starting at 3 p.m. Customers were male and female, ages 30 to 55. They spent roughly 20 minutes browsing, and about half purchased an item. All three employees very upbeat and friendly. The store looked very clean, and the display cases were organized. The watches were on display in the front windows along with some charm bracelets. Valentine’s Day advertisements were romantic, appealing and sleek looking.

➤ Sales associate, San Francisco-area jewelry store

This source said Pandora is the store’s No. 1 seller, particularly the bracelets, the beads and the charms. She said the Pandora trend will not fade anytime soon as customers who received Pandora bracelets as holiday gifts now are filling them with beads and charms. Valentine’s Day sales also have begun, and male customers are buying heart charms and similar items. For the non-charm items, rings are popular.

- “Right now in our store Pandora is No. 1. We sell the beads, the bracelets, the jewelry, including the [Compose](#), the [Liquid Silver](#) for rings.”
- “Before Christmas, sales were fine. They are higher now since a lot of new customers are coming in for Pandora charms [to fill bracelets they got as] Christmas presents. It’s popular. People come back.”
- “The Pandora trend will continue for a while because when people get bracelets they will add more [charms].”
- “Pandora has increased in popularity. I used to ask customers if they were familiar with Pandora. Now customers are saying they are familiar. There has been a great increase.”
- “[Pandora’s] non-charm popularity is growing since we have this new ring stand in between cases of our jewelry. More customers have been looking at rings and Compose earrings.”
- “We are advertising around the mall, and I think we had a couple of commercials. We do a lot to send e-mails and postcards.”
- “I just had a couple of customers come in today getting ideas [for Valentine’s Day]. All of the hearts are really popular, the colored ones and the two-toned ones.”
- “We don’t carry watches. I believe we will be getting them soon.”
- “Kay is in the same mall, so customers are asking the difference between Kay and Pandora. Pandora is fine jewelry. We have a large variety of beads. I don’t think knockoffs have a great impact on the Pandora bracelet.”
- “For the people who can’t afford Pandora, we will offer a layaway plan.”

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*Sales Associate, Jewelry Store
San Francisco-area*

➤ Sales associate at a Chicago-area Jared’s specializing in Pandora

Pandora is this store’s top seller and posted strong holiday sales. This source does not expect Pandora’s non-charm jewelry to catch up to sales of its charm jewelry. Bracelet sales show no sign of slowing. Customers over the holidays frequently brought pictures into the store and tried to duplicate the advertising. Customers enjoy the concept of building a bracelet. Pandora has a lot of growth potential if it can expand its charm design offerings. The store is in the process of adjusting prices up and down for the first time since 2008.

- “Holiday sales were excellent. The Pandora counter area was constantly full—sometimes a few people deep, with everyone trying to see the displays. In the store, Pandora is the best seller.”
- “During the holidays, people were buying something for themselves, their family, friends, their staff, friends, anyone they could get a gift for in one stop. Many shoppers were coming in with a picture from an ad, and then they would spend an hour or more in the store designing their jewelry.”
- “At Christmas, our stock stayed pretty steady. We did run out of a little something here and there but nothing to make a difference in our sales. Pandora auto-ships to us. When we sell something, they know it is in the system so we do not have to request merchandise. Occasionally, a customer will request a special order, a charm usually, so we try to get it for them.”
- “We get requests for charms we do not have all the time. I have had requests for ballerinas, skateboarders, snowboarders—any of the trendy sports. I have also had a lot of requests around graduation time for doctors and lawyers.”
- “Once a customer gets past the initial cost of the bracelet, it does not take them long to get into the swing of putting together their charms.
- “I think the popularity of Pandora’s non-charm jewelry will come at a much slower rate than the bracelets. It will be hard for non-charm to catch up to the bracelet sales.”
- “While non-charm items sell well, nothing compares to the sales of the charm bracelets. The bracelets became incredibly popular fairly fast, and I don’t see that changing at all. The only direction I see bracelet sales going is up.”
- “The interchangeable earrings are the most popular non-charm Pandora jewelry. We also have beautiful rings, but they are unsizable. We also have leather necklaces that appeal to the college kids and teens.”
- “We are repricing everything today. Most of the line has increased in price, but a few things have actually done down. A gold charm that an associate wants to buy was \$450 and now it is \$550. This is the first major price increase Pandora has had since I started working at Jared’s in 2008.”
- “We have beautiful, fine jewelry—diamonds, sapphire, rubies—but it is expensive to buy and the prices fluctuate all the time. The Pandora prices are much easier to work with. Customers know what our prices are going to be. Pandora is more affordable than the other lines we carry. And no matter where you buy Pandora, the prices are going to be the same for the same thing. There is no bartering on the prices. Customers love the idea that it is a set, standard price. We are not allowed to put Pandora on sale. We also cannot lower or increase any prices.”
- “Eighty percent of the Pandora jewelry we sell is sterling silver. It is much more popular than gold and more affordable.”
- “Some of the non-charm displays got a new under-support thing that lifts them up a little in the case. They display nicer now, easier for the customers to see.”
- “As for Valentine’s Day, customers have not really started shopping yet. We do have several heart charms available as an option. We see a lot of new customers, especially during a holiday time. And we do get a lot of customers who come in and have been instructed on what exactly to buy.”

Reporter Observation: During the 30-minute visit on a Friday, Blueshift observed two customers and four or five sales associates on the floor. This visit was done on the third day after the blizzard in Chicago, which could account for the quiet store.

2) COMPETING RETAILERS AND JEWELRY DESIGNERS

Four sources credited Pandora with leading the rise in charm bracelet sales and bringing the trend mainstream. All are confident they can compete in the market though none reported eating into Pandora’s customer base. Each described why they are superior to Pandora (such as price points, wider variety, and no non-charm items), yet complimented Pandora on its concept, execution and quality product. One source had increased prices as well and said customers soon may balk at the overall prices of the trend. Another source said her sales are up 20% since last year and said Pandora likely has done even better since it is more widely known.

➤ **Managing director, Lund Concepts, Trollbeads distributor**

This source’s company rolled out a Los Angeles-area kiosk in September in direct response to consumer interest in custom beads and charms, largely because of Pandora. Trollbeads, through Lund, intends to roll out more kiosks in 2011

but likely not before spring. This source said customers must be educated about the custom-build concept of charm bracelets, which will be a challenge given the items' price points. Trollbeads has been around since 1976 and offers similar quality to but lower prices than Pandora. Holiday sales were strong. The most popular item has been the charm bracelet. Gold and silver prices will force an expected price hike this spring, but she would not say by how much.

- "I think Pandora has a great product. How could I not? It's what we do. But we are a family-owned company with a long history in the business. ... We know the popularity of Pandora is tremendous, but that's not going to hurt us."
- "We're hearing great things about Pandora, no doubt about it. But we think their stores are full of repeated merchandise. And now with other items like their watches, they've added to that mix and they run the risk of over-merchandising."
- "The charm bracelet is our most popular item, and we sold quite a few of those over the holidays. This is all we sell, so we don't water down the inventory with side items. We think that just confuses the customer and, frankly, diverts from our story and our history as the original custom-bead/charm company from Denmark."
- "I don't think anything is going to outsell the charm basics. Watches are great, but that's not who Pandora is and it's certainly not who we are."
- "I think the trend in charm beads isn't going anywhere, but whether or not Pandora can hold onto their position as the best-known brand, I'm not so sure. We're rolling out a large advertising campaign right now that will have us in all the major markets except radio. Our whole focus is brand awareness. Pandora has done a fantastic job of introducing the concept, and that will play to our advantage."
- "We did very well over Christmas, considering we opened the kiosk in September 2010. We expected some returns from the holidays, as we thought people would be getting gift bracelet starter sets and perhaps wanting to exchange them. We didn't have one return."
- "Valentine's Day sales have not been super-heavy so far, but we have two weekends before the 14th and we expect that to shift. We have a lot of beautiful heart charms and other bead charms that are beautiful options. We don't rely on those holiday sales as much as other retailers do, though, because we are so focused on a brand and a single concept."
- "Trends going forward are likely to include gold and sapphires, and we are working on a new bead collection to suit that."

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† *Managing Director,
Trollbeads Distributor*

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Reporter Observation: This is the first and only one of two Trollbeads kiosks in the United States. The other kiosk is in Ohio. This CA kiosk was not doing that much business between 2:30 and 3:30 p.m. on a Thursday. Trollbeads had plastered the mall with banners announcing its arrival and its slogan "Every Bead Tells a Story." The kiosk is a high-end style with well-lit glass box cases in the style of fine jewelry stores, unlike Pandora, which is a layered shelving concept. Despite a large selection of beads, the kiosk was well-organized. The Pandora store felt more overwhelming.

► Sales associate at Kay Jewelers in the Los Angeles area

This source said [Charmed Memories](#), a less expensive line launched in September, is gaining momentum as the charm market becomes increasingly popular. She said advertising is expected to bring in customers for Valentine's Day.

- "We're seeing a pickup in sales of charms, which is why we launched our own line in September. I think the charm industry is very popular and don't see it fading any time soon."
- "Charms, especially charm bracelets, have been popular since the 1940s. What's unique now is that you can customize them with more choices, and materials are more art-driven. It used to be primarily silver and gold. Pandora was great at initiating the drive in popularity of glass beads and one-of-a-kind designs, with lots of detail that you don't get in cast mold charms."

- “Holiday sales were good for bracelets, and a lot of people did buy from the new line. I’d say sales were about even between the Charmed Memories line and Pandora, but our line is gaining in popularity because of our lower price points.”
- “We don’t rely on Pandora advertising to drive sales. We have a pretty extensive ad campaign of our own that is pretty effective. We’ve just launched the Valentine’s Day campaign, so we’re gearing up for a busy two weeks.”

Reporter Observation: The store had a few customers on a Thursday at 1:30 p.m. but not in the Charmed Memories section, which is on the outside of the store and easily accessed without entering the center of the store. The store was not heavily promoting its new charm line.

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*Sales Associate, Kay Jewelers
Los Angeles-area*

► Jeweler for an international jewelry company, Texas

This repeat source said Pandora’s charm bracelets are very well-known, trendy and popular in the Dallas area, leading to a 20% increase in her own sales and what she expects is an even greater sales increase for Pandora. Pandora’s customers are brand-loyal and will continue to buy charms and new Pandora products for many years. She believes customers will purchase Pandora more for the quality than the interchangeable parts. Because of Pandora’s higher price structure, she does not think the current Pandora clientele will be swayed by any discount company.

- “As I commented in December, my sales have been increasing throughout the year and closed 20% higher than a year ago.”
- “I expect that Pandora did much better than that because they are more mainstream.”

► President of a custom jewelry design company

This source does not like Pandora products but said the company’s concept is brilliant because almost any customer can afford the bracelets, charms and beads. She said Pandora is able to get its non-charm items into stores because of policies it dictates to its various accounts. She believes charms are here to stay but that Pandora will fade in the long term because it cannot maintain such a high level of popularity. For now, though, Pandora is helping the charm market.

- “I think it’s a brilliant idea, and they’ve done very well for themselves. Probably 35% to 45% of our accounts sell Pandora ... and they do very well with it. But I don’t like the design. I’m more into handcrafted, and Pandora is a mass-produced product. It’s very affordable for everyday; anyone can have one.”
- “Pandora is definitely helping the charm market. I don’t see our market as being the same because of the price point. Ours are handcrafted. It’s a different customer, and [our jewelry] is made in the U.S.”
- “I have a friend who has opened five Pandora franchises, so clearly it’s still a popular item on the market. I don’t see it slowing down.”
- “I don’t see the Pandora trend fading anytime soon, but I do see it fading. It’s so popular it feels like it has to fade. I do think it’s a trend, whereas I don’t look at our line at all as a trend. We have a very classic design. People wear them with their old, vintage charms.”
- “The people who sell the non-charms—they sell them because they have to. Even the store owners don’t like those designs, which I find interesting, but they have to sell them in order to be at a certain level. Pandora works in levels of commitment: The higher level of commitment, the faster you get your list. If you are not at a high level, then they force your customers to go to a competitor to get that item.”
- “Pandora charms are in a class by themselves compared to their non-charm items. It doesn’t look like much effort was put into their non-charm line, so it seems like something you could buy anywhere. There’s nothing that distinguishes it from the other lines out there.”
- “I think when the charms fade the stores won’t continue to carry the other pieces.”
- “Our holiday sales were phenomenal, and our company keeps growing every year. We started the company in 2004, and ever since sales have gone up.”
- “We focus on charms, but we have rings and earrings and all of that.”
- “I would say probably 85% of our sales is charms.”

3) CUSTOMERS

Five of seven sources remain very eager to add to their Pandora charm bracelets through additional purchases or as gifts. They believe the brand continues to grow in popularity and said they see Pandora charm bracelets more readily than a few months ago. They are focused more on Pandora's charms than non-charms though they said the non-charm line is attractive and appears to be of similar quality. Two sources said they are less inclined to wear Pandora because it is becoming too mainstream. Although most sources acknowledged Pandora's high prices, only one source said the recent price hikes were a reason to stop buying the charms.

➤ Chicago man in his 40s shopping for his wife's Valentine's Day gift

This source said his wife and he like Pandora's add-on concept and think the charm bracelets are cute. He wanted to add to his wife's gold bracelet and three charms she received this past Christmas, but did not find what he was looking for on this particular trip. He said gold charms were priced higher since Christmas but not enough to stem his purchases. He said the stock appeared a little low. He has seen imitation charms at cheaper prices but wants his wife to have genuine Pandora charms.

- "We just started [my wife's] bracelet, and I cannot imagine her interest in Pandora jewelry diminishing anytime soon. My wife and I saw the jewelry in the mall, and we both liked it. We like the idea that you can add onto it."
- "I am considering getting my wife another gold charm for her bracelet for Valentine's Day. It seems that they are a little low on stock, at least for the gold charms. The two charms I looked at were both the last one of that charm in stock. One charm I looked at was \$350, which seems a bit pricey. ... The other gold charms run \$85-plus, and the silver ones are anywhere from \$45 to \$65 each. I hope they get more stock in the next few weeks as I did not find anything I liked or wanted to buy today."
- "It seems Pandora's charms have gone up in price since the holidays, specifically the gold charms."
- "I thought the earrings looked pretty cute, but I did not buy anything today. I might consider getting some for my wife in the future. For now, our focus is her charm bracelet. I did notice the watches in the front window, but I did not really look at them since I was here specifically to look at charms."
- "I have found the Pandora charms to be at the same price point, no matter what store I go to. I do not think they really have sales. I have seen other charms at others stores, but they are not original Pandora charms."

We just started [my wife's] bracelet, and I cannot imagine her interest in Pandora jewelry diminishing anytime soon. ... I thought the earrings looked pretty cute, but I did not buy anything today. I might consider getting some for my wife in the future. For now, our focus is her charm bracelet.

Pandora Customer, Chicago

➤ Chicago female in her 50s who purchased a gift for her sister

This source loves Pandora charm bracelets and purchased a silver bracelet and a silver charm for her sister. She generally receives Pandora charms as a gift from her husband. She expects charm bracelets to be popular for years, but said she will continue to wear her Pandora bracelet regardless because of its sentimental value. Her request for a charm was influenced by holiday advertising. She would love to get another charm as a Valentine's Day present. She is interested in purchasing non-charm Pandora jewelry, but for now she will concentrate on building charm bracelets with her sister. Her husband has bought her a few non-Pandora charms because they are cheaper, but she said their quality does not match that of Pandora's charms.

- "I did see advertisements at Christmas that made me think of Pandora as a Christmas gift. I would be thrilled if my husband got me another charm as a Valentine's Day gift. My husband is so happy that he has something to get me as a gift that he does not have to think about."
- "I love the Pandora charms. I think they are just beautiful. I have the same interest in Pandora as I had six months ago. I really cannot imagine losing interest in wearing or purchasing charms for my bracelet or getting another one."
- "In the store today, I did see a non-charm item I really liked. I was just looking at a beautiful silver ring, but I did not purchase it. I was really focused on the bracelet for my sister. ... I got the exact silver bracelet I have along with a charm that I have. Then we can expand our bracelets together. I like the Pandora bracelets best. I did not notice their watches today and would definitely consider purchasing one in the future."

Pandora A/S

- “I think Pandora jewelry will continue to be popular for years. I love that I can make my bracelet all silver or make it silver and gold.”
- “My husband has bought a few non-Pandora charms for my bracelet because they are cheaper. I am sure they are not the same quality as the Pandora charms, but they are nice, nonetheless.”

➤ 59-year-old woman in Toronto

This repeat source likes Pandora charms and the bracelets, most of which have been given to her as gifts. Her interest in Pandora has remained the same over the past several months and has not been affected by advertising. She believes Pandora has staying power because its items can be personalized.

- “I had never heard of Pandora until a year or so ago when my sister got a bracelet. Now I see the bracelets everywhere, so I would definitely say they are gaining popularity.”
- “To some extent, [Pandora’s charm bracelets] probably are a fad. Nothing lasts forever. However, because they can be personalized, I think they’ll have staying power.”
- “I like the charms. I have the silver bracelet, with a variety of charms. I have bought two or three on my own, but most of them have been gifts.”
- “I would like it if someone gave me Pandora for Valentine’s Day.”
- “I don’t know if I’d even recognize the non-charm jewelry. ... I haven’t seen the Pandora watches.”
- “Pandora may be more expensive [than other brands], but I haven’t really looked at other charms.”

I had never heard of Pandora until a year or so ago when my sister got a bracelet. Now I see the bracelets everywhere, so I would definitely say they are gaining popularity.

Pandora Customer, Toronto

➤ 50-year-old New Jersey female

This source said her interest in Pandora is fading as the bracelets become more mainstream. She likes the concept but is satisfied with cheaper charms because she is not convinced Pandora’s charms have staying power. Pandora’s non-charm offerings offer nothing unique or exciting.

- “I bought the bracelet over the summer but not any charms. I thought I would add charms for special occasions, but as time went on it didn’t matter to me whether or not they were ‘authentic’ Pandora charms.”
- “My husband bought me the one authentic charm that I have for Christmas at the Pandora store in [the local] mall.”
- “I have a Pandora leather bracelet that I bought at a jewelry store, but my charms are cheapies from [Michael’s \[Stores Inc.\]](#).”
- “I am seeing more ads for Pandora and more charm bracelets around, but I still think it’s a fad and will be over in a year or two. That’s why I was OK with getting the cheaper charms.”
- “Now that I am seeing the bracelets on more people, I just don’t have the excitement over them that I had earlier.”
- “I am happy with how my bracelet looks now, so I would prefer to have something different for Valentine’s Day.”
- “Pandora’s non-charm jewelry is nice, but nothing about it really stands out from other jewelry that’s out there. The charms were new and different; that’s why they were so exciting in the beginning.”
- “I wouldn’t buy a watch from them; they are nice, but not great. I like my [Coach \[Inc./COH\] watch](#) better.”
- “I can see the other jewelry adding to Pandora’s sales, but I don’t think any of their other jewelry will generate the excitement that the charms had. A pair of earrings can’t really be customized or added too. The fun of a charm bracelet is unique to that piece of jewelry.”
- “Pandora’s prices are higher than some other brands but still affordable, at least in the sterling silver.”

Now that I am seeing the bracelets on more people, I just don’t have the excitement over them that I had earlier.

Pandora Customer, New Jersey

➤ 30-year-old female in New Jersey

This source still values her Pandora charms as much as when she got them as gifts and looks forward to receiving more charms to complete her bracelet. She believes the brand is growing in popularity and enjoys that more people recognize her jewelry now. She is less interested in Pandora’s non-charm line. She noticed strong Pandora sales in the local malls during the holidays.

- “I love Pandora charms. I got my bracelet and first two charms for my birthday this past August. I have gotten a charm for every holiday since then. I have eight charms and the silver bracelet.”
- “I haven’t lost any interest in the charms. I still really love my bracelet and can’t wait to fill it. If anything, I like that more people know what it is now than before.”
- “I am seeing them more, and I like it.”
- “I know they opened up a store in Freehold Mall and Menlo [Park] Mall. When I was in Freehold around Christmas time, there was a line out the door and a lady taking orders from the people standing behind ropes.”
- “They might be a fad, but they are still fun. I think I will be wearing mine even if the fad goes away because I just really like all of my charms and I like how the bracelet looks and feels on my wrist.”
- “The ads made me want to fill up my bracelet.”
- “I want my husband to get me a charm for Valentine’s day. I want the January birthstone charm because our daughter was born in January.”
- “I haven’t really priced any other charm bracelets that are like Pandora, so I don’t know about their pricing. But a big reason that I like having this bracelet is that my husband can spend under \$100 and get me a charm that I am really happy about. It’s not a fortune to get one charm. It adds up when you have a whole bracelet, but one at a time it’s not so bad.”
- “I like the non-charm jewelry that Pandora has, but I am mostly just interested in the charms. I don’t wear a lot of other jewelry.”
- “I do not think that Pandora will have as many loyal customers of their regular jewelry as they do with their charm bracelets.”
- “I think the watches are OK, but I have a [Movado \[Group Inc./MOV\]](#) that I like better.”

When I was in Freehold around Christmas time, there was a line out the door and a lady taking orders from the people standing behind ropes.

Pandora Customer, New Jersey

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Pandora Customer, New Jersey

► 31-year-old Santa Monica female

This source got a starter bracelet and one Pandora charm last year for Mother’s Day and has bought only one additional Pandora charm since, which she purchased online. She has never been in a Pandora store, including the location in Santa Monica. She would be less inclined to buy more charms from Pandora if they became too popular, especially with teens. She sees the concept as a hobby and is not put off by Pandora’s price points.

- “I really love the charms. I was given a bracelet last year for Mother’s Day and I have three charms on it, but only two are from Pandora.”
- “I’m interested in buying more. I just haven’t wanted to spend the money on myself. I have one silver charm that was made for me by my girlfriend and it’s a silver flower.”
- “Pandora charms are not popular enough to be a fad. A lot of people ask me about my bracelet, and I have to explain to them what Pandora is. I actually wouldn’t be as interested in buying more charms for myself if they became the newest thing. I’m not a big trend follower, and when things get too popular for me I tend to stop buying them. None of my friends have or wear Pandora.”
- “If I started to see articles about how every girl in high school is now wearing them, I’d likely stop being interested in them. I’d wear the ones I have, but I probably wouldn’t go out and buy more.”
- “I’ve never been in a Pandora store. My first charm was from my husband last year and the other one I bought online. He bought the bracelet starter at the store near his work.”
- “I would love to buy another bracelet and use only the glass beads on it, so that it’s different from the one I have, which is all silver.”
- “I haven’t seen the watches, but I doubt I’d wear one. I think watches are kind of out of style anyway. Most people my age don’t wear them. We use our cell phones for a clock.”
- “I would think Pandora would make other products pretty well because of the quality. I think their prices are a little high but not as outrageous as other jewelry I’ve liked in the past. The fact that you can personalize it makes the buying part a little different. It’s more of a hobby than a luxury purchase.”

► Woman in her 20s in Ireland

This repeat source's appreciation of Pandora has waned given the recent price increases. She said other customers are switching brands in light of these hefty price hikes. Still, she reported seeing more Pandora charms now than six months ago, particularly since Dublin has two stalls and a concept store. She is turned off by advertising, and believes that the ads are part of the reason Pandora has raised its prices. She did not know about Pandora's watches and was unimpressed by the other non-charm offerings.

- "I own 15 charms, which I bought for myself, and a silver barrel-clasp bracelet."
- "I love Pandora charms but not as much as before the price increases. I'm not in as much of a hurry to rush out and spend all my money. Obviously, prices increase but the Pandora increase was astronomical."
- "The Pandora trend will definitely subside after the price increases. It has started already. Lots of people are switching brands."
- "I'm less interested in Pandora charms now compared to six months ago, definitely. The price increase has put me off, and I'm less inclined to go into a shop and buy a new charm."
- "I'm seeing more Pandora charms around me compared to six months ago. Dublin only had one Pandora stall, but now there are two and a concept store."
- "I don't like Pandora's non-charm jewelry. They have a couple of rings that look pretty until someone puts them on me. I didn't know Pandora does watches."
- "I'm planning on giving some Pandora charms to my girlfriend for Valentine's Day."

4) JEWELRY SUPPLIERS

Two sources said Pandora remains at the forefront of the growing charm trend, driving business and spurring imitations. One source said knockoff charms help Pandora by bringing awareness and authenticity to what Pandora does. Neither had much to say about Pandora's non-charm efforts.

► Owner of an online charm supply business

This source said the popularity of charms continues to grow and that Pandora is the most recognized brand in the industry. In the United Kingdom, Pandora stores are plentiful. She believes knockoffs actually increase Pandora's popularity. Charms remain Pandora's most popular items.

- "Charms are very popular. I started my business around seven years ago selling a few simple charms. I couldn't have imagined how popular the charms would be and for how long. The popularity seems to be growing still. I make a very good income from it."
- "Pandora is very popular now. Pandora is the name that most people refer to if you mention charms and charm bracelets. It has become an item in people's heads, not a brand name."
- "In the U.K. there was a vast amount of TV and billboard advertising for Pandora and other charms/beads companies and still is for Valentine's Day."
- "In most shopping centers and larger high streets there is a [Pandora] store. Every new shopping center has one."
- "Charms/beads are popular because they are items people can collect, add to and keep. Pandora is a leader in that people want to buy the same brand and tell others that it is a 'genuine' Pandora charm."
- "I have only seen Pandora watches on advertisements, so I'm not sure how popular they are."
- "Knockoffs probably increase the popularity of Pandora. People want to emulate something, and this is the way they can afford to buy them. The people who can afford them have a certain pride in the fact theirs is genuine."
- "The main competitors in the charms/beads industry are either [Links of London](#) or [Thomas Sabo](#). Also maybe anyone in China who is copying the items."
- "On the whole, Pandora has similar prices to such as Links of London or Thomas Sabo. They have a vast variety of prices."

Knockoffs probably increase the popularity of Pandora. People want to emulate something, and this is the way they can afford to buy them. The people who can afford them have a certain pride in the fact theirs is genuine.

*Owner
Online Charm Supplier*

➤ Salesperson for a Chinese company that sells Pandora-style products

This source said her company is very busy exporting its Pandora-style products and that the Pandora charms are not fading in popularity. Customers also like the Pandora watches. Pandora's prices are higher than its competitors'.

- "Pandora's charms are not fading in popularity."
- "Customers' responses to Pandora watches are very good."
- "Pandora's pricing compared to other competitors is very high."
- "We are a supplier of Pandora-[style] beads."
- "We are very busy with exports."

5) INDUSTRY EXPERTS

Two sources said Pandora continues to rise in popularity and that the charm trend will not fade soon. One even said customers are developing an addiction to Pandora charms. Knockoffs are not viewed as a threat, and Pandora's prices appear on track with competitors' and are not a deterrent. Pandora is well-respected within the jewelry community; many experts, commentators and designers own a Pandora bracelet or non-charm product. Rings are a popular non-charm product but do not appear to be challenging charms for sales.

➤ Editor at an industry publication

This source said charms are here to stay, and Pandora is more popular than ever, particularly since it does [customized](#) work. Pandora's bracelets with the story beads are a hit, but not many customers know about its rings or watches. Pandora faces competition from comparably priced items from Troll, [Oriana](#) and [Biagi](#). Pandora did a lot of advertising over the holidays and likely will continue to promote its items for Valentine's Day and Mother's Day.

- "Charms are very popular and staying. Pandora is more popular now than ever."
- "I think customization is a key trend and the Pandora line fills that niche with their story beads, letter and word beads. No other line on the market offers as much variety or options to the customer."
- "The bracelets with the story beads are the most popular Pandora items. My personal favorite is the ring. I wear it all the time. I don't think many folks know about the ring though. They always seem surprised when they see it and say they didn't know Pandora made rings."
- "I saw a lot of holiday advertising for Pandora, which is why they're so popular. I would think Valentine's Day and Mother's Day would be the next most popular holidays for Pandora products and expect to see ad campaigns for these holidays."
- "Pandora's pricing is comparable to other competitors."
- "Knockoffs lower the quality standard for the customer and drive the price down."
- "I've seen Pandora watches, and I think they're a slower seller than the other items."
- "I own Pandora jewelry and I love it. The quality is wonderful, and I'm planning on expanding into the beads with [D.] Swarovski [& Co.] embellishments."

➤ Bead blogger and jewelry designer

This source said Pandora has become an addiction for some customers as it allows a sense of personal expression. Pandora has no real competitors since people who like Pandora want authenticity. Charms, birthstones, bracelet chains and slider beads are popular.

- "Charms are very popular. They are popular with beaded jewelry designers as well as the general public."
- "Pandora continues to be popular. They seem to have become a bit of an addiction for some women. They provide a simple but beautiful way for personal expression without having jewelry-making knowledge or skills. They seem to have also become a bit of a status symbol in some circles."
- "Pandora provides people with an opportunity to 'build' unique and high-quality pieces of jewelry to express their unique interests/qualities. ... I believe Pandora is very unique and doesn't really compete with other beaded jewelry."
- "Items that relate to birthstones are the most popular Pandora items."

Pandora continues to be popular. They seem to have become a bit of an addiction for some women. They provide a simple but beautiful way for personal expression. ... They seem to have also become a bit of a status symbol in some circles.

Bead Blogger & Jewelry Designer

- “The basic bracelet chain and slider beads are the most popular non-charm item. I have not seen Pandora watches.”
- “I mainly saw ads for Pandora on the Internet. I also saw Pandora ads on numerous blogs/Web sites. More recently, I have seen television commercials for a well-known diamond jewelry store that is selling Pandora products. I would definitely expect a push for Valentine’s Day and Mother’s Day.”
- “I have heard through the grapevine that knockoffs are not that much cheaper and many women would prefer to have the real thing since the price is not that different. However, I was just at Big Lots [Inc./BIG] earlier today and saw a rack of jewelry that included bracelets on thick, black, woven cords that had sliders that were supposed to resemble the Pandora style. They were \$5 to \$10. I don’t think this price range will have an effect on Pandora customers, but will allow others who could never afford something like Pandora or people who like to wear different pieces of costume jewelry every day the opportunity to be up with the times.”
- “I do not own Pandora jewelry but only because I only wear my own jewelry right now. I know lots of jewelry makers who own Pandora and desire Pandora products. Often the reason is because they began receiving it as a gift from a spouse or loved one and got hooked.”

Secondary Sources

Five secondary sources revealed news about Pandora sponsoring fashion shows and award shows, relocating to larger offices to accommodate expansion, introducing new products, opening a new store in Boston, and using social networking and application development to reach customers.

➤ A Feb. 9 article on ProfessionalJeweller.com

The article announced Pandora as the headline sponsor of the Glamour Awards, discussed its move to a larger office in London to accommodate its growing staff, and revealed several new products coming this spring.

<http://www.professionaljeweller.com/article-8987-pandora-sponsors-the-glamour-awards/>

- “Pandora has sponsored the Glamour Awards as part of its recent high-profile consumer awareness drive.”
- “The jewellery brand has become the headline sponsor for the event, which will take place in June. The brand will also be sponsoring an individual award, but the category is yet to be confirmed.”
- “Separately, Pandora is moving its London head office from the city’s Farringdon to a more central location on George Street, near Selfridges department store. The move to larger premises has been necessary to accommodate Pandora’s growing number of staff. Pandora expects to be in its new offices on April 1.”
- “The brand is exhibiting at The Jewellery Show this week, where it has sponsored the Catwalk Cafe for the second consecutive year.”
- “At the trade show, the brand showed a selection of new products that included a range of silver and chalcedony jewellery created for Mother’s Day, a line of onyx rings and friendship-style bracelets that hold a single charm.”

➤ Jan. 27 *Boston Herald* article

This article highlighted the recent opening of a Pandora store in a Boston-area mall.

<http://www.bostonherald.com/business/general/view.bg?articleid=1312275&srvc=rss>

- “The Burlington Mall will open a handful of new stores this spring including a restaurant that boasts the world’s best hot dogs, a Chinese eatery, a shop that offers the latest styles for women and a designer swimwear boutique”
- “The new additions will join a number of stores that recently opened at the mall including Rockport, a national shoe retailer; Mind Body Sole, a fitness footwear shop; PS from Aéropostale, a trendy fashion retailer for youngsters; Sperry Topsider, a Lexington-based shop offering nautically inspired shoes, clothing and accessories; Lov Sac, a furniture store featuring sectionals and bean bag chairs; Pandora, a jewelry store; and Vera Bradley, offering designer handbags and luggage; Payless Shoesource.”
- ““Burlington Mall is a very strong mall and they’re able to pick who they want and they don’t just take anyone,” Annette Born, a retail expert at Urban/Born Associates in Brookline.”

➤ Dec. 8 Jewelry News Network blog

This blog entry discussed Pandora’s iPhone and Facebook apps.

<http://jewelrynewsnetwork.blogspot.com/2010/12/theres-app-for-pandora.html>

- “The Pandora jewelry company, known for its charm bracelets and its [\\$2 billion initial public offering](#), has launched iPhone and Facebook applications designed to create an interactive shopping experience.”
- “The Copenhagen-based jewelry company’s first [iPhone app](#) allows consumers to share Pandora fine jewelry pieces via Facebook, e-mail or by adding it to their personalized Pandora ‘Wish List’ page online. Consumers will have instant access to all of Pandora’s collections, including customizable charm bracelets, rings, earrings, necklaces and watches.”
- “Pandora’s Bracelet Designer is a bracelet building [Facebook app](#). Its 150,000 Facebook fans can select charms from the company’s ‘Moments’ collection to create a personalized charm bracelet and share their unique bracelet designs with others. This app actually launched in October. Consumers can select from seven different sterling silver or 14K gold bracelet options and more than 800 charms.”
- “The Facebook app tracks the cost of each charm selected along with the total cost of the bracelet. When done designing their personal bracelet, consumers can find the nearest Pandora store locations and print or download a picture of the bracelet with the list of selected charms to take to the store or share with others as a gift idea. They also can post their newly created Pandora bracelet to their Facebook status and Twitter page. Once a bracelet is designed, consumers can share comments and ‘like’ designs of other fans as well as view international and local top ten charts listing the bracelet designs that have received the most ‘likes’ and bracelets with the most comments.”

➤ **Pandora’s Facebook Bracelet Designer page**

This Facebook page shows 109,000 monthly users and nearly 20,000 fans with numerous positive and five-star reviews about Pandora products and designs.

http://www.facebook.com/home.php#!/apps/application.php?id=103777749672934&v=app_6261817190

➤ **Feb. 6 photo gallery of the Pandora Catwalk at The Jewellery Show**

The photo gallery shows Pandora jewelry shown off in runway style by fashion models.

<http://www.professionaljeweller.com/pics-8966-gallery-pandora-catwalk-at-the-jewellery-show/>

Next Steps

Blueshift’s follow up report on Pandora will pursue the charm trend’s long-term viability as two customers said Pandora was becoming too popular. Although Pandora charms were reported to be as popular as ever, we will research whether the influx of competitors at all price ranges and the mainstream status of Pandora’s charms will lead to an eventual consumer pullback in Pandora charm purchases. We will reassess growth of Pandora’s non-charm jewelry to learn if it can support a drop-off in charm sales and evaluate whether display enhancements are improving customer awareness and sales. We will track Valentine’s Day and Mother’s Day sales which sources said are sure to garner increased advertising from Pandora. Finally, we will determine whether Pandora is experiencing success in rolling out its concept in Southern California, where sources said the charm bracelet trend has been slow to catch on.

Additional research by Cheryl Meyer, Jacqueline Fox, Heidi Mirdala, Jennifer Morisato, and Tina Strasser.

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