

## **SURVEY: LOVE IS IN THE AIR, BUT CASH IS TIGHT**

### ***Even in a slow economy, jewelry and diamond engagement rings are still desired, but consumers want better value and education***

Blue Nile provides advice on how to shop smart and save big with insider tips, tricks, and value-conscious product recommendations

**SEATTLE, FEBRUARY 5, 2009** –The slowing economy might be pinching pocketbooks, but it hasn't dampened the flame of romance. According to a survey conducted by Harris Interactive on behalf of Blue Nile (NASDAQ: NILE), an overwhelming majority (89%) of U.S. adults aged 18+ still plan to celebrate Valentine's Day, and more than half (62%) still plan to purchase gifts. Keeping tight control of their budgets is top of mind for most consumers, with only 12% of those surveyed planning to spend more than last year, and half of those surveyed planning to spend the same or less.

Jewelry remains one of the most popular gifts among those who plan to purchase Valentine's Day gifts. Over one-quarter (28%) of men say it is the gift they would most like to give, while 22% of women describe it as the gift they would most like to receive (only a dinner out was higher). However, while jewelry tops many wish lists, it also conjures images of high prices, overpaying, confusion and frustration. In fact, 61% of those who are in a relationship said they would be more inclined to purchase jewelry if the overall experience was better. Reasons cited included, knowing they were getting a good value (29%), product-quality confidence (23%), increased consumer education (19%), and working with a no-pressure, non-commissioned salesperson (17%).

While the traditional diamond engagement ring still reigns supreme, with 62% of those currently in a relationship but not married describing it as a very or somewhat important part of the proposal, the slowing economy has impacted how people think about this tradition as well. When those in a relationship, but not yet married, were asked to imagine they were considering proposing/being proposed to in the next 12 months, 52% said they would consider altering their proposal plans because of the current economic environment. According to the survey, 26% would consider proposing with a non-traditional engagement ring, such as a diamond eternity band or a ring with a precious gemstone as the center stone. While 18% said they would consider proposing without a ring, only a small minority (8%) would consider delaying their proposal.

Whether they are looking to propose or to purchase jewelry for their significant other this Valentine's Day, Blue Nile is here to teach consumers how to make "smart" jewelry purchases. Following are tips and product recommendations to save consumers anywhere from a few hundred dollars on a gift of jewelry to a few thousand on the perfect engagement ring.

### ***Diamond Engagement Ring Tips:***

#### **I Thee Web**

While traditional jewelry stores often mark up their diamonds as much as 100%, internet retailers like Blue Nile sell diamonds of comparable or higher quality at prices that are 20% to 40% less. Depending on the retailer, that's a savings of anywhere from \$500 to \$4,000 for a one-carat diamond.

#### **The Ring Less Taken**

While the traditional diamond solitaire is still the most popular engagement ring choice, the economy has inspired a new trend. To save money, some grooms-to-be are proposing with diamond eternity bands, multi-diamond bands, or rings that emphasize a colored gemstone instead of the diamond. For example, Blue Nile's Sapphire and Diamond Ring in 18k White Gold retails for only \$2,425, a savings of nearly \$500 compared to the \$2,900 national average price of a traditional engagement ring.

### **Ring Around the Diamond**

A diamond has four major characteristics – Cut, Color, Clarity, and Carat weight, known as the Four Cs. Although Carat weight tends to get the most attention, and also has one of the biggest impacts on price, it is the Cut of a diamond that is most critical, as it determines brilliance (sparkle). To get the best of “both C’s” while keeping costs low, opt for a better Cut, but a smaller Carat weight. Then select a design, like Blue Nile’s Cirque Ring, that encircles the center stone with micropavé diamonds, making the solitaire appear larger to the eye.

### ***Fine Jewelry Tips:***

#### **Savings in Red**

Red is the color of Valentine’s Day, but as much as we love the rich hues of a red ruby, this rare gemstone can be costly. If your budget is tight, consider a red Garnet instead. For example, Blue Nile’s Garnet Bezel-Set Pendant in Sterling Silver is \$45 as compared to the Oval Ruby Pendant in White Gold for \$1,250. With a savings of more than \$1,200, you might even have money left over for the Garnet Bezel-Set Earrings in Sterling Silver for \$45 to accompany the pendant.

#### **Invest in the Heart of the Matter**

When it comes to fine jewelry, it is important to remember that what you spend doesn’t have to signify how you feel. Symbolic pieces like Blue Nile’s Love Knot Bangle, \$45, or Heart Tag Bracelet, \$80, speak volumes without breaking the bank and will last forever.

#### **Discover Luster for Less**

No matter the variety, the ideal pearl is perfectly round and smooth, with a strong reflective quality and brilliance, or “luster.” All of Blue Nile’s pearls embody these characteristics, but freshwater pearls are an extremely affordable option when compared to other varieties such as South Sea, Tahitian and Akoya. For example, at a price of \$115, Blue Nile’s Freshwater Cultured Pearl Earrings in 14k Gold are less than half the \$260 price of the Premier Akoya Cultured Pearl Earrings in 18k White Gold.

#### **Free Saturday Overnight Shipping Upgrade**

While free FedEx shipping on every order is a standard part of Blue Nile’s exceptional customer service, for Valentine’s Day, Blue Nile will provide the best shipping offer in all of online retail. Orders can be placed on Blue Nile as late as 6:00 p.m. ET on Friday, February 13 and will be upgraded for free to FedEx Priority Overnight® Shipping with Saturday Delivery to ensure customers enjoy a happy Valentine’s Day.

*For additional money-saving tips, diamond-buying or product information, photo requests, or to arrange an interview with Blue Nile’s Diamond Guy, please contact:*

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### **Methodology**

This survey was conducted online within the United States by Harris Interactive via its QuickQuery<sup>SM</sup> online omnibus service on behalf of Blue Nile between January 30 and February 3, 2009 among 2,241 U.S. adults aged 18 years and older. Results were weighted as needed for region, age within gender, education, household income and race/ethnicity. Propensity score weighting was also used to adjust for respondents’ propensity to be online.

All sample surveys and polls, whether or not they use probability sampling, are subject to multiple sources of error which are most often not possible to quantify or estimate, including sampling error, coverage error, error associated with nonresponse, error associated with question wording and response options, and post-survey weighting and adjustments. Therefore, Harris Interactive avoids the words “margin of error” as they are misleading. All that can be calculated are different possible sampling errors with different probabilities for pure, unweighted, random samples with 100% response rates. These are only theoretical because no published polls come close to this ideal.

Respondents for this survey were selected from among those who have agreed to participate in Harris Interactive surveys. The data have been weighted to reflect the composition of the U.S. adult population. Because the sample is based on those who agreed to be invited to participate in the Harris Interactive online research panel, no estimates of theoretical sampling error can be calculated.

**About Blue Nile, Inc.**

Blue Nile, Inc. is the leading online retailer of diamonds and fine jewelry. The Company delivers the ultimate customer experience, providing consumers with a superior way to buy engagement rings, wedding rings and fine jewelry. Blue Nile offers in-depth educational materials and unique online tools that place consumers in control of the jewelry shopping process. The Company has some of the highest quality standards in the industry and offers thousands of independently certified diamonds and fine jewelry at prices significantly below traditional retail. Blue Nile can be found online at [www.bluenile.com](http://www.bluenile.com), [www.bluenile.ca](http://www.bluenile.ca) and [www.bluenile.co.uk](http://www.bluenile.co.uk). Blue Nile's shares are traded on the Nasdaq Stock Market LLC under the symbol NILE.

**About Harris Interactive**

Harris Interactive is a global leader in custom market research. With a long and rich history in multimodal research that is powered by our science and technology, we assist clients in achieving business results. Harris Interactive serves clients globally through our North American, European and Asian offices and a network of independent market research firms. For more information, please visit [www.harrisinteractive.com](http://www.harrisinteractive.com).

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