

SPECIAL 44-PAGE IJO SUPPLEMENT INSIDE!

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# Instore

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**SPECIAL BUYERS GUIDE**

## **BRAND** **POWER**

*Tips For Getting and Using  
Brand Names in Your Store*

FEATURE STORY

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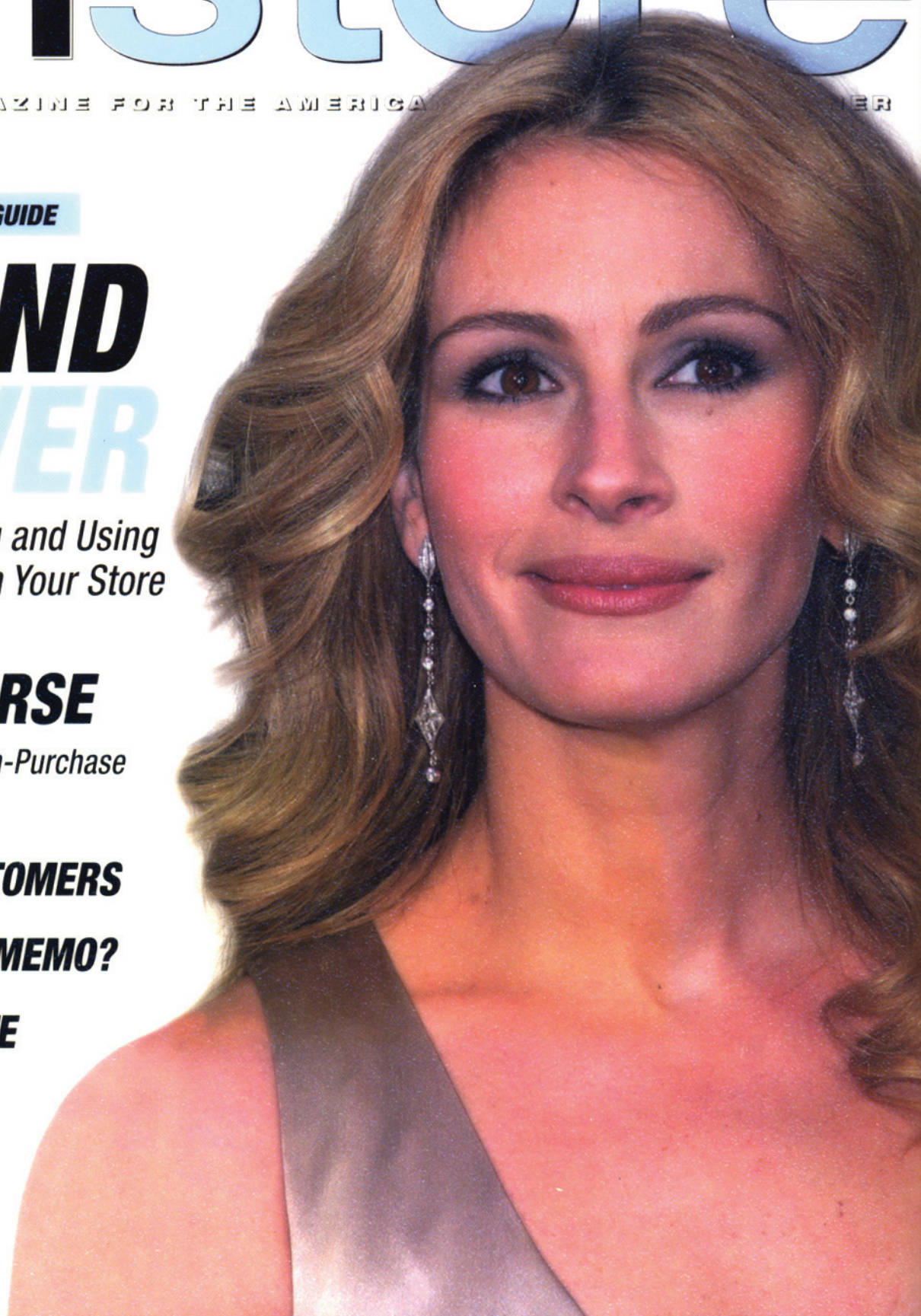
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## BRAND POWER

# BRAND POWER

More credibility. Fewer 50%-off sales. Those are just a couple of the things that the right brand can do for you. Here's the skinny on finding and buying the best brands for your store.

**DONNIE THOMPSON** knows brands. The owner of Windsor Jewelers in Augusta, Georgia has had plenty of practice acquiring exclusive brand name jewelry and watch lines, marketing them and selling them. His showcases feature jewelry by David Yurman, John Hardy and Roberto Coin. His watch department keeps time to the stylings of Rolex, Omega and TAG Heuer. His salespeople close phone conversations by saying, "We're the largest watch and jewelry store in the Southeast and we hope to see you soon!" — because Windsor Jewelers is also a brand in itself. But in early April, as this author speaks with Thompson, a brand having nothing to do with jewelry is at the forefront of both our thoughts. That's because in early April, the entire world turns its gaze on Augusta, host to perhaps the premier brand name in golf, The Masters. Thompson is understandably preoccupied ... though as an unflappable, easygoing Southerner it doesn't show. During The Masters thousands flock to this lovely Georgia city to take in golf's stateliest tournament. Big spenders descend upon Augusta jewelers like Windsor, flush with the scent of the year's first meaningfully cut grass, a spring in their step, a tournament to memorialize and personalize with gold, diamonds and a brand new watch.

STORY BY  
**DAMON  
POETER**

If it's a pressure-cooker for the golfers, it's also an anxious time for businesses in Augusta that stand to do big-time trade with visitors to the city. Thompson, though, doesn't appear to feel the pressure. Like Phil Mickelson, your 2004 Masters champion, the owner of Windsor Jewelers has coolly surveyed the field, is confident in his game and is ready to tee off.

Of course, he has an enviable stable of brand name designers and manufacturers to help him do it. In the following pages, we'll look at how you too can acquire the branded lines you want for your store, and once you have them how to benefit best from the advantages carrying brand names can give.

### WHAT'S A BRAND, ANYWAY?

Before we get to the nuts-and-bolts of acquiring brand name lines, marketing them and selling them successfully, it's useful to consider what a "brand" really is. There's been so much written about "the power of branding" in the past few years that it's easy to dismiss it all as a big pile of steaming buzzwords.

But brands are really simple. A brand is what people think of and feel when they hear the brand name, says marketing guru Roy H. Williams. That means more than just familiarity with a name. "Unaided recall and top-of-mind awareness are excellent ways to measure name recognition, but they don't tell you anything about the strength of a brand."

The Masters is a very instructive brand, one whose strength goes well beyond just name recognition. When people think of The Masters they think of high-stakes golf, tradition, the legend of Bobby Jones, the return of warm weather, Southern hospitality and country club exclusivity. And, of course, the famous "green jacket". (Think that consistent use of color is not important in the establishment of a brand? Ask the promoters of The Masters ... or the marketing folks at Tiffany.) Another part is the emotional connection — for example, this author still remembers a lunch on the water in Sausalito watching on television as Nick Faldo stormed past a miserable Greg Norman on the final Sunday in 1996.

Of course, not everybody has an emotional connection to The Masters. Just like not everyone has one to the most exclusive jewelry and watch brands. In fact, when some folks





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Windsor Jewelry in Augusta, GA, focuses heavily on brands and bills itself as “the largest jewelry store in the Southeast”.

think of The Masters — and Rolex, Tiffany and Harry Winston — the emotions they feel have less to do with classiness, prestige and romance and more to do with outright intimidation at high prices far beyond their means.

It's *crucial* for jewelers to understand the impact of the brands they bring into their stores. It could be harmful to a store catering to one economic demographic to bring in brands that largely appeal to a different economic demographic. If your customer base were to open the newspaper to find your store advertising a brand that says “too rich” or “too poor” to them, it could be a real problem.

The good news is that in our industry there are brands for all customer types. The Swatch Group alone comprises brands that range from its own affordable Swatch line to glitzy names like Omega and Blancpain.

Yes, there's plenty of brand-name wealth to go around. It's just a matter of finding out which brands are best suited to your store.

**QUICK TIP:** Your store is your most important brand — that's what just about everybody says. But what does that *mean*? If you really want your store to be a brand, it's got to mean much more to customers than “good prices” or “good service” or “good whatever”. In-store events are one of the best ways to really establish yourself. If you can get

clients to associate your store with fun-filled evenings, romantic anniversary surprises or jewelry appreciation events you'll have more than just a name ... you'll have a brand.

### HOW DO I PICK THE RIGHT BRANDS?

“The first thing we do is determine if the brand is saleable in our market,” says Windsor Jewelers' Thompson. “Not every brand is saleable in every market. Next, if we determine that it is, we'll make sure that it's priced in a manner that our customers would want to buy it.”

Sounds pretty simple, doesn't it? Not so fast. There are a couple of ways to determine the saleability of a brand in your market. They all involve research and record-keeping.

Ed Bridge, president of Ben Bridge Jewelers, a Seattle-based chain with over 70 stores throughout 11 Western states, lays out all the factors he considers when taking on a brand: “It has to be good for both parties. We want to make sure we're getting a return on our investment. That means taking margin into account, taking turnover into account and at the same time we want to take care of the customers.

“We want to have long-term customer satisfaction. We have to make sure that we can uphold promises to consumers on deliveries

and special orders. And not every brand is able to surpass that bar, that threshold. We don't go into these relationships lightly.”

Once a retailer has brought a few brands into his or her store, gauging whether a new one is the right fit becomes easier, says Thompson. But in the beginning, retailers may want to take advantage of sample consignments that many vendors offer to try out for a period of time. This is a great way to test out a new brand, but drawbacks include: space taken up in your display cases for the “experiment” is space you can't use for proven product; the lack of a full-scale advertising and merchandising push for the experimental line may give falsely negative results for it; big sales of a small sample size in a short period of time may be more anomaly than solid statistics.

If you're not already, start keeping records of what sells and to whom in your store. You'll need to track profit contribution per square foot of display space in your store. “The key to retail profitability is to achieve the maximum profit contribution per square foot,” says Alan Gilman of the Center for Retailing Studies at Texas A&M University.

Gilman believes that retailers need to get much more detailed in assessing the profitability of sales items rather than just depending on broad statistics like gross margin. “If we agree that space is an asset, shouldn't the retailer be concerned with how much profitability per square foot each item in inventory is generating? Neither gross margin nor gross margin percent nor gross margin per square foot nor even gross margin return on investment correlates directly to profitability.”

Bridge agrees. “We look at the return per square foot, almost per square inch,” he says. “Real estate is expensive. We have to make sure that space pays and is productive. That's what a good retailer does, it's being a good merchant.”

Thompson, meanwhile, has specific performance numbers he expects any brand he carries to meet. “We try to get between \$75,000 to \$100,000 [in sales, depending on margins] per foot of showcase per year ... that's where we like to be,” he says.

But, he adds, it is important to be patient with brands — it can take time for a given





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line to hit its stride in investment return rate. "Some brands go beyond that [per foot sales] figure, some don't make it. We'd like every brand to beat that but we don't necessarily get discouraged if they don't at first. But usually we will do something about it if they don't beat it over time."

How else to pick the brands you want in your store? Keep track of which ones are advertising and keeping themselves at the forefront of consumer trends (see sidebar, "Brands with Clout"). If you're planning on getting heavily invested in branded lines by top designers and watchmakers, you'd better develop a voracious appetite for media, says one buyer at a major Boston-based retailer who preferred not to be named.

"We get a lot of our information about brands from magazines that customers read and that we read," she says. "National advertising is a big factor in our decision to carry a brand or not."

But even if a brand has broad media reach, and even if it offers a line that you'd love to carry at prices suited to your market, be careful about signing on to deals you just can't afford, the buyer says, adding that you shouldn't even waste your time with brands pushing more volume than you can handle. "Sometimes the brand requires that you carry a certain amount of their jewelry. If you know that they want you to buy a certain dollar amount and you can't, then you shouldn't bother sitting down and looking at the whole line."

It's also crucial to do due diligence on any company you contemplate working with, she says. "It's important to meet the sales rep, to talk to the people in the office, to determine all the things that make a company good. The service. If we can get good service, we can pass that along to our customers."

Of course, the brands everybody wants are the really big names — from the super-exclusive Rolexes, David Yurmans and Bulgari's ... to the Seikos, Fossils and Citizens, which are more economical but pack just as much punch.

"Rolex, Patek Philippe, Cartier ... they're all pretty good otherwise we wouldn't carry them," says London Jewelers president Candy Udell. "David Yurman — we just opened a David Yurman store. Van Cleef and

Arpels, Buccellati, Roberto Coin ... we're a heavily branded store. Bulgari — we carry the best of the best."

Retailers should select brand name partners with whom they would like to be in long-term relationships, says Udell, who with her husband Mark runs London Jewelers, which operates two locations in Long Island, NY. "We've been building relationships with all these companies for a long time. Some of the people from these companies are more than just sales associates, they're more like friends and family. We have a wonderful relationship with Rolex. Sybil and David Yurman are friends of ours. You know, we've watched our children grow up together."

"When you take in a brand you have to look at the long-term of it. You have to be careful how you handle their image. You want to live up to the image of the brand. The ones you take in, you look at their reliability to see how well they'll work with you. It's really a marriage."