

Fending Off The Chains

Some independent bookstores manage to survive the onslaught of Barnes & Noble. Several community hardware stores successfully compete against Home Depot. How these and other types of retailers cling to their independence provides valuable lessons for jewelers up against the formidable jewelry chains.

BY SHARON ELAINE THOMPSON

What do independent jewelers have in common with proprietors of small appliance stores, clothing stores, hardware stores, and bookstores? All are struggling against television marketers, discount houses, and the ubiquitous chain stores, and all are finding it harder to make a profit. *JCK* talked to still-thriving independent retailers in a variety of industries to glean the secret of their success amid the daunting competition.

It turns out that these retailers share business philosophies with independent jewelers: They sell higher-quality products than those offered by chains, and they educate customers in the value of the products. Some even carry the same brands advertised at discount prices by chain stores. Yet they're flourishing, because they're in an ideal position to assess the needs of their customers—and to outdo the competition in meeting those needs.

Find a niche. Mass marketers cater to price-conscious, low-maintenance customers. They don't serve customers who want higher-quality products or personal service. Exploiting these niches is where independents excel.

Shryock's Menswear in Salem, Ore., at one point had become a "junior department store," says owner Mark Messmer. But that position became less viable when the number of chains in town increased. So Messmer and his

brother and co-owner, Kirk, jettisoned everything but middle- to upper-end men's clothing and complementary services—such as complicated alterations, tailoring, and tuxedo rental. The change made them stronger.

Jewelers in an area saturated with discounters and department stores may also benefit from a narrower focus. Look at the potential customers in your area, figure out which segment's needs are not being met by mass marketers, and fill those needs. For example, career women who buy jewelry for themselves often look for something that lets them express their own personal style while wearing a conservative suit. Designer jewelry and studio or art jewelry, found at galleries and craft shows, serve that function. These pieces are becoming increasingly popular among professional women 35 to 70.

"Decide who your customer is," says jewelry industry consultant H. David Morrow of the Education and Training Compact, Springfield, Mo. "Don't chase whoever is not in your customer base. Be content that you cannot serve 100% of the market."

Educate customers and staff. Mass marketers do such a thorough job of trumpeting low prices that consumers often forget there is more to a product than the price sticker. Panicked independents sometimes forget it, too, thinking the only way to survive is to cut

prices. But customers often want more. "Customers want to know they're getting a value for the product," says Dennis Whitlock of Whitlock's Vacuum and Sewing Center in Salem, Ore. He stocks a sampling of the lower-priced vacuums that chains carry, but he specializes in top-of-the-line products. Often, once features are demonstrated and the value explained, customers willingly pay more for the better product.

For jewelers, showing the difference in quality can be easy, says Morrow. Place a high-end jewelry piece from your store on one scale pan and a lookalike piece from a discounter on the other to demonstrate the difference in gold

also take place at regular staff meetings. This is the time to brush up on counter sales skills, too, says Morrow.

You need to educate yourself, as well. Know what your competition is doing. Take a lesson from Carl Meisel of Carl's Cuisine in Salem, Ore., who competes with Williams-Sonoma, a well-known cooking and kitchen catalog store. Customers often come into Carl's Cuisine with a Williams-Sonoma catalog in hand. Meisel doesn't feel he has to beat the prices in the catalog, but he knows he can't go over those prices by much. "If your price isn't right," he says, "you'll be a museum."

Shop your competition, and not only

Neiman-Marcuses. Go online at least every two weeks, she suggests. You can't answer customers' questions and outsmart the competition if you don't know what's out there.

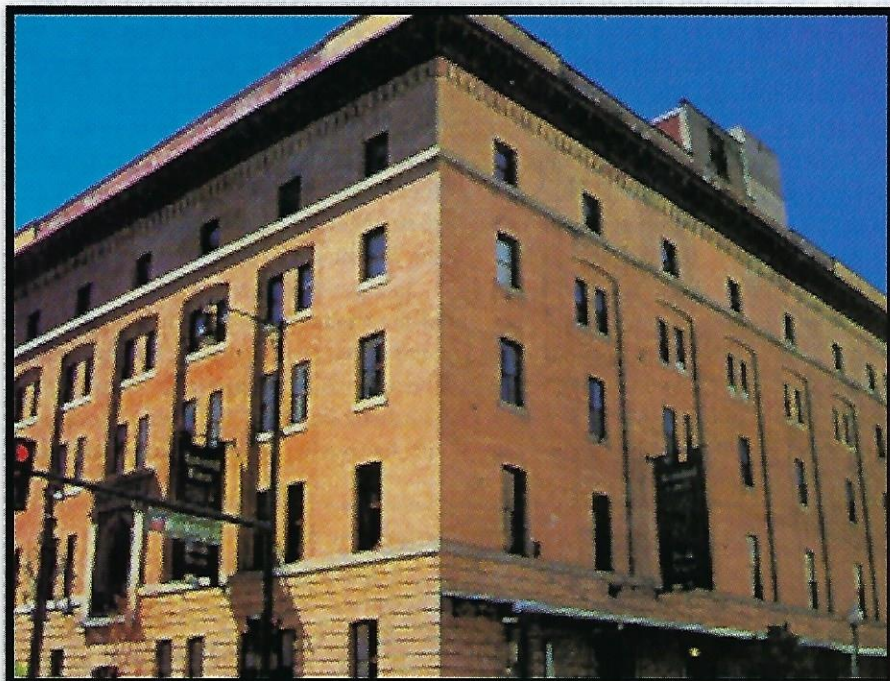
Focus on service. If survival is the question, service is the answer, said all the independent retailers we talked to. It is one area consistently ignored by mass marketers.

"To stay competitive, we do what we do best: We sell books knowledgeably," says Joyce Meskis, owner of the Tattered Cover bookstore in Denver, whose two locations compete with 13 nearby mass-market superstores such as Barnes & Noble and Borders. Customers visit the Tattered Cover from all over the world because Meskis teaches employees to sell not just books, but also "customer service, customer service, customer service."

The way to do this, says MVI Marketing's Chatelain, is by "thinking for customers before they think of something for themselves." Meskis provided a coffee shop at each location and a full-service restaurant in one store so browsing customers won't have to leave for lunch.

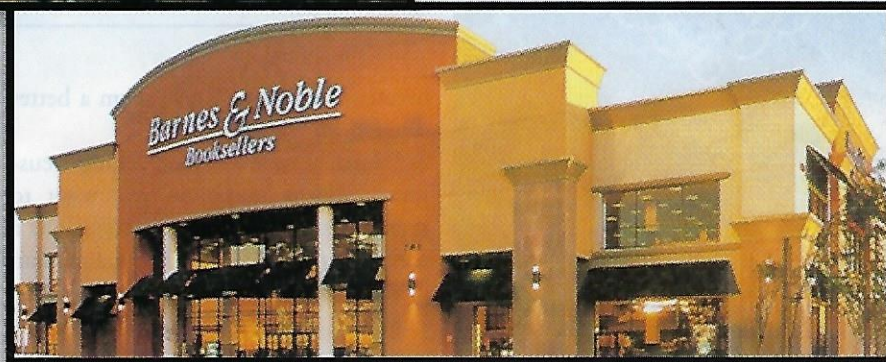
Jewelers don't have to go that far, but if a customer comes in to have a watch battery changed, offer to clean her jewelry, Chatelain advises. Look for damage, worn or broken prongs, or chipped stones. Advise the customer and let her make a decision about repair.

Special orders—whether in book-



weight. A sales associate who uses a microscope to demonstrate differences in gem quality and cut—and explains how these affect the price—will inspire faith in a customer.

In recent years, television reports critical of the jewelry industry have shaken consumers' trust. They look for information on the Internet before they shop. They ask forthright questions about treatment, product quality, and value, and they expect honest, informative answers. Training your staff to address these questions is crucial. Jewelers often encourage staff to take training through industry schools such as the Gemological Institute of America, reimbursing students when they successfully complete the courses. Education can

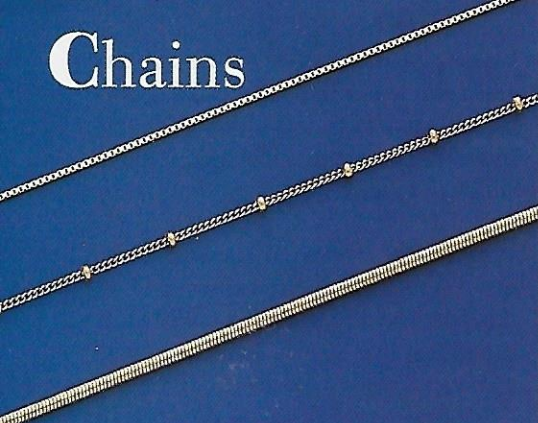


The Tattered Cover bookstores in Denver (above) are known worldwide despite competition from 13 surrounding mass-market superstores such as Barnes & Noble.

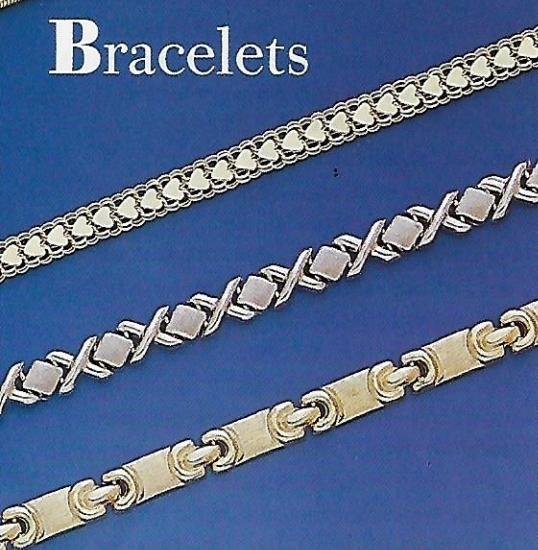
other independent jewelers, advises Liz Chatelain of MVI Marketing Inc., Paso Robles, Calif., which specializes in the jewelry industry. Shop the Wal-Marts and Costcos, the J.C. Penneys and the

stores, hardware stores, or jewelry stores—are a labor-intensive service not much encouraged by superstores. "If you want something ordered from a chain," says Chatelain, "the sales associate will

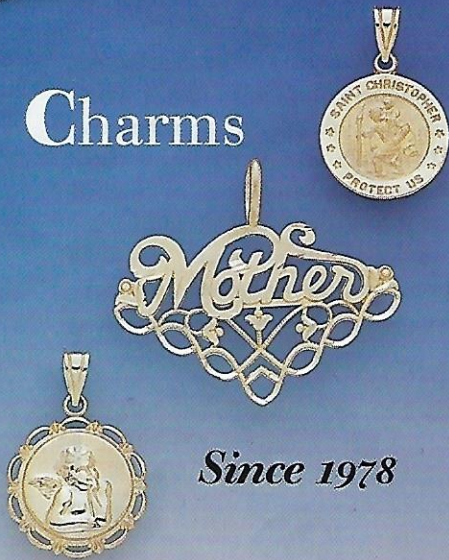
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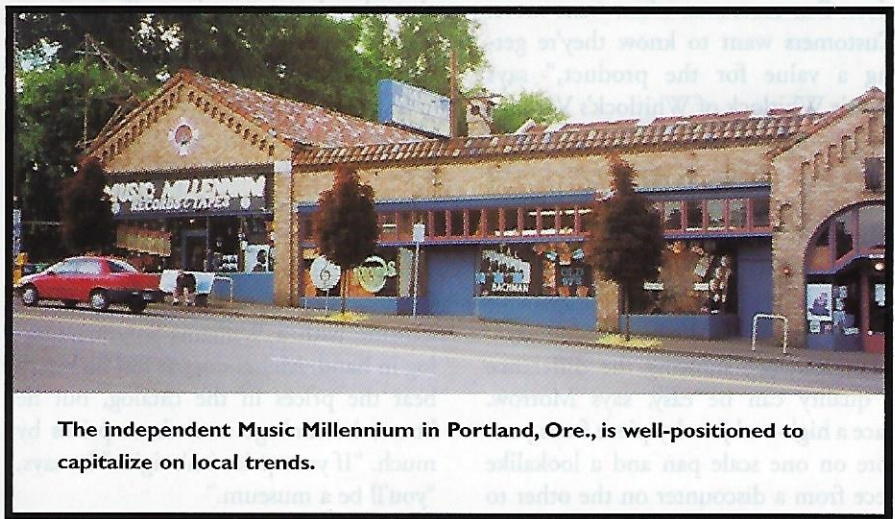
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The independent Music Millennium in Portland, Ore., is well-positioned to capitalize on local trends.

roll his eyes and tell you it will take weeks and charge you a large deposit.” Insist on fast special-order service from your manufacturers, she suggests. “The independent retailer is still the most profitable backbone of the retail industry. Drop any manufacturer who cannot have a customized piece to you in a few days.”

Jon Hearron, manager of 90-year-old Wink’s Hardware, a Portland, Ore., landmark, says the biggest part of customer service is problem solving. “The product they think they want or need is not always the product they leave with

marketers. “While [the chains] are paddling out,” he says, using a surfing analogy, “I’m looking for the next wave.” Messmer has ridden the crest of the Hawaiian shirt wave for four years—he sold 1,200 last year. Now that department stores are cramming racks with them, Messmer is getting out and looking for the next trend.

Independent jewelers can stay ahead of mass marketers by specializing in colored gems, says Chatelain. Chains prefer the easy-to-sell diamond. Many independents shy away from color, too, put off by media reports about enhance-

“Small businesses are crucial to the maintenance of a community.”

—Chuck Robinson, Village Books, Bellingham, Wash.

because the staff can give them a better suggestion,” he says.

Similarly, says Morrow, asking a customer, “How much do you want to spend?” turns a piece of jewelry into a commodity with no other value than price. Ask about the occasion for the purchase. Note its importance. Once you’ve done that, he says, “You’ve dismissed the price. It is no longer an issue, and what you are selling is not a commodity.”

Stay flexible. Independents have one big advantage over chains: the ability to act quickly. If you’re alert, says Messmer of Shryock’s Menswear, you can take advantage of a trend before the mass

ments and the education and time necessary to sell unusual color. Rather than abandoning the colored stone market, advises Chatelain, independents should invest in it.

Independents can also jump on local trends, whereas chains react too late, if at all, says Terry Currier, owner of the 30-year-old Music Millennium in Portland, Ore. Currier watches the regional music scene carefully. When local artists catch on, chains can’t cash in on their popularity. “I’m going to be able to take advantage of those extra sales,” he says.

Pay attention to the colors and styles that sell best in your area. In the cool, rainy Pacific Northwest, for example,



pins set with muted greens, browns, and blues are worn nine months of the year on sweaters and coats. In Seattle, a few galleries are even beginning to reintroduce lapel pins to men.

Be part of the community. Mass marketers are often seen as interlopers without community ties. It's important that, in contrast, independents take part in local politics, sit on committees and boards, and become involved in charities. "We've always believed that the community supports us and we have to support it," says Currier. "You don't often see that from the chains."

Chuck and Dee Robinson, who own Village Books in Bellingham, Wash., raised \$10,000 for three local charities by taking advantage of the popularity of Ty Beanie Babies, which they carry in their paper and card store next to Village



Jewelry industry consultant Liz Chatelain of MVI Marketing says shopping the competition is crucial.

Books. They offered one of these highly collectible stuffed toys free to customers who wrote a \$50 check to one of the charities. The event gained them lots of publicity and made people remember them. "It made the store a more integral part of the community," says Chuck Robinson.

For several independents, special events are a big part of the promotional mix. Music Millennium sponsors more than 200 live, in-store music events annually; Village Books holds the same number of readings and signings. Tattered Cover, with two locations, sponsors 600 events a year. All feel the investment in time and money is worthwhile. "The more often we can get people to come into the store, and the longer we can get them to stay here, the greater the chance they're going to buy

something," says Robinson.

Special jewelry store events, says Morrow, may not necessarily make sales, but they enhance the store's reputation. Bring in a diamond cutter or a lapidary to demonstrate his art for a week, he suggests. Feature a bench jeweler or a jewelry artist in your area. Ask a gem dealer who buys directly from the mines to give a slide presentation. Have a contest to see which customer can correctly identify 20 different gems displayed around the store.

Make friends with colleagues. In the 1980s, recording companies decided not to give advertising support to music stores that also sold used recordings. Music Millennium's Terry Currier protested—loudly. He was joined by other music retailers, the public, and the media, and the recording labels backed down. The biggest plus was that he met other retailers across the country who were in the same situation, and they formed the Coalition of Independent Music Stores. Coalition members pool their knowledge on topics such as database systems and employee relations. And when they speak with one voice, the recording industry listens.

Messmer, too, urges retailers to "get to know everyone in your boat." You'll have someone to commiserate with, you'll get pointers on business problems that seemed unsolvable, and you'll get support. When a customer wants a particular suit, and the vendor is out of stock, Messmer can call on other clothing retailers to ship him the product. He returns the favor whenever necessary.

Despite the difficulties of competing with the chains, all the retailers we talked to were enthusiastic about the future. "People are beginning to understand the difference between price and cost," says Robinson. In addition to the price tag, customers must consider the hidden cost of driving across town, parking, and trying to find merchandise in a huge, understaffed warehouse or department store. "Small businesses are crucial to the maintenance of a community," says Robinson. "Communities aren't built around big-box retailers or online retailers." ♦

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