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A Word About Watches...

I don't often pay much attention to the watch business, except to see how the department contributes to cash flow and profitability, but the following things are worth mentioning. This may be an early heads-up, but I've been known to send up a flag a year or two early... so indulge me.

A store we recently worked with has *all* of the high end watch brands, including Rolex. He is doubling his showroom and sent the plans to each of the companies for approval and comments relative to in-store boutiques, showcase allocation and positioning within the store. He was understandably shocked when Rolex called to say they were pulling out! After carrying the line for 12 years and paying his bills early, Rolex is rewarding him by taking their chips off the table. Why? Because, and I quote, "*We don't want to be in stores who carry other inferior, so-called sports watches.*" The Rolex rep was referring to Breitling, Tag, Omega and Cartier. The jeweler was given the choice; "*Drop the other sports watch brands or give up Rolex.*" Rolex wants to be *the* dominant brand in the stores they're in.

Next comes Omega. I was working with a different store when the Omega rep happened to walk in. The discussion started off with; "*I just wanted to let you know that your account is under review.*" It should be noteworthy to say that this is a multi-million store with no debt who pays his bills faster than anyone I've ever seen, doing 6 figures a year with Omega. So, why is this account 'under review'? Omega's new criteria for what they consider to be the right store to partner with is someone who carries a selection of their sister lines, as well as other *favorable* brands. The list of favorable lines included IWC, Jaeger-LaCoultrre, Patek, Zenith, Breguet and Cartier. Forget about doing \$50,000 a year with these lines—they are all six figure investments with limited distribution.

In fact, the Omega rep said they are pulling out of many, many independents. They are rebuilding their line and some knowledgeable people believe they will be one of the premier lines in a few years. In the mean time, they are re-shuffling their deck, closing doors and becoming more exclusive.

The irony to all of this is Jared. Driving from the airport to attend the show in Atlanta, I saw a Cartier billboard, 'Now available at *Jared*'. Walking into Jared in another city this past week, they had 12-15 feet of showcase space dedicated to Rolex! *This* Jared's has Rolex, Baume & Mercier, Omega & Tag. There is definitely a dichotomy between what the independents are being *told* (and how they're being treated) and what the watch brands are *doing with the majors*. If Rolex doesn't want to be in a store with the "*other*" watch lines (I confirmed this with the Omega rep), then *why* are they opening Jared when they are carrying the *same* lines! And, if Omega is building an *exclusive* brand... why *Jared*?

We have addressed some of the issues of dealing with brands before, but have focused on jewelry and bridal lines. This is new information, however. There is a shift in how the major watch brands have been speaking to the jewelers about their level of investment and commitment to their respective lines.

Within the stores I've mentioned, none of the branded lines have a dominant presence in the store; rather the jewelers have built multi-million dollar businesses by branding *themselves*; so replacing a watch line with a jewelry fashion line won't be at all hard to do. The heads-up is to those of you who are relying on one or two lines that define *who you are*. The expression, "*Man plans while God laughs*", is applicable. In this case, the brands you have decided to partner with may start to play *God* with your business.