

BIG TIMES

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The Evolution of our Industry... by Abe Sherman

A crisis requires an immediate action plan. You work through a crisis: you rebuild the house after a fire; you rebuild the city after a serious earthquake. We approach the crisis as having a beginning, a middle and an end—the light at the end of the tunnel, and we push through to emerge on the other side, knowing that we can rebuild it, we will rebuild it. In our industry, we have been addressing our current "issues" by applying crisis management. We cut our expenses, lowered our inventory and we are looking to introduce new merchandise that might address otherwise missed selling opportunities by attracting a new customer base. By taking these steps, all necessary by the way, we feel as if we are doing what we need to be doing to work through this crisis.

There are two things we cannot know at the beginning of any crisis: How long will this last and what does it look like on the other side. While our industry is indeed at some point on the timeline of the crises (actually, more than one in my opinion), we can only guess about how long they will last and what our industry will look like on the other side. That said, I don't believe that we are merely dealing with a series of crises—I believe our industry will continue to shake for many months and perhaps years to come, just as the aftershocks of a serious earthquake. I believe this will be the time we will look back upon as the beginning of significant evolution.

Expect business as usual to look very different in 5 years. Banking related issues such as terms, memo and stock balancing may all be endangered species as our industry evolves. Marketing and advertising will have to consider enormous changes in demographics as the boomers retire and Millennials emerge (an even larger mass of humanity than the boomers). And this new group doesn't read the newspaper or listen to the radio, they Tweet. They text. They post on Facebook. Every one of them has an iPod with 12,000 songs that they downloaded for free. They are connected 24/7 in ways that we, as an industry don't even understand yet, let alone have addressed. I am not talking about advertising differences here; I'm talking about life style, life stage and two huge consumer bases. The former defined us for the past 50 years and the later will define us for the next 50. I'm talking about evolution.

I believe the changes that emerge will require a level of cooperation and transparency unlike anything our industry has ever experienced. Retailers will have to open up and communicate with their suppliers and suppliers will actually have to listen. Merchandising (an art form largely undervalued in our industry for the past two decades) will have to have a new found respect and merchandisers will emerge once again as having value. Brands, whatever that really means in our industry, will have to work cooperatively with their retail-partners or they will go extinct. The entire industry will have to learn how to manage their inventory and stop thinking of it as an asset!

These are the times when the earth moves, when mountains are formed, when there is a fundamental shift in the landscape—and it never goes back to the way it was. The JCK panel discussion "The Evolution of Our Industry" was conceived around the notion that the jewelry industry must evolve, like it or not. Ready or not. Many stakeholders in our industry are feeling the pain of the early rumblings of these changes, but like all other evolutionary cycles, what emerges should be more efficient. While we work through our own crises, let's keep in mind that these issues are not likely to be short lived and that while one eye is working in the present, let's keep the other focused on the future. After all, there are 86 million Millennials who would like you to be their jeweler.

Join us in Vegas to hear the views of some of our industries forward-looking stakeholders as we address these issues. Ken Gassman, president and founder of the Jewelry Industry Research Institute, whose research is published by IDEX Online, will be the moderator of this panel. Panel includes: Phyllis Bergman, CEO of Mercury Ring, Kathy Corey, VP Merchandising at Day's Jewelers, Richard Fields, Chief Strategic Officer at Unique Settings, Mark Michaels, Secretary and Treasurer of Michaels Jewelry, Nehal Modi, CEO of Gitanjali USA, Abe Sherman, CEO of BIG and Ron Spurga, Vice President of ANB Amro.