

Marketing

Buffing Up Birks: A high-end focus and revamped marketing strategy are providing this once-tarnished jeweller with a brighter-looking future

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Despite some tough times earlier this decade, there's no need to consign the famous Birks blue box to the recycling bin. The venerable jewelry retailer has staged a turnaround and is polishing its image after its near-death experience of the early 1990s.

"The situation has greatly improved," says Diane Oliver, vice-president, marketing at Montreal-based Henry Birks & Sons Ltd. "You can see it in the sales figures and hear it in comments from our customers. They say the merchandise is better, the service has improved and they like the stores. There's a sense of excitement."

As of the end of September, overall revenues in the 120-year-old chain's 36 stores were up close to 7% over the same time last year, despite the fact Birks has abandoned merchandise lines like low-end fashion jewelry. Sales of fine jewelry are up 10%, while diamond sales are ahead 15%. "By focusing on fine jewelry, we have managed to increase overall business," Oliver says.

The gains are in sharp contrast to 1992, when the family-run chain was in danger of disappearing. Through store openings and acquisitions, Birks had grown to as many as 225 stores by the mid-1980s, and was trying to be all things to all people by adding a broader range of merchandise, Oliver notes. A recession, coupled with an underinvestment in marketing, led to Birks filing for bankruptcy protection in 1992. The chain was rescued by its sale to the Borgosesia Group of Torino, Italy in 1993, which provided a much-needed influx of cash. (The group is now known as Iniziativa Regaluxe SrL. It's a private Italian holding company whose assets include stemware maker Cristallerie Royales de Champagne.)

Oliver, who joined the company in 1998, says Birks' new marketing strategy aims at increasing revenue, through reinvestment in the Birks brand and in the core fine-jewelry sector.

The Birks of the past "traded a rifle for a shotgun, and, in doing so, lost its sharpshooter focus," noted Birks CEO and president Thomas Andruskevich, in a speech to the Canadian Club of Montreal last spring. "Today, we've traded that shotgun for a laser. We're zeroing in on a few key strategies."

While there are fewer categories, there is a greater depth of inventory and product exclusivity. Increased impetus has been placed on staff training and compensation, and a training manager was recently hired, Oliver says.

By the end of this year, half the Birks stores will have been renovated, and all will be redone in the next two to three years at a total cost of \$30 million. The flagship Vancouver store has already been renovated, while a \$3-million renovation of the

flagship Bloor St. store in Toronto has just been completed, with official reopening set for Nov. 2. A major renovation of the historic Philips Square store in Montreal is scheduled to be completed by the fall of 2000.

The chain is also working to increase corporate business. Last Christmas, it offered a private shopping service in which store personnel showcased product to Montreal business executives at their offices. For this Christmas, there's a new mail campaign to business customers, while the corporate sales department has issued a brochure to promote its services, which include a broad range of recognition and reward programs.

More emphasis is also being placed on catalogue sales -a new catalogue comes out in mid-November-and there's a goal to boost ecommerce. While online sales are already available, "we acknowledge the fact we need to grow on the Web," Oliver says. Other recent changes include the hiring of a visual presentation director to improve in-store and window presentations, and improved technology, such as a point-of-sale system that will enable better customer profiling.

With its agency Mamone & Partners of Toronto, Birks launched a new advertising campaign last year, aimed at touching people's emotions while selling fine jewelry and diamonds. In one striking ad, a sleeping baby clutching a silver rattle rests on a man's arm. The simple tag line: Birks since 1879. "We want to create the right environment, build a lifetime relationship and appeal to the emotion of people," Oliver says. "When you're buying something like that, it's more than just an investment."

The bulk of Birks' \$6-million marketing spend continues to be with newspapers, she says, "because we need to have a strong presence day in and day out." A new newspaper campaign launched in mid-October is an "evolution" of last year's successful campaign, Oliver says. "It will be more impactful, with a stronger brand identification and focus on product, but in a more stylish way." It also contains more witty copy, with tag lines such as "Y2K? Why not 18k?"

As well, a billboard campaign is starting in mid-November and the chain continues to invest modestly in magazine advertising.

As part of an attempt to reach younger consumers, all newly renovated stores sport the Baby Birks Boutiques, which emulate a child's room and sells Birks' baby line, including children's clocks and photo frames.

Efforts have also been taken to ensure that younger shoppers are treated with respect once they venture past the door. "We have to make sure we can provide a level of comfort, and make sure we offer a wide assortment with different price points. We're not going to compete on price, but we have products that are quite affordable."

With the recent collapse of Eaton's, Birks is being touted as an example of a one-time family-run chain that has survived after running into hard times. Oliver notes that while Eaton's needed to change, it did so too quickly and too late, leaving too little time to execute changes. Eaton's ads raised expectations that were let down at the store, alienating both existing and new customers, Oliver says.

Birks is different than Eaton's in that it had a very clear understanding of what its identity should be. It also had the capital required to make the necessary changes and carried out changes systematically with the co-operation of the company's staff, Oliver says.

Retail consultant Richard Talbot of Thomas Consultants International in Toronto agrees that Birks is on the right track. "They've just gone back to focusing on where they should have stayed."

Previously, "you walked into some of those suburban Birks and they just weren't Birks." By going down-market, Birks gave up its pre-eminent position as the prestige gift retailer in Canada, and left the door open to others. "Once you've lost market share, it's very difficult to get it back. Birks hasn't managed to bump off any competition they let in through the door, so they have to compete head to head."

The future should be bright if Birks can get its vision out to front-line employees, says Sourav Ray, an assistant professor in the Faculty of Commerce at Montreal's Concordia University, who teaches a course in retailing. "Getting them on board and enthusiastic about delivering value to the customers is essential for a retailer like Birks." The chain must also keep its finger on the fashion pulse of its customers, he says.

"While you can't turn it around on a dime, or even a diamond, a turnaround can be accomplished," Andruskevich noted of the Birks comeback. "Although this turnaround is not yet complete, the course that we've taken is the right one."