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THE AMERICAN RE-REVOLUTION

Detroit, Shinola and the future

Keith W. Strandberg

The Detroit train station, Michigan Central Station, is a beautiful, iconic Beaux-Arts Classical building, but it is in complete disrepair, a symbol of the Rust Belt's urban decay in general and, in particular, of Detroit's fall from greatness. There are a number of neighbourhoods filled with derelict buildings, once-beautiful homes now abandoned, roofs collapsing and walls falling down. Yet, there are sections of Detroit that are beautiful, whole and doing quite well, thank you. Downtown Detroit is certainly on its way back – General Motors has moved back into the city and there are a number of other companies that have made Detroit their home – like software giant Quicken. Detroit's sports teams (the Lions, Tigers and Red Wings) are performing well, bringing people back downtown. There is a vibe in Detroit, that the city is on the verge of coming back to its former glory as a centre of industry, design and innovation, and Shinola is a big part of the city's revitalisation.

SHINOLA: BUILT IN DETROIT

When Shinola's founders, Tom Kartsotis of Fossil and Bedrock Manufacturing, were trying to decide where to base Shinola's operations, they considered a number of cities. Detroit was the most compelling and fit the Shinola story the best. "Part of picking Detroit was that we were assembling the engine of the watch and what better place to be



△ Modernity and urban decay: the contrasting faces of Detroit

than in the heart of the auto industry, where so many engines have been produced?" says Heath Carr, CEO, Bedrock Manufacturing. "We knew we wanted to make our products in the USA and now we have a factory in Detroit."

Shinola is a partnership between Bedrock and Ronda, a movement manufacturer in Switzerland. Ronda helped Bedrock to set up the Shinola factory, is training the watch assemblers and provides the movement parts in kits to Shinola. The quartz watch movements are completely

assembled, cased, finished, quality controlled and boxed in Shinola's facility, then shipped around the US and the world.

Shinola's factory is in the historic Argonaut building in Detroit, the original General Motors design facility that also houses the College for Creative Studies (CCS) and the Detroit Creative Corridor Center, which helped to facilitate Shinola's presence in Detroit. Shinola has part of a floor in the building, with the first right of refusal to expand into more space.



The Argonaut Building

The Argonaut Building was built by General Motors in the 1930s to house their design and style departments, and it was here in this structure that industrial design was born. The building is home to the CCS design programmes, has a dormitory for 200 students, and there is a charter school (middle and high school) here that is creative centred. The facility is chock-full of history – it was here that the iconic Corvette was designed and the father of modern industrial design, Charles Kettering, had his office here. During World War II, the design centre was shut down and it housed a secret lab where the B-1 Bomber was designed and developed. Shinola works with CCS, presenting to students in the design programme, getting them involved in design exercises and sponsoring interns, some of

them have signed to work for Shinola once they graduate.

“We sponsor classes here, we have an internship programme here and we get inspiration from these students,” says Daniel Caudill, the head of design for Shinola. “The students are so excited about everything in the world and it’s great to be around that. We are doing a marketing-based class, run by our head of marketing.” Detroit, so far, has been a success for Shinola.

“I think it’s really turned out very, very well,” says Steve Bock, CEO, Shinola. “I think we have a great idea, it’s a very exciting concept, but the fact that we have enjoyed and been given the kind of exposure has been amazing. The city of Detroit and the state of Michigan have received us with open arms. Because we are trying to create jobs and build



Daniel Caudill

this business in Detroit, we have been received in a wonderful way.

“We have the capacity for 500,000 watches right now and we can go up to 1.2 million in the square footage available to us,” he continues. “We can make watches for brands that are within our house, but we can also reach out to American fashion designers, who are currently manufacturing outside the US and would like to do it here. We can do private label here in the US for different companies.”

I had the chance to tour Shinola’s watch production, and it was very impressive. Without seeing the landmarks of Detroit through the

“We have the capacity for 500,000 watches right now and we can go up to 1.2 million in the square footage available to us.”

Steve Bock, CEO, Shinola

windows, the operation could have been in the Swiss Jura. Ronda trainers were there with the workers on the two production lines, solving problems and answering questions, but the majority of workers were from Detroit.



One such Detroit-born employee is Willie Holley, 26, who is Shinola's Assembly Line Leader for movements. Holley is often featured in Shinola's communication, because his story is such a good one. Holley was actually a security guard at the College of Creative Studies when he heard about Shinola. He applied for a job, took the dexterity test and now he is one of the company's most dedicated workers. Holley took me through the production lines, explaining how Shinola did things. "The line starts with stamping the mainplate and goes all the way through to the finished movement (we do three different movements), then they go to batch QC and then the movement goes to dial and hands, then to casing, strap- ing and boxing/shipping," he explains. "The line is being overseen by Ronda and they are continually training. We do 600+ watches per day now." Holley is a perfect example of what Shinola is doing here in Detroit, changing people's lives and making a dif-



Willie Holley

ference in this struggling city. "Detroit has welcomed Shinola here," Holley says. "Watchmaking is something totally new to the city. It's amazing that I have a hand in making something that is now being sold to people I know -- it's really cool. I like making something that keeps time, and I like the historic feel of Shinola. "It has been a totally mind-blowing change of life for me," Holley contin-

ues. "It was a big opportunity, opening doors for me to advance and have a career. I want to be an important person in this company."

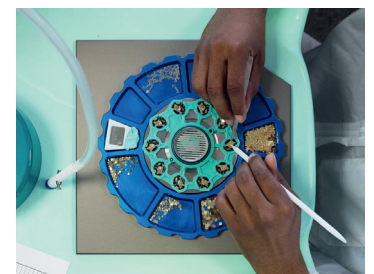
Holley wore a Fossil when he was a security guard and today he wears... nothing. He does not have a Shinola

"Watchmaking is something totally new to the city. It's amazing that I have a hand in making something that is now being sold to people I know."

Willie Holley, Assembly Line Leader for movements, Shinola.

on his wrist, as all the production has gone to sales. Note to Shinola: Get Willie Holley a watch!

Jalil Kizy is a Shinola watchmaker, also from Detroit, who learned his craft at the Lititz Watch Technicum in Pennsylvania. "I have loved every minute of my experience here," he says. "Shinola is very original. They are supporting Detroit and Detroit is supporting them. My nickname is 'Detroit' and I am pleased that Shinola is standing behind the city. I love the watch." Currently, Shinola is making three different movements and the plan



is to introduce a chronograph at BaselWorld 2014.

"The original idea when I first came on was proving that we could make well-made, great product in this country," remembers Caudill. "It's not about price, it's about design, and to be able to do it at scale. Modern is important to me. The brand name is heritage, but we are building a modern product. This is not a vintage brand, it's a modern brand.

"As this brand grows, it will grow in a modern way," he continues. "We are inspired by classic design, but product should never look like it is fake or treated. The watches are classic in design inspiration, but they are clean, simple and timeless. The goal is to create product that lasts and isn't a trend."

Every Shinola product has a yellow lightning bolt on it, Shinola's mark of quality. "If anything goes wrong, the 'shit' from that Shinola saying will come back to haunt us," Caudill says with a smile.

Currently, Shinola is making three different movements and the plan is to introduce a chronograph at BaselWorld 2014.

RETAILING SHINOLA

There is no doubt that Shinola has done a masterful job of marketing its efforts. The company has used advertising taglines like "Where America is Made," "To Those Who Have Written Off Detroit, We Give You The Birdy," "The city that made this country, isn't done making things" and "The Long Tradition of Detroit Watchmaking Has Just Begun." The Shinola story has really resonated with people in America — people looking for quality and for products that are made in America.



△ SHINOLA
ARGONITE-1069
DETROIT

"The watch certainly has a look and feel and quality of a luxury brand," says Bridget Russo, the head of communication for Shinola. "We are approachable luxury. People see and feel the watch and are pleasantly surprised by the price. You have young people who are buying it, they are saving up for it, and we have watch guys buying it. The appeal runs the gamut, everything from the hipster that likes the way it looks and the Detroit piece of it, to the collector, to the casual buyer. I've never worked for a brand that has resonated like this with people from all walks of life. The only common thing is people that care about quality and the American-made nature. "Online, our customer is younger than the retail customer," she continues. "From a product side, we are 50/50 men and women, but our sales are 60/40, men to women. Right now, our ad campaign skews a little masculine. Next year, we will have a campaign that skews more feminine."

RETAILING IN DETROIT

Shinola has its own boutiques in Detroit and New York (recently featured in *Vanity Fair* magazine), with more to come. Shinola has a variety of products in its

stores, some from its own production, some from companies within the Bedrock Manufacturing stable (like Filson outdoor wear and gear) and others that are curated products from other companies, like interesting magazines, clothes and more. They also do installations of local artisans in the store, trying to keep things fresh so customers come back often to see what is going on in the store. They also have something called the "Issue of One," a programme of one-off vintage products that they find and refurbish. "We find vintage pieces that are really special; we have Omega, Rolex, and other watches that we offer in our stores," Caudill notes. "Our watchmaker will check them for authenticity and make sure they are in great running order, and we buy really great pieces for this programme. In our New York store, we have a 26 star US flag from the 1800s, which was the very first printed flag, and it costs \$50,000. We have another flag, over 25 feet long -- and it has 36 stars and they think it hung on a battleship."

Shinola watches are distributed in independent retailers as well as big department stores like Nordstrom, Saks 5th Avenue, Barneys and Neiman Marcus.

Before any retailer comes on board, Shinola requires them to visit the operation in Detroit, so they completely understand the concept and the brand's commitment.

"We show retailers the totality of the brand, and we like them to have the full assortment in some way, shape and form," says Russo. "And this isn't just an American effort. We will be launching in Robinson's in Singapore, and China is a big market for us in the future. We see Shinola as a global brand."

One particular technique Shinola has used with great success is what they call a "pop up store", where they put in a temporary installation of what amounts to a Shinola boutique in a retailer when the brand is launched there, making a splash and raising awareness.

"We opened a pop up store in Kansas City to give the market a try," says Caudill. "The reaction has been really overwhelming and it's been humbling. Launching at Barneys and having Barneys sell out, brick-and-mortar and on-line, was amazing."

THE FUTURE

Shinola's future seems very bright, indeed. They have a great, real story – they are making watches on an industrial level in the USA, something that hasn't been done for more than 50 years – and the watches are selling. It will certainly be interesting to see where they go from here – making a splash with a lot of money spent in advertising and marketing is not that hard. Continuing that success and taking the next step is much more difficult. We at Europa Star will be watching Shinola closely, as will the rest of the watch industry. ■



Discover more at
www.europastar.BIZ/Shinola

DARAKJIAN Jewelers



Darakjian Jewelers opened in Detroit in 1964, then moved to the suburb of Southfield in 1970. This year, Darakjian Jewelers moved to Birmingham, another suburb of Detroit. Second-generation watch retailer Armen Darakjian, explains: "Business overall has picked up slightly from last year. We are very excited about our new location that is now located in the heart of the only real shopping district in Michigan. Birmingham is a pedestrian town with cafes, restaurants and retail."

Darakjian believes strongly in the Detroit area as a watch market. "Detroit is definitely on the move," he says. "Over the last five years, there has been a large influx of investment into the downtown Detroit area -- lofts, restaurants, and businesses. We have noticed a large interest in watches from the residents in the lofts and luxury apartments in Detroit. "Detroit has heart, mystique, history," he continues. From the city that created the automobile, an eclectic group of residents have added an amazing diversity to downtown. In the next 5 - 10 years Detroit will offer the world an experience like no other."

One thing that Darakjian tries to communicate via print, radio and social media is that luxury brands are available right in the Detroit area. "Being that Detroit is not necessarily a vacation town, most of our clients and potential clients

have vacation houses elsewhere," he explains. "Getting all the shoppers to understand that the Detroit Metropolitan area offers the world's best brands right here is the challenge we have. When Michigan locals are on vacation, as all of us, they've got plenty of time to shop. Michigan retailers need to bring the business home, convincing residents to shop local and watch the city flourish."

Darakjian credits an emphasis on customer service for the company's success. "Clients today deserve the very best when they are shopping," he says. "They need associates who know the product, understand the honour it is to represent these brands, and provide a

Darakjian Jewelers Facts & Figures

Darakjian Jewelers (www.darakjian.com)

Locations: New location - 101 Willits Birmingham, MI 48009

How long: 49 years **Employees:** 26

Size of stores: 4,500 sq ft

Average sale: \$1,350

Range of price: \$100 - \$250,000

Bestselling watch: Audemars Piguet

Brands: Audemars Piguet, Vacheron Constantin, Ulysse Nardin, Carl F Bucherer, Devon, Urwerk, Maurice Lacroix, Montblanc, Longines, U-Boat, Graham, Bremont, Michele Watch, Philip Stein, Brera, Officina del Tempo, Seven Friday, 2(x)ist, G-Shock, Glycine, Underwood, Orbita, Wolf Designs, Tacori, Demarco, Rebecca, Sophia, MO & Me, Belle E'toile, Nomination, Odelia, Zeghani.

shopping experience like no other. Just as our tag line says, 'The One. The Only,' we pride ourselves on offering out of the ordinary brands. The opportunity to choose from watches and jewellery that no one in the area offers has sustained the growth of Darakjian Jewelers."

Though Darakjian doesn't carry Shinola, he is very much aware of it and impressed by the company's progress so far. "Detroit is a manufacturing town, always was and always will be -- it's got think-tanks and creativity bursting at the seams," he says. "The fact that Shinola chose

Detroit is not only forward thinking and groundbreaking but it is a testament to the vitality and stamina of Detroit as a city. We considered Shinola, but with the move and the launch of the new location, we have enough going on. Who knows what the future will bring?" ■

TAPPER'S Jewelers

Tapper's Jewelers opened in Detroit in 1977 and the family business soon grew into a three-store chain with almost 100 employees. "As a team we work for a higher goal, the betterment of our team, not just the individual," says Steven J. Tapper, vice president of Tapper's. "Building great partnerships with our vendors is very important. We are constantly striving to stay in touch and on top of the latest trends and aggressively researching new brands, merchandise and partnership opportunities. Building trusting relationships based on customer satisfaction and warranties we offer.

"Learning to adapt to the constantly changing marketplace and shopping patterns is a constant challenge," he continues. "We work to develop innovative methods of marketing to draw attention and create opportunities to bring new customers into our stores. Operating lean and using our budgets to their most effective advantage is something we focus on."

Customer service is a place where Tapper feels like his company can differentiate itself. "For



Tapper's customer service and satisfaction come first," he says. "We guarantee our customers satisfaction. We have on-premises jewellery and watch service in order to reinforce the level of service we want to provide our customers, along with a return policy to assure a level of comfort for the customer when making a purchase." Detroit has always been a good market for Tapper's. "There is great opportunity if we are willing work for it," he says. "We have to accept the daily challenges and rise above any difficulties to make our business the best that it can be. Some of our newest challenges are our greatest opportunities. With social media the

entire world is the potential customer base." Tapper's does carry Shinola and they are having great success with the brand. "Shinola has created an awesome opportunity to tell the story of Detroit craftsmanship and manufacturing, which combines with our heritage and history very nicely," says Tapper. "Those that have stayed and seen Detroit at its worst and its best see the greatness being revealed by the current wave of growth and development in Detroit. This city is an unrecognised jewel. "Built in Detroit' is a fantastic slogan -- there is so much potential to generate excitement and interest," he adds. "With Shinola, our sales have been fantastic, our only challenge is getting more product in our stores. Detroit's history does make an incredible difference. Think about it -- it's not just about the auto industry, it's about the heartbeat, the music, the lives and stories of the people of Detroit. We focus on the great price point and excellent value, and we have seen almost 100 per cent sell through." ■

Tapper's Facts & Figures

Tapper's Diamonds and Fine Jewelry
(www.tappers.com)

Locations: three fine jewelry and fine Swiss timepiece stores

How long: Since May 1977

Employees: Approximately 100

Size of stores: Two showrooms over 5,500 square feet and one is 3,000 square feet. **Range of price:** Watches range from under \$300 to \$75,000 and beyond.

Most requested watch brand: Rolex.

Watch brands: Rolex, Cartier, Panerai, IWC, Jaeger-LeCoultre, Baume & Mercier, Hermès, Breitling, Michele, Movado, ESQ, Shinola, TAG Heuer, David Yurman, Raymond Weil, Tudor

