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Independent Jewellers Ltd: In Pursuit of National Expansion

Case Briefing: Planning National Growth

Jeremy and Jonathan Epp are the third generation family owners of Independent Jewellers Ltd (IJL), a well-respected local independent jewellery company that has had their roots here in Winnipeg for over 85 years. Their current store stands proudly in the same location as the original store that opened in 1937. Rebuilt in 2018, their store is beautifully presented, highlighting the many luxury items they offer for sale in their 3,500 square feet showroom.

Jeremy and Jonathan share a passion for serving Winnipeg – not only by offering quality products to their customers, but a personal commitment to serving the larger community. They are involved in many charities and events locally. Their family and business roots are deeply entrenched in Winnipeg and the brothers believe that being involved in the community has developed strong relationships that are based on mutual respect and trust.

The store was founded in 1937 by John Epp, their grandfather, and has remained a family business since then, passing through three generations. After John used his professional skills to build a loyal customer base and turn his store into a profitable concern, his sons and son in law John, Ernest, and Alfred Schellenberg took over the store in 1979 and continued to build their legacy. In 2013 Jeremy and Jonathan took the helm of the store and continued to expand into the luxury market, building

partnerships with many well-known brands; they are now a retailer for a wide range of luxury watchmakers including Rolex, Omega, and IWC Schaffhausen, and sell custom jewelry alongside familiar luxury brands like Gucci, Mikimoto, and Birks. Based on their creative local marketing (see the example of their bridal campaign in the appendix) and their stellar customer service, IJL has built a loyal customer base both in Winnipeg and further afield. One of IJL's advantages is their experienced and knowledgeable staff. The store has their own gemologist, goldsmith, and appraiser, all of whom create a personal, full-service experience for their customers.

Jeremy and Jonathan, both graduates of the Asper School of Business, are ready to embrace the use of technology and apply their business acumen to move into a national market. The generations that came before them have always strived to move their family business forward and they intend to do the same



thing. During the global pandemic, the Epp brothers built their company website and increased their online sales using Shopify as their platform. As they expand into new channels, they are attentive to ensuring they continue *'a tradition of trust,'* -- their family's tagline. Currently they use different marketing strategies which include but are not limited to advertising on the radio, in newspapers, billboards, magazines, and Google Ads.

The company's integrated marketing campaigns have made them a familiar name in the Winnipeg area. The company's billboard at Confusion Corner, a high-traffic Winnipeg intersection, has been used for a range of creative marketing campaigns – most recently, a billboard proposal (see below). The [proposal](#) was part of a larger campaign where IJL used customer-generated content of their engagement and wedding moments as part of their traditional and social media advertising.



IJL is a multigenerational family-business success story – but it operates in a large, highly competitive market. IJL’s Winnipeg showroom is a destination retail experience (see store interior image above), and their range of offerings is unparalleled in the city. However, many jewelry brands and retailers have begun aggressively competing with online marketing and sales – and while their brand selection is unique in the city, Winnipeg is a relatively small market to serve (metro population of <800k). As a result, there are some natural limits to growth: The high-end jewelry market in Winnipeg is relatively small, and additional local storefronts would likely just cannibalize their current store’s sales. There are limited local competitors for IJL, and the local market is unlikely to grow substantially.

In fact, high-end Canadian chain Birks was both one of IJL’s suppliers and a direct local competitor, until it closed its downtown Winnipeg location after more than 120 years of operation. While Birks continues to sell its products through IJL, Birks decided to focus its own direct retail sales on larger metropolitan centres. The CEO of Birks, Jean-Christophe Bédos, described the chain’s perspective on Canadian retailing:

“For Canada, what’s happening our observation is that the Canadian market’s becoming more and more urban in the spending. Four or five major hubs, clusters of luxury. The cities like Vancouver, Toronto and Montreal are clearly growing for the market. We see significant investments in retail from international brands. We see also Alberta with Calgary and Edmonton becoming strong, and those areas see a significant arrival of new Canadians and new residents who come from countries where the luxury brands are present and they expect those brands to be present in the markets where they decide to become residents in Canada.”¹

¹ Toneguzzi, M. (2023). Birks shuts downtown Winnipeg store and exits market after 120 years. *Retail Insider*. Available at <https://retail-insider.com/retail-insider/2023/04/birks-shuts-downtown-winnipeg-store-and-exits-market-after-120-years-interview-with-ceo-jean-christophe-bedos>

As the Epp brothers contemplated expansion outside of Winnipeg, this would be an important question to consider. The market for high-end luxury jewelry is increasingly consolidated in a small number of large markets, as IJL's supplier described. But those markets are fiercely competitive, and it's not clear what advantages IJL would have. In Winnipeg, IJL is the only authorized Rolex retailer. In the greater Toronto area, there are seven. They could expand their online sales to a national level. In fact, half of their online orders – and nearly two thirds of their online revenues – are from customers outside of Winnipeg. However, IJL's authorized retailer partnerships with some of their marquee brands like Rolex do not allow for online sales. So, while IJL can try to build a national clientele for its web store, they can offer a much more limited range online than in their physical storefront.

Jeremy and Jonathan have grown IJL's presence and sophistication in the Winnipeg market. From their marketing strategy to their physical storefront, the brothers have refined and strengthened the firm's position in the Winnipeg market. But with limited expansion possibilities in their own backyard, the Epp brothers would like your insights and advice:

- 1) **Describe an overall strategy to guide IJL's national expansion.** What kinds of cities or regions should they focus on? What mix of online and bricks-and-mortar would you choose? How can IJL create and sustain a competitive advantage as it expands beyond Winnipeg?
- 2) **Develop a brand awareness strategy to support the expansion you propose.** How will IJL go from being a well-known and respected local retail brand to a national brand? What marketing activities would support their expansion?
- 3) **Propose a pilot or first stage for your plan.** IJL is a 15-person firm (including Jeremy and Jonathan), and its budget for initiating an expansion plan is \$100,000. Based on this budget, what would the first concrete steps be in carrying out your proposed plan? What activities, timelines, and budgets would be involved? How would success be measured? What outcomes would you expect? How could they mitigate any risks you anticipate?

Jeremy and Jonathan are looking for well thought-out solutions that propose implementable recommendations for their national expansion. IJL is excited to hear your solutions at the Asper Business Case Competition.

Financial Information

Online sales, 2019-23

	<i>First sale occured on May 27, 2019</i>					
	2019	2020	2021	2022	2023	TOTAL
Gross Sales	97,309.78	\$414,994.34	\$335,714.25	\$458,329.94	\$391,957.98	1,698,306.29
Discounts	-2,872.99	-\$26,059.92	-\$2,756.25	-\$7,942.72	-\$10,611.88	-50,243.76
Returns	-1,285.00	-\$16,300.50	-\$60,602.50	-\$34,526.09	-\$67,772.50	-180,486.59
Shipping Collected	99.85	\$838.68	\$728.00	\$707.00	\$1,073.00	3,446.53
Net Sales	\$93,251.64	\$373,472.60	\$273,083.50	\$416,568.13	\$314,646.60	1,471,022.47
Total Orders	65	310	208	185	185	953
Orders Returned	6	12	23	10	22	73
Net Orders	59	298	185	175	163	880
Average Order Size	\$1,452.87	\$1,254.63	\$1,600.76	\$2,434.53	\$2,061.33	(Gross sales - Discounts) / Total Orders

The figures shown above represent online sales only. IJL did not sell online prior to 2019. The company's primary business remains in-store sales. Of the online orders described above, half (representing a third of the sales revenue) are from Winnipeg.

Appendix A

See appendix A for a profile of IJL provided by the firm.