****

9b17d010

onnie jewellers

Professors Fraser Johnson and Larry Menor wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

*This publication may not be transmitted, photocopied, digitized, or otherwise reproduced in any form or by any means without the permission of the copyright holder. Reproduction of this material is not covered under authorization by any reproduction rights organization. To order copies or request permission to reproduce materials, contact Ivey Publishing, Ivey Business School, Western University, London, Ontario, Canada, N6G 0N1; (t) 519.661.3208; (e)* [*cases@ivey.ca*](mailto:cases@ivey.ca)*;* [*www.iveycases.com*](http://www.iveycases.com)*.*

Copyright © 2017, Richard Ivey School of Business Foundation Version: 2017-08-01

Onnie Harris, owner of Onnie Jewellers in Leamington, Ontario, and her daughter, Victoria, were preparing for their annual summer promotion event. Held in mid-August, the invitation-only summer promotion event had become hugely successful and very popular with Onnie’s clientele. The first event had been held three years prior, and Onnie prided herself on building on each year’s success by making improvements. It was 9:00 a.m. on April 17, 2017, and Onnie and Victoria were having coffee before the store opened an hour later as they discussed potential ideas for that year’s event. As they sat down, Onnie commented to Victoria:

There are a number of things to discuss. We need to make decisions about our theme for this year, decide on a date, and go through the guest list. However, I want to start with a discussion on potential improvements to the customer shopping experience. Frankly, I think we could have done a better job last year. There were long lines, which frustrated some of our clients. Our event needs to reflect the quality and prestige of our brand and I want to do a better job this year.

ONNIE JEWELLERS

Founded in 1989, Onnie Jewellers sold fine jewellry, including bracelets, earrings, chains, and engagement rings. During her nearly three decades in business, Onnie Harris had developed relationships with premium suppliers in Europe and North America that provided her with exclusive access to elegant jewellry. In addition, Onnie was an accomplished designer and offered custom-made jewellry. Located in downtown Leamington, Onnie Jewellers’ clientele included members of the local community, but Onnie also had regular customers from as far away as Toronto and Michigan.

Trained as a jeweller, Onnie also had a knack for marketing. She described her strategy:

My clients are discriminating. They recognize that we carry products with fashionable designs that are not available from other retailers in the area. At the same time, our price range is reasonable so the purchasing experience is not intimidating. We do have expensive jewellry, but a typical purchase is between $500[[1]](#footnote-1) and $1,000. Part of my marketing strategy is that we do not put our product on sale or provide discounts. I also do not promote individual pieces on our website—I want customers to visit the store. Our summer event is popular with clients because of the opportunity to socialize in a cocktail party environment. In addition, anything purchased at the event is tax-free.[[2]](#footnote-2)

SUMMER PROMOTION EVENT

In 2014, Onnie decided to experiment with a new event for her loyal customers. Victoria had graduated from university that year and joined her mother in the family business. Onnie said, “I wanted to use Victoria’s training at business school to help promote our brand. She understands social media, which was an area I had previously ignored. The event was a great project for Victoria, who used Facebook and Instagram to connect with our clients.”

After the first event in 2014, the summer promotion event had become larger and more elaborate. For example, Onnie estimated that 240 people had attended the 2016 event, compared to approximately 100 people two years prior (see Exhibit 1). The event was held in mid-August and only invited guests were allowed to attend. Invited clients were sent an invitation via email and could reply to it on the Onnie Jewellers Facebook page. Onnie reached out personally to some customers to make sure they were aware of the timing of the event.

Onnie invited 300 people to the 2016 event, which had a Caribbean theme and ran from 4:00 p.m. to 8:00 p.m. Onnie’s son, Carter, who was in his third year of university at that time, acted as host at the front door and greeted clients as they arrived. Carter had a list of people who had confirmed attendance at the event. He checked the names on the list and noted the time of arrival (see Exhibit 1). He also presented each person with a gift of earrings in a small velvet sack. Carter told each guest that complimentary cocktails were available at the bar.

It took Carter approximately 30 seconds to greet individual guests. However, he sometimes ran into problems with guests who were not yet registered. He also frequently had to deal with couples or large groups of four to eight people that attended the event together.

Onnie hired Matt Hall to work as the bartender. In keeping with the Caribbean theme, Matt prepared a special mojito cocktail, but also offered an assortment of wines, beer, and mixed drinks. The bar was set up in the back corner of the store. Requests for wine and beer were accommodated relatively easily, and the mojitos were prepared in advance. However, approximately one-third of the guests requested cocktails, such as martinis and mixed drinks, which took more time to prepare. As a result, Matt estimated that he could serve approximately 80 guests per hour, on average. Matt commented, “I estimate that nearly 80 per cent of the guests come to the bar for a drink. Most people stay for more than an hour to enjoy the event and socialize with friends. Probably one-half of the people I serve come back for a second drink.”

A local caterer provided hors d’oeuvres, and Karen Martin was hired by Onnie to serve the food, collect empty glasses and plates, and help Matt replenish his supplies at the bar as required. Karen typically moved through the store with a plate of hors d’oeuvres and returned to the office in the backroom, where the food and dishes were stored, 15 minutes later with a tray full of plates and glasses.

Four salespeople assisted customers. Onnie placed less expensive, more popular items on top of the display cabinets so customers could inspect them without assistance. More expensive and one-of-a-kind items were in locked glass display cabinets that required a salesperson to remove them for customer inspection. The tax-free inducement motivated many customers to purchase more than one item, allowing some to get an early start to their Christmas shopping. Onnie estimated that the salespeople spent an average of five minutes assisting individual customers and that 30 per cent of attendees did not request assistance from a salesperson.

Payment was processed at the back of the store opposite the bar. Sales records from the previous year indicated that approximately 90 per cent of people made a purchase at the event. Onnie’s sister, Emily, prepared individual, hand-written receipts that listed each item and the cost. The time required to prepare the receipt depended on the number of items purchased, but averaged 90 seconds. After the receipt was prepared, Emily handed it to Victoria, who sat beside her at the desk, to process the payment. For approximately 70 per cent of purchases, customers paid with either a credit card or debit card, which required the transaction to be processed using the store’s terminal. Victoria would insert the customer’s card in the terminal, input the amount of the transaction, and pass the terminal to the customer so he or she could input their PIN. After the transaction was approved, Victoria would staple the receipt printed by the terminal to the bill. Victoria estimated that 20 per cent of customers paid using cheque and the remaining 10 per cent used cash. She also estimated that it took her an average of 30 seconds to process a customer payment, and it took the terminal another 30 seconds to process a credit or debit card payment.

Exhibit 2 summarizes the number of staff working at the event and the average times to perform the activities.

ASSESSING OPPORTUNITIES

As Onnie poured Victoria a cup of coffee, they looked at the data collected from the previous year and discussed where opportunities existed to make improvements to the customer shopping experience. To avoid congestion in the store, both women agreed that the 2017 event would invite the same number of guests as the previous year.

Based on her business school training, Victoria had created a list of potential changes to the event for her mother to consider. First, she suggested that more information could be provided online ahead of time, such as merchandise that would be available for sale. Victoria hoped that this would help customers to be better prepared when they arrived at the event. Second, she wondered if the timing for the event could be staggered, for example, inviting half of the guests to arrive at 4:00 p.m. and inviting the remaining guests to arrive at 6:00 p.m. Lastly, Victoria thought that they might consider investing in new technology. She had done some preliminary research about iPads that could be used by the salespeople to create bills for customers. The bills could then be printed at the back desk, after which Victoria would process the payment. Victoria estimated that the cost of the new system, including four iPads, software, and one printer was $15,000. Both Onnie and Victoria hoped to quickly identify specific areas for improvement, as they expected that the 2017 event would be the most successful ever.

Exhibit 1: Customer Arrival Times at the 2016 Event\*

|  |  |
| --- | --- |
| **Time** | **Number of Customers** |
| 4 p.m. to 5 p.m. | 90 |
| 5 p.m. to 6 p.m. | 75 |
| 6 p.m. to 7 p.m. | 50 |
| 7 p.m. to 8 p.m. | 25 |

\* These data were taken from the list used by Carter to note customer arrival times.

Source: Created by the case authors.

Exhibit 2: Activities at the summer promotion event

|  |  |  |
| --- | --- | --- |
| **Resource** | **Number of Staff** | **Average Time to Perform** |
| Greeter (Carter) | 1 | 30 seconds per customer |
| Bartender (Matt) | 1 | 45 seconds per customer |
| Server (Karen) | 1 | 15 minutes per tray |
| Salespeople | 4 | 5 minutes per customer |
| Billing (Emily) | 1 | 90 seconds per customer |
| Payment (Victoria) | 1 | 30 seconds per customer |
| Terminal (credit and debit) | 1 | 30 seconds per transaction |

Source: Created by the case authors.

1. All currency amounts are in Canadian dollars. [↑](#footnote-ref-1)
2. The Ontario harmonized sales tax (HST) was 13 per cent. [↑](#footnote-ref-2)