
MONEY TALKS

Stalking the Oracle of Omaha for Industry Insights

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Oracles speak in riddles, their messages intended for those curious and diligent enough to solve them. So it's no wonder that an intellectual cottage industry has formed around deciphering Warren Buffett's investment choices. I'm not immune.

I think Berkshire Hathaway's investment choices in the third quarter have two important messages for the jewelry industry, apropos for this final marketing column of 2012.

Long Live Local Advertising

At a time when jewelry makers are hyper-conscious of competing with labor costs and product development from around the world, it's interesting to consider that your marketing efforts should be more locally focused. Berkshire's continued investment growth in local newspapers, entertainment, and Internet businesses supports this notion.

First, take a look at what Buffett has to say about his increasing investment position in strong local newspapers: "Berkshire will probably purchase more papers in the next few years. We will favor towns and cities with a strong sense of community, comparable to the 26 in which we will soon operate. If a citizenry cares little about its community, it will eventually care little about its newspaper. In a very general way, strong interest in community affairs varies inversely with population size and directly with the number of years a community's population has been in residence. Therefore, we will focus on small and mid-sized papers in long-established communities."

To Buffett, community cohesion offers an economic benefit.

Now consider that idea as it relates to social media, which is not a replacement for a well-thought-out marketing campaign. It doesn't matter how many people "like" you on Facebook if that doesn't turn into purchases of your product. So what should you be doing?

For designers and manufacturers, it is important to become a partner in marketing to communities in which your retailers' stores reside. That may mean designing a co-op ad for the local newspaper (which is remarkably inexpensive), creating a Facebook contest that you share



with a retailer and its local Facebook community, taking time to post not only on your own Facebook page but as a participant in your retail stores' Facebook pages, and looking for all manner of ways to connect with the consumers in communities where your line is available. For retailers it means creating a strong store brand image and imbuing that image with a sense that you are part of the fabric of the community, and then building a community (yours) within the community. This can be done through events, outreach, and local advertising and promotion.

Keep Hi-Tech Accessible and Fun

Go stand in a line somewhere and see what people are doing. Almost without exception they are buried in smartphones, communicating, playing games, trying to figure out where to go and what to do next. Berkshire has increased investments in IBM (heavily focused on providing “content on every device”), DirectTV, Liberty Media (Discovery Channel, USA, QVC, Encore, STARZ), and Viacom. These investment positions indicate just how bullish Buffett is on the economic powerhouse of portable communications technology and its ability to combine and deliver entertainment and information to thumb-twitching consumers.

So how are you using portable communications technology for your business? Forget on-the-street text messaging: The jury is still out on that. But is your website automatically scalable on tablets and smartphones? Are you giving your client base (and their client base, where applicable) fun things to look at or do on their smartphones? These are the two most important things you must do right now to ensure your marketing efforts are relevant—and accessible—to today's consumers.

The jewelry industry as a whole is way behind the curve in our use of technology, but the consumers aren't sitting around worrying about that. They just spend their expendable luxury dollars on other fun things that catch their attention.

Follow these two suggestions and you should set yourself on the right track for 2013—and be in step with the Oracle of Omaha.

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