

LaBell Multi-Zone Alliance Network O2O + MZAN = O3C

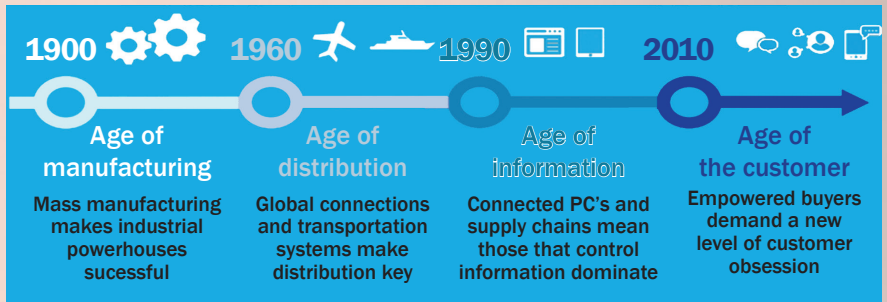
The Bottom Line: It's not Physical or Digital – It's Physical with Digital = 0 + 0

Multi-Channel
The New Norm **>50%** of customers make multi-channel purchases

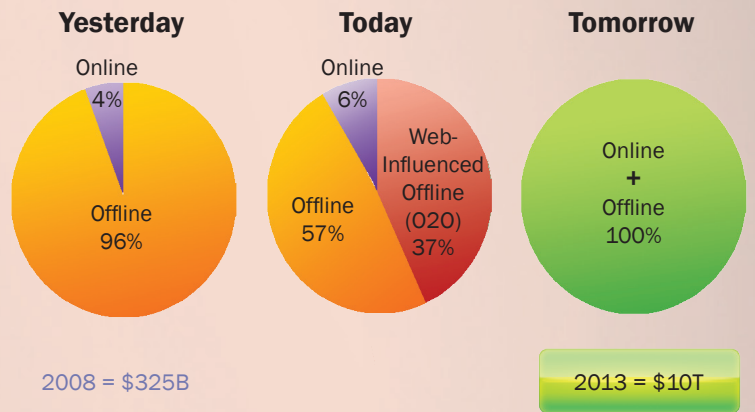
The rise of Social Media **>78%** of customers trust peer recommendations

Mobile Commerce **>38%** of smartphone users have made a purchase using a smartphone

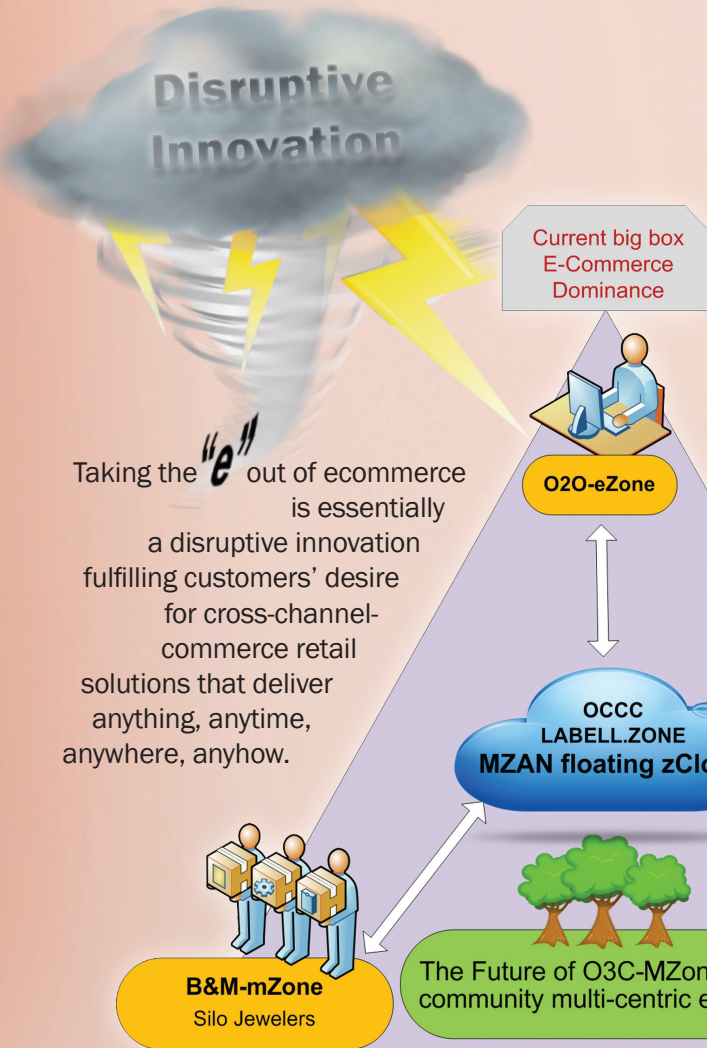
Online Shopping **>15%** growth over last year



Huge Opportunity: Taking the "e" out of ecommerce



All Data: practicalanalytics.wordpress.com 01/2012
Multi-channel to Omni-channel Retail Analytics: A Big Data Use Case by Ravi Kalakota



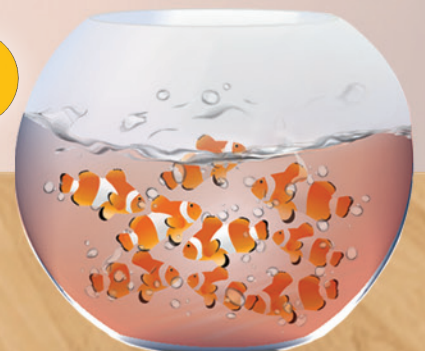
UNIFY & INTEGRATE Claiming the Unclaimed Together!

An article recently stated: "Why Is Online2Offline Commerce A Trillion Dollar Opportunity?"

"With the growth of local commerce on the Web, the links between online and physical commerce are becoming stronger. Bear with me. The significance of O2O is that it finds consumers online and brings them into real-world stores."

LaBellJewelry.com – Cross Channel B2B SUPPLY CHAIN

S&S-sZone: Serve and Support
Our LaBell's Industry Transformative Purpose: Unify and Integrate



LaBell Blue Ocean Multi-Zone Alliance Network: “Value Innovation”

Red Ocean Strategy	VS	Blue Ocean Strategy
Compete in existing market space.		Create uncontested market space.
Beat the competition.		Make the competition irrelevant .
Exploit existing demand.		Create and capture new demand.
Make the value-cost trade-off.		Break the value-cost trade-off.
Align the whole system of a firm’s activities with its strategic choice of differentiation or low cost .		Align the whole system of a firm’s activities in pursuit of differentiation and low cost .

Red oceans represent all the industries in existence today – the known market space. In red oceans, industry boundaries are defined and accepted, and the competitive rules of the game are known. Here companies try to outperform their rivals to grab a greater share of product or service demand. As the market space gets crowded, prospects for profits and growth are reduced. Products become commodities or niche, and cutthroat competition turns the ocean bloody; hence, the term red oceans.

Blue oceans, in contrast, denote all the industries not in existence today – the unknown market space, untainted by competition. In blue oceans, demand is created rather than fought over. There is ample opportunity for growth that is both profitable and rapid. In blue oceans, competition is irrelevant because no-one else is there yet to compete; the innovator has it all on their own.

The cornerstone of Blue Ocean Strategy is ‘Value Innovation’: “the simultaneous pursuit of differentiation and low cost, creating value for both the buyer, the company and its employees, thereby opening up new and uncontested market space.”
- Harvard Business Review 75, January–February 103-112.

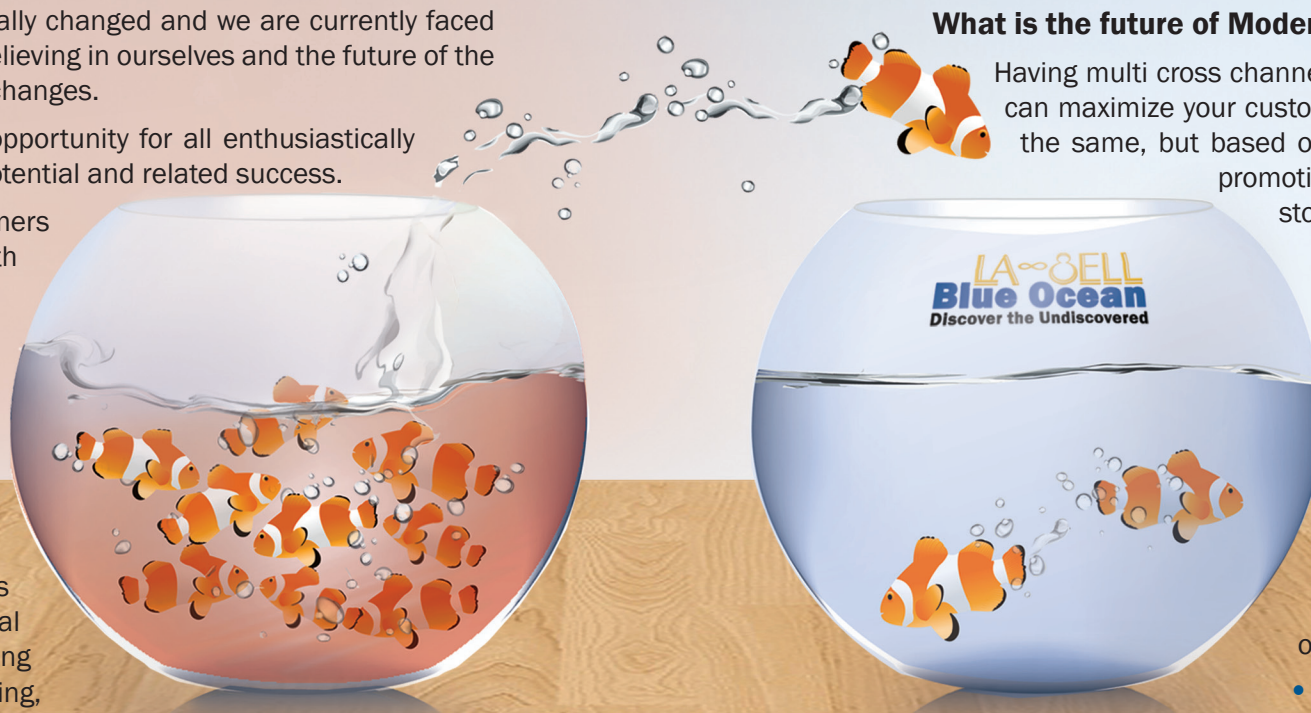
Omni, Multiple, Cross Channel Commerce: LaBell’s Jewelry Industry Transformative Purpose - Unify and Integrate: Claiming the Unclaimed Together

The world of the family-owned Main Street jewelry store has fundamentally changed and we are currently faced with three options - flight, fight or adapt to change; staying the same or believing in ourselves and the future of the jewelry industry as innovators then adapting and making the necessary changes.

We believe that LaBell Omni Cross-Channel Commerce is the biggest opportunity for all enthusiastically joining together to work and share in the almost unlimited Blue Ocean potential and related success.

We “Independents” have always prided ourselves in knowing our customers and will go to the utmost lengths to serve them, thereby being rewarded with their loyalty. That is still the goal; however the current jewelry customer prefers to come into a retail store for the ambiance, professional service and to try on an item, but they also spend a lot of time on-line. Research shows us that 76% of women use Facebook, 60% of whom log-in daily; 70% of women search online exploring new products and wider choices before purchasing; 50% of shoppers prefer in-store pick-up and when they do, they purchase an average of 20% more items.

The internet is thus a new world we cannot deny – a threat to some but a growing opportunity when we know how best to use it. Our customers – most particularly the Millennials, the key to our bread and butter Bridal business – love shopping in our stores but also want multiple shopping options - greater choice, more detailed information, comparison shopping, etc., so they more often use internet and mobile browsing and due to



convenience, make a purchase. For the retailer, if those who go on-line anyway can be directed to pick up their chosen item at your local independent jewelry store, these are all “found” incremental local customers with the potential to make more sales now and in the future.

We have every reason to be confident in and excited about the future of the independent jewelry business. Let’s open our entrepreneurial minds to LaBell’s ideas for disruptive innovation under the theme – “Unify and Integrate.”

Why do we need to disrupt national chain store jewelry dominance and the growth of e-commerce?

The traditional uni-channel retail model is changing. Corporate chains are consolidating, improving their back-end efficiencies and vast purchasing power supported by Wall Street as opportunity for growth is still there. The online virtual market for jewelry, while still relatively small in total, is growing quickly and will increasingly innovatively disrupt the traditional advantages of buying jewelry from the locally owned independent jewelers – their friendly ambiance, their greater knowledge and passion and in-store servicing capabilities.

More and more, our younger, future customers want convenient, quick and relevant experiences across all channels, screens and devices. Driven by the demands of the customer, the “state of the art” in retailing is evolving into OPlusO cross-channel-commerce (O+O+3C) - unified, integrated customer-centric experiences. Over time, retailers will continue to integrate physical and digital resources and incorporate new platforms and devices as they build an enhanced 360-degree shopping experience in response to their customers’ desire for retail solutions that deliver anything, anytime, anywhere, anyhow.

Can Brick & Mortar (B&M) remain a cornerstone foundation of O+O+3C cross-channel-commerce?

Working alone, migration to cross-channel-commerce by the independent family owned jeweler is going to be difficult. The challenge is that local retailers have too little IT integration, too little purchasing power and back end efficiencies, as well as unsustainable cost structures to change quickly and overcome underperforming sales per square foot.

However, as Brian Dunn, former CEO of Best Buy says: “The bottom-line is “The world still belongs to those that are adaptive learners.” Research confirms there is still a lot of good news for the enterprising B&M jeweler. Today 94% of all retail sales are captured by retailers with a B&M presence - 37% Online to Offline (O2O) and 57% uni-channel offline only. Two-thirds of consumers who purchase online use the B&M store before and after the transaction and physical stores help retailers drive online sales; tomorrow the major opportunity will move towards more Offline + Online “OPlusO” cross-channel-commerce.

What is the future of Modern Retail? What’s our platform?

Having multi cross channel sales is good for B&M business. With stores as the foundation, you can maximize your customer satisfaction and profitability. The basic tenets of retailing remain the same, but based on the growth of technology, national jewelry chains are increasingly promoting “shop online, pick up locally” and some of the luxury department stores are experimenting with O2O plus local delivery.

Ideally what the jewelry independent B&M stores need is access to a Cross-Channel-Commerce platform that supports a thriving national community of local independent jewelers that integrates both physical AND digital purchasing, customer support and offers a highly efficient supply chain management system. Conveniently that is exactly what LaBell’s platform will do!

Jewelry B&M is the cornerstone of the Modern Omni-Cross-Channel-Commerce (OCCC) Retail consumer shopping journey:

- **Discovery:** shoppers prefer online for exploring a broad selection of new products
- **Trial and test:** indicate a clear preference for a physical store for touch and feel jewelry categories

- **Purchase:** consumers find that stores offer immediacy and accessibility that cannot be replicated online and prefer stores for better customer service, which they believe is not available online
- **Delivery or Pickup:** Consumers prefer in-store pickup over home delivery for a sense of reliability and trust
- **Returns:** Consumers prefer physical stores for product returns, even purchases made online. For online pure-plays, returns are a dead-net cost; for B&M stores, a return is a potential new sale

What other distribution channels and platforms are selling jewelry?

Almost without recognizing it, People-to-People (P2P), Friends and Family (F&F) jewelry platforms are growing quickly in both local communities and nationally perhaps best exemplified by Stella & Dot which is now valued at over \$700 million; ETSY, a F2F platform for selling handcrafted items by thousands of individual designers, recently went public with a valuation of over \$3.5 billion. Obviously, like the internet, these platforms can be looked at as either a threat by the “laggards” or as an opportunity created to be taken advantage of by the “innovators.”

What is the “Value Innovation” of the LaBell Multi-Zone O+O Platform?

LaBell will create our own national marketplace by integrating online choice, convenience and information, with offline local pick up, ambiance and sophisticated servicing. Labell.zone MZAN-O3C-ZCloud will expand distribution channels and cross-support options to better serve the jewelry end-customers while still allowing the local participating family retailer to maintain their independence.

We will then offer the opportunity for enterprising end-consumers to purchase and directly sell to their own networks of Friends and Family with tie-ins with their local B&M jewelers for service and joint crossover local activities. We will also offer a platform for independent designers to integrate their items into the LaBell Zone – comprising local merchants, online and F&F re-sellers - this way we can also offer other items of similar artistic, craftsmanship and design which will appeal to the same end-users.

LaBell will simultaneously develop a Cross Channel B2B supply chain platform to link its vendor backend sZone to the LABELL OPLUSO ZONE offering speeded delivery, automatic replenishment and testing of new items. By doing so we will create a much larger more competitive “pie” in which all active participants can share and benefit from that will be potentially bigger than existing big box and online jewelers!

Finally, LaBell Zone will be allocating a portion of the online sales to the MZone fund for the future growth of the O+O MZone community. Bottom line: LaBell Blue Ocean “Value Innovation” is not about physical or digital; it’s all about physical Offline PLUS digital Online!

Our Plan: First year - allocating special Premium Privileges to the first 100 qualified “Innovator Merchants,” and about 500 qualified “Early Adopter Merchants,” for the launch of the LaBell product portfolios’ crossover B2B supply chain with basic terms and conditions plus all other terms can be claimed your way! The main purpose of this stage is to utilize and integrate each other’s strengths, logistics structures and support mechanisms, to create a learning curve from which to form our future Omni-Zone policies, for the Merchant with the integrated Commerce. LaBell will choose 9 to 11 will be chosen from the 500) to become our So get on board the most of this opportunity independence of the jewelers.

UNIFY & INTEGRATE
Claim the Unclaimed



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