

Stories BEST BUYS

Beads

By Eve Kelly | Published Thursday, Sept. 20, 2007



"That's it," said my friend Bernice, exhausted and grumpy after what was supposed to be a relaxing afternoon of shopping. "Customer service is officially a thing of the past. I'm shopping online from here on out. At least that way I won't have to talk to anyone." I knew that getting out of the house to shop was practically therapy for Bernice, so I hated to hear her so despondent. Happily, I had an answer for her. "A little bird just told me about a place where the prices are low and the customer is king -- and the bird was wearing the most darling pendant."

The next day, we headed up to South Sun (858-309-5045; www.southsunproducts.com), a bead-and-jewelry superstore in Serra Mesa. There, I met with owner Shlomo Gruer and his wife Pnina. "You have to cater to the public," he said. "If you don't like that, you shouldn't be in retail. I like to give my customers lottery tickets, sweets, and water. I try anything I can to make sure the customer leaves here smiling. If a customer leaves not smiling, then we did a lousy job."

After a tour of the mammoth 45,000-square-foot facility (of which the showroom is expanding to occupy 18,000 square feet), Bernice started shopping and I sat down with the couple in their office. "I'm from Zimbabwe," said Gruer. "There, I had 25 stores -- mainly clothing. When I came to San Diego, I went into jewelry, bringing in product from the Far East -- mainly Thailand and Indonesia. Then I started a new system of wholesaling. Everyone was selling by the piece; I started selling by weight, and it changed the whole market."

Things went beautifully until Gruer's competitors started imitating his model. He decided to move one step closer to the customer. "I opened a showroom on Fifth Avenue in New York and started going after department stores and outlets like QVC, Home Shopping Network. That's my main business now. In the beginning, I was just buying jewelry and reselling it, but later, I started manufacturing." This gave Gruer two advantages: "First, I could have my own designs, things nobody else had. Second, I could control delivery times to my customers. If you don't deliver on time, your order will be cancelled. So now, I have my own manufacturing facility."

Gruer's retail jewelry business grew out of his manufacturing and wholesale efforts. "I normally manufacture 10 percent extra on an order from a department store or QVC, just in case there's a quality problem with some of the pieces. After a while, that 10 percent on every order becomes a mountain of jewelry. I thought, 'I could offload this extra jewelry to the public.'" And the same thing had already happened with beads. "In the beginning, I would supply the jewelry stores with just the pendant. Later, I started supplying the whole necklace. When I ordered the stones from China, I would order the same 10 percent extra, and after a few years -- a mountain of extra stones. What happened was, this thing we opened to get rid of our excess stuff became a fantastic business." That's at least partly because the excess stuff comes at a deep discount: South Sun sells department store jewelry at 75 percent below retail price -- a \$160 pendant would go for \$40. (Right now, they're running a special on pendants: buy two, get one free; buy five, get three free; buy ten and get ten free.) And it's partly because of the sheer quantity on display. "No jewelry store in America has got as much variety as we have here. Every day, I put out 100 new items, and the majority of them are my designs."

All the stones come from China because that's where they're processed. "It's all hand labor," explained Gruer. "They take the stones, one at a time, cut them, shape them, drill them, polish them, and then string them on a standard 16-inch strand. If it needs to be faceted, the finished bead goes to another factory, one that specializes in faceting." But while they all end up in China, they hail from all over the world. Said Pnina, "They come from Brazil, Africa, and so on. The majority of what we have is natural stone -- things like agate, moonstone, jasper, and turquoise. But we'll also bring in ceramic, metal, silver, glass, wood, and base-metal beads." Prices per strand range from \$1 to \$125 (the top price applies to things like pearls, emeralds, and rubies).

The department stores and shopping channels tend to get the best of the best, but Gruer says that everything at South Sun runs from at least medium to high quality. "We make sure that there are no cracks in the stones and that the polishing is good." (A pearl might be slightly out of round, but it will be far less expensive as a result.) "And because I work with the department stores," noted Gruer, "I get information from salespeople. So I know what sorts of things will be 'in' in the next three months."

The business continues to grow: with so many supplies, and so many examples to draw from, a beading school seemed a natural development. "We offer about 23 different classes [\$18-\$25]. They run about two hours long, with about eight people per class. I draw teachers from my customers here. We supply all the tools and the classroom; you get a list of materials before the class, and you can buy them all in the store. People think you have to be an artist to create something. People come to me and ask, 'What should I do?' I tell them, 'You're the artist. What you like -- that's the right thing.'"