

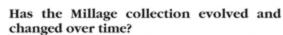
Forward-Looking **Styles**

An Interview with Roy Rothschild, Principal, Millage, Inc.

EDITORS' NOTE In 2005, Roy Rothschild, an avid art collector, numismatist, and angel investor, came out of retirement to join Millage, Inc., in his current post.

COMPANY BRIEF Founded in 1867 in Persia by Millage Massih and beadquartered in Los Angeles since 1997, Millage, Inc. (www. millage.com), manufactures fine men's and women's wristwatches in its own factories in Europe. More Roy Rothschild than 100 styles in stainless steel and

high-tech aluminum, as well as 80 different dial colors, are available across a wide range of prices. The company - whose first patrons included the Persian King - continues to be owned and operated by the Massih family.



Our collection definitely has changed and evolved. We're very competitive as far as new looks, trends, and mainstream styles.

Who is your target market?

Currently, because of economic conditions, our market is upper-middle class and up. And our new line focuses on men.

Are you happy with the level of brand awareness you've achieved?

I can't tell you that we're totally satisfied, but who is these days? We are elated with our new styles, which are really forward-looking. We're highly competitive in the \$5,000 to \$50,000 price range, which appeals to the upper-middle classes and up.

Are there plans to change the number of collections you offer?

We're dropping some styles, like those that don't appeal to the market at this time. However, we have several classic designs that we're keeping.

Have current economic challenges affected the business?

People who say they're not affected are a little bit delusional about the realities of the current marketplace. Everything's trimmed down. The volume that was once there is no longer, and I don't see it changing for several years.

What are your current distribution channels?

We've streamlined our distribution process. Retailers are buying directly from us now, so



ing at the other lines they offer to determine if our line fits within their marketplace. How challenging is training the sales force at your retail partners when there is significant

to find the right match just by look-

turnover? It's close to impossible. I think the responsibility to train the sales staff lies with the retailer, but because of high turnover, it's almost impossible for salespeople to know the entire

line and be able to speak properly about each particular piece unless they themselves have a great interest in watches.

we're dealing

with retailers di-

rectly rather than work-

ing through distributors. We

look for retailers that have the right clientele. It's actually easy

Can the Internet drive your business, or does selling a high-end watch require more personal attention?

The Internet hasn't driven business for us. All the Internet really does is give the line exposure. A person has to be the one to make a sale on a watch of a certain price point. Generally, people want to see a high-end watch, rather than just buy it off the Internet. As far as costume jewelry watches or older brand watches such as Bulova, those are commonplace to sell over the Internet. With watches that are visually complex, people want to look at the watch, touch the watch, feel the weight of the watch, and see the watch work.

Do you see natural extensions into other product areas, and do you see growth in other markets outside North America?

We've talked about product extensions in the past, but at this point, with the economy the way it is, we're going to move slowly. We'd like to broaden our market internationally, but our focus is exclusively in North America right

Were you interested in the watch business early on?

I've been collecting watches for close to 40 years. My interest in watches is not only from a business standpoint but from a collector standpoint. My first watch was a Baume & Mercier strap gold case watch, which I bought from the sales rep who was a friend of mine. That was the beginning of my passion for watches. For a man, it's the only real piece of jewelry he can wear and collect.

Do you always wear a Millage watch?

I don't always wear a Millage watch. I have so many different watches. I probably wear a Millage watch two to three times a week. I pick one to go with what I'm wearing. If I'm wearing dark clothes, I might pick a dark face. If I'm wearing jeans, I might pick a silver case with a light face. It depends on how I'm dressed, because I color coordinate. I wouldn't call myself a fashion plate, but I do wear the same color shoes as my belt and watch strap.

How focused are you on customer service and post-purchase service at Millage?

That's one area we're very proud of. We have had no complaints and no disgruntled customers. We guarantee watches for seven years, which is long for the industry.

How do you define the term luxury?

Luxury is a term that can be interpreted in many different ways. Luxury has a lot to do with price point, brand name, and how it's interpreted by the customer through advertising and marketing. To someone who's middle class, a watch in a certain higher end price range would be a luxury item. However, I don't think anyone would say a Timex watch is a luxury item, even if it is sold at a luxury price. So price is just one factor. Heritage, or the lineage of a company, is another factor. When you use precious metals, there is a perceived value, so that would be another. And impeccable craftsmanship and creative genius to manufacture goods classified hors concours [beyond competition].

What are your key priorities to make sure the brand stays strong and continues to grow?

One of the most important factors is advertising. For consumers, advertising reinforces the value of a product and its spot in the marketplace, and it reinforces desire through different

Millage Hampton watches with silver and gold cases