

RETAIL: CARRIERS, CASES BOTH PROTECT AND STYLISHLY PROMOTE PRODUCTS

## Accessory Co. Tries to Stay Step Ahead of Devices

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In recent years, STM Brands has launched several new product lines including Streets and Myth, from which this slate blue laptop bag is from. Photo courtesy of STM Brands

It was the combination of a padded postal envelope and a pricey laptop that inspired Ethan Nyholm, founder and global CEO of STM Brands, to design his very first laptop bag back in 1998 while attending college for business marketing in Sydney, Australia.

He did not want to carry his laptop in the traditional black briefcase, which seemed like the only viable option, but not exactly the most fashionable or convenient one.

Nyholm was also working in IT at a clothing company at the time, so he opted for a cushioned bubble envelope he purchased from the post office. He stored his laptop in there for protection and threw it in his hiking backpack for convenient transportation.

And, that is when STM Brands was born.

“That was the spark, the moment I said to myself, ‘there has to be something better’,” said the 49-year-old Nyholm, who launched the company in Australia with partner Adina Jacobs.

Today, STM Brands is celebrating 20 years in business as a leader in accessories for laptops, tablets and phones. The company has more than 50 employees globally, with approximately 32 of those in its San Diego headquarter.

The Poway-based offices opened in 2004 after Nyholm hired his first U.S. employee and business partner, San Diego-based Wayne Faulkner. Nyholm met Faulkner at a tech conference and immediately clicked with him, he says, so, San Diego was a natural place for the company to launch in the states. STM’s sales, operations and accounting, among other departments, are located there. In 2013, STM Brands’ revenue was \$10 million. Since then, STM has grown from 15 percent to 25 percent year-over-year, according to the company.

## Making Key Connection

While competition is heavy, what makes STM Brands stand apart, according to Nyholm, is not only the quality and detail of the products the company offers, but the longstanding rapport it has developed with its clients. Early in its trajectory, STM Brands created a work relationship with Apple as well as Target, he says, and still works closely with both companies, among other big-name brands and retailers.

“When I teamed up with Adina to launch the company, I looked online to see what else was out there, and there were no good solutions,” said Nyholm, adding he also did a search for “luggage” in the Yellow Pages as part of his research. So, he designed a backpack model, which Jacobs, who had background in fashion, production and sourcing, helped him manufacture. They also created a vertical shoulder bag. And the two of them walked door-to-door trying to sell their then-innovative products to businesses.

“We happened upon stores that sold Apple items, and they had just released the iBook clamshell laptops,” said Nyholm. “The colors we had chosen for our sleeves happened to be four of the five colors they had released. And, so, Mac Apple stores became our first group of clients.”

Shortly after, STM Brands landed a contract with PricewaterhouseCoopers, an international professional services network headquartered in London, to create laptop bags for its employees. This came about following a recommendation from a friend of Nyholm’s, who worked at PricewaterhouseCoopers at the time. In 2018, PricewaterhouseCoopers accounted for 250,930 employees worldwide, according to its website.

He credits the growth of STM to his ability to continue to connect with different companies through the years at trade and tech shows, including Macworld Expo.

## Phones Call

In 2015, STM Brands acquired Element Case, a phone case brand. In 2017, STM Brands officially changed its name from STM Bags to better reflect its growing company, while STM Goods is the brand under the STM Brands umbrella that makes bags, cases and accessories.

Manufacturing primarily takes place in Vietnam and China. Nyholm says while quality manufacturers are hard to find, STM was lucky to have gotten introduced to reliable ones early on. Production in India began in 2016. There are global logistics centers in the United States, Australia, Hong Kong, China and U.K./Europe that handle shipping.

The sector is highly competitive with lots of demand for the accessories, says Miro Copic, a marketing professor at San Diego State University.

“What is driving the demand is the shift away from briefcases to backpacks as a business staple. It is easier to carry a laptop this way and a lot better to travel with as a result,” he said. “The backpacks are sturdy and more versatile. This is a big shift in consumer behavior and STM has capitalized on it.”

Copic said STM Brands’ ability to continue to cater to its partners by continuously releasing items that complement new releases is a plus.

## Studying Devices, Uses

“We spend a lot of time anticipating and trying to understand how people use their devices,” said Nyholm. “We focus a lot of time on the product development stage and understanding our customers and their needs. We want to add functionality and protection, but not take away from its craftsmanship. It’s about finding the right balance.”

Nyholm adds that STM Brands has garnered a lot of its success through its presence in trade and tech shows, including Macworld Expo, as well not being afraid to “morph” to better fit new products launches by its partners, like Apple.

“Because of our close ties with some of these larger corporations, as the group changed and morphed, we morphed with them through new designs of iPad cases or phone cases and even Microsoft Surface cases,” he said. “Because of our relationships with them, we were able to sit with them and show them what we had and what we were capable of doing.”

## Disaster Preparedness

But, success hasn’t come without perils.

Nyholm says the events on 9/11 were a hard hit for STM Brands, as the company was heavily engaged in the travel industry at the time. The Great Recession also hit company sales.

Nyholm saw a lot of his competitors go out of business then. He says STM Brands was able to survive the global economic crisis because of surplus funds in the company’s bank account that allowed it the time and space to turn things around when sales were down.

Things have been looking up ever since for STM Brands. The acquisition of Element Case in 2015 has allowed the company to make a name for itself in the mobile world.

“We felt we had a gap in our product assortment as we didn’t do cases then or anything for mobile,” said Nyholm, adding the company creates cases in stylish and sturdy materials like carbon fiber, anodized aluminum and stainless steel. In 2016, STM Brands launched its first and sole proprietary

online store, which Nyholm says is doing great thanks to direct relationships with its consumers. The reason for the delay in launching its own site was because the company didn't want to directly compete with the retail network it was working with closely, including Target. Nyholm says it hasn't affected any of the relationships thus far.

And, in 2018, the company introduced its own augmented reality application at the Consumer Electronics Show in Las Vegas. The idea is to help consumers interact with the product a little deeper, says Nyholm, to help them understand better how it organizes and protects their investments. The app is available on iPhone and Samsung devices.

"We live by the golden rule: treat others as you like to be treated," said Nyholm. "I know it's cheesy, but, it's the truth. Developing trust and long-term relationships is key (factor) in business. At the end of the day, these people have a lot of options, but, if you find a company that puts out good products and is good to deal with, why go anywhere else?"