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# TIFFANY & CO.

## COMPANY BACKGROUND:

Started in 1837 by Charles Lewis Tiffany and John B. Young, Tiffany & Co. is the world's largest luxury jeweler. Every piece and collection of jewelry captures the spirit of the current times. Renowned for the Tiffany-cut diamond engagement ring, they sell jewelry, sterling silver, china, crystal, stationery, fragrances, personal accessories, and some leather goods. Tiffany's continues to showcase timeless pieces with extraordinary craftsmanship.

## THE JEWELRY INDUSTRY:

The jewelry industry is continually growing and changing. Jewelers need to be aware of the changing trends and developments. Today, the jewelry industry is still mainly local. Worldwide, only 12% of the market consists of the 10 largest companies, and only Tiffany & Co. and Cartier are top 100 interbrands. The remaining 88% of the market is made up of small, yet strong national brands with single-branch stores. It is expected that these national brands, like Swarovski, will become part of the top global companies.

## COMPETITORS:

Among its main competitors, are Blue Nile and Pandora. Blue Nile is the largest online diamond retailer. Its target audience is tech-savvy men, whereas Tiffany's audience is both male and female gift buyers for special occasions. One of Blue Nile's strengths is its affordability. Low prices encourage customers to choose Blue Nile over Tiffany's. However, Blue Nile lacks a brick-and-mortar store, giving Tiffany's the opportunity for its customers to see and try out the jewelry first hand.

Another main competitor for Tiffany's is Pandora. It is a well-known jeweler that targets women gift buyers. It allows its customers to design their own jewellery. Its strengths include a unique selling point and a positive brand image. Its weakness: brand awareness.

Other fine jewelers, like Cartier, Swarovski, and Bvlgari, are indirect competitors.

## RECENT PERFORMANCE:

Looking at its financial statements and data analysis, Tiffany & Co. has maintained consistency in its profits. Its gross profit ratio changed only slightly from 2011-2015. 59.0%, 57.0%, 58.1%, 59.7%, 60.7% were the respective annual profit ratios. However, during the same period its net earnings decreased from 12.1%, 11.0%, 4.5%, 11.4%, 11.3%, respectively. Even Though Tiffany's earnings have decreased, it still managed to maintain a high gross profit margin, proving that the company runs efficiently and profitably. Recently, its gross profit in 2016 is \$2,491.3 and in 2015 it was \$2,537.2. Even though this is a slight decrease, it indicates that the company is maintaining a steady profit margin.

## OPERATIONS STRATEGY:

There are multiple aspects to Tiffany's operations, such as the processing and refinement of gemstones and metals. However it is their diamonds it are known for. Laurelton Diamonds is a subsidiary established in 2002 by Tiffany & Co. It sources, cuts, polishes and supplies finished stones to Tiffany & Co. Tiffany's purchases diamonds directly from Australia, Botswana, Canada, Namibia, Russia, and Sierra Leone. All these countries are participants in the Kimberley Process Certification Scheme (KPCS)--an international government and civil society monitoring system created to eliminate "conflict diamonds."

The process starts with Laurelton Diamonds purchasing rough diamonds from known mines or suppliers that take part in the KPC. At Laurelton Diamonds, most of the purchased rough diamonds are cut and polished. The remaining polished diamonds are purchased by Tiffany's from suppliers that work with the World Diamond Council System of Warranties (a part of the KPCS). From there, the diamonds are either internally manufactured or crafted by approved vendors, to later be distributed for sale.

## CORPORATE STRATEGY:

Tiffany's goal is to raise customer awareness of the brand and everything it stands for: elegance, quality, and classic luxury. In order to reach their goal, Tiffany & Co. has also taken the initiative in reaching out to customers through different platforms, such as the online market. In addition to inviting customers to visit Tiffany's brick-and-mortar stores, Tiffany's is also reaching out to customers via the internet and "pulling them in."

Recently, as a new way of expansion, Tiffany & Co. is teaming up with Net-A-Porter -- an online luxury fashion retailer. This will make select Tiffany pieces purchasable on Net-A-Porter's website for a limited time. This global collaboration will open the door for Tiffany & Co. to reach out to prospective customers. While Tiffany's already has a presence in 13 countries, Net-A-Porter has customers in over 170 countries, which will further Tiffany's reach on the global market.

## TECHNOLOGY:

Brand awareness is something very important to Tiffany & Co. There are multiple platforms that Tiffany's can use to remind customers of the sophistication and quality of its products. Just like the collaboration with Net-A-Porter to expand to the online market, Tiffany's has taken advantage of technology to expand over social media -- including Facebook, Instagram, Tumblr, and youtube-- as a way to reach out to customers.

As an advantage of technology, Tiffany & Co. has created an engagement ring finder app. The app allows users to look for ring, view carat weights of diamonds, find ring sizes, as well as take a picture of their left hand and virtually view the rings. The app is also used to book appointments at one of its locations to try rings in person. This widens Tiffany's platform with its customers. Many people have been sharing the app and the photos on social media promoting Tiffany's. This brings in new customers who may have gone somewhere else, but with the app, they visually saw the ring on them. This app gets Tiffany & Co. ahead of the market for making, encouraging more people to purchase its engagement rings.

## ENVIRONMENTAL IMPACT:

For many years, Tiffany's has sourced its diamonds from conflict-free mines as part of its commitment to creating a positive social and environmental impact in the world. Additionally, Tiffany's is committed to reducing the impact of climate change. Since 2006 it has been responding to the CDP (Climate Change Request) and working to reduce its carbon footprint. Its New York City corporate offices were consolidated according to LEED green building certification program. Manufacturing and distribution-wise, Tiffany's has implemented certain energy-saving programs such as the use of solar arrays. With its success from 2006-2011, Tiffany's goal from 2013-2020 is to reduce its total global greenhouse gas emissions by 15%. In 2015, Tiffany & Co. received a Climate Leadership Award for Greenhouse Gas Management.

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