A CASE STUDY: TIFFANY & CO.

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Introduction

Tiffany & Co. (henceforth referred as “Tiffany”) is America’s premier purveyor of jewels and time-pieces, as well as luxury table, personal and household accessories. Founded in 1837 by Charles Lewis Tiffany, Tiffany’s design philosophy has been based mainly on the central tenet that “good design is good business”\(^1\). All Tiffany’s designs are presented in the Tiffany Blue Box, recognized around the world as an icon of distinction and a symbol of the ultimate gift to celebrate life’s most joyous occasions. Today, the company’s 100 plus boutiques in 17 counties continue the company’s tradition of excellence\(^2\).

This paper consists of several segments: (1) brief history of Tiffany; (2) organizational structure of the company; (3) marketing and product attributes; (4) target audience; (5) the unique selling proposition of its products; before concluding the paper.

Brief History of Tiffany: 1837, Tiffany & Young is established

Tiffany & Co. is a U.S. jewellery and silverware company founded by Charles Lewis Tiffany and Teddy Young in New York City in 1837 as a “stationery and fancy goods emporium.” The store initially sold a wide variety of stationery items, and operated as Tiffany, Young and Ellis in lower Manhattan. The name was shortened to Tiffany & Co in 1853 when Charles Tiffany took control, and the firm’s emphasis on jewel-lery was established. Tiffany & Co. has since opened stores in major cities all over the world. As part of its branding, the company is strongly associated with its Tiffany Blue colour, which is a registered trademark. Since then, Tiffany designs were worn by many famous US families such as the Astors, the Vanderbilts, Posts, Huttons and the Morgans. Athletes, Hollywood stars, and even European royalty adored these diamonds.

Tiffany’s strong emphasis on good jewelry designs was no surprise, given Louis Comfort Tiffany’s reputation as one of the greatest painters and designers of American decorative art. He was born in New York in 1848, the son of Charles Lewis Tiffany. Incredibly talented and creative, Louis Comfort Tiffany enjoyed a remarkable career. L.C. Tiffany made his most impressive mark on the art scene by designing stained glass windows, lamps, mosaics and other fine decorative jewellery, which was exhibited worldwide. At the turn of the 20th century Tiffany earned several prizes, honours, and international status at the Universal Exposition in Paris. Prior to being named the first Design Director of his father’s Tiffany & Co. in 1902, he managed a number of interior design firms and decorative art companies.

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\(^2\) Ibid.
Louis Comfort Tiffany was also incredibly innovative and single handily set the stained glass world on a new course. Tiffany came up with an idea to amalgamate bits and pieces of discarded glass thrown off from production of his stained glass windows to form beautiful decorative lamps. Tiffany’s diverse collection of eclectic colours and techniques, known today as Tiffany glass, continues to be in a class of its own. Louis Comfort Tiffany was also heavily influenced by Japanese art forms in which nature was front and center. The following are some examples where nature has clearly played an important influence in the conceptualization and design of jewelry pieces:

Vision/Mission

Since its inception in 1837, Tiffany & Co. has been guided by the belief that a successful company has a responsibility to the greater community. Through The Tiffany & Co. Foundation, the company broadens the scope of its corporate giving efforts with grants to non profit organizations dedicated to the education and preservation of the arts and environmental conservation. As it is from nature that Tiffany draws raw materials and inspiration that have shaped the company’s heritage, the Foundation’s Environment Program also looks into the conservation of natural resources in the areas of responsible mining, coral reef conservation and protection.

Mining Values

Tiffany & Co. Chairman and CEO Michael Kowalski understands the importance of aligning Tiffany’s values with its stakeholders. He remarked that consumers want to buy jewelry with a good con-
science; Tiffany promises that as part of its brand. “There’s an expectation that the precious metals and gemstones crafted into our jewelry were produced in ways we all would be proud of.”

**Strategies**

The Environment Program seeks to accomplish its mission both domestically and internationally by promoting collaboration and capacity building in the following areas:

- **Responsible Mining**
  
  - The foundation supports capacity building to promote responsible mining.

- **Coral Reef Conservation**
  
  - The foundation supports research as well as community-led work promoting the conservation of our coral reefs.

- **Land Protection**
  
  - The foundation supports the implementation of comprehensive land conservation strategies. Support will focus on communities in which Tiffany & Co. operates.

**Organization Structure**

Tiffany & Co. is a holding company that operates through its subsidiary companies (“Company”). The Company’s principal subsidiary, Tiffany and Company, is a jeweler and specialty retailer, whose merchandise offerings include an extensive selection of jewelry (83% of net sales in fiscal 2006), as well as timepieces, sterling silverware, china, crystal, stationery, fragrances and accessories. Through Tiffany and Company and other subsidiaries, the Company is engaged in product design, manufacturing and retailing activities.
The Company’s channels of distribution are as follows: U.S. Retail (50% of fiscal 2006 sales) consists of retail sales transacted in TIFFANY & CO. stores in the United States and sales of TIFFANY & CO. products through business-to-business direct selling operations in the United States; International Retail (38% of fiscal 2006 sales) consists of sales in TIFFANY & CO. stores and department store boutiques outside the United States and, to a lesser extent, business-to-business, Internet and wholesale sales of TIFFANY & CO. products outside the United States; Direct Marketing (7% of fiscal 2006 sales) consists of Internet and catalog sales of TIFFANY & CO. products in the United States; and Other (5% of fiscal 2006 sales) consists of worldwide sales of businesses operated under trademarks or tradenames other than TIFFANY & CO. (i.e., LITTLE SWITZERLAND and IRIDESSE). Other also includes wholesale sales of diamonds obtained through bulk purchases that are subsequently deemed not suitable for Tiffany’s needs.

The Company’s key growth strategies are: to selectively expand its channels of distribution in important markets around the world without compromising the long-term value of the TIFFANY & CO. trademark; to increase sales in existing stores by developing new products; to increase its control over product supply and achieve improved profit margins through direct diamond sourcing and internal jewelry manufacturing; to enhance customer awareness through marketing and public relations programs; and to provide customer service that ensures a superior shopping experience.

Culture

Tiffany & Co. recognizes that their success depends on the quality and dedication of their people. They provide extraordinary training and support in an environment that emphasizes challenge through team-driven initiatives and focuses on critical thinking and open communication. Other than that, Tiffany also ensures that employees are rigorously indoctrinated in Tiffany’s values for world class quality, uncompromising service, and social responsibility. All sales associates are expected to be able to tie the famous Tiffany bow that adorns every blue box. Jewelers working in the back room are expected to wear coat and tie as a reminder that they are the keepers of the Tiffany’s tradition for making heirlooms for the next generation.4

4 Strong brand, strong reputation: One without the other creates imbalance, “Chapter One”
Brief Design History

The following summarises in a gist, the key milestones in the design history of Tiffany:

- 1837 - Charles Lewis Tiffany opened Tiffany & Co. to sell fine stationery, soap, parasols jewelry-and novelties.
- 1845 - Creation of “Blue Books” catalogs that allowed people all over the country to order goods.
- 1850 - Purchase of diamonds from Europe aristocrats
- 1870s - Influence of Japonism (Japanese styled motifs)
- 1890s - Design more “all-American” jewelry by materials native to the United States. Greatest advantage was gemologist, George Frederick Kunz, who sought out unusual colored stones in Northern America.
- 1880s-1890s - Famous for its enameled orchid pins by in-house designer, G. Paulding Farnham. Each orchid was based on a fine botanical watercolor.

Products and Target Audience

Tiffany offers a wide range of products that not only include jewelry and time pieces but also household living products. A complete list as follows:

- Fine jewelry—diamonds, pearls, colored stones, platinum, gold, and silver
- Engagement/bridal jewelry
- Timepieces
- Sterling silverware
- China
- Crystal
- Stationery
- Fragrances
- Accessories

Among its immense selection of products, Tiffany specializes in fine jewelry pieces. Due to their wide product offering, Tiffany captures a large segment of the consumer population.
Tiffany Legacy and Celebration Jewelry Pieces

The Legacy and Celebration jewelries are one of the few fine jewelry collections from Tiffany. Incorporating precious gems, diamonds and fresh water pearls in the jewelries’ design, prices can range from tens to hundreds of thousands for any piece. Not only is it targeted at customers with deep pockets, it also require insider gem knowledge, thus creating a highly niche consumer profile.

Celebration rings are not unlike the Legacy collection; featuring classic round diamonds set in brilliant diamond and platinum bands, such rings are marketed to capture and commemorate life’s precious moments and milestones through the purchase of the Celebration jewelry pieces. Indeed, life’s important occasions have been capitalized by Tiffany: the arrival of a new baby, birthdays, wedding anniversaries and the occasional indulgence by the single woman have been made into an extensive advertisements.

Capitalizing on life’s important moments, Celebration rings are marketed to highlight and remember crucial turning points and transition stages in life. An example of one of the many celebration advertisements that can be found on the website.

Tiffany, recognizing the growing trend of affluent self-buyers, has also started targeting women (Cuneo, 1997, ¶3). Currently, roughly 70 percent of jewelry purchases are gifts for women, with the remaining 30 percent accounted for by women buying jewelry for themselves (Rosen, Samuels, & Tunick, 2003, p. 58) as they become more prominent in the workforce (Horovitz, 2003, ¶11). According to U.S. Census Bureau data, women are earning higher salaries than ever before. The median income for women employed full-time rose from $21,477 in 1970 to $30,240 in 2001 (Silverstein & Fiske, 2003, ¶21). Women have also started marrying later in life, accumulating larger personal disposable incomes (Rosen, Tunick, & Samuels, 2004, p. 58). Thus,
Tiffany has begun marketing the right-hand ring as a symbol of financial independence and strength. According to Marilyn Knight, a buyer for Jewelry Warehouse, “While a ring on the left hand symbolizes love and commitment, a ring on the right hand is a statement of individuality” (Young, 2004, ¶10).

Examples of advertisements targeting single women. Note that the models in both advertisements are wearing Celebration rings on their right hands. With text such as, “a treat to yourself”, “worked hard to achieve a dream” and so on, the marketing message clearly looks at the single successful women that have higher disposable income and can comfortably afford a Tiffany jewelry.
To also expand its base of consumers, Tiffany also started putting prices in its ads in order to attract lower-income customers and offering less expensive jewelry items (Bongiorno, 1996, ¶9). Tiffany hopes to convince those aspiring to own the Tiffany brand that anyone can afford its luxury name, even if they cannot afford the luxury price tag (Cuneo, 1997, ¶1). Targeted mainly at college educated young women from the ages 21 onwards, the sterling silver 1837 and Return to Tiffany & Co. jewelry collections are easily affordable for the less-affluent customers. The engraved collections feature bracelets and necklaces designed as chains with circular or heart-shaped dog tags. With prices starting as low as $175, this collection has become popular among male customers buying for their wives or girlfriend as young women continue to aspire to own something from the brand (Chee Kee, 2004, ¶8). Tiffany hopes customers who buy small pieces will remember the company for the day they can afford more, believing that small purchases will lead to lifelong loyalty (Lorge, 1998, ¶16).

1837 and Return to Tiffany Collection are some of the classic jewelry pieces. Made out of sterling silver, the collection targets college educated women from ages 18 to 26 that aims to own a piece of Tiffany without having to pay hefty prices for it.
Tiffany has also sought out creative collaborations with designers such as Gehry, Picasso, Peretti and others which help to add an updated, contemporary twist to its line of jewelry offerings. Such designs are more abstract and modern, and it is hoped that through this product offering of bold, fluid and classy jewelry pieces, Tiffany will be able to capture new customers and young converts to the Tiffany brand. In this segment, we look at three designers, namely Schlumberger, Gehry and Peretti, that have forged important jewelry pieces with Tiffany.

Jean Schlumberger

Jean Michael Schlumberger was a jewelry designer especially well-known for his work at Tiffany & Co. In 1956, the president of Tiffany & Co., Walter Hoving, asked Schlumberger to begin designing for the firm. He had his own workshop at the company until his retirement in the late 1970s and was eventually made a Vice-President.

Schlumberger’s designs at Tiffany & Co. were remarkable for their whimsical interpretations of natural forms. He was especially inspired by sea creatures and other animals. Diana Vreeland wrote that Schlumberger “appreciates the miracle of jewels. For him, they are the ways and means to the realization of his dreams.”

One of the most famous pieces that Schlumberger created was the mounting for the famed Tiffany Diamond, which was in the firm’s collection since the nineteenth century. The brooch, entitled “Bird on a Rock”, incorporates the impressive 128.54 carat yellow diamond in a fanciful setting typical of Schlumberger’s style. Schlumberger remains one of only four jewelers that Tiffany & Co. has allowed to sign their work: the others are Paloma Picasso, Elsa Peretti and Frank Gehry.
The Tiffany Diamond is one of the world’s largest yellow diamonds at 128.54 carats. It joins such famed jewels as the Hope Diamond, Hooker Emerald and Oppenheimer Diamond on display at the Smithsonian museum.

Elsa Peretti

Since 1974, Peretti has been a featured designer for Tiffany & Co. She keeps her materials mostly in the realm of precious metals rather than plated metal. Her designs have always been minimalist. In an interview,
she said, “I design for the working girl ... My objective is to design according to one’s financial possibilities.” At the time, her least costly design for Tiffany & Co. cost only $33.

Peretti uses nature as inspiration for her jewelry designs, a theme that is clearly shown in her work with charms. But her most recognizable jewelry design is the open puffed heart shown. This asymmetrically hung charm is fashioned in both sterling silver and karated gold. Two of her other famous designs are Diamonds by the Yard and Pearls by the Yard. Precious metal linked chains are spaced with either small round diamonds set in bezels or pearls that are wire wrapped. Fueled by a simple organic aesthetic, her designs are petite and feminine, popular and appealing to the younger crowd of 18 to 25 year old women.

*Frank Gehry*

Gehry, the prize winning architect behind such buildings as Disney Hall, utilized an unusual array of materials, such as black gold, pernambuco wood and cocholong stone, in this particular collection. Along with sterling silver, diamonds and gemstones, these materials define six intriguing motifs inspired by structural elements, childhood memories, renaissance masters and contemporary painters. Not only a first in the usage of unusual materials in jewelry design, he also played with different types of material textures in his creations. Gehry’s designs are postmodernist, bold and daring and an obvious departure from Tiffany & Co.’s classic designs.

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Design as a Differentiator, Transformer and Coordinator

**Differentiator**

From the above, it can be seen that Tiffany has tried to segment and target different consumers and at the same time, try to differentiate its brand name from other jewelers such as Cartier and Bvlgari, two jewelry companies, that have been deemed to be immediate competitors to the Tiffany brand. As a differentiator, Tiffany has maintained good design, strong quality of jewelry settings, and craftsmanship for all its various jewelry collections. Riding on the premium that is associated with the Tiffany quality, the brand has been trusted by all consumers, helping Tiffany further to build strong customer loyalty, while at the same time, increasing Tiffany's perceived value among its clients.

Other than emphasizing good quality, craftsmanship and trust in its products, Tiffany also provides new line ups with contemporary designers, as discussed previously, such as Picasso, Gehry and Peretti, to attract the younger “artier” generation that will appreciate a contemporary twist to Tiffany’s offerings. By creating new product designs and featuring prominent artists as key collaborators, new demand is created. As a result, Tiffany can look to attracting more consumers and expanding its clientele base.

**Transformer**

Tiffany also innovates and comes up with new product lines and offerings. A recent check on the Tiffany website reveals a greater range of products, including a Tiffany & Co. sterling silver yo-yo, paperweight, pen stand and others, a clear testament to how Tiffany is trying to capture a great slice of the consumer market and not lose out to its competitors through design innovation and coming up with new features. Examples include the new Starburst ring and Tiffany Stars pendant - beautiful design offerings that can help to influence and persuade customers to part with their money.

*New product offerings from Tiffany: Starburst ring and the Tiffany Star Pendant*
Other than establishing new clients, Tiffany also branches into household and living products, not only to appeal to more clients more also a clear testament to improve modern living conditions by offering luxurious and timeless classic pieces - family heirlooms that can be passed down from generation to generation.

Coordinator

Design not only differentiates and transforms but also coordinates and communicates messages through signs and symbols. While not entirely related, it can be argued that Tiffany as a design and brand coordinator attributes certain meanings to its jewelry, and hence indirectly conferring status symbols on the consumer. Examples of prestige, classiness, sophisticated chic are easily associated with the client that has opted to purchase a Tiffany jewelry. Not only does it communicate certain messages, it also enhances his or her social standing in the class structure.
Advertising

Easily identified with the company, the Tiffany “Nattier” Blue Box has come to symbolize quality, craftsmanship, trust and the manufacture of perfect memories\(^8\). Tiffany tries to create an emotional attachment between the consumer and the blue box, not only initiating feelings of excitement, anticipation, and love, but also inviting the customer to live the lifestyle the blue box advertises through the consumption of Tiffany products, a clear sign of the strong psychological aspects associated with the Tiffany brand\(^9\).

An Tiffany & Co. advertisement with the suitably apt tag line, “Blue is the Color of Dreams” to signify every girl and woman’s dream to possess a piece of Tiffany jewelry.

Due to the popularity and the powerful image of the Tiffany blue box, the motif has been constantly used as a regular feature in the company’s advertising. Caroline Naggia, vice president of marketing says,

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“The blue box was able visually in magazine advertising to symbolize the whole institution of Tiffany. It would be absurd not to harness this incredible piece of brand equity” (Gomelsky, 2003, ¶17). As a result, Tiffany spends only 6 percent of revenues on advertising, focusing its efforts on the high-end, special occasion products, such as engagement, wedding, or retirement items (Lorge, 1998, ¶17).

Currently, magazine and television ads focus more on the emotional side of the Tiffany brand, while newspapers and catalogs showcase the products (Lorge, 1998, ¶19). In 2003 Tiffany spent $17.8 million for 267.45 pages of advertising, with the largest amount of $2.2 million paid to Vanity Fair for a total of 26 pages. Texas Monthly placed last with $94,600 spent for four pages (“Hey, Big Spenders,” 2003, ¶3).

Unique Selling Proposition

*The Blue Box: The Tiffany’s experience*

Tiffany places extreme value on the quality of its products, paying attention to every detail of the Tiffany experience. Charles Lewis Tiffany began this practice with his original selection of the blue color for Tiffany boxes, shopping bags, and catalogs (Gomelsky, 2003, ¶13). Tiffany focused on the final, and often neglected, step in brand positioning: giving customers something symbolizing Tiffany quality, commitment, consistency, respect, and reputation long after they have walked out of the store (Gomelsky, 2003, ¶7). According to Denise Meyer, creative director of Fruchtman Marketing, an advertising agency that specializes in jewelry marketing, “Tiffany wants you to forget the product and remember where it came from” (Gomelsky, 2003, ¶10).
As one of the world’s most recognizable brand symbols, Tiffany takes all of its blue box’s components, from the quality of the blue paper to the way the ribbon is tied, very seriously. Because the blue box represents the Tiffany experience, the company even sends their employees to a class to perfect the art of tying the white satin ribbon so the box lays flat (Gomelsky, 2003, ¶39). According to James Mansour, principal of Mansour Design, a retail branding consultancy in New York, “[The blue box] represents refinement, luxury, elegance, good taste, quality, and it confers status on both the person who gives it and the person who receives it” (Gomelsky, 2003, ¶4).

Tiffany differs from other fine jewelers by keeping its doors open and inviting to welcome all types of customers. Inside, the store is often lively compared with the quieter environment of competing jewelry stores (Rosen, Tunick, & Samuels, 2004, p. 15). According to Kowalski, “We’ve always had a democratic vision of what luxury retailing should be. I would hope that Tiffany would never become the type of jeweler where you need to press a button to be admitted” (Gallagher, 2002, ¶3). This accessibility and inviting environment lure customers to return upon remembering their pleasant experience (Lorge, 1998, ¶15).

*The Tiffany Setting*

Tiffany entered the diamond jewelry market in 1880 by originating its six-prong setting with the first diamond set away from the band, making the most of the diamond’s brilliance by permitting light to go through the setting (Hessen, 1999, ¶11). The Tiffany mount is simple: four or six prongs securely hold the diamond around its girdle, elevating it above a plain metal band. Prongs are also spaced equally around the circumference of the stone, mimicking the symmetry of the diamond’s cut, resulting in a stunning clarity and precision of the diamonds. Rather than overwhelming the eye with elaborate styles and settings, these sim-
ple prong settings quickly became the signature design of Tiffany and is popular among brides-to-be, particularly for solitaire rings\textsuperscript{10}.

Tiffany, recognizing the strength of its brand and taking advantage of the growing trend of branded jewelry consumption, increasingly brands its diamonds through more distinct cuts and designs, as demonstrated through its Etoile, a band with an embedded diamond (Rosen, Tunick, & Samuels, 2004, pp. 31-35). With Tiffany’s creation of the Lucida diamond in 1999, Kowalski explains the company’s strategy as an aim for a contemporary look that will appeal to a broader market (Hessen, 1999, ¶9). The Lucida, more modern than other Tiffany settings, features a thick band with slightly thicker prongs supporting a square-cut diamond (Rosen, Tunick, & Samuels, 2004, p. 35).

\textit{Engagements and Weddings}

According to CEO Kowalski, Tiffany’s bridal business, rather insignificant eight years ago, has become a major force (Hessen, 1999, ¶3). Capitalizing on weddings and engagements among couples, Tiffany has gone on ahead to provide bridal and wedding services, among which, also include a personalized bridal

\textsuperscript{10}http://engagementrings.lovetoknow.com/wiki/Tiffany_Settings
consultant. Tiffany has also gone on further to provide a holistic marriage experience by providing extra information for guests and the couple alike on the kind of products Tiffany offers for comfortable living through the provision of a handbook. The handbook also informs and educates guests on how to pick suitable gifts from a range of Tiffany household living products, such as wine glasses, china, silver cutlery for the newly weds. Through it, Tiffany hopes to promote a luxurious, stylish and comfortable married life.

**Conclusion**

This paper has attempted to provide a rough sketch of Tiffany and how it is a design centric company. Other than providing just a glimpse of how Tiffany tries to create and segment its market share among other competitors, this paper also looks at advertising, marketing and branding to have a greater holistic view of Tiffany and its continued prevalence in today’s jewelry market. Despite threats from competitors and greater rivalry over control of diamond mines, Tiffany continued to have a stake over the market, a result of strong marketing strategies and more importantly, an enhanced emphasis on designs and innovations throughout the centuries. Part of the credit goes to its founders, for their continued stress on providing good designs that appeals to customers and upholding its values as a strong and trusted brand.

On behalf of Lehman Brothers, Jeffery M. Feiner agrees with Tiffany’s brand status, “We believe that the Tiffany blue box and the Tiffany & Co. brand have developed into one of the best-known symbols for quality, prestige and value in retailing and that the value of this brand will continue to increase over the long term” (Kletter, 1999, ¶16). Indeed, the company success is a clear testament to its strong branding and reputation in the jewelry industry.
References


Hey, big spenders (2003, September 8). MediaWeek, 13, 30.


