

JEWELRY

## Tiffany ups focus on categories outside jewelry as primary business slows

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*Tiffany's iconic blue box*

By JEN KING

U.S. jeweler Tiffany & Co. is looking to reinvigorate categories beyond its jewelry offerings by collaborating with designer Reed Krakoff.

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In a bid to modernize its product offerings, Tiffany has selected Mr. Krakoff to design its new gifts, home and accessories collection for 2017. In a similar move, Tiffany appointed Francesca Amfitheatrof as design director in 2014 and launched the Tiffany T collection shortly thereafter to cull modern consumers as the jeweler entered a new era of design ([see story](#)).

"A heritage brand, such as Tiffany, must continue to evolve to remain relevant to its core and prospective customers," said Rebecca Miller, CEO of [Miller & Company](#), New York. "It is a natural progression for a brand to expand beyond its core products to those products that serve as a natural extension of the brand."

"Tiffany has embraced the classics to date and is now looking to expand further into the lives and homes of its customers with the addition of Reed Krakoff's talents to develop this new understanding," she said. "Mr. Krakoff brings an enlightened sensibility to Tiffany drawing upon his experience in fashion having won three CFDA awards."

"He offers an affinity of unrealized passion for industrial, interior and objet design fused with a bit of a Renaissance aptitude to Tiffany's more classic aesthetics to help elevate and position the brand to be more contemporary. The larger challenge may be how to translate this new creativity into becoming experiential in the stores."

Ms. Miller is not affiliated with Tiffany, but agreed to comment as an industry expert.

[Tiffany](#) was unable to comment directly before press deadline.

### Collaborating categories

A graduate of Parsons School of Design and a three-time CFDA Award winner, Mr. Krakoff began his career at Ralph Lauren after graduation and headed to Tommy Hilfger five years later. In 1996, Mr. Krakoff took on the role of creative director for U.S. leather goods brand Coach.

Mr. Krakoff was with Coach for 16 years before he was replaced by Stuart Vevers in 2013. In 2010, the designer launched his namesake label, but as of March 2015 Mr. Krakoff decided to suspend the brand indefinitely.

In his new role at Tiffany, Mr. Krakoff will work to design a new collection of gifts, home and accessories.

"I'm thrilled to be collaborating with such an iconic global house of luxury," Mr. Krakoff said in a statement. "Given Tiffany's rich creative history, I very much look forward to infusing my own passion for design with the timeless sophistication and quality of the brand."



*Reed Krakoff*

Specifically, Mr. Krakoff's designs will include handbags, leather accessories, eyewear, table accessories such as porcelain, glass and crystal wares, items for baby, travel, key rings, writing instruments and silver goods.

The collection is due out in 2017. When out, Mr. Krakoff will work with Tiffany's visual merchandising and advertising teams to conceptualize displays and marketing campaigns.

"Drawing on the world's most exciting creative talent is quintessential Tiffany," said Frederic Cumenal, CEO of Tiffany, in a statement. "Reed has a unique and celebrated vision for iconic American design, which perfectly complements our brand.

"Reed's expertise and creativity will serve to re-invigorate these important collections for our portfolio," he said.

Per Tiffany's financial results for the year, these categories, in addition to watches, stationery and fragrances, represented 7 percent of its total global net sales for 2015, 2014 and 2013's fiscal years.

In January, Tiffany partnered with Coty to bring a new line of fragrances to the market. The brand announced its agreement with Coty to develop, produce and distribute a collection of fragrances for men and women ([see story](#)).



### *Tiffany fragrance*

Overall, Tiffany & Co.'s worldwide net sales for 2016 were lower than the year-ago first quarter, reflecting a decline in all regional markets except Japan.

Tiffany's management attributed the decline to "softness" in spending by local consumers and tourists. Also, due to a decline in the operating margin, the jeweler's net earnings were lower than the year prior and an improved gross margin was offset by a lack of sales leveraged on operating expenses ([see story](#)).

"Tiffany has historically gone through challenging financial highs and lows," Ms. Miller said.

"The appointment of Mr. Krakoff most likely will be seen as an attempt to restore some of Tiffany's brand positioning," she said. "Different than the past designers Paloma Picasso, Elsa Peretti and Angela Cummings designing under their own names, Reed Krakoff will be the design influence behind the Tiffany brand designing on behalf of the brand, not under his own name, taking on the weight and opportunity bestowed on a heritage brand."

### *Fashionable friends*

In its repositioning toward a younger, modern consumer, Tiffany has borrowed creative talent from the fashion sector.

Recently, Vogue editor at large Grace Coddington was tapped by the jeweler as a "creative partner." As a Tiffany creative partner, Ms. Coddington will work on its fall advertising campaigns featuring "iconic" collections by the jeweler.

Tiffany has also noted the value of ecommerce and pop-up retail strategies to further build awareness among its target consumer segment.

For example, Tiffany selected Net-A-Porter as its exclusive ecommerce partner, allowing its jewelry to be sold on the retailer's site for a limited time.

As of April 27, consumers have been able to purchase select Tiffany designs from Net-A-Porter. The partnership is unprecedented for Tiffany, with Net-A-Porter becoming the only authorized online seller beyond the jeweler's monobrand Web site ([see story](#)).

Also, Tiffany partnered with multi-brand retailer Dover Street Market to bring back designs that have been in retirement.

The "Out of Retirement" collection debuted in November 2015 at Dover Street Market locations in London, New York and Tokyo, marking the first time Tiffany had partnered with a retailer on a capsule collection. Jewelry is often purchased during the holidays, so Tiffany's timing likely worked in its favor as consumers looked for special gifts for family and friends ([see story](#)).

"Tiffany has recently embraced a new relationship with Grace Coddington, the former creative director of Vogue, as it's first outside creative partner," Ms. Miller said.

"This relationship signals the brand's intent and understanding that the world of jewelry, which is underperforming at all levels, needs to begin to reach out and find disruptive ways to create an edge in the market," she said.

"Capitalizing on the fashion world's constant motion by using designers in fashion that are modern may help to hit the right note with millennials."

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