

JEWELRY

LVMH needs Tiffany for US cultural diversification

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Tiffany is key to LVMH's plans to broaden its influence in the United States with a homegrown brand that appeals to wealthy, affluent and aspiring consumers. Image credit: Tiffany & Co.

By [Martina Olbertova](#)

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LVMH has a gap in the United States luxury market right now. If it can fill that gap, it means gaining a greater sphere of influence for LVMH.

The \$14.5 billion investment would be the largest acquisition in the history of LVMH and would bring with it the top position in the U.S. jewelry market ([see story](#)).

Jewelry is one of the fastest-growing businesses in the luxury sector. But there is also a bigger story here that paints the cultural and political ramifications of the quickly changing world today.

With the trade war going on, positioning yourself in geographies of your target markets makes a lot of sense.

LVMH and the U.S. seem to be increasingly merging their interests, first, with LVMH opening the new Louis Vuitton handbag factory in Texas, and now bidding for Tiffany to enter a core American market and get an entry point to the premium and mass consumer.

The LVMH strategy is all about cultural diversification at the moment.

We saw LVMH invest in the Los Angeles-based brand Madhappy, Rihanna has her own Fenty brand, and the new Louis Vuitton Texas factory all these strategic moves signal LVMH and the U.S. tying the knot when it comes to ensuring the future of luxury for the American consumer.

So, taking over **Tiffany**, the most iconic U.S. jewelry brand with a longstanding legacy and rich cultural heritage, makes perfect sense.

It is all about leveraging the LVMH brand equity to venture into new territories and capitalize on existing consumer audiences to future-proof the French group's business.

LVMH CEO Bernard Arnault is a visionary and long-term thinker. As he knows, it is the only way to think in this volatile global marketplace full of cultural complexity and business disruption.

A bonus with the Tiffany acquisition is the jeweler's equity already built in Asia for Chinese customers.

What it really means for both parties

Besides getting a larger sphere of influence and diversifying the LVMH portfolio, we need to look at what this move *means*.

The investment is equally about what Tiffany *means* culturally in the U.S. as much as what Tiffany *means* to LVMH as a new opportunity.

People buy meaning, not brands, and LVMH is no exception here.

What Tiffany means to the U.S. consumer is a cultural icon that has been a part of people's lives for almost two centuries now.

The brand has a strong heritage and a longstanding tradition in the U.S. Its aspirational power is still very strong.

What Tiffany means to LVMH is an entry-point to two new audiences at the same time: the U.S. mass-market consumer and the Gen Z and millennial as an entry for luxury jewelry.

Tiffany also represents a more affordable jewelry brand, as LVMH only has Bulgari at the moment, which might not be seen as relevant for the slightly more traditional U.S. customer seeking a brand with a rich cultural currency in the domestic market.

Remember, people are buying what things mean to them, not physical products. It is all about personal relevance: why they value these brands in the first place and what they help them achieve in life.

The future of consumption will be driven by the power of identity.

That is why value-based marketing and putting human needs and desires at the core of brands will be key to building culturally relevant meaning in the future.

Tapping into new, younger and more diverse audiences will be key to the future of luxury. This crucial point can be too easy to dismiss if you only focus on the brands alone.

But every brand is only a vehicle of value, not the value in and of itself. People are the value. Therefore, the future strategy needs to be based on leveraging the existing audiences and the meanings they value and want to consume, not brands or products.



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Good idea or bad?

It is a good investment for LVMH to undertake to ensure its future cultural relevance in the U.S. market, and vice versa for Tiffany to retain its future brand relevance in the quickly changing global market landscape with many disruptive forces at play.

It is a win-win strategy because U.S. consumers have a strong appetite for luxury and LVMH is the biggest luxury conglomerate in the world.

While Tiffany's shine has been fading away recently, LVMH seems solid on its future strategy to solidify its position as the world's leading luxury group in the 21st century.

For Tiffany, LVMH offers a stable house of diversified luxury well on its way to future-proof luxury for the next generation of consumers. It would give it a competitive edge to be positioned as a part of the LVMH group.

But Tiffany is probably going to reject the deal as it will expect a larger offer.

Tiffany might also not see the possibilities that LVMH gives it in terms of stability and future synergies in LVMH's already very well positioned and diversified global portfolio.

Tiffany might want the autonomy, but that is only possible to keep if you have the growth to back it up.

THIS WILL be an interesting space to watch for sure.

We will see more happening in the U.S. luxury market as LVMH needs to penetrate it to broaden its sphere of local influence and position itself as the leader in global luxury.

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