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Lessons from Harry Winston

November 15, 2012



By [Thomai Serdari](#)

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In the last few weeks, there have been rumors about an impending sale of the Harry Winston brand. What follows is an assessment of the company's presentation on the Web and a few observations on how Harry Winston has inadvertently highlighted the brand's inherent weaknesses in terms of its business model, value proposition and marketing strategy. These three are crucial for all luxury brands.

As we learn from the company's [Web site](#), "[the] Harry Winston Diamond Corporation is a diamond enterprise with premium assets in the mining and retail segments of the diamond industry. Harry Winston supplies rough diamonds to the global market from its 40 percent ownership interest in the Diavik Diamond Mine. The Company's luxury brand segment is a premier diamond jeweler and luxury timepiece retailer with salons in key locations, including New York, Paris, London, Beijing, Shanghai, Hong Kong, Singapore, Tokyo and Beverly Hills.

"The Company focuses on the two most profitable segments of the diamond industry, mining and retail, in which its expertise creates shareholder value. This unique business model provides key competitive advantages; rough diamond sales and polished diamond purchases provide market intelligence that enhances the Company's overall performance."

Losing sparkle

However, the market has seen Harry Winston's stock price decrease. The company has responded to media rumors on a potential imminent sale of the retail branch of Harry Winston and recently extended its credit financing.

But if mining plus retail equals Harry Winston's business model, is that business model flawed?

It seems that market intelligence is not enough to make the retailer competitive in the crowded market of diamonds and high jewelry. There have been offers, which the company did not deny.

Ironically, Harry Winston's Web site design is aligned with the retailer's loss of direction. The cleanliness of the site is inconsistent with the allure expected from Harry Winston. The categorization of the product is logical and organized (Engagement—Jewels—The Incredibles—Timepieces—Shop online—Our story—Visit us). Logic turns the "extraordinary" flat.

What is the core product of Harry Winston? And where is it? Have there ever been true stylistic differences between Harry Winston's designs and those at "no name" (i.e. generic) diamond retailers? How does Harry Winston compare stylistically to Cartier, Bulgari or Graff? Where is the one product that actually can compete with the aforementioned luxury houses? What is at the pinnacle of HW's universe?

Truly exceptional product is absent or hidden. The flatness of the Web site design conceals the value of Harry Winston's product offerings. Why are the "incredibles" hierarchically equal to the "shop online" tab? Where is the suspense, the surprise, or even the humor that should capture the visitor's attention?

The brand's heritage is articulated as follows: "This is Harry Winston's legacy. The rare. The exceptional. The utterly timeless. It is pure excitement about the rarest jewelry & watches in the world."

The problem is that the utterly timeless is to be showcased and not to be talked about. There is too much verbal explanation of what should be exciting about the brand. Even the composition of visuals that accompanies that section is crowded, static and slightly old fashioned.

Out of site

Rather than communicating what makes the Harry Winston brand aesthetically pleasing, classic and monumental, the Web site emphasizes the brand's connection to celebrities and movie stars.

The problem with that strategy – which seems out of alignment with a truly luxury brand – is that it addresses only one type of customer: the newly moneyed. These are people who pay attention to what celebrities wear. They may come from emerging economies or not, but whichever the case, they have not formed a solid aesthetic of their own.

And while there is always new money in the market, a one-sided marketing strategy seems ineffective for the long-term.

In other words, what luxury marketers need to keep in mind is that a message that remains flat brings the highest of expectations down. Along with them, the stock price as well.

Thomai Serdari is adjunct associate professor of marketing at New York University's Leonard N. Stern School of Business, New York. Reach her at tserdari@stern.nyu.edu.

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