

WATCHES AND JEWELRY

Rolex wins, Tiffany loses? Contrasts in luxury

April 17, 2018



Rolex's the one to watch. Image credit: Rolex

By [Pamela N. Danziger](#)

Subscribe to **Luxury Daily**
Plus: Just released
State of Luxury 2019 **Save \$246 ▶**

Tiffany & Company recently delivered some happy news to its stakeholders.

Following a strong two-month holiday season, when net sales increased 8 percent, the [company](#) posted a full year sales increase of 4 percent to reach \$4.22 billion worldwide.

Each of Tiffany's global reporting markets grew, with the exception of Japan (-1 percent), though in both Asia Pacific and Europe comparable store sales declined (-2 percent in each), but other factors helped to overcome these shortfalls.

Ring up sales

As a corporation, Tiffany is heavily dependent upon its global markets, which account for 55 percent of total sales. Because of that, its relative weakness overseas in 2017 should be cause for concern, though not alarm as of yet.

With a new CEO, Alessandro Bogliolo, just appointed in July 2017, the company should be encouraged by the performance so far, as 2017's growth reversed two years of declines.

Yet, Mr. Bogliolo and his team have more work cut out for them, as the company's sales still trail 2014 levels of \$4.25 billion.

On Tiffany's agenda for the coming year are six strategic priorities, the company reports, including, "Amplifying an evolved brand message; Renewing our product offerings and enhancing in-store presentation; Delivering an exciting omnichannel customer experience; Strengthening our competitive position and leading in key markets; Cultivating a more efficient operating model; and Inspiring an aligned and agile organization to win."

In a statement explaining the many tasks ahead, Mr. Bogliolo said, "We will only be truly satisfied when we create greater excitement for our customers and also generate growth that reflects the full potential of our brand. We are committed to nurturing the exceptional legacy we have been entrusted."

To get back into growth mode, Tiffany needs to get customers excited about its brand again. And that seems to be

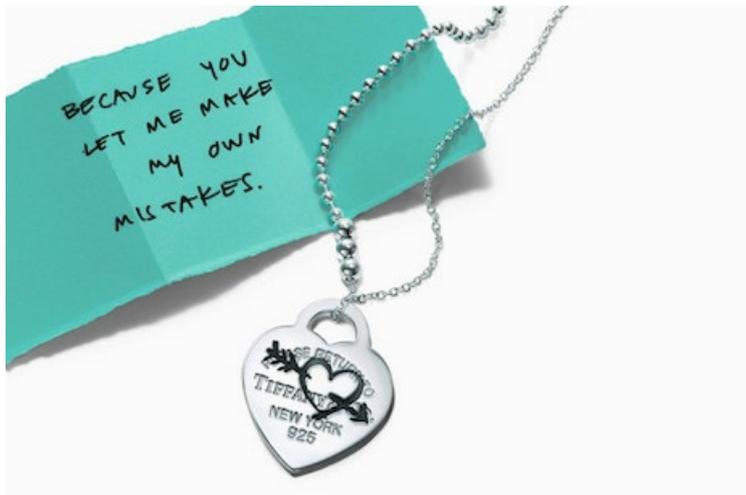
To get back into growth mode, Tiffany needs to get customers excited about its brand again. And that seems to be the sticking point. Tiffany's brand legacy does not shine as bright as it used to.

In business, consumer perception is company reality

From 2016 to 2017, Tiffany & Company's brand stature took a major hit, according to data compiled by the [Reputation Institute](#), which measures the reputation of 7,000 brands across the globe based on surveys with over 230,000 individuals in 15 countries.

Among U.S. brands, Tiffany's rating dropped from No. 18 in 2016 to No. 98 in 2017.

Even more troubling is that Tiffany does not even rank among the most reputable brands worldwide. On that score [Rolex](#) takes the lead, being the No. 1 most reputable brand worldwide and in the United States for three consecutive years.



More heart in it? Image credit: Tiffany

To help me understand the challenges Tiffany faces in the U.S. and globally, I talked to Stephen Hahn-Griffiths, executive partner and chief research officer of the Reputation Institute.

The company is busy now preparing its USA RepTrak report for 2018, which will be released mid-April, but he hinted that Tiffany's reputation slide is not over yet.

"We expect based on the macroeconomic factors that are at play in the world economy today, that Tiffany's reputation will continue to be under pressure," he said. "It will be interesting to see as to whether it can turn things around."

From his perspective overseeing 7,000 global brands, Mr. Hahn-Griffiths feels that Rolex's success at holding onto the lead as the world's most reputable brand provides a valuable contrast to that of Tiffany, both being luxury brands playing on a world stage.

"Everything that Tiffany isn't doing, Rolex is," he said.

In looking at the data for Tiffany, he stresses that Tiffany still has a strong reputation, but Tiffany is experiencing a decline in emotional connection and erosion in the overall positive perception of what the Tiffany brand represents in the modern world today.

"Tiffany is a decade or two behind the curve in terms of its evolution," Mr. Hahn-Griffiths said. "It is a highly prestigious brand, however, its luster is less bright than it was. Its cachet is lower than it used to be and that is reflected in its reputational erosion."

Tiffany ratings are declining in three of the seven dimensions of reputation it measures: innovation, workplace and citizenship. He unpacked these for me.

Innovation challenges: Tiffany has yet to translate its analog experience to the digital

"Tiffany suffers the paradox of being a legacy brand that is grounded in heritage," Mr. Hahn-Griffiths said. "The more you hearken to the past, the less credit you get for innovation."

The executive sees Tiffany lagging in meaningful product innovation, but more significantly, in its failure to successfully launch into the digital world. It has yet to translate the "analog blue-box experience into a digital one," he said.

Its Fifth Avenue flagship store in New York continues to reflect the 1960s "Breakfast at Tiffany's" legacy, but today's consumers expect to engage the brand and experience it digitally also.

"If that is the essence of your story, you are falling short in today's world when people are searching you out through the digital ecosystem," Mr. Hahn-Griffiths said.

Rolex, by contrast, has successfully evolved into the digital world.

"Rolex has successfully built a narrative outside the Rolex brand experience," Mr. Hahn-Griffiths said. "It has transcended in its innovative use of the digital landscape and used digital assets to expand and enhance its story."

The challenge and the opportunity for Tiffany is to capture the allure of its physical blue box through an exciting and engaging digital experience.

New Rolex GMT-Master II

Workplace issues: Tiffany is too stiff under the collar

Another contributing factor in Tiffany's reputation decline is how it is perceived as a company for which to work. It is not believed to be a great place to work, being too aloof, too polished, too perfect, and not real or personable.

"It's too stiff under the collar," Mr. Hahn-Griffiths said. "It needs to loosen up and add a little humanity and bring that into the workplace culture where it seems to be absent today."

Rolex, on the other hand, has worked hard to build a corporate culture where it is an employer of choice worldwide.

Whereas the Swiss watchmaker used to be more aloof, opaque and secretive, Rolex has now inculcated a culture of greater openness and transparency, which has paid dividends in the quality of people it attracts, i.e. the most valuable human capital that is critical for a luxury brand.



Rolex makes net gains. Image credit: Rolex

Citizenship concerns: Tiffany must become a citizen of the world

Playing the most significant role in Mr. Hahn-Griffith's estimation in Tiffany's reputation decline is in the area of citizenship.

"Tiffany has to find a story beyond sustainability and blood diamonds," Mr. Hahn-Griffiths said. "While these are worthwhile pursuits, what the general public is looking for is how a brand aligns with social causes and human issues. These are what really matter."

By comparison Rolex' bigger story is about redefining winning.

To illustrate that, Rolex works with tennis champ Roger Federer as a role model for underprivileged kids to help them define winning in their own terms.

"It is less about Federer as celebrity and more about how he gives back to the community as a spokesperson for Rolex," Mr. Hahn-Griffiths said.

In the final analysis, Tiffany, as a quintessentially American luxury brand, faces broader cultural headwinds as it seeks to export its brand of luxury onto the world stage.

"Tiffany's reputation is linked to the celebration of excess and behavior that is aligned with status and power," Mr. Hahn-Griffiths said. "It is falling afoul of larger macro trends."

"Any brand that reeks of excess and status or the abuse of power is going to take a reputational hit," he said.

Indeed, he believes that this may be a liability for many other American brands, given the nature of political realities in the world today.

Mr. Hahn-Griffiths concludes that Tiffany needs to go beyond its image as an elite luxury brand and "think about conspicuous consumption with a conscience and show how it is making the world a better place by giving back to the communities in which it operates."

Rolex, by comparison, has elegantly maintained its prestige at the same time achieved status as a good global citizen being both honest and altruistic.

"Rolex has done an incredible job of telling its brand story, staying relevant, aligning with the changing world of the 21st century and truly building a brand experience that transcends the analog into the digital world," Mr. Hahn-Griffiths said.

Tiffany & Co. The Greenhouse Project: Shantell Martin

IN A NUTSHELL, what Rolex has done is exactly what Mr. Bogliolo and the Tiffany team must achieve.

To accomplish it, Tiffany may need to distance itself further from its neighbor up the street.



Pam Danziger is president of Unity Marketing

*Pamela N. Danziger is Stevens, PA-based president of **Unity Marketing** and Retail Rescue, and a luxury marketing expert. Reach her at pam@unitymarketingonline.com.*

© 2020 Napean LLC. All rights reserved.

American Marketer is published each business day. Thank you for reading us. Your **feedback** is welcome.