JEWELRY

Broader undoing of legacy jewelry business with neglect of younger female demo

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By Ana Andjelic

It has been a while since jewelry companies last experienced business as usual. On May 24, Bloomberg reported that Tiffany & Co. shares declined 9.7 percent, the most in more than two years in trading. Shares of Kay, Zales and Jared chains owner Signet Jewelers Ltd. fell 9.1 percent. De Beers' rough diamond sales went down 18 percent year-over-year. Richemont's jewelry sales decreased 16 percent.

The jewelry industry owes this state of affairs to macro-economic forces such as the corruption crackdown in China and global geopolitical and economic uncertainty. But these forces can also easily be seen as mere catalysts for the broader undoing of the jewelry business as we know it.

Buy cycle
Consider just how different a typical jewelry consumer is these days. The consumer is considerably more likely to be female than male and homosexual over heterosexual than before.

A quick look at women's global spending reveals that it is likely to reach $40 trillion by 2018. Their earned income is projected to increase to $18 trillion globally. They marry later in life or choose to stay single, opt to have fewer or no children, are financially independent and hold high-profile, high-paying jobs.

Women are the world's most powerful consumers.

This power is clearly reflected in the expansion of luxury to categories such as health and wellness, fitness, supplements, food, wearables, slow-made items and mindfulness and spirituality.

More than ever before, women buy their own jewelry. They buy it because they like it, as a fashion purchase or for their own self-satisfaction. They do not go to jewelry stores. They go online.

Not that you would have known any of this by looking at narratives from Cartier, Harry Winston or Bulgari.

"As a jewelry consumer, [the female] demographic is largely underexploited and ignored by the broad spectrum of the jewelry industry," notes a JCOC survey. This is dangerous.

Someone who bought an inexpensive bracelet to celebrate a first job is going to look for an engagement ring or any other piece of jewelry and very likely for something even more expensive later in life.

The strategy for the jewelry industry to survive and thrive is to understand the purchasing lifecycle of its young, female customers. The industry's job is to design experiences that attract this consumer group to the brand, build long-term relationships with them over time and encourage repeated purchases.

Right now, few traditional jewelry brands know what their younger customer lifecycle is and how to manage it.

It does not help that a majority of legacy jewelry brands are product-driven in their marketing.

Modern consumption is driven by lifestyle, experiences and services. It is touch point-agnostic and sensitive to the benefits of technology, both online and offline. The faster an Uber can show up, the quicker Net-A-Porter can deliver, the better it is.

Jewelry brands best positioned to respond to consumers' expectations of convenience, speed and lifestyle did not exist 10 or even five years ago.

AuRate, Big Bang, Pamela Love or Broken English are all built around their customers, and quick to respond to their evolving inspirations, tastes and lifestyles.

Legacy players ignore the modern jewelry consumer at their own peril.

Mum's not the word

A young consumer who opts for a Broken English item today may choose a high-end jewelry brand tomorrow. At this moment, legacy jewelry brands do not have a plan for attracting and retaining them.

Without this plan, they are close to being irrelevant. Traditional jewelers are in danger of being known as "my mom's" or "my grandma's" brand, and slip from the younger audience's consideration set. They may as well cast a death spell on themselves.

There is a lot that jewelry incumbents can do.

The first thing is to put customer experience at the center of their marketing strategy and to drop their outdated brand manuals.

Statements such as "Jeweler to kings, king of jewelers" may have made sense in 1936, but it barely makes any sense today.

Traditional jewelry brands need to rethink their online-offline balance and design their stores to offer less, but more curated and location-specific selections.

These jewelers' customers can find everything else online, and schedule a private appointment when they can experience items that are not part of the store's curated selection. Or, the store can come to them, a la the Net-A-Porter delivery service, where a delivery person doubles as a stylist at hand.

JEWELRY IS an intimate, personal purchase and the relationship around it needs to feel the same. Technology delivers this personalization and amplifies human touch.

Online, jewelry incumbents should craft their presence around curating a lifestyle. They should choose partners that can help them convey their culture. They should use their content and social presence to convey information on transparency of their business practices and origin of their materials. They should invest in building and nurturing a community of fans. They should offer exceptional and highly personalized customer service.

Tactics are plenty, and easy to implement. What is missing from legacy jewelers' annual agenda is the modern strategy.

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