Agenda

Introduction

Part 1 Industry Analysis

- Market Supply Structure & Market Driver
- Market Trend & Market Growth

Part 2 Customer Analysis

Part 3 Competitive Analysis

Part 4 SWOT

- Strength & Weakness
- Opportunity & Threat

Conclusion

1

Industry Analysis

Market Supply Structure

KEY SELLING INDUSTRIES

- Gold & Silver Ore Mining
- Copper, Nickel, Lead & Zinc Mining
- Stone Mining
- Mineral & Phosphate Mining

KEY BUYING INDUSTRIES

- Individual Consumers
- Wedding Services
- Jewelry & Watch Wholesaling
- Jewelry Stores
- Department Stores

Market Drivers

The world price of gold and silver

The world prices affect the production costs and prices of fine jewelry.

Marriage rate

The marriage rate influences the demand for wedding jewelry

Per capita disposable income

When per capita disposable income increases, consumers have more money to purchase discretionary items

Households earning > $100,000

Households with higher incomes are more likely to purchase expensive nonessential goods such as jewelry and watches.

Market Trends

(1) Falling gold and silver prices

(2) Low profit has caused many operators to exit the industry

(3) Operators are likely to shift toward the market for fine jewelry geared to high-income individuals

Market Growth

- Both Industry facing decreasing industry revenue in the following years

- **Jewelry Store Industry Revenue**
  - Fall an annualized 2.4% to $30.2 billion over the five years to 2019

  Jewelry Manufacturing Industry Revenue
  - Fall an annualized rate of 3.3% to $7.3 billion over the five years to 2019

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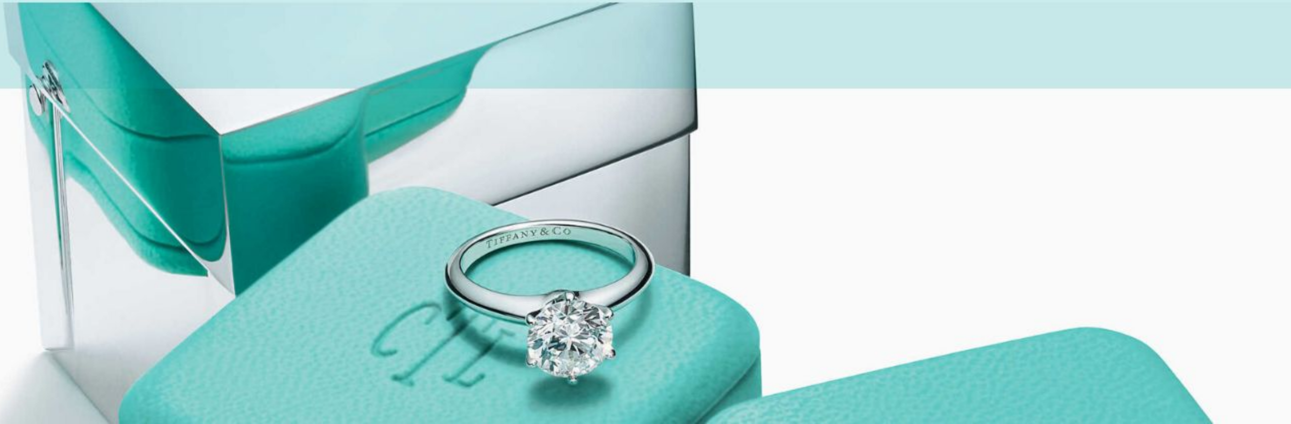
Customer Analysis

2017

Market Demographics/Geographics

- Women and young men- primary target audience
- Young adults make more purchases on luxury items
- Young adults live independently, higher DPI



Market Psychographics

- High price might be prohibitive
- Younger generation
- 30% unrealistic but still interested
- Shop for Brand Name
- The needs of sustainability raises

- Need reassurance before they purchase
- Trying to avoid buyers' remorse
- Authenticity issues

Market Behaviors

CUSTOMER ANALYSIS

- Purchases
- Logo-centric items and ability to evolve with consumers and their changing needs
    - Pop-up shops and immerse experiences

Market Needs

CUSTOMER ANALYSIS

Market Segmentation

- More accessibility
- High and medium income households
- Tailor towards general public, broader target audiences

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Competitive Analysis

2017

Product Line

TIFFANY & CO.
love

- Jewelry
- Watches
- Home & Accessories
- Fragrance

Zale Corporation, Kay Jewelers Jared

- Bridal
- Fashion
- Watches
- Others

SIGNET JEWELERS

RICHEMONT

Cartier, Van Cleef & Arpels

- Jewelry
- Watches
- others

Coach, Kate Spade, Stuart Weitzman

- Women's Handbags (53%)
- Men's Accessories (20%)
- Women's Accessories (18%)
- Others (9%)

tapestry

Pricing & Positioning

TIFFANY & CO.

Medium - High

- Wide Price Range
- Gifts under $250/$500

RICHEMONT

High-End

- Luxury Brand

SIGNET JEWELERS

Wide Range

- Off-mall retailers that sell jewelry typically priced above $700.00.

tapestry

Medium

- Increase in product prices
- Discounted prices (281 factory outlets)

Distribution Channel

01

Tiffany&co

- Own 321 retail stores and boutiques
- Independent distributor
- Retail
- Online

02

Signet

- Retail (3,334 stores)
- Online

03

Richemont

- Retail ($7,906m)
- Wholesale ($4,718m)
- Online ($2,443m)

04

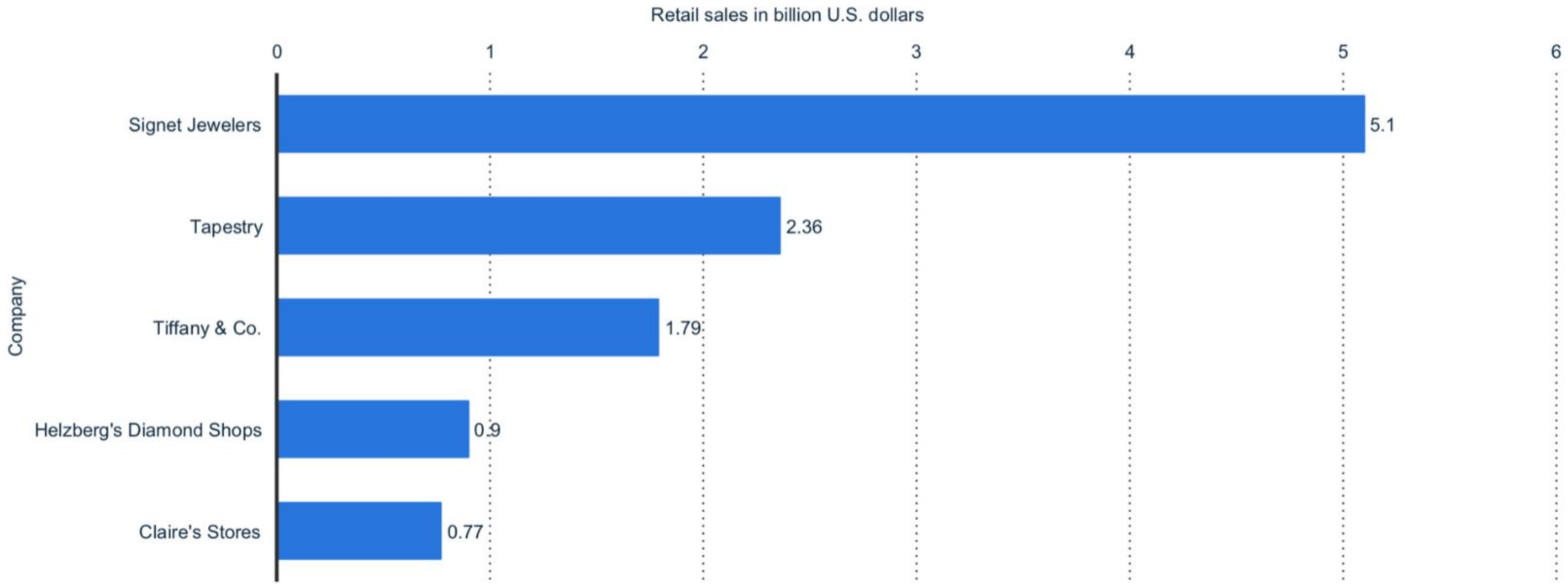
Tapestry Inc

- Retail
- Wholesale
- Online
- Factory outlet

Market Distribution

Leading jewelry and accessory retailers in the United States in 2018, based on retail sales (in billion U.S. dollars)*

Leading jewelry retailers in the U.S. 2018, based on retail sales



Target Audience

Tiffany

- Primary: Brides and grooms
- Secondary: Gift Presenters

Richemont

- Primary: People with high income
- Secondary: Bridal/Couple

Signet

- Primary: Bridal jewelry (48%)
- Secondary: Targets households with average annual incomes ranging between $35,000-$150,000

Tapestry

- Primary: Younger Generation
- Secondary: Price Sensitive Costumers

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SWOT Analysis

2017

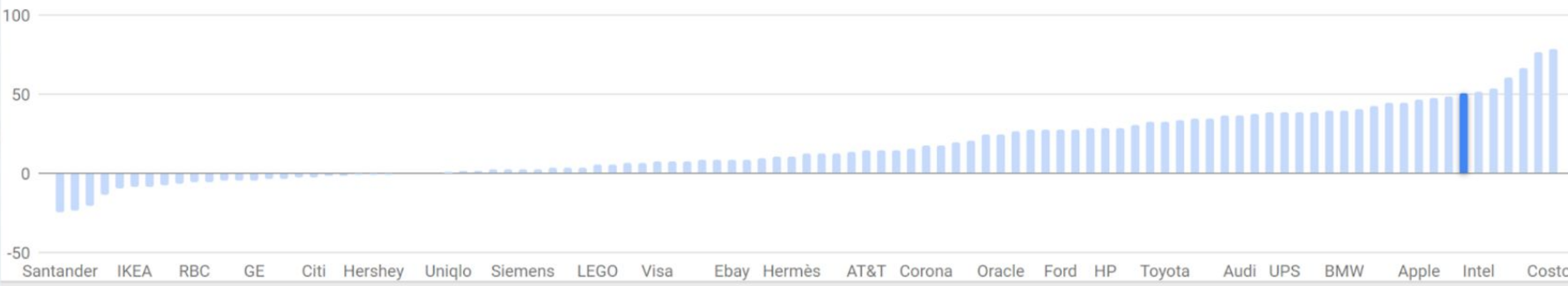
Strengths

- Worldwide operations, 307 retail stores
- Selling channels: retailer, internet catalogs, and interdependent distributors
- Tiffany Blue Box and trademark of color No.1837
  - 89% materials are recycled
- Global Sales, 53% outside of US,
  - Asian-Pacific:24%
  - Japan:13%
  - Europe: 12%
- 97% of labor for international manufacturing is comprised of local communities

Strengths

- High value placed on customer service and employee-customer relations
- High satisfaction rating for customer service representatives and customer experience
  - Net Promoter Score: 51
  - Gucci:45 Burberry:45

Net Promoter Score for Top Brands compared with **Tiffany & Co.**



Weaknesses

- Big cooperation terminated
  - e.g. 20yrs licensing and distribution agreement with Swatch in 2013
- Lack of sales in emerging markets - LESS than 1%
- No in-house credit
  - constitutes 35-50% of jewelry

- Inventory turnover rate decreases since 2011
- Low market share of online jewelry and watch sales in US; 1.8%
- Strong Sterling Silver product line but lacking in diversification among other products
- Small range of limited edition and personalized products available
  - Unlike Cartier and Van Cleef & Arpels

SWOT ANALYSIS

Opportunities

- 13.6% Industry estimated growth by 2021
- Projected 1.8% growth in per capita disposable income from 2017-2022
- Gold price expected to decrease by 1.2% from 2017-2022
- Silver price expected to decrease .7% from 2017-2022
- 5.1% growth in population from 2015 to 2020
- Age 25-34 is 2nd most likely to buy jewelry
- High-end jewelry sales benefit from tourism

- Jewelry and specialty retailers experience higher sales
- Rivals have a stronger online presence.
- Foreign government regulation
- The potential risk of political civil
- USD expected to continue to appreciate against Yuan, Yen, and Euro
- Marriages decrease
- The economic trouble

Threats

SWOT ANALYSIS