

The Place for Pearls



**An Interview with Meyer Hoffman,
Chief Operating Officer, Mikimoto (America) Co., Ltd.**

EDITORS' NOTE Meyer Hoffman joined Mikimoto in 2003. Prior to coming to Mikimoto, Hoffman was Chief Operating Officer of Giorgio Armani Japan. He has an extensive background in the luxury goods industry, working for American companies as Country Manager in Hong Kong, Korea, and Taiwan. Hoffman is a board member of the Jewelry Information Center and the Jewelers Vigilance Committee.



Meyer Hoffman

COMPANY BRIEF Mikimoto (America) Co., Ltd. (www.mikimotoamerica.com) is the subsidiary of K. Mikimoto & Co., Ltd., the world-renowned Japanese company. In 1893, the company founder Kokichi Mikimoto became the first person to develop a technique for the cultivation of pearls, and the business remains the world leader in high-quality cultured pearls. Mikimoto's American retail stores are located in New York, Beverly Hills, Las Vegas, and South Coast Plaza, California, and the brand is also sold at select fine jewelers nationwide.

Are you happy with the awareness of the Mikimoto brand today? Do people have a good understanding of what the company is all about?

Mikimoto has a very high awareness among the super-affluents, and that suits us as we position ourselves higher and higher. The opportunity is there to increase awareness for a younger generation by targeting the aspirational young affluents, who probably don't have as much awareness of the brand as we think they do.

Is your product focus strictly pearls, or have you seen extensions that make sense for the brand?

Mikimoto is a 115-year-old Japanese company with a very broad base market. In Japan, less than 50 percent of the business is pearls, as the company has broadened into diamonds, colored gems, engagement rings, and corporate giftware. Mikimoto has been in America for about 30 years, and we've been predominantly a pearl company. We have some ideas for the future, but we really focus on our core competency: cultured pearls. The name Mikimoto is synonymous with Akoya pearls, the Japanese-produced pearls. In recent years, we've branched out beyond Akoya pearls to offer a wide variety of pearls: White South Sea, Black

South Sea, Golden South Sea, Conch, Keshi, and Baroque. By continuing to provide new offerings within the pearl category, we have huge opportunities to expand while staying within our core competency.

Stores like Cartier also sell pearls, though not as their core product. Can you show what makes your brand unique in this space?

Mikimoto is different. The people who are going into Cartier are typically not entering with the intention of buying pearls. Pearls tend to be an

add-on purchase. We understand that all brands are trying to branch out and sell whatever they can to the customer. However, at the end of the day, the people who know Mikimoto know they're getting the highest quality pearls in the world – there's a guarantee behind it. And, most of all, they're getting a selection. As the leader in this category, our advantage is selection and a wide range of choices rather than just one type of pearl and one design. In addition to offering a wide variety of Akoya and South Sea strands and studs, Mikimoto has developed a full jewelry collection to complement these classics.

Is there close coordination region to region both with product and with messaging, or do you look at individual markets more locally?

We tend to look at it more locally. First and foremost, our product is very different across countries and regions. Japanese customers tend to prefer small dainty pieces. Russian customers typically want big simple pieces. Arab customers tend to like more ornate pieces. And Americans are somewhere in between. The way the product is positioned and presented in Europe, America, and Asia is very different regarding the style of advertising and the consumer's reaction. We have some basic messages that are global, and we have a global image; however, we try to localize our message.

You offer a range of products. How broad can the category get?

Mikimoto deals with an extremely rare commodity, so we have to pick and choose our opportunities. Mikimoto is a company with a very classic style. There are companies that do really elaborate things with pearls, and we would love to do that, but that's not the Mikimoto customer. So we have to stick with the quality of pearl and stick within our image and target, because the

consumer who knows us at this quality is not going to accept outlandish design.

In light of recent economic challenges, are you optimistic for strong growth in the Americas?

I've seen the impact. Some say the super-affluents are not being affected, but I don't believe that. They're still there, but the traffic is slowing down. I think we're going through a correction period. This industry has been on an up cycle for the past three or four years with double-digit growth – sometimes 20 percent – store by store. People forget this is still not a bad year. The challenge is from a business planning point of view, in terms of how we reposition our cost structure based on the new dynamic. It's going to be tough for the next 12 months, and it really depends on Christmas – 60 percent of the business is done in that November-December period. I'm optimistic we'll get through it.

How challenging is it to budget your time? What do you see as the key focus in your role?

Time is the most important asset. For me, it's important to speak to everybody in the company. I handle sales, marketing, and product development directly; all my direct reports have one hour, locked in, no matter what. I regularly set up team meetings. I believe in trying to create cross-departmental communications. So there are a couple of projects we work on as a group that we get different people involved in. The only way I can manage my time is to book it and stick with it. I have to stay close to the people. I pride myself on the fact that when people get to know me, they're not afraid to come talk to me.

How challenging is it to find a work/life balance? Have you gotten to the point where you can turn it off?

It's very challenging, but I have to turn it off – that's the key. My approach to business over the years is that I work hard and I put in the hours at the office, but I don't take it home. I generally will come in earlier than most people, and I will leave later than most people, and in those hours, I'm concentrating on the work. Once I leave the office, I have to turn it off, and I encourage people to turn it off. At the end of the day, we have to put it all into perspective and recognize how fortunate we are to be selling the world's finest pearls. ●

Mikimoto pearls